



# **RESIDENTIAL GROWTH PLAN 2004-2010**

**Endorsed by Strategy and Policy Committee 29 November 2004**

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## Introduction

The population of the City of Adelaide declined from a post war high of 34,900 in 1947 to a low of 12,656 in 1981. The spread of the suburbs as car ownership became commonplace, displacement of housing with commercial expansion in the city centre and progressive fall in household size were all contributing factors.

This decline has been turned around and a more favourable environment created for new residents through the ground work done by past Councils, the Housing Trust and private developers. The estimated overnight population of the City in 2004, including people staying overnight in hotels and institutions, has risen to around the 20,000 mark.

A greater increase in the City's resident population is needed to build vitality, interaction and community life, providing housing options for a rich social mix including students, young people, creative people and older people seeking easy access to the cultural life and facilities of the City. An increased population density in the central area will help build a more creative and sustainable Adelaide.

The Residential Growth Plan, together with Growth Plans for the Workforce, Student and Visitor populations and other supporting strategies reinforcing sustainability and quality of life, set out the actions by which the Council intends to pursue its vision for the City.

The Growth Plans will be considered for implementation through the annual corporate business planning, budgeting and capital works programs of Council.

## Context – Strategic Management Plan 2004-07

The Council's Strategic Management Plan 2004-2007, building on the New Directions statements first adopted in 2001, sets the following vision :-

***“The City of Adelaide, as the Capital City of South Australia, will be a vibrant and populous central place for work, study, leisure and living invigorating the cultural, commercial, educational and community life of the State.”***

Increasing the number and mix of people in the city centre to an optimum level to sustain activity and vitality is essential to achieving the vision. Additional residents, workers, students and visitors will make a wider range of services, facilities and attractions viable. This will create a more vibrant City with a stronger community and cultural life and a more robust, innovative economy.

It will also directly support the aim of the State Strategic Plan to increase South Australia's population to 2 million by 2050, as against the projected decline from the current 1.5 million.

The Council's primary strategy therefore is to:

***"Increase the number of people living, visiting, working and learning in the city to an optimum sustainable level."***

This can only be achieved through Council and State leadership and active engagement with the private sector and community.

Over 130 key people from the public, community and private housing sectors attended a City Living Summit convened by the Council on 26 February 2002. Their contributions provided a first step for Council in the development of a Residential Growth Plan.

The City Living Summit focussed on the fundamental issue of housing affordability in the City affecting population growth and community mix – both ingredients for a rejuvenated City. The Summit left Council with two principal tasks:

- develop innovative ways to maintain social mix in the City; and
- develop collaborative mechanisms for partnerships with the government and private sector to support residential growth.

This Residential Growth Plan incorporates the ideas put forward in the Summit together with a range of other initiatives developed since.

Underpinning the strategy are the underlying principles that the City must be:

- **Culturally Vibrant** – recognising aboriginal, migrant and other contemporary Australian cultures. Generating cultural and artistic activity, creativity and diversity to enrich the life of the City and bring vitality to its public spaces;
- **Socially Just** - providing opportunities for people of different backgrounds, ages and abilities to live, work, learn and enjoy leisure in the City;
- **Environmentally Sustainable** - meeting the needs of the present without compromising the needs of future generations in development of the City's built form, management of its Park Lands and public spaces and in the management of activities that consume non-renewable natural resources;
- **Economically Viable** – fostering conditions that support sustainable economic activity.
- **Outward Looking** – responsive to the community, other Councils, the State and wider ideas and influences. Communicating and celebrating the things we do well.

The Council's Strategic Management Plan 2004 – 2007 sets the following targets and qualitative aims for residential growth.

***By 2006 Adelaide will have an overnight population of 25,000, including at least 17,000 permanent residents.***

***By 2010 Adelaide will have an overnight population of 34,000, including at least 26,000 permanent residents.***

#### **Qualities sought for the City by the year 2010**

- *The City has regained the residential population numbers and vitality of past years in ways that meet changing needs. Many new residents have been attracted to Adelaide from regional SA, interstate and overseas. The advantages of living, working, studying and enjoying recreation all within the same City locality have brought in many new residents and helped generate a resurgence in community life.*
- *The overnight population of the City includes over 26,000 permanent residents (of whom around 60% live in rental accommodation) and over 6,000 visitors in hotels, backpacker accommodation, serviced apartments or staying with friends, with a further 2,000 in hospitals, nursing homes, shelters or other institutional accommodation.*
- *Growth has primarily been in well designed apartment development that has brought new resident communities to the Core and Frame districts of the City. The historic residential precincts of North Adelaide and the South East and South West corners have been conserved as valued elements of Adelaide's heritage, character and scale. Development along the Park Lands frontages and around the Squares reinforces their importance in the City layout.*
- *A large stock of rental accommodation in apartment buildings around the centre has extended affordable access to city living, especially for young people aged under 30. Affordable and appropriate accommodation for students is available within easy walking distance of institutions.*
- *The City sustains strong demand from home buyers attracted by the advantages of city living. Single professionals and working couples without children continue to seek City housing. 'Empty nesters' and others of the baby boom generation find the City especially attractive as they get older, with easy access to services, cultural and recreational facilities. Their needs are well recognised in residential design and the provision of basic services.*
- *Public housing programs and subsidies maintain access to accommodation in the City for those in need and support a diverse mix in the resident population.*
- *Services, facilities and infrastructure renewal have kept pace with residential growth. Community development programs have helped build strong communities in which the City's diverse residential population live together well, with mutual support and a minimum of conflict, encouraging residents to stay.*
- *Good residential design and careful management has kept to a minimum potential disturbance to residents from the City's night life and other city centre activities.*
- *Residential growth in the City has eased pressure on suburban Councils and helped the State government contain the spread of the metropolitan area.*

The Residential Growth Plan sets out the Council's program of actions to achieve these aims.

## The Challenge

### Residential Growth

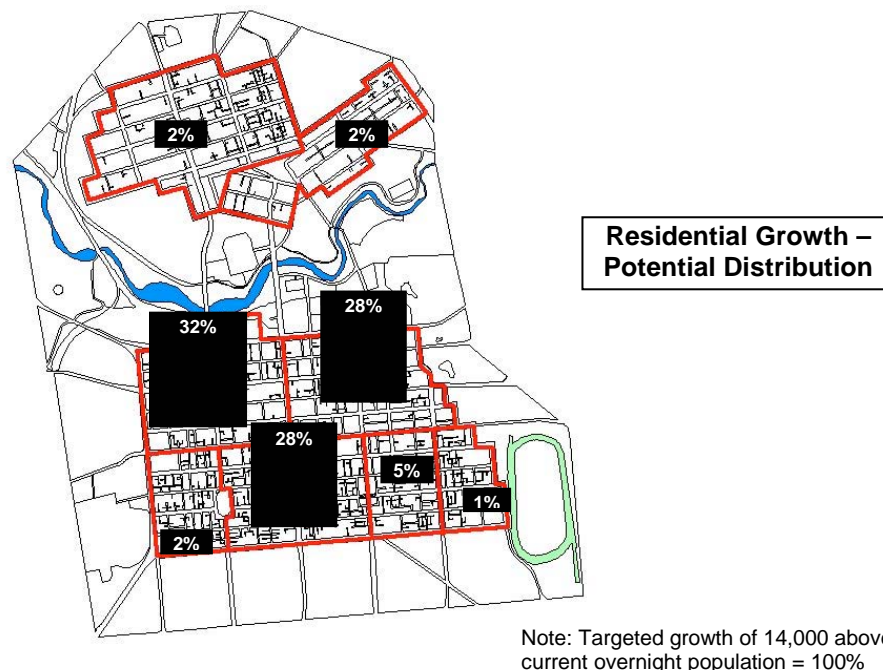
The Council has set the very ambitious target of restoring the City population (including visitors) to the post-war level of 34,000 by 2010. Although the rate of residential growth has reached a record high over the past few years, supported by low interest rates, changing housing preferences and the Commonwealth First Home Owners Grant, it is still well short of the level needed to meet this target. Current trends indicate a population of between 26,200 and 28,600 by 2010, based on continuation of current market conditions and implementation of programs already in train to boost growth. This represents a shortfall of up to 4,500 dwellings. Exacerbating this is evidence of a “steading off” of the central city apartment market in the eastern States which will have implications for demand and growth in the Adelaide market.



The Garden East development on the site of the former Adelaide Fruit and Produce Exchange has demonstrated the attractions of apartment living in the East End.

Revision of the Development Plan for the City will facilitate greater densities. Heritage and contextual constraints in the established residential precincts of North Adelaide and the South West and South East corners limit potential in those areas however. The greatest capacity for residential growth to meet the target is in apartment development to the west and east of the commercial centre and in the southern part of the Square Mile between Whitmore and Hurtle Squares. The Council's decision to separate the General PAR following public consultation, and pursue the relevant policy amendments for population growth and sustainability through a “City Centre Revitalisation” PAR and a “Sustainability” PAR clarifies this position.

Analysis of development potential, current residential development approvals, proposals and forecast growth trends is summarised in the following map showing the expected distribution of growth in the City's resident and overnight visitor populations. Growth will be generated primarily by apartment developments within the central area.



Source: Based on data in *ID Consulting, City of Adelaide Overnight Population Forecasts 2001-2016*

A Residential Segmentation Study undertaken for the Council in 2002 demonstrates strong demand for housing in the City. Only part of that demand is for apartment style housing in the areas of greatest potential, however, and affordability is a constraint for many potential residents.

## Social Mix and Demographic Change

Casualisation of the workforce, increased higher education fees, changing lifestyles and housing preferences and more mobile careers mean that many people, particularly young people, are either delaying their movement into home ownership or are experiencing increasing difficulty in the housing market. These changes are creating new demands for affordable rental housing and are putting extra pressure on the private rental market.

For increasing numbers, the flexibility of rental accommodation is preferable to home ownership, especially with the more mobile lifestyles often associated with working in the knowledge based industries. This is creating new opportunities for institutional investment in City apartments.

Housing has also become less affordable for low income earners over recent years, particularly in the inner city, as prices have risen with growing demand. At the same time the South Australian Housing Trust has moved from its traditional role as a provider of housing for low income people to a narrower role meeting special needs, as funding available for public housing has declined.

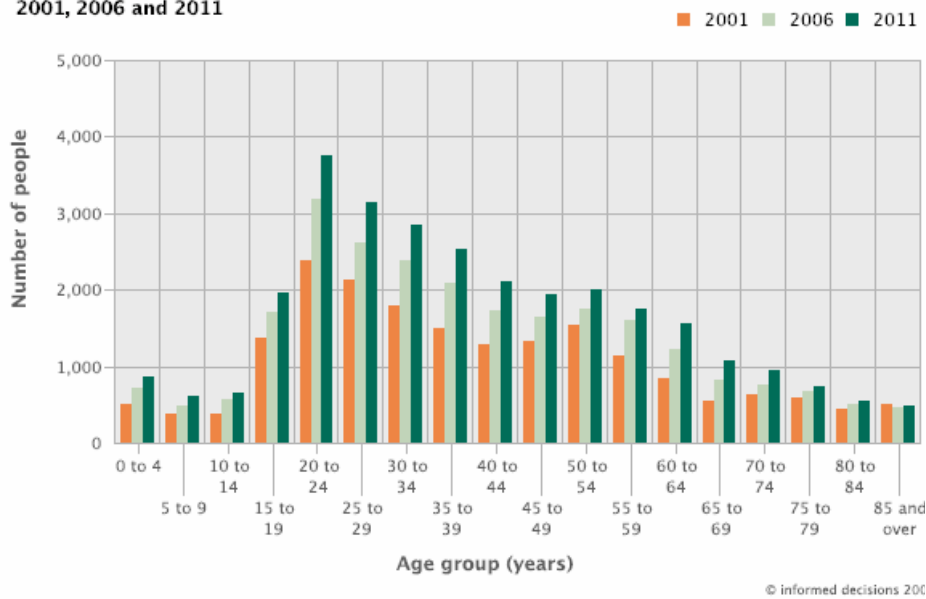
Support is specifically needed to maintain and grow the following elements in the social mix of the City:

- Young People – especially those under 30, targeting also greater retention of young people who may otherwise move out to the suburbs as they settle, consider children and incomes increase.
- People in the Low and Medium Low income quartiles,
- New migrants and others from non-English speaking backgrounds,
- Different housing styles and tenures, including 'above shop' residential and boarding and/or other shared style accommodation, and,
- People with disabilities who need central location to access services.

These groups, and types of accommodation, are important contributors to balanced growth and to the vitality and diversity of the City, but are especially at risk of displacement as residential values rise.

Assuming that the initiatives proposed in this Growth Plan to extend affordable housing options for young people are effective, the forecast changes in the age profile of the City residential population are shown in the diagram below. The greatest increase is likely to be in the student age groups, but a greater retention of young adults will also drive growth, and the City will continue to attract ‘empty nesters’.

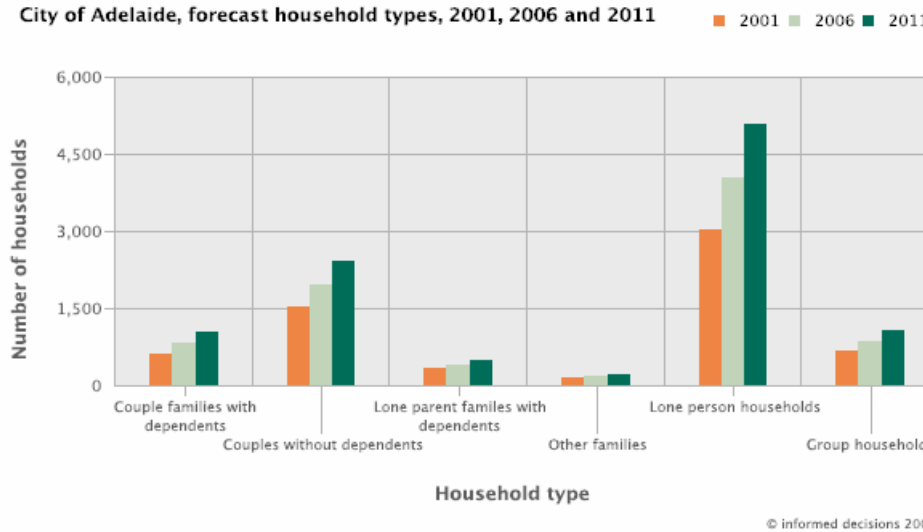
City of Adelaide, forecast age structure (5 year age groups), 2001, 2006 and 2011



Source: ID Consulting, City of Adelaide Overnight Population Forecasts 2001-2016

The attraction of the City for single people and couples without children is reflected in the forecast of change in household types. Initiatives to support house sharing, especially aimed at young people, can help increase occupancy rates of the available housing stock and extend affordability.

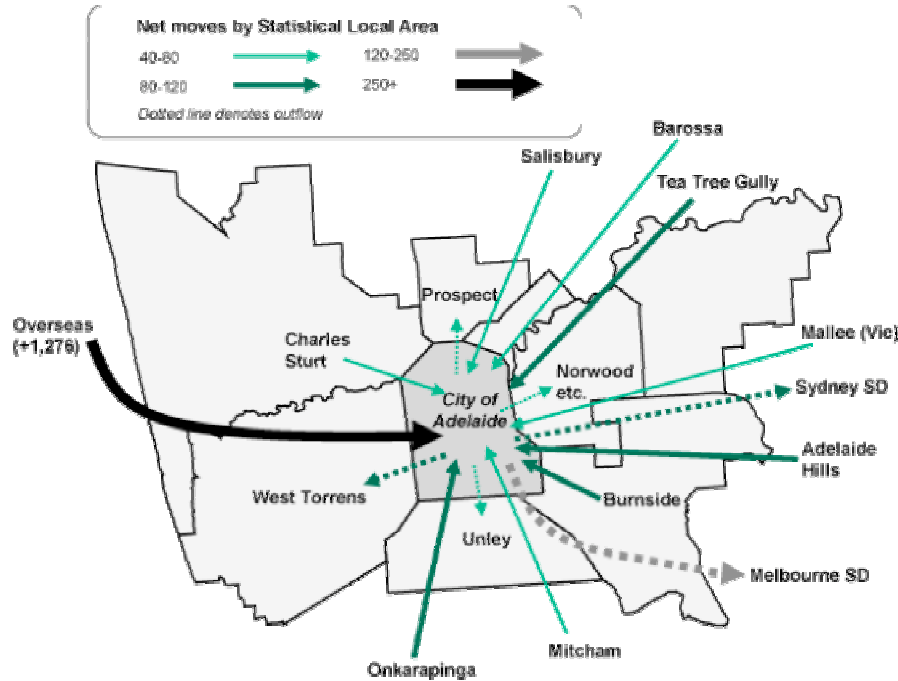
City of Adelaide, forecast household types, 2001, 2006 and 2011



Source: ID Consulting, City of Adelaide Overnight Population Forecasts 2001-2016

The pattern of inward and outward movement of City residents recorded between the 1996 and 2001 Censuses highlights the significance of overseas migration (primarily students) in population growth while a reversal of the net outward migration to Sydney and Melbourne is targeted.

**Migration flows, City of Adelaide, 1996 to 2001.**

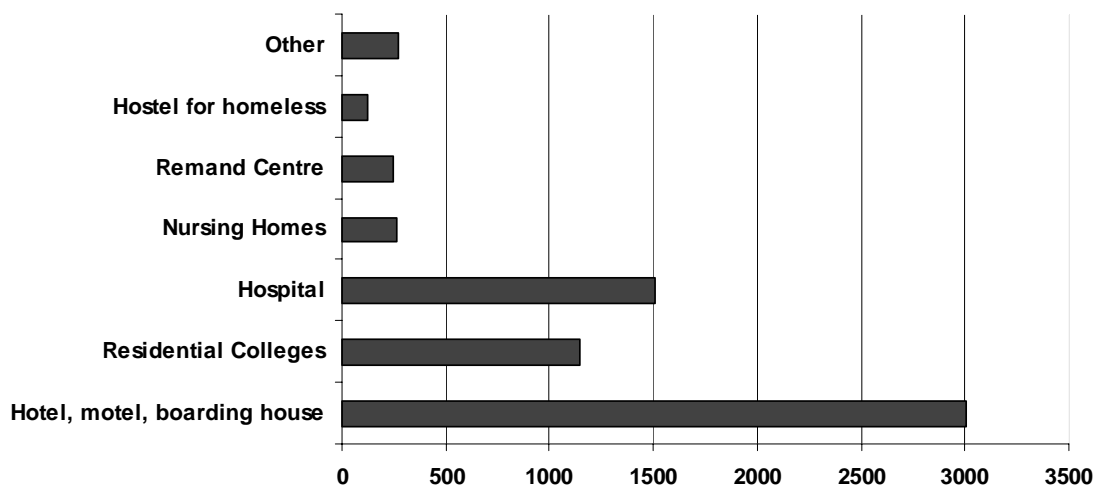


Source: ID Consulting, City of Adelaide Overnight Population Forecasts 2001-2016 – ABS Census data.

**Overnight Visitors**

At the 2001 Census just over 6,500 people were recorded in the City staying in hotels, hospitals, residential colleges and other types of accommodation than private dwellings. The great majority of these people recorded their usual place of residence elsewhere. Together with people staying over with City residents they comprise the City’s overnight visitor population.

**ABS 2001 Census - City of Adelaide, Persons in Non-private Dwellings**



Source : Australian Bureau of Statistics, 2001 Census, City of Adelaide Expanded Community Profile.

Since the Census, there has been rapid growth in the supply of hotel accommodation, largely driven by the additional demand generated by completion of the expanded Convention Centre. In that time the Embassy and Horizon (Ramada) Hotel and Suites on North Terrace, the Allegra on Waymouth Street, Medina Grand in the old Treasury Building, The Residence on Hindmarsh Square and Frome Roof Gardens Hotel on Frome Street and the Oxford Apartments and Windsor Apartments around Hurtle Square have together added around 1,000 additional rooms to the available stock.

Opening of the Blue Galah hostel on King William Street and other expansions have also expanded the backpacker sector in the City.

Most students living in City colleges, hostels and other student accommodation would count this as their place of usual residence and therefore be recorded as in the Census as 'residents'. However a substantial number, including those on short courses, would not and would be recorded as 'overnight visitors'. Since the 2001 Census there has been significant growth in the stock of student accommodation, including notably the Unihouse Rundle office conversion at the corner of Rundle Mall and Pulteney Street. A major expansion is already committed or in the pipeline, including the University of Adelaide student village under construction on Grote Street and a number of other student housing projects with planning consent. These developments will boost the 'visitor' component as well as the 'resident' component of the City's overnight population.

Overnight visitors are important contributors to the vitality and economy of the City, patronising restaurants, shops and entertainments and adding to the level of activity in the city in the evenings. Hospital patients also add to the level of activity in that their visitors provide demand for City facilities.

The growth in overnight visitor accommodation over the past few years is such that no Council intervention is called for to further increase supply at this stage. The situation in each sector will be kept under review however and opportunities to support growth brought forward if justified.

## The Approach

It is clear that the residential growth target will not be met by the market with current levels of intervention by the Council and State.

A radically increased level of intervention will be necessary to:

- Facilitate additional supply generating a greater share of total metropolitan growth.
- Expand the market for residential development through development, direct acquisition and management of new dwellings to provide affordable rental accommodation, and attract new State and Institutional investment for this purpose.
- Promote the opportunities available in the City (for developers, financial institutions and potential residents) and encourage a higher level of occupancy of the available stock.

Many of the proposed actions will deliver benefits across more than one of these areas.

## Council Interventions

The proposed **Adelaide Affordable Housing Venture** is a major innovation putting into practice research undertaken by the Affordable Housing National Research Consortium. The venture would be established by the Council, with State government support, as a vehicle to attract long-term investment from institutional funds. Ultimately it would aim to provide up to 4,000 apartments for rent accommodating an additional 6,800 people.

The supply of housing would be particularly targeted to those prospective tenants in the third income quartile (ie currently those earning around \$20,000 - \$30,000 per annum) currently seeking one and two bedroom apartments in the Square Mile. This is currently a gap in the market as developer margins price new apartments above this range. The concept involves provision of 'affordable', and possibly a limited amount of 'market' housing, with a level of subsidisation and / or equity provided by the Council and the State government to assist with the delivery of the 'affordable' housing component.

As the housing will be targeted, many of those tenants will be young people, students, and creative city workers who would be otherwise unable to afford city living. The company will deliver on six key objectives from the State Strategic Plan which closely match the aims of the Council in terms of:

- population growth;
- attracting and retaining young people;
- developing a creative culture;
- promoting environmental sustainability;
- reducing housing stress; and
- Creating innovative partnerships to develop affordable housing.



The Council's first Affordable Rental Housing project nearing completion at Sydney Place.

The proposed company is highly innovative. Rather than seeking to hold and own affordable housing the majority of the stock will nominally be only held for eight years (subject to market conditions optimising sales prospects and capital growth) with achievements measured by the amount of tenant

years created. The model efficiently attracts private finance and does not require a major commitment of public funds. It is therefore replicable across capital cities and regional Australia and provides a unique South Australian solution to a national problem.

The ultimate corporate structure will be based around an initial pilot project for an available site or a 'real project'.

**Land banking of strategic development sites** enables the Council to negotiate and implement the best achievable development outcomes with preferred development partners selected through registration of interest and competitive tender processes. By helping consolidate sites to create better development opportunities and working in partnership with private developers to incorporate social and environmental benefits which otherwise are unlikely to occur in the market place, there is mutual benefit to both the developer and Council. The Council has used this approach for a number of significant projects, including the recently completed Halifax development revitalising the southern end of the City.



'Lumiere Apartments' on the former Council depot site on Halifax Street.

Timing of acquisitions and sales will be managed to ensure that the Council remains within its borrowing capacity, with the program aiming to be effectively cost neutral over time.

The Council owned **Balfour's and Franklin Street bus station sites** represent the biggest opportunity yet with over 24,000 sq m of land (combined) and a potential yield of up to 1,300 dwellings. Specified requirements in the Council's selection criteria for a strategic development partner include a minimum of 15% affordable housing in the re-development and incorporation of a high level of environmentally sound features in design. Re-development of these sites will be a catalyst for transformation of the central west precinct.



Concept drawing for redevelopment of the Bus Station site from Grote St.

Both the University of SA and the University of Adelaide are seeking to develop expanded **student housing programs** and there is also growing demand from other educational institutions. The Council will work with the tertiary education sector to make the city desirable to live, work and study for country, interstate and overseas students, incorporate student housing in re-development of suitable Council strategic sites and assess possible ways of further assisting development of a student housing program.



Unihouse Rundle provides student accommodation in the heart of the City in a converted older office building.

The Council can also actively **facilitate private development** of key sites and precincts without necessarily having a stake in land ownership. There are many sites in multiple ownership, where the owners may have competing or conflicting development aims, and where the whole could be greater than the sum of the parts. Guidelines and concept plans to facilitate coordinated development can help achieve a better outcome than is possible by any one individual developer. Provision of market research information and promotion of development opportunities to potential financiers and investors can also help.

**Support for residential conversions** can be made available to encourage the conversion of suitable vacant or under-used grade C and D office buildings and under-used space above shops in Rundle Mall and other targeted precincts for use as apartments. Council intervention will primarily be through the provision of technical advice, helping property owners and potential developers find solutions to the often complex structural and design issues arising.

Rental housing is an expanding sector across Australia as young people seek different lifestyle and investment opportunities. The Council can work with private rental agents to encourage this sector. The Council's website can be developed to include an **online renting information section**. This could incorporate an **accommodation sharing service** to make it easier to match compatible sharers, with benefits particularly in extending affordability for younger people and increasing the overall occupancy of the accommodation available.

Commonwealth government initiatives to address housing affordability will be closely monitored and opportunities arising from these initiatives pursued where possible.

The feasibility and risk of the Council providing **financial guarantees**, such as put options, to underpin the funding and commencement of desirable projects generating affordable housing will also be further investigated.

## Council Partnerships with the State Government

Adelaide City Council can be a key player in implementation of the State Housing Plan by initiating or facilitating further publicly funded social housing projects in the City. The respective roles and expectations of Council and State are to be agreed in a **Partnership for City Living** with the State government.

An important element would be to support recent State Government initiatives to maintain the supply of boarding and lodging accommodation and to raise the standard of management.

A **Social Housing Joint Ventures Program** has been developed whereby Council provides land and / or funds (preferably in the form of equity) to social housing providers to facilitate projects for high need groups. The primary target group is vulnerable adults or people who have an urgent housing need and whose income is below \$16,000 pa.

To encourage further projects small grants could be made available to social housing providers to help meet the initial costs of incorporating energy efficient features. This will help ensure that lower income people have access to quality housing that has low energy usage and running costs. Similar grants could be used to encourage aged housing in the city.

**Stamp duty** is a substantial cost for home buyers, which currently especially disadvantages purchasers of new apartments. The **open space levy** applicable to each new community title dwelling created is another tax on development for which City purchasers receive no direct benefit. In addition the cost of **augmentation of services** such as electricity has significantly increased with privatisation. The Council will lobby for reduction of each of these charges as unnecessary costs on City residential growth.

New demands for City housing options will be generated by the ambitious targets for population growth set by the State government in the South Australian Strategic Plan

- Increase South Australia's population to 2 million by 2050, rather than the projected population decline. (State Strategic Plan Target 1.7)
- Reduce net (population) loss to interstate to zero by 2008 with a positive inflow from 2009. (State Strategic Plan Target 1.8)
- Match South Australia's share of international migrants with the State's share of the overall national population over the next 10 years. (State Strategic Plan Target 1.9)
- Double South Australia's share of overseas students within 10 years. (State Strategic Plan Target 1.14)

The housing initiatives outlined in the Residential Growth Plan will help provide the capacity and range of housing choice to support these targets.

## Quality of Life

The lifestyle advantages of living close to the work, study, support and recreational opportunities of the city centre are already attracting many people to live in the City of Adelaide in preference to competing suburban locations. Provision of supporting services, such as library and community centres, child care, leisure and recreation facilities etc will be needed to support the growing population. Programs for community development and involvement will help build stronger community networks in areas of residential growth, including the South West, Central West and East End. The Council's Community Safety and City Arts and Living Culture strategies establish programs to further improve the quality of life within the City.

The Council in 2002 conducted a Residential Segmentation Study to help determine the characteristics and perceptions of each sector of demand for living in the city. The findings of this and other relevant market research studies will be regularly updated and promoted to developers to inform new housing and commercial projects in the City and to target marketing initiatives to best effect.

## **Sustainability**

The City of Adelaide can demonstrate new models for sustainable urban living through the Residential Growth Plan. By increasing the density of population and the mix of residential, employment, educational and leisure activities in the centre, travel demand will be significantly reduced and pressures eased on metropolitan expansion. The Council will work with State Government, industry and residents to reduce greenhouse gas consumption, non-renewable energy use and water usage in new and existing dwellings.

The adoption of Green Building Principles in new and existing dwellings will make Adelaide a healthier, safer and more environmentally conscious city and an affordable and pleasant place to live. Green design principles and the adoption of sustainable technologies reduce negative environmental impacts and save money by using less energy and water and creating less waste, whilst creating more enjoyable and comfortable homes.

An 'Eco Housing' design competition for the Council's strategic development site at the corner of Whitmore Square and Sturt Street seeks to promote affordable design for green housing.

Adoption of Development Plan policies to require higher environmental standards in design and construction of new dwellings will be a major step, while the Council will continue to be proactive in programs to support energy efficiency, water and waste management for City residents. Through re-development of the Council's own strategic sites, environmental best practice can be demonstrated in higher density residential design.

## Key Actions

1. Complete feasibility and risk assessments and negotiations with the State government and financial institutions to establish an 'Adelaide Affordable Housing Company' with the aim to attract residential investment in the City by superannuation funds and other institutional investment funds and build 2,000 affordable rental apartments and apartments for sale to moderate income purchasers by 2010.
2. Expand the Council's land bank for strategic development projects and secure re-development of each to meet desired residential outcomes, re-investing sale proceeds to fund further acquisitions.
3. Lead revitalisation of the Central West precinct of the City as a vibrant mixed use area through re-development of the Balfours and Franklin Street Bus Station sites.
4. Identify key sites and precincts for residential development and work with property owners to facilitate better development outcomes through preparation of concept plans and design guidelines, coordination and advice (including marketing and funding advice).
5. Complete the review process for the Adelaide (City) Development Plan completing the Sustainability and City Centre Revitalisation PARs through to authorisation to create a more flexible development assessment framework to meet emerging housing needs, encourage greater density in appropriate locations and require higher environmental standards in design.
6. Develop an on line renting and accommodation share service with a focus on young people.
7. Support opportunities for conversion of under-used older commercial floorspace for apartments.
8. Seek to extend access to City housing opportunities and maintain a diverse social mix within the resident population of the City ensuring a minimum of 15% affordable housing, preferred mix of housing types in residential developments on Council strategic sites and targeting of Council programs and marketing to help achieve preferred mix.
9. Take a leading role in implementation of the State Housing Plan through agreement of a Partnership for City Living with the State government.
10. Seek a substantially increased allocation of public housing funds to City projects and support State government social housing projects in the City.
11. As part of an Adelaide Joint Ventures Housing Program support innovative funding methods for community organisations to build equity in housing projects and provide additional grants to social housing providers to encourage high environmental standards in design.
12. Collaborate with the tertiary education sector to make the city desirable to live, work and study for interstate and overseas students, incorporate student housing in re-development of suitable Council strategic sites and assess possible ways of further assisting development of a student housing program by the universities.
13. Lobby the State government to increase the rebate for Stamp Duty for new city apartments and seek exemption from the Open Space Levy for all new apartments in the City of Adelaide. Also lobby the Essential Services Commission of SA to provide lower charges for service augmentation for city projects.
14. Monitor opportunities to apply or promote innovative investment and home buying vehicles developed by the Commonwealth Government, State Government and private sector and further investigate the feasibility and risk of Council providing funding guarantees to bring forward desirable projects.

15. Support the development of new housing in the City designed to meet the needs of older people and people with disabilities.

## **Supporting Actions**

The Council will also support growth in the City residential market through its marketing programs, and its community development and sustainability initiatives. These supporting actions will help create and promote the qualities that will strengthen demand for city living and will encourage supply of the required mix of accommodation options.

### **Marketing**

Marketing initiatives will include:

- a targeted information campaign to attract residential investment in the City by superannuation funds and other institutional investment funds
- providing market research information to developers and investors and promotion of development opportunities to meet demand.
- working with real estate agents to promote the rental sector and monitor the rental vacancy rate in the city.
- maintaining a targeted marketing program to actively promote the lifestyle advantages and attractions of living in the City and to promote apartment living in particular.
- establishing a City Resident Card providing discounts for services, leisure facilities and entertainments etc
- collaboration with State Government migration programs to attract a greater number of migrants and develop a package of information to be provided to new arrivals.
- providing an attractive and useful information pack for all new residents.

### **Community Development**

The Council will develop a program to facilitate provision of community services and infrastructure supporting targeted population growth and provide support for community development and involvement in relevant precincts including the South West, Central West and East End.

The North Terrace, Grote Street, Tynte Street and Hutt Street Library and Community Centres established by Council provide local access to information and facilities for community use, supporting emerging needs of local population growth.

### **Sustainability**

By working towards a denser central area, with a greater integration of residential, commercial, educational and leisure activity, all within the grid layout and Park Lands setting of Light's plan, the Council is taking a major step towards creating a more sustainable Adelaide.

A number of specific Council environmental initiatives will further support sustainability at the household level through

- encouraging the use of solar technologies and Green Power in city dwellings and the adoption of renewable energy and energy saving technologies.
- encouraging rainwater tank installation and promoting adoption of water saving technologies and the adoption of wastewater recycling.
- promoting the use of local native plants in gardens and the construction of native gardens in new and existing dwellings.
- providing a service for disposal and composting of green organic waste from residential properties in the City.
- ensuring that development projects on Council strategic sites incorporate environmentally sustainable design principles and technology.

## Measures of Progress

### Key Measures

- ABS Census population and Estimated Resident Population for the City. *(From 5 yearly national Census and annual ABS estimates)*
- Number of residents who work or study in the City, number of residents and non residents who both work and study in the City. *(From Council Residential and City User Segmentation Surveys)*

### Supporting Indicators

- Residential completions occupied. *(From Council records)*
- Hotel / serviced apartment completions occupied. *(From Council records)*
- Accommodation stock and population by type of accommodation *(From ABS Census with updates from Council Residential Segmentation Study)*
- Number of young people aged 15-30 in the City population. *(From ABS Census, with annual estimates from Council Residential Segmentation Study)*
- Affordability of City housing – median rents and sale prices. *(From Residential Tenancy Bond Board and DAIS)*
- Resident satisfaction with level of services available and with level of amenity. *(From Council Customer Satisfaction surveys)*
- City residential growth as % of metropolitan population growth. *(From ABS annual Regional Population Growth data)*

## Definitions

*Affordable housing – high need*, relates to the notion of reasonable housing costs in relation to household income. Generally, it refers to housing that is affordable to rent or purchase for households on very low, low and moderate incomes. In particular, it refers to the lowest 40% of income earners. For the housing to be defined as affordable this income group must be paying less than 30% of their gross income in housing costs for home purchasers or 25% in rent for tenants.

*Affordable Housing – low and moderate income renters and purchasers*

Purchasers - In the context of this Plan refers to new apartments in the City with a selling price in the low to mid \$200,000 range.

Renters - Third quartile renters paying less than 30% of an individual's income in rent.

*Boarding house*, means a building wholly or partly let in lodgings which provides lodgers with a principal place of residence, but does not include a backpackers' hostel, bed and breakfast, serviced apartments, private hotel, hotel or motel.

*Low cost housing*, is housing that is less costly to construct than traditional housing forms and is considered affordable to rent or purchase, eg boarding house accommodation.

*Social housing*, refers to public housing, community housing and cooperative housing and does not include private rental housing.

*Social housing providers*, refers to the providers and managers of social housing and includes the South Australian Housing Trust, community housing associations and housing cooperatives.

*Social mix* for the purpose of this plan is defined as a diverse and inclusive resident population (which includes people with disabilities) and has a wide variety of:

- **Talents** –education and qualifications, employment status, vocations (eg. managerial, creative, blue collar, education etc);
- **Household Formations** - such as number of household occupants, family and non-family relationships in households (including extended families and unrelated people sharing flats and houses);
- **Dwelling Types** – such as detached, semi-detached, apartments, etc, numbers of bedrooms, boarding and other lodging style accommodation, serviced apartments and 'above shop' residential;
- **Cultural Backgrounds/Ethnicities** – such as Aboriginal and Torres Strait Islanders, other Australian born, migrants from both English and non- English speaking backgrounds, refugees and people on other visa types and languages spoken at home;
- **Ages** – age groups living in the City;
- **Incomes** – residents in the different income quartiles/quintiles;
- **Housing Tenures** –owner occupiers, renters – both private and public, boarders and other more dependant styles of lodgings and emergency and short term stays.

## Reference Sources

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## APPENDIX 1

### MAJOR PROGRAM TARGETS AND ASSUMPTIONS

The most recent ABS Estimated Resident Population figure for the City is 13,734 in 2003. An additional 12,266 permanent residents will be required to meet the Council's target of 26,000 by 2010.

Targeted growth in the number of overnight visitors in hotels, serviced apartments and backpacker accommodation should be achieved through market forces with substantial expansion in this sector already occurring.

The Residential Growth Plan essentially seeks to stimulate additional development, beyond what the market would otherwise deliver, through intervention in five major program areas to increase the number of permanent residents in the City.

<b>Key Initiatives to increase Supply</b>	<b>Potential Additional dwellings to 2010</b>
1. 'Adelaide Affordable Housing Venture'	<b>2,000</b> <i>(Ultimately 4,000)</i>
2. Strategic Land Banking and Development Facilitation.	
2.1 Current Land Bank	<b>1,500</b>
2.2 Future Land Bank	<b>300</b>
2.3 Facilitation for private sites.	<b>200</b>
3. Office Conversion	<b>200</b>
4. Social Housing Joint Ventures	<b>200</b>
5. Reduced Taxes and Charges	<b>400</b>
<b>Total potential additional dwellings</b>	<b>4,800</b>

- **The potential gains from each initiative are all subject to a range of contingencies and are subject to future expenditure decisions and policy decisions of the Council and State government.**
- **The initiatives rely on attracting substantial additional private investment, but the extent to which they are able to achieve this in practice will only become evident as the programs progress.**
- **Some overlap between programs is also likely to occur. For example, some sites purchased by the Council for strategic land banking may need to be sold or transferred on to support growth of the Adelaide Affordable Housing Company. The program guidelines will seek to minimise overlaps but a degree of inter-relationship is likely to be beneficial to increase the overall rate of growth.**
- **Key external factors impacting on the rate at which growth can actually be achieved include:**
  - **Availability of suitable sites for development on the market.**
  - **Capacity of the industry to construct projects at the targeted rate within viable costs.**
  - **Changes in demand arising from change in economic conditions and change in the metropolitan housing market.**

Initiative guidelines, assumptions and indicative costs are outlined further in the following paragraphs. However if the targeted gain of 4,800 additional dwellings from the programs is achieved, the balance of growth required from the market to achieve the Council's target by 2010 is shown below.

Additional residents from supply initiatives (4,800 additional dwellings assuming average 1.7 persons per dwelling)	<b>8,160</b>
2003 ABS Estimated Resident Population	<b>13,734</b>
Additional residents required through the market	<b>4,106</b>
<b>Target (permanent residents)</b>	<b>26,000</b>

**The targets are ambitious and would require completion of an average of around 400 dwellings per annum by the market over the next six years (compared to an average of 310 over the past three years). It also assumes that the average dwelling occupancy rate of 1.7 persons per dwelling recorded by the 2001 ABS Census is maintained.**

## 1 Adelaide Affordable Housing Venture

Development is progressing in two stages.

- Stage one – a pilot project and feasibility, with the corporate structure and equity involvement ie State, Council and institutional investors, being negotiated in the context of a real project.
- Stage two – review and replication of the model as appropriate.

If the venture is to achieve 2,000 housing outcomes by 2010, initial feasibilities estimate that a minimum of \$20-24 million in subsidy will need to be provided to the venture to ensure that 'affordable' rentals can be maintained while generating a sufficient return to attract the substantial institutional investment required. If this subsidy is split equally between State and Local Government it would equate to a minimum contribution of \$10 million each. If Council contributed \$4 million to the venture through transfer of the Sydney Place and Whitmore Square assets, a further \$6 million subsidy may be required or \$1.5 million per annum over four years.

ADELAIDE AFFORDABLE HOUSING VENTURE	
<b>Key Aims</b>	<ul style="list-style-type: none"> <li>• Undertake pilot project to develop vehicle for new residential development</li> <li>• Attract institutional investment</li> <li>• Build stock of affordable rental housing</li> </ul>
<b>Other Agency Involvement sought.</b>	State Govt, HomeStart, Super Funds and institutional investors, Commonwealth Govt and private and community sector
<b>Institutional Investment targeted.</b>	\$420 million for 2,000 dwellings (avge \$210k per dwelling)
<b>Dwellings pa targeted.</b>	200 increasing to 500
<b>Total dwellings targeted to 2010</b>	2,000 ( <i>ultimately targeting up to 4,000</i> )
<b>ACC Funds Per annum</b>	Establishment costs up to \$300,000 in 2004/05 and asset transfer of \$4 million on establishment of the venture. Average 'affordability' subsidy 2007-10 of \$1.5million pa.
<b>Total ACC Funds to 2010</b>	\$10 million

## 2. Strategic Land Banking and Site Facilitation

The Council can promote site consolidation and achievement of residential growth outcomes through its own land banking program and facilitation of private sector developers to undertake joint development proposals.

## 2.1 Current Land Bank Projects

Staged re-development of the former Council depot site on Halifax Street has just been completed adding some 240 dwellings to the City stock and helping revitalise the southern part of the City around King William Street.

On the Council's Vaughan – Palais site 46 apartments are nearing completion in the first stage fronting Frome Street and the second stage fronting North Terrace has considerable additional residential potential.

On the Council's former BEA site development of the 'Dakota Apartments' with 26 units fronting Wyatt Street is proposed.

On the **Balfour's and Bus Station** sites Council has appointed Urban Construct and Multiplex to develop approximately 1,300 apartments, commercial space and a redeveloped bus station and public carpark. It is proposed that at least 15% of the housing be 'affordable' for students and low and moderate income earners. Development of the preferred scheme is subject to gaining planning consent following the outcome of current PAR processes.

## 2.2 Land Banking – Future Program *(Subject to Council funding)*

This program will allow Council to increase the range of housing options available by purchasing strategic sites to facilitate future consolidation of residential development. Proceeds from sale are re-invested to fund further acquisitions. The program targets centrally located sites close to entertainment and retail activity.

The land bank will seek to promote medium and high density developments and a mix of housing types and households to help achieve preferred social mix and required design and development outcomes. Council can ensure a minimum of 15% affordable housing in such residential developments through preparation of concept plans and design guidelines, coordination and advice (including marketing and funding advice).

### Site selection and purchase criteria

The following site selection criteria will apply in prioritisation of property purchases for the Council residential land bank:

- Centrally located sites not preferred by the mainstream developers.
- Low capital value in relation to site value;
- Improved yield under proposed Development Plan changes;
- Forms part of a consolidated site or key holding in a site consolidation plan;
- Ceases non conforming land use; and / or
- Provides opportunity for residential development with minimal constraints.

### Redevelopment policy

Once a site is purchased, Council will seek redevelopment within one – two years. In the majority of cases Council will adopt design and development guidelines specifying required development outcomes and maximising residential yield.

The redevelopment of each site will be secured through one or a combination of the following options as determined by Council:

- Open tender for sale and redevelopment of the site through a registration of interest process seeking private sector redevelopment consistent with Council design guidelines;
- Place site in Council's housing entity to attract institutional investment;
- Offer to sell a portion of the site to State Government or Community Housing groups for redevelopment.
- Initiate a Design Competition for the site.

## Funds

Funding for land banking would be through borrowings, with each acquisition subject to individual analysis and risk assessment. The intent is that sites be held for an average of 1-2 years and tendered to the private sector with the resale price covering the cost of funds. The program is therefore expected to be budget neutral.

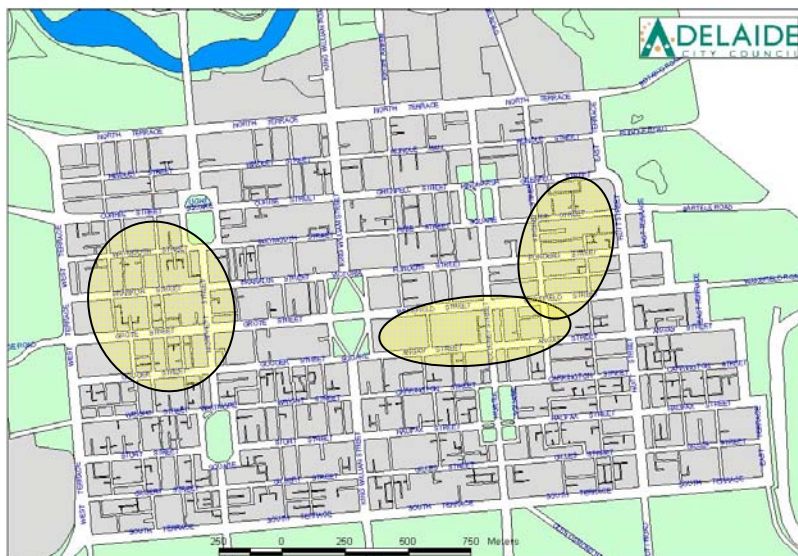
LAND BANK FOR STRATEGIC REDEVELOPMENT	
<b>Key Aims</b>	Consolidate sites Bring non conforming or difficult sites to market Secure optimum development outcomes
<b>Target Group</b>	3 <sup>rd</sup> 4 <sup>th</sup> and 5 <sup>th</sup> income quintiles
<b>Other Agencies</b>	Developers
<b>Avg dwellings per annum</b>	75
<b>Total dwellings targeted to 2010</b>	300 (at \$25,000 per dwelling maximum land cost)
<b>Council Funds Per annum</b>	Purchase approx \$2,000,000 or 1,500 - 2,000 sqm per annum
<b>Total Council Funds to 2010</b>	\$8 million (gross)

### 2.3 Strategic Sites / Precincts Concept Plans (Private Sector Sites) *(Subject to Council funding)*

In this program Council will initiate preparation of Precinct Plans and Concept Plans, assist private property owners to consolidate sites, establish urban design and development guidelines and assist marketing of residential schemes.

Three potential development areas have been identified through the study *Site Capacity for Residential and Commercial Growth in the City of Adelaide* (Connor Holmes, 2003). These areas have been identified as having the greatest increase in potential for residential growth under the proposed Development Plan changes:

- East End, south of Grenfell Street between Pulteney Street and Hutt Street;
- Around Angas Street, west of Hutt St; &
- Central West between Morphett Street and West Terrace.



#### **Areas with Particular Potential for Residential Growth**

Source: Connor Holmes, *Site Capacity for residential and commercial growth in the City of Adelaide*, Adelaide City Council 2003

### Cooperative Development Agreements and Concept Plans

To achieve optimum joint development outcomes site owners would need to enter into a development agreement. The Council would not normally seek to be a formal partner in such agreements, but in some cases Council may agree to assist through the closure of roads, public realm investment or other initiatives to assist with site consolidation, including the purchase of small key allotments.

Once a development agreement is in place Council may provide funding assistance to the joint owners to engage design and development consultants to develop a concept plan that would seek to maximise the yield of the combined site. The concept plan can be used to attract institutional investment or used to progress the development proposal.

<b>STRATEGIC SITES / PRECINCTS CONCEPT PLANS</b>	
<b>Key Aims</b>	<ul style="list-style-type: none"> <li>• Target key precincts and sites</li> <li>• Consolidate private sector sites</li> <li>• Develop concept plans &amp; design guidelines</li> </ul>
<b>Target Group</b>	Property owners, 4 <sup>th</sup> & 5 <sup>th</sup> quintiles
<b>Other Agencies</b>	Super Funds
<b>Avge dwellings per annum</b>	50 estimate – additional yield
<b>Total dwellings to 2010</b>	200 estimate assuming first gains from completed projects in 2006/07.
<b>Council Funds Per annum</b>	\$50,000
<b>Total Council Funds to 2010</b>	\$200,000

### 3 Office Conversion to Apartments (*Subject to Council funding*)

This program will increase the availability and diversity of residential housing stock by facilitating the conversion of older vacant or under-used commercial accommodation which is not well suited to refurbishment for commercial use. Assistance would be in the form of proactive technical advice to help building owners and developers find viable design solutions to meet the building code requirements for conversion to residential use.

“Shop top” conversions would be especially encouraged in precincts where they can help provide a more diverse and secure environment, such as Rundle Mall and Hindley Street.

<b>Office Conversion to Apartments Program</b>	
<b>Key Aims</b>	<ul style="list-style-type: none"> <li>• Convert vacant older commercial space to residential</li> <li>• Support precinct revitalisation.</li> </ul>
<b>Target Groups</b>	Property owners.
<b>Avge dwellings per annum</b>	40
<b>Total dwellings to 2010</b>	200
<b>Council Funds Per annum</b>	\$40,000 (technical advice)
<b>Total ACC Funds to 2010</b>	\$200,000

### 4. Joint Ventures with Special Needs Agencies (*Subject to Council and State funding*)

In partnerships or joint ventures with the State Government and the community sector this program seeks to increase and support housing projects for those on low incomes, aged persons and people with disabilities.

Council will seek to facilitate housing projects for State Government, community housing agencies, and special needs agencies which provide housing for high need persons and build to high environmental standards in design.

Eligible projects for consideration would be those which:

- Demonstrate environmentally friendly design features or high performance of residential amenity under the development plan;
- Contribute to housing disadvantaged persons in the city; and
- Have prior agreement with Council and have gained a valid provisional Planning Consent.

Projects developed on the Balfours / Bus Station sites are not eligible. Preference will be given to alternative models which provide Council with an equity interest and financial return.

Contributions would be made on the completion of the project.

<b>Joint Ventures with Special Needs Housing Agencies</b>	
<b>Key Aims</b>	<ul style="list-style-type: none"> <li>• Encourage the development of social housing in the city</li> <li>• Ensure that such housing has a high environmental outcome</li> <li>• Seek to maintain housing for disadvantaged persons.</li> </ul>
<b>Target Group</b>	1 <sup>st</sup> and 2 <sup>nd</sup> income quintiles, aged persons and people with disabilities.
<b>Other Agencies</b>	SAHT, SACHA, AHA etc
<b>Average dwellings per annum</b>	40
<b>Total dwellings to 2010</b>	200
<b>Council Funds Per annum</b>	Starting in 2005/06 with \$100,000 increasing to \$200,000 pa
<b>Total Council Funds to 2010</b>	Explore opportunities to fund under partnership agreement \$900,000

## **5. Reducing Housing Costs and Charges (Subject to State government concessions)**

Stamp Duty is a State tax on property that applies to properties when ownership is transferred. City apartments are unfairly taxed through stamp duty. House and land packages in most cases are eligible for a 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 between \$8,000 - \$10,000 for the apartment dweller.

The Planning and Development Levy, often called the open space levy, is currently \$2,770 for every new title created. This levy is collected by Planning SA and generally applied to open space developments in the outer suburbs.

The Essential Services Commission of South Australia, Review of Distribution Code Chapter 3 will place development in the City in a category one zone for augmentation of electricity services. The unit cost for Adelaide will be \$280 per kVA compared with the remainder of the metropolitan area which will have a unit cost of \$115 per kVA. This has resulted in a minimum additional cost per apartment of around \$3,500.

This is most likely to result in comparatively higher costs for both housing and commercial development in the city. It is our contention that the augmentation of the City's electricity supply should be at a lower rate or at least equivalent to the rest of the metropolitan area rather than one of the highest rates in the State. Development in the City should be encouraged by the State through reduced augmentation charges.

The combined effect of these charges on new dwellings in the City of Adelaide is over \$14,000 per dwelling as shown below.

<b>Duties and Fees</b>	<b>Cost Savings</b>
City Stamp duty cost for new apartment	<b>\$8,000 * estimate</b>
Removal of Open Space Levy	<b>\$2,770</b>
Reduction of ETSA Augmentation costs	<b>\$3,500 * estimate depends on local grid</b>
<b>Total Potential Savings per Apartment</b>	<b>\$14,270</b>

The rebating of these charges by the State Government and the marketing of a financial package to encourage apartment purchasers could produce in the order of 100 additional apartments per annum, resulting in a net gain of around 400 apartments up to 2010.

## APPENDIX 2

### MILESTONES FOR 2004-05

The Council's Strategic Management Plan sets the following milestones for residential growth to be achieved in 2004-05.

- Growth trend at least maintained in resident numbers. (*Growth in 2003-04 was 271 dwellings and 385 serviced apartments / hotel units completed, accommodating an estimated additional 460 permanent residents and 385 overnight visitors*)
- Final development agreement ratified for redevelopment of the Balfours and Bus Station sites and planning consents obtained for commencement mid 2005. Development to include student housing and affordable housing components.
- First stage apartments completed on Council Vaughan / Palais strategic site and second stage commenced.
- Construction commenced of at least one major affordable housing project through the 'Adelaide Affordable Housing Company'.
- On-line rental and house sharing information service established with at least 2,500 hits.
- Community involvement programs in the South West and Central West maintained and program commenced in the East End.
- Grote St Library and Community Centre opened and combined loans from the North Terrace, Tynte St, Hutt St and Grote St centres increased by over 10% to 700,000.