

*File 1999/00770-3*

First Home Ownership Inquiry,  
Productivity Commission  
Locked Bag 2, Collins Street East  
**MELBOURNE VIC 8003**

Dear Sir/Madam

I have great pleasure in providing the Adelaide City Council's Initial Submission to your First Home Ownership Inquiry.

Housing in cities is becoming increasingly polarised and this is a major concern for this Council as we strive to retain a diverse and inclusive residential social mix in the inner-city. Affordability for first home owners and others is one of the key ingredients in achieving this goal.

In making this submission I would like to draw your attention to the very active involvement this Council has had over many years in the provision of affordable housing. Our current range of programs in this area is both innovative and bold.

Against this the Council is quite concerned that we are overly disadvantaged in terms of various taxes and levies. For example while outlying areas gain significant advantage utilising the funds raised from impositions such as the planning and development (open space) levy our residents receive very little benefit.

It is our hope that this Inquiry will both recognise and support the role of Local Government and make recommendations which will improve inner-city affordability.

I look forward to being able to make further submissions especially upon the release of your draft report.

Yours sincerely

**Mark McAllister**  
**A/Chief Executive Officer**

/ /2003



**Initial Submission to Productivity  
Commission Inquiry Into First Home  
Ownership**

**Adelaide City Council**

**October 2003**

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# 1. Key Points and Recommendations

This submission raises the following key points:

- Housing in cities across Australia is becoming increasingly geographically polarised with the inner city becoming affordable mainly for high income earners, while low income earners are being marginalised to the urban fringe.
- Local Government's role in housing is principally that of a regulator, approving land divisions and planning and building applications, in addition to carrying out building inspections. Increasingly Local Government is also assuming a role as a facilitator of housing.
- Adelaide City Council has also taken on a more direct provision of housing role. This approach has been taken up to address concerns regarding affordability and the Council's desire to have a socially diverse community. Provision in the housing sector is not a role traditionally undertaken by this Council and has been undertaken in the absence of appropriate interventions by either State or Commonwealth Governments.
- Council has been working closely with the State Government to develop three complementary housing programs. Each program has attempted to make the city more affordable for its target group.
- Support from State and Federal Government in augmenting the role of Local Government could have significant impact on affordability and the revitalisation of local areas around the country.
- Homelessness is caused by structural factors such as poverty, unemployment and an inadequate supply of affordable housing. Urban gentrification has eroded the traditional availability of low cost housing in inner city areas.
- Adelaide is currently experiencing record levels of growth in residential dwellings and serviced apartments.
- Council's Residential Segmentation Study shows that overall there is a significant level of existing demand for City Living which would be enhanced if lower rents and purchase prices were available.
- Adelaide's CBD housing market is solid with most indicators pointing to positive growth (albeit slowing) over the next year.
- Council considers that stamp duty and the planning and development (open space) levy is an impediment to affordable housing development. Given the increasing 'flow on' of the GST to State Governments the Inquiry should investigate the possibility of removal of stamp duty on properties. The open space levy could be waived for inner city properties or directed to purposes which would benefit city residents such as the provision of affordable housing.

## **1.1. Recommendations**

This section shows recommendations arising from the report against the Inquiry's Terms of Reference (shown in bold italics).

***(a) the identification, release and development of land and the provision of basic related infrastructure; and;***

***(d) the efficiency, structure and role of the land development industry and its relationship with the dwelling construction industry and how this may be affected by government regulations;***

**Recommendation:** That the Inquiry, within the context of maintaining the urban growth boundary, investigate and recommend appropriate policy development at the State level which will;

- maximise affordable housing outcomes from Government land releases;
- cause increased density and affordability in metropolitan housing;
- improve urban and social infrastructure provision in outer metropolitan areas.

***(b) the efficiency and transparency of different planning and approval processes for residential land;***

**Recommendation:** That the Inquiry investigates options for improving the coordination between the three spheres of Government and the utilities providers to seek cost reductions and improve approval and implementation processes.

***(c) the efficiency and transparency of taxes, levies and charges imposed at all stages of the housing supply chain;***

**Recommendation:** That the Inquiry investigates the possibility of the State Government's planning and development (open space) levy either being waived for inner city properties or utilised for the provision of affordable housing.

**Recommendation:** That the Inquiry reviews State fees and charges and recommend measures which would remove stamp duty while maintaining State revenues at appropriate levels.

***(e) the effect of standards, specifications, approval and title requirements on costs and choice in new dwelling construction; and***

**Recommendation:** That the Inquiry considers building code regulation and make recommendations which seek to balance the sometimes competing economic, social and environmental goals of housing provision.

***(f) the operation of the total housing market, with specific reference to the availability of a range of public and private housing types, the demand for housing, and the efficiency of use of the existing residential housing stock.***

**Recommendation:** That the Inquiry consider methods of increasing the number of, and access to, public housing stock and the possible State and Federal Government roles and resourcing required to achieve this.

**Recommendation:** That the Inquiry consider and recommend;

- appropriate roles and/or models for Local Government in the development and management of affordable housing and;
- the role of State and Federal Government in supporting these roles and models.

## 2. Introduction

This submission is given with the understanding that this Inquiry will “Identify and analyse all components of the cost and price of housing.” The focus of this submission will therefore be on matters of general affordability of housing with some reference to first home owners.

Adelaide City Council’s Capacity goals set out in its New Directions statement outlines a target of effectively doubling the City’s residential population.

Housing is fundamental to achieving this goal and in ensuring a sustainable community. Safe, secure and stable housing is also a major driver of sustainable economic development. Aside from the obvious multiplier effect that the construction of dwellings has on a number of industries - including retail and manufacturing (particularly related to whitegoods) - stability in housing leads to greater consumer confidence. This, in turn, leads to stronger employment outcomes and spill over effects on retail spending and supporting sectors. Conversely, uncertainty in housing can have widespread negative effects on the economy.

Housing in cities across Australia is becoming increasingly geographically polarised with the inner city becoming affordable mainly for high income earners, while low income earners are being marginalised to the urban fringe. This housing divide is already seeing high housing demand in the inner city where affordability is least, while the outer suburbs have the greatest affordability but the lowest demand. This mismatch of housing supply and demand is underpinned by the geographic structure of Adelaide where jobs, services and entertainment are predominantly located in the city centre.

To ensure that we don’t get a socially divided city we need to develop mechanisms to ensure access for all, enabling students, itinerants, city workers, business people and professionals to be part of a socially diverse and creative city. Housing affordability both in terms of ability to rent and purchase (including first home owners) are important factors in this as more affordable housing enables a more diverse population.

### 3. The Role of Local Government

Local Government's role in housing is principally that of a regulator, approving land divisions and planning and building applications, in addition to carrying out building inspections. Adelaide City Council has been recognised by the Royal Australian Institute of Architects in its recently released Planning Assessment Survey Report for 2003 as the most co-operative Council in the State with the highest level of best practice planning procedures.

Increasingly Local Government is also assuming a role as a facilitator of housing development. Local Government also plays an active role in advocacy for its community in creating a better place to live and increasing housing affordability.

Adelaide City Council has also taken on a more direct provision of housing role. This approach has been taken up to address concerns regarding affordability and the Council's desire to have a socially diverse community. Provision in the housing sector is not a role traditionally undertaken by this Council and has been undertaken in the absence of appropriate interventions by either State or Commonwealth Governments.

Provision and facilitation of housing often means developing partnerships with the State and Commonwealth Government and the private and community sectors. Joint Ventures by this Council such as the Halifax Depot redevelopment and the current Balfour's/ Franklin Street Bus Depot developments are now setting the standard for partnerships between government and the private sector which aim to generate the supply of affordable housing.

In terms of housing, Adelaide City Council has sought outcomes that should be both tangible, in the sense of providing new housing stock, and strategic in terms of nurturing a sectorial capacity to identify and respond to housing need in the City. The effort to sustain a social mix in the City was renewed consciously in the 1980s to ensure the ongoing presence of low cost housing against the pressure of rising property values.

Council hosted a City Living Summit in February 2002, which was attended by 130 developers, government officials, community workers and business people. Two key challenges that were identified at the City Living Summit were how to:

- create opportunities for collaboration between Council, Government the community and private sector which produce innovative housing outcomes; &
- improve affordability in order to maintain social mix in the city.

It was recognised that housing opportunities in the city are becoming increasingly polarised as State Housing programs target high need groups whilst rents and housing price increase. This means that only the higher income earners can afford to rent or purchase in the City. Middle and low income earners are less able to afford housing in the city. There was also a strong recognition at the Summit that many people with high needs require the services and supports available in the inner city. At the same time waiting lists for such housing with organisations like the Multi Agency Community Housing Association (MACHA) are significant.

Council has been working closely with the State Government to develop three complementary housing programs. Each program has attempted to make the city more affordable for its target group:



1. **Adelaide Joint Ventures Housing Program**, will seek to develop housing projects with the State Government and the community sector for those with most urgent needs and very low incomes, usually below \$20,000 pa.
2. **Adelaide Rental Housing Program**, will develop housing projects to rent to low income city workers with incomes between \$20,000 - \$30,000 pa.
3. **Adelaide New Owners Grant**, provided grants to owners of new apartments and townhouses through HomeStart Finance to single people earning less than \$55,000 pa or couples on a combined income of \$65,000 pa. The Adelaide New Owners Grant program was discontinued in September 2003 in part due to increasing housing costs.

Support from State and Federal Government in augmenting the role of Local Government could have significant impact on affordability and the revitalisation of local areas around the country.

**Recommendation:** That the Inquiry consider and recommend;

- appropriate roles and/or models for Local Government in the development and management of affordable housing and;
- the role of State and Federal Government in supporting these roles and models.

## 4. Social Housing and Homelessness

Adelaide City Council has been active in facilitating the development in the City of well-integrated social housing over most of the past two decades. It is estimated that Council has directly contributed over \$3 million worth of resources to this end.

The Lord Mayor participates as a member of the Council of Capital City Lord Mayors (CCCLM). Their Policy Statement on Homelessness states that:

“Homelessness is caused by structural factors such as poverty, unemployment and an *inadequate supply of affordable housing* [emphasis added]. Urban gentrification has eroded the traditional availability of low cost housing in inner city areas. As long as these issues persist, homelessness will continue to be a problem in our cities. Personal factors such as mental illness, disability, substance abuse, family breakdown and domestic violence, increase many individual’s vulnerability to homelessness.”

The Policy Statement goes on to state that the ‘primary responsibility for homelessness prevention and responses rests with the Commonwealth and State Governments. However, ‘whole of government’ responses are critical to the achievement of a reduction in homelessness in Australia.’

Over the last decade the South Australian Housing Trust (SAHT) has been unable to increase the public housing stock in this State. In fact, the stock has been in decline. This has been coupled with changes to the Commonwealth State Housing Agreement which has seen a shift in focus in the provision of public housing. This shift has seen public housing being increasingly targeted to disadvantaged people. In South Australia the impact of this is that many people who would otherwise be able to live in public housing are excluded and forced into the private housing market exacerbating affordability issues and, in part, contributed to this Council’s increasing involvement in direct housing provision.

**Recommendation:** That the Inquiry consider methods of increasing the number of, and access to, public housing stock and the possible State and Federal Government roles and resourcing required to achieve this.

## 5. Supply and Demand

### 5.1. Policy Framework

The South Australian Government has set an Urban Growth Boundary restricting metropolitan residential development within a contained area. While this is to be commended and is supported by Council, there are some concerns that adequate supporting policies are not in place resulting in further upward pressure on housing prices.

The State Government's role in land banking and the strategic release of land has previously enabled housing prices to be kept in check resulting in more affordable housing. Council is concerned that this traditional role is being diminished with Government land releases focussing on the greatest financial return rather than being a regulator of the housing market.

The provision of infrastructure to outer metropolitan areas is also of concern. Policies which would coordinate planning and timely provision of basic urban and social infrastructure are required for these areas. Development in the outer metropolitan area and, past this, in near rural locations may have the effect of providing cheaper housing, however the lack of adequate infrastructure and associated 'hidden' costs may see new residents in these areas significantly worse off.

Policies which support denser and more affordable residential development throughout the metropolitan area would reduce upward pressure on the price of metropolitan housing and should be implemented. Coupled with this, strategies to limit the development of "leapfrog" growth in rural areas such as the South Coast and Mount Lofty Ranges are also required. It is in the area of denser housing provision which the City has perhaps the greatest role to play.

**Recommendation:** That the Inquiry, within the context of maintaining the urban growth boundary, investigate and recommend appropriate policy development at the State level which will;

- maximise affordable housing outcomes from Government land releases;
- cause increased density and affordability in metropolitan housing;

### 5.2. Growth Trends

The City of Adelaide is currently experiencing record levels of growth in residential dwellings and serviced apartments. 1,122 apartments and dwellings and 976 hotel rooms had been completed in the City of Adelaide in the period from January 1999 to June 2003. As at the end of June 2003, 1,889 dwellings have been approved by Council but not yet completed.

### 5.3. Current Demand and Housing Markets

Council conducted a Residential Segmentation Study in 2002<sup>1</sup>. One of the aims of the study was to discover and segment the sectors of the general population who favoured city living and reasons for such choices. After a preliminary qualitative phase, telephone interviews were conducted with 600 residents, 400 potential residents, 100 past residents and 200 City residential investors.

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<sup>1</sup> *Adelaide Residential Segmentation Study 2002*, Adelaide City Council March 2003

Eight out of ten investors surveyed considered their properties in the City to be successful. Importantly perceived success was greater amongst those investors who had investment property elsewhere, in addition to the City, with which to compare. Apartments and serviced apartments were the most common forms of investment.

The key attractor of the city for residents was its closeness to shops, cafes, work, cultural institutions and the Park Lands. Potential residents who were spontaneously considering the City were identified as prime prospects while those who said they would consider the City when asked were classified as core prospects.

Generally prime prospects had a realistic expectation of rental (average \$255 per week) and purchase price (average over \$400,000), which other groups considered to be unaffordable. However 9% who would not consider the City were swayed to consider City living if there were lower rents and housing costs. Affordable housing was most strongly desired by younger people (the potential first home owners group) with 48% of 18-24 year olds and 36% of 25-34 year olds who were likely to consider it.

Overall there is a significant level of existing demand for City Living which would be enhanced if lower rents and purchase prices were available.

The South Australian Housing Industry Prospects Forum (HIPF), an independent, joint industry and government forecasting body, has released its *Housing Industry Prospects Report – March 2003*. The report includes forecast market conditions and dwelling commencements for 2002/03 and 2003/04. The HIPF has forecast 10,100 dwelling commencements in metropolitan Adelaide in 2002-03 (a continuation of the strong activity that occurred in 2001-02), falling to 8,000 commencements in 2003-04 - more in line with underlying housing demand.<sup>2</sup>

According to the HIPF building starts have been holding up higher than expected largely because of a significant amount of delayed work still in the 'pipeline'. The delays have been caused by a number of factors including the acute shortage of key 'wet' trades, the building indemnity insurance issue and, delays for approvals at some key councils. Starts are therefore expected to remain high during the first half of 2002/03, but start declining during the second half.

New private 'other' commencements are expected to remain at high levels supported by demand from homebuyers, investors and, significantly, the retirement accommodation sector.

Premium high-density dwelling developments will continue but at a reduced rate. Although premium properties sell well, some oversupply has emerged. Public authorities have scheduled around 500 dwellings to be built.

In terms of the assumptions underpinning HIPF forecasts for 2003/04:

- Dwelling construction will continue to decline towards underlying demand, currently estimated at around 8 000 dwellings per year. Most of the decline will be in private houses.
- The pool of first-home buyers will not be significant to influence activity.

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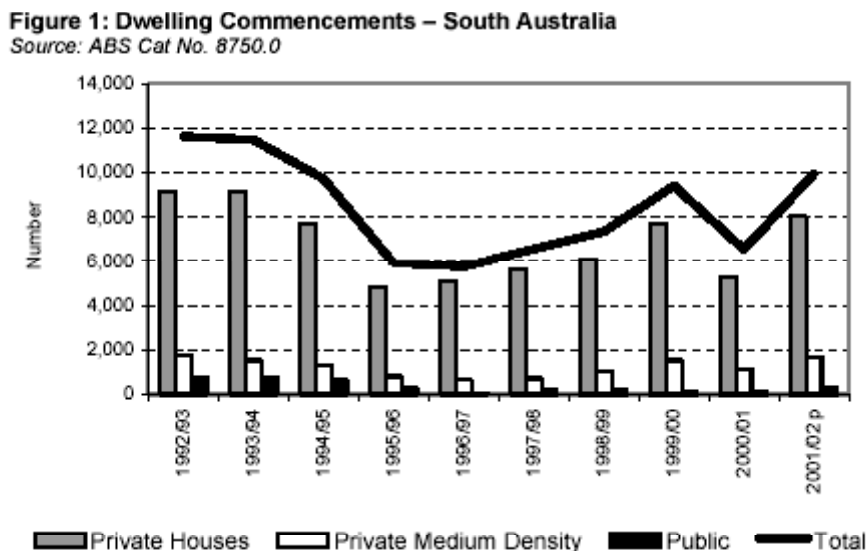
<sup>2</sup> *Housing Industry Prospects Report – March 2003*

- New private ‘other’ will be underpinned by investors, the retirement accommodation sector and, to a lesser extent, homebuyers. Some short-term reduction in premium high-density developments may occur.
- Public authorities have scheduled around 500 dwellings to be built.

The HIPF September 2002 report provides the following in regard to City development:

*“The overall outlook for high- density dwellings in the ASD [Adelaide Statistical Division], and especially the Adelaide CBD, is expected to remain positive over the forecast period and beyond. The Adelaide City Council is currently pursuing policies to achieve its stated aim to double the CBD’s resident population, to around 34,000, over the next decade. These would be accommodated mainly in high and medium density dwellings for which there are ample opportunities for the redevelopment of existing sites.”<sup>3</sup>*

**Figure 1: Dwelling Commencements and Forecasts – South Australia**



In support of the HIPF report, indications emerging from work recently undertaken by Council are that there is significant existing demand for residential accommodation in the City, which is unlikely to be met by either currently approved developments or those known to be in the pipeline. This demand applies equally to the owner-occupier and rental markets.

The demand is coming from a wide range of people, but appears to be particularly strong in the under-35 age group and the younger end of the “empty-nest” segment (40-54 year olds). The primary source for these new residents will be the inner suburbs (i.e. within 10km of the City). Preliminary investigation of the affordable accommodation appeal indicates its potential to increase new demand for City Living by 50% over the otherwise existing demand.

<sup>3</sup> *Housing Industry Prospects Report – September 2002*

#### 5.4. House Prices

Median house prices in the City of Adelaide, Square Mile have risen from \$173,300 in 1998 to \$300,000 in 2002 (73%) while multi storey apartments have risen from \$180,700 in 1998 to \$254,600 in 2002 (41%).

Similarly, North Adelaide saw growth in median house prices from \$266,700 in 1998 to \$480,000 in 2002 (80%). The median price of multi storey apartments also rose from \$150,000 in 1998 to \$207,900 in 2002 or 38% over five years.

This compares with a rise in median house prices across South Australia from \$109,100 in 1998 to \$153,500 in 2002 (40%) and multi story apartments from \$98,000 in 1998 to \$127,400 in 2002 or a rise of 30% over five years.<sup>4</sup>

The affordability situation has recently worsened, with developers reporting significant cost imposts in the first half of 2003. These include land prices going well above \$1,000 a square metre in the Western part of the city, difficulty in sourcing builders, cost escalation in all trades and most recently new site allowance demanded by the construction unions of 95c an hour for every worker. Developers report that it is increasingly difficult to deliver quality apartments below \$300,000.

The rising safety, environmental and legal requirements of the Building Code of Australia while generally supported do add cost to residential development. A number of current initiatives may have the effect of adding to this. For example the recent report by Herbert Girardet has recommended mandatory solar hot water installation on new buildings and modification of building codes toward make sustainable building practice the norm.<sup>5</sup>

Council is supportive of such environmental initiatives and would not seek to limit their impact however such regulation does have a cost and therefore impacts upon affordability and should be considered by the Inquiry. Consideration of the balance between the economic, social and environmental impact of such regulation is recommended.

**Recommendation:** That the Inquiry considers building code regulation and make recommendations which seek to balance the sometimes competing economic, social and environmental goals of housing provision.

#### 5.5. Housing Finance

BDO Consulting recently concluded a Housing Finance Study for Council (July 2003). The report compared the property markets of Adelaide's CBD with the CBD's of Sydney, Melbourne and Brisbane. Its key finding was that:

*"Adelaide's CBD housing market is solid with most indicators pointing to positive growth (albeit slowing) over the next year."*<sup>6</sup>

High vacancy rates in Melbourne (11%) and to a lesser extent in Sydney and Brisbane were adversely affecting the lending institutions attitudes to Adelaide.

<sup>4</sup> Lands Title Office, Data 1998-2002

<sup>5</sup> Girardet, H: *Creating a Sustainable Adelaide*, Department of Premier and Cabinet, Adelaide, July 2003

<sup>6</sup> BDO Consulting, *Housing Finance Study*, Adelaide City Council July 2003

The report calls for an urgent review of stamp duty. The report also supported Council's new housing programs which "are well structured to meet their aim that is increasing population in the city and maintain social mix". Developers were also supportive of the programs as they demonstrated Council's "commitment to encouraging dwelling developments in the CBD". The "Adelaide Rental Housing Program" was highlighted as one program that could form the basis of more innovative financial mechanisms.

Various options were briefly analysed through a hypothetical project whereby 100 units were to be developed with a guarantee to purchase at \$300,000. Council may be required to purchase those units, under the option but may only be able to resell them at \$250,000 per unit, and therefore Council makes a loss of \$50,000 per unit or \$5 million.

The report recommends that a risk analysis be undertaken for "head leasing" arrangements for apartment developments. Under such a proposal Council could lease the properties from the developer and then arrange for the Adelaide Rental Housing Program to lease out the properties. Under this program the rent would be 75% of market rents and as such provide a reasonable return without competing directly with the private market. In addition, developers would have a portion of their property leased. As such it would provide an affordable rental guarantee, which may be of less risk than put options.

Other options that were recommended to promote housing in the City were:

- Collaboration between Government and financial institutions including the development of investment vehicles for institutional investors and joint financing of development projects;
- Development of joint ventures with the financiers which may include, Local Government Financing Authority, Super Funds or the South Australian Housing Trust;
- Development of a fund for conversion of C and D grade office buildings for residential development;
- Monitor the Prime Minister Taskforce initiative on affordable housing.

The Housing Finance Study noted that Adelaide was a good market to invest in. In particular it noted that the Adelaide residential market had:

- Strong demand from baby boomers and 18-24 year olds,
- Strong Growth in the State's economy and moderate population growth,
- Increasing demand for inner city living,
- Low residential vacancy rates,
- Potential for rental and capital growth over the next few years,
- Lower prices than Melbourne or Sydney.

#### **5.6. Stamp Duty, Planning and Development Fund and other levies**

Increasing affordability particularly relies on reducing costs to consumers and developers. Recent increases in stamp duty and the cost of service augmentation have significantly increased costs.

Stamp Duty is a tax on property that applies to properties when ownership is transferred. The 2002/03 South Australian State Budget increased Stamp Duty on all properties above \$200,000. Starting with properties at \$200,000 the new marginal rate has increased from 4% to 4.25% and for properties over \$500,000 the marginal rate has increased from 5% to 5.5%.

City apartments are unfairly taxed through stamp duty. House and land packages in most cases are eligible for reduced stamp duty charges if the property is transferred before construction is complete. However, this is not feasible with city apartments as transfer of the title occurs usually at the completion of construction. As such a city apartment purchaser pays stamp duty on the title and the bricks and mortar while the house and land package purchaser often only pays duty on the land. This results in an additional tax of \$5,000 - \$7,000 for the apartment dweller.

The average Stamp duty on a city apartment is in the range of \$7,000- \$10,000. Currently a \$1,500 rebate applies to development in the Square Mile. This rebate should be expanded to encourage affordability, reduce the environmental footprint and greenhouse gas consumption.

The planning and development levy (most often referred to as the open space levy) provides little benefit to residents in the inner city as funds raised from this levy are directed to the provision of open space in other areas. This levy could be waived for inner city properties or directed to purposes which would benefit city residents such as the provision of affordable housing.

Council considers that stamp duty and the planning and development (open space) levy is an impediment to affordable housing development. Given the increasing 'flow on' of the GST to State Governments the Inquiry should investigate the possibility of removal of stamp duty on properties.

A concerted effort by both the State Government and Council to increase rebates and eliminate stamp duty, while also minimising the cost of service augmentation, could significantly impact on affordability in the city. A combination of these reductions with the previous Adelaide New Owners Grant could see cost reductions per unit of up to \$26, 215 and could include the following elements:

- \$8,000 City Stamp duty removal
- \$2,215 Removal of Open Space Levy
- \$5,000 Adelaide New Owners Grant (Council subsidy)
- \$5,000 No Mortgage Loss Insurance (State Government - Homestart)
- \$7,000 First Home Owners Grant.(Commonwealth Government)

Such cost reductions requires a coordinated effort between the various spheres of Government and the utilities providers. Coordination between these bodies in the planning and provision of housing would also greatly assist in keeping general costs down and therefore improve affordability and streamline approval and implementation processes.

In addition service augmentation fees, particularly ETSA augmentation fees, are anticipated to result in higher costs for dwellings in the city. The current proposal for the City to be placed in Category One for augmentation fees will result in the standard charges in the City being one of the highest in the State and significantly higher than the rest of the Adelaide metropolitan area. This could become a significant disincentive to housing and commercial development in the City.

**Recommendation:** That the Inquiry investigates options for improving the coordination between the three spheres of Government and the utilities providers to seek cost reductions and improve approval and implementation processes.



**Recommendation:** That the Inquiry reviews State fees and charges and recommend measures which would remove stamp duty while maintaining State revenues at appropriate levels.

**Recommendation:** That the Inquiry investigates the possibility of the State Government's planning and development (open space) levy either being waived for inner city properties or utilised for the provision of affordable housing.

## 6. Conclusion

There are a number of impediments to housing affordability in either rental or purchasing which is accentuated by the high demand and rising housing prices for the inner-city. The City has significant capacity to accommodate this demand. While an active housing market is generally desirable high demand coupled with reduced affordability can have economic and social consequences which are undesirable.

Local Government has a traditional regulatory role in housing provision and is developing a greater facilitation role alongside this. These roles should be supported by other spheres of Government.

Adelaide City Council is committed to pursuing a diverse and inclusive residential social mix and has been particularly active in strategic interventions with regard to housing development. This has involved the commitment of significant resources to directly and indirectly influence the affordability of City living.

Council considers that stamp duty and the planning and development (open space) levy is an impediment to affordable housing development. A coordinated effort on affordability to reduce duties, fees and levies could be developed jointly by the State Government and the Council. In turn developers would be asked to put quality apartments on the market for people in the 4<sup>th</sup> quintile, and achieve target prices in the mid \$200,000's. These duties and levies, when applied to inner city development can have a negative impact on the containment of urban sprawl, resulting in adverse environmental outcomes.