

Agenda Report for Noting

Meeting Date: 20 January 2022

Item Name	Land Supply Program Investigations
Presenters	Chris Rudd
Purpose of Report	Noting
Item Number	5.3
Confidentiality	Not Confidential (Release Delayed). To be released following announcement of details regarding the Land Supply Program Investigations by the Attorney-General's Department.
Related Decisions	Item 4.1: EFPA Review – Draft Outcomes Report for approval, 14 October 2021

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). To be released following announcement of details regarding the Land Supply Program Investigations by the Attorney-General's Department (the Department).
2. Note the Land Supply Program Investigations projects identified in this report to enhance land supply analysis and reporting in 2022.

Background

On 18 November 2021, the Commission completed the first five-year review into the Environment and Food Production Areas (EFPA), with the delivery of its *Environment and Food Production Areas Review 2021: Outcomes Report* (the EFPA Review Outcomes Report).

The EFPA were established in 2017 as part of South Australia's new planning system, and were introduced to help protect our prime food and wine regions from urban encroachment by supporting sustainable growth in Greater Adelaide's existing urban footprint where supporting infrastructure already exists.

The EFPA Review comprised a two-staged review process. The first stage involved an analysis of land supply in Greater Adelaide, which found that there is sufficient provision of land to accommodate housing and employment growth in Greater Adelaide over the next 15 years.

The second stage involved nine weeks of public consultation (4 June 2021 to 6 August 2021), in which all South Australians were invited to make submissions and have their say regarding potential anomalies of a trivial nature that may exist in the EFPA boundaries.

As a result of the consultation process, there were some common concerns raised about the data and analysis used to inform Stage 1 of the EFPA review process, including:

- the method used to analyse land supply data
- the impact of COVID-19 on population growth and development patterns
- the impact of the HomeBuilder Stimulus package
- the timeliness of the data.

In October 2021, representatives from the following associations representing the development sector met with the Commission and Department staff to further discuss their concerns:

- Urban Development Institute of Australia (UDIA)
- Housing Industry Association (HIA)
- Master Builders SA (MBA).

Discussion

With the release of the inaugural EFPA Review Outcomes Report on 16 December 2021, the development sector has again raised concerns with the approach to planning for growth, expressing that they do not feel heard. Many of their concerns were expressed in an article published in *The Advertiser* on 29 December 2021, arguing that infill development of suburbs was “ad hoc” and was not improving housing affordability, and that “flawed” urban growth boundaries, introduced in 2017, have put at “very significant risk” the supply and affordability of housing in parts of the city (**Attachment 1**).

While the development sector are a very important voice, when planning for growth, it is important that proper probity is in place to ensure equal voices are heard from the following:

- affected councils and their communities (including the Local Government Association)
- land owners
- utility providers
- infrastructure delivery agencies.

The Land Supply Reports (LSRs) prepared by the Department, and released in June 2021, were designed to provide a common information base around population growth (demand), and infill, Greenfield and employment land supply. It is this information that has been used to inform the EFPA Review, and also generated discussion about how we plan for future growth.

In order to promote transparency and alleviate the concerns raised through the EFPA Review, the Department has identified the following projects, which are aimed to:

- Develop an agreed position on land supply and demand analysis.
- Provide more contemporary background data and information for the new *30-Year Plan for Greater Adelaide* (the 30-Year Plan) and the other Regional Plans (outside of Greater Adelaide), under the *Planning, Development and Infrastructure Act 2016*.
- Provide a stronger governance framework for engagement with key stakeholders and future decision-making.

Project 1: Comparison of different land supply analysis methodologies

This project will review the Government's methodology to measure and report on land supply against the methodology used by UDIA's preferred contractor, Mr Colin Keane from Research4; a company that researches the Australian Greenfield Land Markets. It will also consider interstate land supply monitoring methods, and EFPA Review submissions from the development sector.

Output

This review will provide a useful base upon which to discuss methodology and assumption setting with the councils and industry when updating the LSRs and preparing the next iteration of the 30-Year Plan, including where long-term growth will occur.

Project 2: Running different growth scenarios

This project will analyse land supply at different development share (infill/greenfield) scenarios, including 50:50 split, 60:40 split, 70:30 split and 80:20 split; noting the current 30-Year Plan's vision is to achieve an 85:15 infill/greenfield split.

Like the current land supply analysis, such scenarios would be run at low-, medium- and high-population growth scenarios to assist in determining when land within the current urban growth boundary would be exhausted under the different scenarios. It will also help determine what split is most likely (i.e. 75:25 moderate-growth split).

These scenarios can also be tested at the sub-regional level within the Greater Adelaide region (i.e. Outer North, Outer South, Inner South etc.) to demonstrate the risks associated with the 'one size fits all' approach to land supply in the EFPA legislation.

Output

Detailed land supply scenarios to plan for growth in the next iteration of the 30-Year Plan (background investigations report).

Project 3: Review of 2016 population projections

This project will review the process, method and projection outcomes from the 2016 population projections. COVID-19 has been a major disruptor to overseas migration – our most significant source of population growth – and presents significant ongoing challenges for projecting growth in the near-term.

Outputs

- An analysis of the assumptions used to develop the current projections (Net Interstate Migration (NIM), Net Overseas Migration (NOM), Natural Increase) – February 2022.
- A review of the National Population Statement released by the Australian Government in December 2021.
- A review of population projection models used by the Department and identification of work for which we will need external assistance and peer review.
- An analysis of projected population outcomes against actual results from the 2021 census (to be released in June 2022).

Project 4: Six-monthly review of the LSRs

This project is part of the Department's business-as-usual activities and will review the assumptions used in the LSRs to determine whether any changes are required in the short-term.

The LSRs are considered live documents that will be updated as population and growth assumptions change (i.e. where people choose to live and at what densities). This will involve reviewing the population and housing data for the last 6-12 months against assumptions made in the document. It will also involve the development of online reporting tools to deliver more timely land supply and development information.

Output

This may result in the issue of Version 3 of the LSRs or confirm their validity based on most recent (2021) population and housing data.

Project 5: Explore governance approaches

As mentioned above, planning for growth must be done with care and probity. This project will explore governance arrangements that were used previously, as well as governance used in other State when preparing Regional Plans or Strategic Plans for growth. At a minimum, it is recommended that a Reference Panel be established that can provide input into the five projects outlined in this brief.

Output

A governance model for managing growth (the 30-Year Plan) for consideration by the Commission and the Urban Futures Planning Committee (UFPC).

Attachments:


1. Urban Development Institute of South Australia says infill development of suburbs 'ad hoc' – *The Advertiser* – 29 December 2021 (#18216983).

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Endorsed by: Sally Smith

Date: 11 January 2022

Urban Development Institute of South Australia says infill development of suburbs ‘ad hoc’

 [adelaidenow.com.au/news/south-australia/urban-development-institute-of-south-australia-says-infill-development-of-suburbs-ad-hoc/news-story/b68ae7467d3c7e41c2eaa8bd6c01769e](https://www.adelaidenow.com.au/news/south-australia/urban-development-institute-of-south-australia-says-infill-development-of-suburbs-ad-hoc/news-story/b68ae7467d3c7e41c2eaa8bd6c01769e)

29 December 2021

Developers have criticised huge changes to planning laws – saying they haven’t improved housing affordability – while warning about rampant demolition of our suburbs.

South Australia’s developers lobby has warned the state government must stop relying on “ad hoc” demolition of Adelaide’s existing suburbs to supply new housing, arguing it is not improving affordability.

And “flawed” urban growth boundaries, introduced in 2017 to limit the spread of Adelaide’s suburbs but opposed by developers, have put at “very significant risk” the supply and affordability of housing in parts of the city, the Urban Development Institute of Australia says.

A State Planning Commission inaugural boundary review has recommended minor changes to so called Environment and Food Production Areas, which protect important environmental and agricultural land in areas including the Adelaide Hills, Adelaide Plains, and near Murray Bridge from housing subdivision.

The decision was based on a planning department land supply analysis delivered in June which concluded Adelaide had sufficient land to support housing and employment growth for the next 15 years.

UDIA executive director Pat Gerace, who represents the state’s largest developers, said the institute had “serious concerns” with the commission’s decision and potential “long-term impacts” on liveability.

“Our submission also detailed our concerns ... why the commission shouldn’t just accept that we keep doing more of the same, and in particular relying heavily on the ad hoc demolition of a large number of existing houses in established suburbs,” he said.

“There needs to be more focus on larger strategic infill sites and new growth areas that can better cater for a more sustainable and liveable city.”

In a submission to the review of the so-called Environment and Food Production Areas, the UDIA was concerned about the “level of supply” predicted from general infill – knocking down a house and replacing it with multiple properties.

“It is general infill that has caused considerable community angst and the SPC itself spent considerable time working on developing guidelines because of the backlash around the impacts of this unplanned development,” the UDIA said.

“General infill does not make a contribution to the enhancement or upgrading of existing infrastructure networks and it is particularly concerning the reliance on this as a key part of supply.

“In contrast greenfield development and strategic infill are required to make sure much of the infrastructure is properly planned and provisioned for with contributions made by developers.”

The UDIA submission says that it is “almost impossible” to develop affordable three-bedroom houses within 10-15kms of the CBD without “external or internal subsidies”.

The UDIA says land is particularly in short supply in Adelaide’s southern and outer southern suburbs.

Under the PDI Act the boundaries must be reviewed every five years but the UDIA, Housing Industry Association and Master Builders SA have called on the commission to undertake another land supply review based on the 2021 Census data.

The MBA SA and HIA both said it was “flawed” to suggest Adelaide had enough land for 15 years.

“We are already seeing how underprepared we are with providing adequate housing with very tight vacancy rates and rising home prices,” HIA executive director Stephen Knight said.

“The shift from infill development to greenfield development and land affordability have not been adequately addressed in this (boundaries review) report.”

State Planning Commission chair Craig Holden said boundary review used the most “up to date” available data.

“The commission is looking forward to receiving new data from the August 2020 Census that will start to be released by the ABS from the middle of next year,” he said, adding the data will underpin a review beginning this year of the 30-year Plan for Greater Adelaide.

“If the new data shows deviations from the assumptions and projections presented in the land supply Reports, the commission can review the EFPA, prior to the (statutory) five yearly review.”

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