



Agenda Report for Decision

Meeting Date: 17 October 2024

Item Name	Initiation of the Affordable Housing Overlay Code Amendment	
Presenters	Rhiannon Hardy, Jason Bailey	
Purpose of Report	Decision	
Item Number	5.4	
Strategic Plan Reference	4. Discharging Statutory Obligations	
Work Plan Reference	4.2 Advise the Minister on Code Amendments	
Confidentiality	Not Confidential (Release Delayed). To be released following final decision by the State Planning Commission on initiation of the Code Amendment. Anticipated by October 2024.	
Related Decisions	Nil	
Conflicts Declared	Nil	
Is the Report author aware of any potential undeclared conflict?		NO

Recommendation

It is recommended that the State Planning Commission (the Commission) resolves to:

1. Approve the designation of this item as Not Confidential (Release Delayed), with the meeting papers for the item to be released following final decision by the Commission on initiation of the Code Amendment. Anticipated by October 2024.
2. Agree to initiate the Affordable Housing Overlay Code Amendment to the Planning and Design Code (the Code) under section 73(2)(a) of the *Planning, Development and Infrastructure Act 2016* (the Act).
3. Approve the scope and investigations of the proposed Affordable Housing Overlay Code Amendment outlined in the Proposal to Initiate (**Attachment 1**).
4. Approve and authorise the Chair of the Commission to make any minor amendments as required and sign the draft letters in **Attachment 2** addressed to the following entities to advise of the initiation:
 - South Australian Housing Trust
 - All South Australian councils
5. Approve and authorise the Chair of the Commission to make any minor amendments as required and sign the draft letter to the Minister for Planning (the Minister) in **Attachment 3** to advise of the initiation.

Background

When the Code was first established, the Affordable Housing Overlay (the Overlay) was created to transition affordable housing policies from development plans. The Overlay was spatially applied to locations where equivalent development plan policy sought a minimum 15% affordable housing be provided in developments for 20 or more allotments/dwellings.

The maximum sale price for affordable housing is currently set at \$495,000 in Greater Adelaide and \$381,000 in the rest of the state, with an additional 15% price variance available if homes are built close to public transport or with other benefits such as environmental features or innovative finance options.

The transitional application of the Overlay, where it is linked to historical development plan policy, means that there are cases where the same zone in different council areas may have the Overlay applied differently.

In March 2023, the Expert Panel completed the Planning System Implementation Review and released its Final Report and Recommendations.

Recommendation 55 of the Final Report recommended:

“The Affordable Housing Overlay should apply to all residential, neighbourhood and activity centre zones.”

In addition, the Expert Panel recommended:

- consideration be given to revising the threshold for application of the affordable housing policy (currently set at 20 or more residential allotments or dwellings)
- coupling a lower affordable housing threshold with an off-set scheme or similar
- revising current policy incentives to provide affordable housing (currently limited to dispensation on allotment sizes, building heights and number of car parks) to provide a genuine value proposition to developers.

In response to the Panel review, the Government of South Australia endorsed expanding spatial application of the Overlay to ensure a greater portion of Greater Adelaide is subject to the affordable housing policies. It also agreed there is more work to be done to ensure affordable housing is being provided and is not otherwise being avoided. The government undertook to investigate what mechanisms may be available to it to facilitate this goal, including considering available incentives, lowering the affordable housing threshold, and introducing an Affordable Housing Offset Scheme.

Discussion

The Affordable Housing Overlay Code Amendment (the Code Amendment) will amend the Planning and Design Code (the Code) to expand the Overlay to cover more parts of South Australia, and to review policies to better facilitate the delivery of affordable housing.

Under section 73(2)(a) of the *Planning, Development and Infrastructure Act 2016* (the Act), the Commission may, acting on its own initiative, initiate an amendment to the Code.

A Proposal to Initiate the Code Amendment has been prepared for the Commission’s review and approval (**Attachment 1**), in accordance with the Act and the requirements of *Practice Direction 2 - Preparation and Amendment of Designated Instruments*. It is recommended that the Commission initiate the Code Amendment acting on its own initiative under section 73(2)(a) of the Act.

Scope of the Code Amendment

The Code Amendment will:

- extend the Overlay to apply to neighbourhood-type (i.e. 'residential') zones and activity centre zones more broadly than current
- review the threshold for the application of affordable housing policy, to a level where it will be financially viable to incorporate affordable housing (and not otherwise be avoided)
- revise current affordable housing incentive policy to encourage increased uptake of affordable housing.

The proposal seeks to expand application of the Overlay generally within Greater Adelaide but has the capacity to expand application across regional areas and review affordable housing policy applying to the whole of South Australia.

It is anticipated the Code Amendment will work in conjunction with a new Affordable Housing Offset Scheme (the Scheme), to be established by the Minister to support the provision of affordable housing in residential developments. It is intended that the Scheme will provide that an applicant for planning consent may, in appropriate cases, elect to contribute to a Social and Affordable Housing Fund in lieu of providing the required percentage of affordable housing with new residential developments or to commit to providing affordable housing in another location. It is intended to be consulted on alongside the Code Amendment as the Scheme is an important mechanism that can be leveraged where the provision of affordable housing is less economically viable.

Whilst the Code Amendment and the establishment of the Scheme are not dependent on one another, the Government through its Housing Roadmap has recognised the importance of both the broadening of the application of the overlay and establishment of the Scheme to increasing the supply of affordable and social housing where it is needed most. As such, they are being progressed concurrently.

In summary, the Code Amendment seeks to facilitate the delivery of more affordable housing across South Australia.

Strategic assessment

The Code must be consistent with the State Planning Policies (SPPs) and should be consistent with the directions of the relevant Regional Plan.

The achievement of SPPs and relevant policies, actions and targets within Regional Plans are outlined in the Proposal to Initiate (**Attachment 1**).

The government's Housing Roadmap also identifies expansion of the Affordable Housing Overlay as a key initiative in delivering housing for the state.

Engagement

An Engagement Plan will be prepared that sets out how, who and when the Commission will engage on the Code Amendment in accordance with the Community Engagement Charter. The Engagement Plan will be presented to the Commission for approval prior to the commencement of public consultation.

Next steps

- PLUS staff undertake investigations and preliminary engagement with key stakeholders, including the SAHT.
- PLUS finalise the Code Amendment and Engagement Plan for approval by the Commission for public consultation release.
- Undertake the consultation process in accordance with the Engagement Plan

- PLUS review submissions received and prepare an Engagement Report in accordance with section 73 of the Act
- The Commission approve the Engagement Report and the Code Amendment
- The Commission furnishes the Code Amendment and Engagement Report to the Minister for determination.

Attachments:

1. Proposal to Initiate the Affordable Housing Overlay Code Amendment (#22119614)
2. Suggested letters to stakeholders (#22119622)
3. Suggested letter to the Minister for Planning (#22119627)

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Endorsed by: Jason Bailey and Marc Voortman

Date: 11 October 2024

PROPOSAL TO INITIATE AN AMENDMENT TO THE PLANNING & DESIGN CODE

Affordable Housing Overlay Code Amendment

By the State Planning Commission (the Designated Entity)

Contact details

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(Signature)

CHAIR, STATE PLANNING COMMISSION

Date: 29/10/2024

This Proposal to Initiate document forms the basis for the preparation of a proposed amendment to the Planning and Design Code for the purpose of section 73(2)(a) of the *Planning, Development and Infrastructure Act 2016*.



STATE
PLANNING
COMMISSION



Government of South Australia
Department for Housing
and Urban Development

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1. INTRODUCTION

The State Planning Commission (the Commission) is an independent body providing advice and leadership on all aspects of planning and development in South Australia. A key role of the Commission ensures the maintenance the Planning and Design Code (the Code), to continue to reflect contemporary values relevant to planning while remaining responsive to emerging trends and issues.

The Commission proposes to initiate an amendment to the Code relating to the whole of South Australia.

The Affordable Housing Overlay Code Amendment (the Code Amendment) seeks to expand the Affordable Housing Overlay to cover more parts of South Australia, and to review policies to better facilitate the delivery of affordable housing.

The Commission seeks to amend the Code pursuant to section 73(2)(a) of the *Planning, Development and Infrastructure Act 2016* (the Act). This 'Proposal to Initiate' details the scope, relevant strategic and policy considerations, nature of investigations to be carried out and information to be collected, supporting the proposed code amendment. It also details the process to be followed in undertaking the Code Amendment.

The Commission is the 'designated entity' responsible for conducting this Code Amendment process, required to undertake consultation in accordance with the [Community Engagement Charter](#) and make final recommendations to the Minister for Planning (the Minister) assisting consideration of whether to adopt, alter or refuse the Code Amendment.

1.1. Designated Entity for Undertaking the Code Amendment

In accordance with section 73(2)(a) of the Act, the Commission will be the Designated Entity responsible for undertaking the Code Amendment process.

As a result:

- The Commission acknowledges that it will be responsible for undertaking the Code Amendment in accordance with the requirements Act.
- The Commission intends to undertake the Code Amendment by utilising professional expertise of employees of the Planning and Land Use Services (PLUS) division of the Department for Housing and Urban Development including:
 - Planning officers
 - Communications staff
 - Staff responsible for the technical management and operation of the online Planning and Design Code.

1.2. Rationale for the Code Amendment

When the Code was first established, the Affordable Housing Overlay (the Overlay) was created to transition affordable housing policies from development plans. The Overlay was spatially applied to locations where equivalent development plan policy sought a minimum 15% affordable housing be provided in developments for 20 or more allotments/dwellings.

This transitional application of the Overlay, where it is linked to historical development plan policy, means that there are cases where the same zone in different council areas may have the Overlay applied differently.

In March 2023, the Expert Panel completed the Planning System Implementation Review and released its Final Report and Recommendations ([Final Report and Recommendations 2023 - Expert Panel for the Planning System Implementation Review](#)). Its purpose was to ensure South Australia's planning system remains contemporary and effective.

Recommendation 55 of the Final Report recommended:

“The Affordable Housing Overlay should apply to all residential, neighbourhood and activity centre zones.”

In addition, the Expert Panel recommended:

- consideration be given to revising the threshold for application of the affordable housing policy (currently set at 20 or more residential allotments or dwellings)
- coupling a lower affordable housing threshold with an off-set scheme or similar
- revising current policy incentives to provide affordable housing (currently limited to dispensation on allotment sizes, building heights and number of car parks) to provide a genuine value proposition to developers.

In response to the Expert Panel review, the Government of South Australia (the government) released its response in March 2024 ([Response of the South Australian Government to the Final Report and Recommendations of the Expert Panel for the Planning System Implementation Review](#)).

The government endorsed expanding the Overlay to ensure a greater portion of Greater Adelaide is subject to the affordable housing policies. It was also agreed there is more work to be done to ensure affordable housing is being provided and is not otherwise being avoided. The government undertook to investigate what mechanisms may be available to it to facilitate this goal, including considering available incentives, lowering the affordable housing threshold, and introducing an Affordable Housing Offset Scheme.

2. SCOPE OF THE CODE AMENDMENT

2.1. Affected Area

The proposal seeks to expand application of the Affordable Housing Overlay generally within Greater Adelaide but has the capacity to expand application across regional areas and review affordable housing policy applying to the whole of South Australia.

2.2. Scope of Proposed Code Amendment

<p>Current Policy</p>	<p>The Affordable Housing Overlay currently applies to locations where equivalent development plan policy sought a minimum 15% affordable housing be provided in developments of 20 or more allotments/dwellings. Generally, this means the Overlay applies to 'neighbourhood-type' zones or zones which envisage residential development where affordable housing is anticipated, or where rezoning anticipates an increase in housing diversity or urban growth.</p> <p>The Overlay promotes an integration of affordable housing with residential and mixed-use development, catering for a variety of household structures.</p> <p>The Overlay expects 15% affordable housing to be provided as a part of development for 20 or more dwellings or residential allotments.</p> <p>The Overlay contains policies allowing dispensations for typical planning requirements such as minimum site areas, car parking or building heights where affordable housing is proposed.</p> <p>Development for the purposes of the provision of affordable housing is referred to the Minister responsible for administering the SAHT Act, to provide direction on the conditions required to secure the provision of dwellings or allotments for affordable housing.</p> <p>The Affordable Housing Overlay works in conjunction with a Land Use Definition of affordable housing in Part 7 of the Code:</p> <table data-bbox="603 1330 1428 1671"> <tr> <th data-bbox="603 1330 794 1447">Land Use Term (Column A)</th><th data-bbox="794 1330 1428 1447">Definition (Column B)</th></tr> <tr> <td data-bbox="603 1447 794 1671">Affordable housing</td><td data-bbox="794 1447 1428 1671">Means housing that meets the relevant criteria for 'affordable housing' as determined by the Minister responsible for the <i>South Australian Housing Trust Act 1995</i> under Regulation 4 of the <i>South Australian Housing Trust Regulations 2010</i>.</td></tr> </table> <p>Zones call up the relevant Affordable Housing Overlay policy through Classification/Assessment Tables.</p>	Land Use Term (Column A)	Definition (Column B)	Affordable housing	Means housing that meets the relevant criteria for 'affordable housing' as determined by the Minister responsible for the <i>South Australian Housing Trust Act 1995</i> under Regulation 4 of the <i>South Australian Housing Trust Regulations 2010</i> .
Land Use Term (Column A)	Definition (Column B)				
Affordable housing	Means housing that meets the relevant criteria for 'affordable housing' as determined by the Minister responsible for the <i>South Australian Housing Trust Act 1995</i> under Regulation 4 of the <i>South Australian Housing Trust Regulations 2010</i> .				
<p>Amendment Outline</p>	<p>The Code Amendment seeks to:</p> <ul style="list-style-type: none"> • expand application of the Affordable Housing Overlay to apply to neighbourhood-type (i.e. 'residential') zones and activity centre zones • review the threshold for the application of affordable housing policy, to a level where it will be 				

	<p>financially viable to incorporate affordable housing (and not otherwise avoided)</p> <ul style="list-style-type: none"> • revise current affordable housing incentive policy to encourage increased uptake of affordable housing. <p>While not forming part of this Code Amendment, it is anticipated the Code Amendment will work in conjunction with a potential new Affordable Housing Off-set Scheme. This may be an important mechanism in cases where the provision of affordable housing is less economically viable. This would allow payment into an offset fund that will be used to deliver more social housing where it is needed most.</p> <p>In summary, the Code Amendment seeks to facilitate the delivery of more affordable housing across South Australia.</p>
Intended Policy	<p>The Affordable Housing Overlay is intended to apply to all neighbourhood and activity centre zones where residential development is anticipated.</p> <p>A reduction in the 20 dwelling / allotment threshold in PO/DTS/DPF 1.1 and 1.2 of the Affordable Housing Overlay will be investigated.</p> <p>Additional incentive policy is anticipated, in addition to review of the existing incentive policy in the Affordable Housing Overlay, to encourage the delivery of more affordable housing.</p> <p>A review of related policies and rules in the Code will be undertaken with a view to facilitate the provision of more affordable housing in appropriate locations.</p>

3. STRATEGIC PLANNING OUTCOMES

Code Amendments occur within a state, regional and local strategic setting, which includes:

- State Planning Policies (SPPs)
- Regional Plans
- Other relevant strategic documents.

3.1. Alignment with State Planning Policies

The State Planning Policies (SPPs) set out the State's overarching goals and requirements for the planning system. Under section 66(3)(f) of the Act, the Code must comply with any principle prescribed by a SPP.

The Code Amendment should be initiated because the strategic planning outcomes sought to be achieved through the Code Amendment align with or seek to implement the following SPPs:

State Planning Policy (SPP)	Code Amendment Alignment with SPPs
<p>SPP 6 – Housing Supply and Diversity</p> <p>Objective: To promote the development of well-serviced and sustainable housing and land choices where and when required</p> <p>6.1 A well-designed, diverse and affordable housing supply that responds to population growth and projections and the evolving demographic, social, cultural and lifestyle needs of our current and future communities.</p> <p>6.3 Develop healthy neighbourhoods that include diverse housing options; enable access to local shops, community facilities and infrastructure; promote active travel and public transport use; and provide quality open space, recreation and sporting facilities.</p> <p>6.6 A diverse range of housing types within residential areas that provide choice for different household types, life stages and lifestyle choices.</p> <p>6.7 Facilitate the provision of Affordable Housing through incentives such as planning policy bonuses or concessions (e.g. where major re-zonings are undertaken that increase development opportunities).</p> <p>6.8 Ensure a minimum of 15% of new housing in all significant developments that meets the criteria for affordable housing.</p> <p>The Planning and Design Code should implement zoning that supports Affordable Housing outcomes, housing choice and diversity and enables best practice adaptable housing design. Code policies should provide an enabling policy environment for housing within residential zones, including the provision of small lot housing and aged care accommodation.</p>	<p>Consistent with SPP 6, the proposed Code Amendment seeks to enhance the state's affordable housing supply to respond to demands.</p> <p>This will be sought to be achieved in a way that develops healthy neighbourhoods, contributing to housing diversity and accommodation choices to cater for different household types.</p> <p>A review of affordable housing incentive policy will be undertaken in the context of SPP 6.7.</p> <p>The Code Amendment will enhance compliance with of SPP 6.8, ensuring a minimum 15% of new housing in more locations deliver affordable housing.</p> <p>Expanding application of the Affordable Housing Overlay should complement underlying zoning to support affordable housing outcomes.</p>

3.2. Alignment with Regional Plans

As with the SPPs, the directions set out in Regional Plans provide the long-term vision as well as setting the spatial patterns for future development in a region. This includes consideration of land use integration, transport infrastructure and the public realm.

The proposed Code Amendment generally applies in a Greater Adelaide context, and therefore the 30-Year Plan for Greater Adelaide (2017 Update) is most relevant.

Regional Plan Identified Priorities or Targets	Code Amendment Alignment with Regional Plan
The 30-Year Plan for Greater Adelaide (2017 Update)	
<p><i>Housing mix, affordability and competitiveness: Provide affordable and diverse housing choices for our different household types and lifestyles</i></p> <p>P37. Facilitate a diverse range of housing types and tenures (including affordable housing) through increased policy flexibility in residential and mixed-use areas, including:</p> <ul style="list-style-type: none"> ... small lot housing types ... in-fill housing and renewal opportunities. 	<p>The Code Amendment seeks to facilitate more affordable housing choices in Greater Adelaide.</p> <p>The desire for increased policy flexibility could be realised through the proposed Code Amendment's review of incentive policies for affordable housing.</p>
<p>P42. Provide for the integration of affordable housing with other housing to help build social capital.</p>	<p>The proposed Code Amendment will continue to seek integration of affordable housing with other housing through policies in the Overlay.</p>
<p>P43. Increase the supply of affordable housing through the provision of 15 per cent affordable housing in all new significant developments. These developments include surplus and residential government land projects; declared major developments and projects; and rezoned land that increases</p>	<p>The Affordable Housing Overlay currently captures 'significant developments' as those comprising of 20 or more allotments / or residential developments allotments. Significant developments trigger a 15% affordable housing minimum to meet Deemed to Satisfy criteria.</p> <p>This threshold will be reviewed through the Code Amendment investigations.</p>

Regional Plan Identified Priorities or Targets	Code Amendment Alignment with Regional Plan
dwelling yield (including all new growth areas).	
P44. Enable and encourage the provision of affordable housing through linking incentives, including the benefits of re-zoning such as planning policy bonuses or concessions to new affordable housing supply.	Further initiatives are proposed to be investigated through the Code Amendment to encourage further affordable housing developments to market.
P45. Promote affordable housing in well located areas close to public transport and which offers a housing mix (type and tenure) and quality-built form that is well integrated into the community.	<p>Applying the Affordable Housing Overlay to neighbourhood and activity centre zones will focus affordable housing in locations that are generally well-located close to public transport and facilities.</p> <p>A review of affordable housing incentive policy will seek to maintain quality built form and focus incentives in locations close to public transport.</p>
A26. Enable existing mechanisms (and facilitate the development of new mechanisms) to support the delivery of affordable housing in State Government legislation and regulations.	<p>A variety of mechanisms are being explored as part of the proposed Code Amendment, including:</p> <ul style="list-style-type: none"> • applying the Overlay to all neighbourhood and activity centre zones • consider available incentives to encourage developers to invest in affordable housing options • lowering the affordable housing threshold • coupling the Overlay with an Affordable Housing Off-set Scheme.

Other Regional Plans (generally)	
<p>Principle: Provide residential land and diverse, affordable and sustainable housing to meet current and future needs</p> <p>Policy:</p> <ul style="list-style-type: none"> • Provide at least 15 per cent affordable housing, including five per cent for high needs housing, in all new significant housing developments • Encourage affordable housing through innovative products, funding arrangements and joint ventures between the not-for-profit and private sectors. 	<p>The Code Amendment seeks to enhance the provision of affordable housing to meet current and future needs.</p>

Updated Regional Plans Program

The Commission initiated the preparation of a new set of Regional Plans for the State's proclaimed planning regions (including Greater Adelaide). These are to be progressed over the remainder of 2024 and into 2025.

A Discussion Paper for the new Greater Adelaide Regional Plan (GARP) (replacing *the 30-Year Plan for Greater Adelaide*) was released for community and stakeholder engagement in late 2023. More than 380 submissions, received as part of the Greater Adelaide Regional Plan Discussion paper, highlighted issues relating to housing availability and affordability. Of these, key topics included:

- rising cost of rental and housing costs and their impact on living standards
- rate and variety of affordable housing falling short of meeting people's needs
- the importance of the Adelaide CBD to provide a range of housing options close to employment and study.

The draft GARP was released for community and stakeholder engagement on 23 September 2024. The draft objectives on Housing Diversity and Affordability seek to facilitate affordable housing through a range of measures, including incentives such as density and height bonuses. An action seeks to apply the Affordable Housing Overlay to all zones that envisage residential development, including neighbourhood, township, settlement, and activity centre type zones.

Preparation of the Code Amendment will be cognisant of any strategic directions resulting from current Regional Plans program.

3.3. Alignment with Other Relevant Documents

Additional documents may relate to broader land use intent within the scope of this proposed Code Amendment and, therefore, are identified for consideration in the preparation of this Code Amendment.

The following table identifies other documents relevant to the proposed Affordable Housing Overlay Code Amendment:

Other Relevant Document	Code Amendment Alignment with Other Relevant Document
Expert Panel for the Planning System Implementation Review – Final Report and Recommendations (March 2023)	<p><i>Recommendation 55 - The Affordable Housing Overlay should apply to all residential, neighbourhood and activity centre zones.</i></p> <p>The proposed Code Amendment will investigate the following recommendations to encourage increased development of affordable housing:</p> <ul style="list-style-type: none"> • extend the Affordable Housing Overlay to all residential, neighbourhood and activity centre zones • take a more uniform approach to the application of affordable housing policy • review incentives to further encourage developers to provide affordable housing (i.e. dispensation on allotment sizes, building heights provisions, and number of car parks allowances) • consideration be given to revising the threshold for application of the affordable housing policy • investigate coupling a lower affordable housing threshold with an off-set scheme or similar, whereby developers can contribute to an Affordable Housing Fund rather than provide the same.
Transforming our Planning System – Response from the South Australian Government to the Final Report and Recommendations of the Expert Panel for the Planning System Implementation Review (March 2024)	<p>In response to the Expert Panel Report, the Government, supporting recommendation 55, has stated the Affordable Housing Overlay should apply to all residential, neighbourhood and activity centre zones.</p> <p>As a result, the proposed Code Amendment intends to implement the following strategies:</p> <ul style="list-style-type: none"> • expand the Affordable Housing Overlay in the Code and ensure a greater portion of areas developed for residential purposes is subject to the affordable housing policies • ensure affordable housing is being provided and is not otherwise being avoided

Other Relevant Document	Code Amendment Alignment with Other Relevant Document
	<ul style="list-style-type: none"> investigate what mechanisms may be available to it to facilitate this goal, including considering available incentives, lowering the affordable housing threshold, and introducing an Affordable Housing Offset Scheme.
<p>South Australian Government's Housing Roadmap (June 2024)</p>	<p>The 2024 Housing Roadmap identifies the following initiatives related to affordable housing policy in the Code:</p> <ul style="list-style-type: none"> To increase affordable housing supply, the Affordable Housing Overlay will be applicable to more residential areas. It was noted the Overlay currently only applies to approximately 55 per cent of residential areas within the Greater Adelaide Region. This government will seek to amend the Planning and Design Code to broaden the application of the Affordable Housing Overlay to all residential areas in the Greater Adelaide region and develop options for an accompanying Affordable Housing Offset Scheme to increase the supply of affordable and social housing. <p>The proposed Code Amendment directly progresses these aims.</p>
<p>Phase Two (Rural Areas): Planning and Design Code Amendment Engagement Report - Pursuant to Section 73(7) of the <i>Planning, Development and Infrastructure Act 2016</i></p>	<p>Phase Two of the Planning and Design Code Amendment Engagement Report summarised feedback received on the draft Affordable Housing Overlay, including:</p> <ul style="list-style-type: none"> Affordable housing incentives such as reduced site area and car parking should be: <ul style="list-style-type: none"> more generous to offset costs associated with delivering affordable housing available outside of the overlay to encourage affordable housing to be delivered in other locations. the Affordable Housing Overlay had not been applied to zones or policy areas where objectives and principles of development controls required affordable housing. <p>From this, the Commission committed to further consider how affordable housing incentives could be applied more broadly (for example, as a general</p>

Other Relevant Document	Code Amendment Alignment with Other Relevant Document
	<p>module) to allow them to be utilised outside the overlay.</p> <p>This Code Amendment will further progress this work by expanding spatial application of the Overlay, as well as reviewing incentive policies to further encourage affordable housing.</p>
<p>Phase Three (Urban Areas): Planning and Design Code Amendment Engagement Report – Pursuant to Section 73(7) of the <i>Planning, Development and Infrastructure Act 2016</i></p>	<p>Phase Three of the Planning and Design Code Amendment Engagement Report identified a range of feedback regarding the Affordable Housing Overlay and how the policy may be improved.</p> <p>Relevant feedback included:</p> <ul style="list-style-type: none"> • Incentives should be made available outside of the overlay to encourage affordable housing to be delivered in other locations. • It was suggested in some responses that the 20% decrease in site area bonus be amended to allow a 40% site area decrease for affordable housing. Conversely, other submissions suggested that this particular incentive be removed entirely. <p>In response, the Commission noted that it will further consider how affordable housing incentives could be applied more broadly as a general module to allow them to be utilised outside the overlay as part of subsequent 'generations' of the Code.</p> <p>This Code Amendment will progress that subsequent work by expanding spatial application of the Overlay (as opposed to introducing a general policy).</p> <p>In relation to requests to increase or remove incentives allowing a reduction in minimum allotment size, the Commission at the time considered that the 20% reduction in site area in DTS/DPF 3.1 was appropriate, noting that other policy within the overlay requires that affordable housing provides a high standard of occupant amenity and complements the character of development in the area.</p> <p>This Code Amendment will review the suitability of the 20% site area/density discount, as well as other appropriate incentives.</p> <p>Regarding spatial application of the Affordable Housing Overlay, the Engagement Report acknowledged that the Overlay was spatially</p>

Other Relevant Document	Code Amendment Alignment with Other Relevant Document
	applied to areas where a minimum 15% affordable housing was expressly sought in Development Plans.
People and Neighbourhoods - Discussion Paper, September 2019	<p>The Discussion Paper preceded implementation of the Phase Three (Urban Areas) Code and its public consultation. The Paper identified the following relevant matters:</p> <ul style="list-style-type: none"> • the application of affordable housing policy is inconsistent, particularly in relation to incentives. • the Affordable Housing Overlay will be transitioned to the Code and will standardise incentives such as density, height and car parking bonuses. • the Affordable Housing Overlay will clearly define the areas of the state where a 15% provision of affordable housing in residential development applications for 20 or more dwellings is sought • it will be applied to locations currently identified in Development Plans • the new Overlay also contains policies with incentives to help facilitate the provision of affordable housing, such as reduced minimum site areas, car parking or increased building heights.
Local Affordable Housing Plans (LAHPs)	<p>LAHPs can be a key support for the South Australian Government's strategy to provide affordable housing outcomes.</p> <p>In co-operation with all partners involved in the planning, financing and delivery of affordable housing and related services, LAHPs are identified for consideration in preparing this Code Amendment.</p>
National Housing Accord	<p>Relevant commitments/outputs for South Australia include: States and territories to deliver up to 10,000 affordable homes – South Australia allocation of around 700 homes.</p> <ul style="list-style-type: none"> • Definition of well-located homes and measures of progress. • Undertake expedited zoning, planning and land release to deliver the joint commitment on social and affordable housing in well located areas.

Other Relevant Document	Code Amendment Alignment with Other Relevant Document
	<ul style="list-style-type: none"> Ensure achievement of targets for social and affordable housing are met. <p>The Code Amendment will seek to assist in meeting these commitments.</p>
National Planning Reform Blueprint	<p>Measure 6 of the National Planning Reform Blueprint seeks to:</p> <p>“Create accelerated development pathways and streamline approval processes for eligible development types, particularly in well-located areas, including to support the rapid delivery of social and affordable housing.”</p> <p>The proposed review of affordable housing policy should assist in the delivery of more affordable housing, focused in well-located areas through appropriate incentive policies.</p>
A Better Housing Future (February 2023)	The Plan seeks to increase affordable housing, which is a direct aim of this Code Amendment.

4. INVESTIGATIONS AND ENGAGEMENT

4.1. Investigations Already Undertaken

The table below identifies investigations already undertaken in support of the proposed Code Amendment.

Investigation Undertaken	Summary of Scope of Investigations	Summary of Outcome of Recommendations
Preliminary review of the spatial extent of the Affordable Housing Overlay	Compare the spatial extent of the Overlay with that of several neighbourhood-type zones to which it would reasonably be expected the Overlay would apply.	A number of discrepancies and inconsistencies in how the Affordable Housing Overlay is applied between different council areas was noted. This inconsistency is historic, reflecting different approaches to affordable housing policy in former council development plans.

4.2. Further Investigations Proposed

In addition to completed investigations (identified above), the below table outlines additional investigations to support the Code Amendment.

Further Investigations Proposed	Explanation of how the further investigations propose to address an identified issue or question
Determine zones/subzones that suit application of the Affordable Housing Overlay (e.g. what comprises a neighbourhood, residential or activity centre zone)	<p>Spatial review of applicable zones in the Code will inform a business rule about how the Affordable Housing Overlay will be applied through this Code amendment, and how it will be applied in the future (e.g. through future rezonings).</p> <p>To do this, an investigation will be undertaken into zones where the Affordable Housing Overlay currently applies, while identifying all residential, neighbourhood and activity centre type zones, and mapping potential areas and zones where the Overlay is expected to apply but currently does not. This will be followed by a comparison of these spatial directions against current strategic documents to ensure consistency.</p>
Review of interstate approaches to affordable housing (including any recent planning reforms)	A review will be undertaken to identify how interstate jurisdictions facilitate and incentivise affordable housing through their planning schemes. The review will also consider any new initiatives or plans to improve these affordable housing policies/schemes.
Evaluate interaction of Affordable Housing Overlay policy with a potential future off-set scheme	Understand how the coupling of the Affordable Housing Overlay to an Affordable Housing Offset Scheme may best be implemented, and the impact of the proposal on key stakeholders, including developers, the market and suppliers.
Alignment with reforms to enhance housing density and diversity and land availability	The Code Amendment investigations will consider how/whether the Affordable Housing Overlay policy applies to new forms of dwellings/accommodation proposed through the Future Living Code Amendment and the Accommodation Diversity Code Amendment.
Phase-in arrangements	Investigate appropriate phase-in arrangements of the proposed Code Amendment (linked to a potential Affordable Housing Offset Scheme) that will minimise the impact of any changes on the feasibility of current projects.

4.3. Engagement Already Undertaken

Engagement with stakeholders and the community was undertaken by the Expert Panel for the Planning System Implementation Review in 2022. This consultation informed the recommendations which are being progressed through this Code Amendment.

4.4. Further Engagement Proposed

In addition to engagement already undertaken (identified above), the below table outlines additional engagement to be undertaken to support the Code Amendment.

Further Engagement Proposed	Explanation of how the further engagement propose to address an identified issue or question
Liaise with South Australian Housing Trust (SAHT)	Discuss how the objectives of the Code Amendment can be best achieved. Ensure alignment and consistency with the SAHT Act and the functions of the SAHT.
Notification and meeting with developers and providers of affordable housing developments	Understand the current challenges faced in the delivery of affordable housing and identify opportunities to deliver effective and appropriate policy and system improvements.
Community consultation	Broader community consultation to provide an opportunity for any interested community members to comment on the proposed outcomes of the Code Amendment.
Consultation with any person or body specified by the Commission under section 73(6)(e) of the Act.	The Engagement Plan will outline the specific method and nature of consultation.

5. CODE AMENDMENT PROCESS

5.1. Engagement Plan

The Code Amendment process will accord with the Community Engagement Charter and *Practice Direction 2 – Consultation on the Preparation or Amendment of a Designated Instrument* (Practice Direction 2).

The Designated Entity will prepare an Engagement Plan prior to commencement of engagement on the proposed Code Amendment. The Engagement Plan will include below mandatory consultation requirements (which may be in addition to engagement outlined in this Proposal to Initiate):

- Given the proposal's relevance to councils, the Local Government Association must be notified in writing and consulted on the proposed Code Amendment
- Consultation must also occur with any person or body specified by the State Planning Commission under section 73(6)(e) of the Act.

5.2. Engagement Report

Once engagement on the Code Amendment is complete, the Designated Entity will prepare an Engagement Report under section 73(7) of the Act.

The Designated Entity must ensure a copy of the Engagement Report is furnished on the Minister and published on the SA Planning Portal, in accordance with Practice Direction 2.

The Commission will also provide a report to the Environment, Resources and Development Committee of Parliament under section 74(3) of the Act. The Commission's report will inform the reason for the Code Amendment, consultation undertaken on the Code Amendment and any other information considered relevant by the Commission.

22119622

83 Pirie Street
Adelaide SA 5000

GPO Box 1815
Adelaide SA 5001

08 7109 7466
saplanningcommission@sa.gov.au

29 November 2024

[REDACTED]
[REDACTED]

By email: [REDACTED]

Dear [REDACTED]

Initiation of the Affordable Housing Code Amendment

I write to advise you that the State Planning Commission has initiated the Affordable Housing Overlay Code Amendment under section 73(2)(a) of the *Planning, Development and Infrastructure Act 2016* (the Act).

The Code Amendment will action the Government's support for recommendations of the Expert Panel for the Planning System Implementation Review in relation to the Affordable Housing Overlay. It will:

- extend the Affordable Housing Overlay across neighbourhood-type (i.e. 'residential') zones and activity centre zones
- review the threshold for the application of affordable housing policy, to a level where it will be financially viable to incorporate affordable housing (and not otherwise avoided)
- revise current affordable housing incentive policy to encourage increased uptake of affordable housing.

In doing so, the Code Amendment will also action commitments set out by the Government's Housing Roadmap.

The Commission is aware of the Government's exploration of a new Affordable Housing Off-set Scheme that would allow payment into an offset fund in lieu of affordable housing provision. The Code Amendment will, as necessary, be developed in conjunction with this scheme.

A copy of the signed Proposal to Initiate is enclosed for your reference.

Public consultation will be undertaken in accordance with the Community Engagement Charter in due course.

OFFICIAL

Should you require further information, please contact Mr Jason Bailey from Planning and Land Use Services within the Department for Housing and Urban Development on [REDACTED] or via email at: [REDACTED].

Yours sincerely

A handwritten signature in dark ink, consisting of a stylized 'C' followed by a long horizontal stroke that curves slightly upwards at the end.

Craig Holden
Chair

Encl Signed Proposal to Initiate the Affordable Housing Code Amendment

Cc [REDACTED]

22119627

29 November 2024

83 Pirie Street
Adelaide SA 5000GPO Box 1815
Adelaide SA 500108 7109 7466
saplanningcommission@sa.gov.auHon Nick Champion MP
Minister for Planning

By email: [REDACTED]

Dear Minister

Initiation of the Affordable Housing Code Amendment

I write to advise you that the State Planning Commission has initiated the Affordable Housing Overlay Code Amendment under section 73(2)(a) of the *Planning, Development and Infrastructure Act 2016* (the Act).

The Code Amendment will action the Government's support for recommendations of the Expert Panel for the Planning System Implementation Review in relation to the Affordable Housing Overlay. It will:

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In doing so, the Code Amendment will also action commitments set out by the Government's Housing Roadmap.

The Commission is aware of the Government's exploration of a new Affordable Housing Off-set Scheme that would allow payment into an offset fund in lieu of affordable housing provision. The Code Amendment will, as necessary, be developed in conjunction with this scheme.

The Commission seeks to understand the Government's policy intent for affordable housing in the future, and whether affordable housing is intended to be an optional performance-based consideration in the planning system, or a mandated inclusionary "provide or pay" requirement. Confirmation of the Government's position will assist the Commission in preparation of the Code Amendment.

We look forward to your feedback on this matter.

In the meantime, a copy of the Proposal to Initiate is enclosed for your reference.

Public consultation is anticipated to occur in 2025, in accordance with the Community Engagement Charter.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized 'C' followed by a long, sweeping horizontal line that ends in a small dot.

Craig Holden
Chair

Enc Signed Proposal to Initiate the Affordable Housing Code Amendment