



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

QON No.60

STANDING COMMITTEE ON PLANNING, TRANSPORT, AND CITY SERVICES
JO CLAY MLA (CHAIR), SUZANNE ORR MLA (DEPUTY CHAIR), MARK PARTON MLA

Inquiry into referred 2019–20 Annual and Financial Reports and Budget Estimates 2020-21
ANSWER TO QUESTION ON NOTICE

Asked by MS ELIZABETH LEE

Ref: Budget Statement E, Suburban Land Agency (hearing on 3 March at 1.30 - 2.30).

1. With reference to the SLA Statement of Intent at Page 90 of Budget Statement E, regarding "over the counter stock":
 - a. How does the "over the counter" sales process work and how does the public get to see these offerings;
 - b. What restrictions or caveats are placed on these sales, for example, must they be restricted to the sale of a single block to a first home buyer;
 - c. Do these blocks have a reserve price or is the selling price determined by the highest offer or by some other method;
 - d. Can a small builder (for example) be permitted to buy several blocks offered to the public in one transaction;
 - e. Are blocks initially offered as over the counter opportunities ever transferred to small builders or other developers after they have been offered for sale to the public;
 - f. Are over the counter dwelling block offers made directly by the SLA or does the SLA commission an agent to undertake the sales process;
 - g. If these offers are made by a sales agent, are the blocks in question ever owned by the agent or do they remain the property of the SLA until the agent sells them;
 - h. If the public offerings are handled by a sales agent, what are they permitted to do and not do; and
 - i. What commission does the agent receive for this sort of service?
2. Page 96, Table 4, Budget Statement E indicates \$200m worth of land was sold in 2019-20 with the aim of achieving \$807m of revenue in 2020-21, dropping to \$379m by the end of the Forward Estimates:
 - a. How will the \$600m increase over the 2019-20 outcome be achieved;
 - b. What factors are these expectations based on; and
 - c. What is the confidence level in achieving this steep increase?
3. The residential land release target in Budget Statement E, Page 97, Table 5 for 2020- 21 indicates some significant volume increases over the previous year1s actuals:
 - a. What is the composition of the 3,043 residential dwelling sites and blocks (eg how many will be single dwelling blocks);
 - b. What was the carry-over of unsold residential dwelling sites from 2019-20;
 - c. What will be the average size of the 3,043 sites and blocks;
 - d. What areas of Canberra will these be released in;
 - e. What proportion will be urban infill and what proportion will be "greenfield sites;



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- f. Will any be sourced from former public housing sites, and if, so how many dwelling units and where; and
 - g. What areas of Canberra will the mixed use sites be released in (and what square meterage for each area or location)?
4. Budget Statement E, Page 97, Table 5 indicates the SLA is aiming for land releases for 239 affordable and land rent dwellings, 53 public housing and 10 community housing sites. In regard to these contributions to social housing:
- a. How are these figures arrived at;
 - b. Given the pressures on social housing needs, what would be the implications of (say for example), doubling these targets; and
 - c. If this were done, would expected sales revenue be compromised?
5. In regard to residential land valuation and pricing methodology:
- a. What factors do valuers take into account in recommending a valuation amount for you;
 - b. Are the value assessments some sort of unimproved value, or a wholesale price or a recommended retail market price;
 - c. If they are a type of wholesale price, who decides on the retail mark-up and the price advised to the public;
 - d. How is this mark-up determined; and
 - e. Are market prices in the ACT region (eg in Googong) taken into account when making these assessments?

MINISTER BERRY: The answer to the Member's question is as follows:—

- 1.
- a. In addition to ballots and auctions, the Suburban Land Agency (SLA) offers blocks for sale over the counter when stock is available. Generally, this is land that remains unsold after a ballot process or land that has been returned by the original purchaser. Land available over the counter is advertised on the SLA website and through Electronic Direct Messaging (eDMs) to our email subscriber database and sold by the SLA's appointed sales agents.
 - b. Over the counter sales are regulated by sales conditions that are specific to each sales event. When over the counter stock is available, these conditions are published on the SLA website.
 - c. Blocks are valued by independent valuers who assess the selling price based on market conditions, shape, dimensions, topography, position, aspect, zoning and planning restrictions, and other factors. The price for the block is set by the SLA with reference to the expert valuation advice. It is publicly advertised on the SLA's website and through our sales agents.
 - d. When stock is available for sale over the counter a builder may be permitted to purchase more than one block of land, depending on the conditions for that particular sales event.
 - e. Over the counter blocks are not transferred to small builders after they are initially offered. The blocks remain available to all customers.



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- f. Over the counter blocks are sold through the SLA's appointed sales agent for each estate.
- g. All blocks offered for sale over the counter remain the property of the SLA until they are sold.
- h. Sales agents are engaged to provide the following services:
 - Act as the first point of contact for sales enquiries;
 - Facilitate the exchange and settlement of land contracts;
 - Provide market intelligence;
 - Provide regular reports that include information on the number of sales enquiries, as well as a breakdown of the customer profile including demographics, location, and enquiry method;
 - Facilitate and manage sales events including but not limited to Auctions, Ballots, over the counter and tender;
 - Liaise with the Suburban Land Agency's legal service providers on sales documentation and throughout the sales process;
 - Manage data including entering customer and sales information into the Suburban Land Agency's databases; and
 - Follow up with customers as required through to settlement.

Sales agents are not permitted to buy the SLA's blocks or act in a way that is inconsistent with the contract provisions associated with undertaking sales agent services on behalf of the SLA.

- i. Sales agent fees vary according to a range of factors, including selling price and the services provided.

2.

- a. The increase in revenue from land sales is primarily the result of increased sales of single residential blocks in all of the SLA's developments – Coombs, Wright, Taylor, Whitlam and Throsby.
- b. The increase in revenue in 2020-21 is the result a significant improvement in market conditions since the end of the 2019-20 financial year. Market conditions are stronger than originally forecast with the Agency now posting six months of land sales at, or near record levels. This strength is likely attributable to a combination of factors, including: pent up demand from prior years, historically low interest rates, ACT and Federal Government stimulus measures, the Agency's landscape rebate and the Territory's avoidance of the brunt of the COVID-19 pandemic. The 2020-21 Budget for the Agency features updated exchange and settlement assumptions in recognition of this improvement in market conditions.
- c. As at 31 December 2020, the Agency's year-to-date revenue from land sales was \$321 million. There is a significant amount of blocks in the Taylor and Whitlam estates that are forecast to be settled in the remaining six months of 2020-21 and the Agency is expecting the end of year result to be on budget +/- 10%.



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3.

- a. As published in the August 2020 Economic and Fiscal Update (page 152, Table 3.6.2) the composition of the 3,034 residential dwellings consists of 1,194 single residential blocks, 223 medium density dwellings and 1,626 multi-unit dwellings.
- b. The number of unsold residential blocks from 2019-20 was 462.
- c. The size of blocks offered to the market varies dependent on the land release category ie single residential, compact/medium density, multi-unit, mixed use commercial or community. For single residential blocks released in this financial year to 16 March 2021, the average block size has been 521 m2.
- d. As published in the August 2020 Economic and Fiscal Update (page 151, Table 3.6.1) the suburbs where sites will be released are as follows:
 - Gungahlin
 - Moncrieff
 - Taylor
 - Throsby
 - Coombs
 - Wright
 - Whitlam
 - Strathnairn
 - Calwell
 - Belconnen
- e. As published in the August 2020 Economic and Fiscal Update (page 152, Table 3.6.2) the proportion of dwellings in existing suburbs is 41% and in new suburban areas is 59%.
- f. None have been sourced from former public housing sites.
- g. As published in the August 2020 Economic and Fiscal Update (page 151, Table 3.6.1) the total square meterage of mixed use sites is 110,673. The areas where sites will be released are as follows:
 - Gungahlin (3 sites): 5,527, 10,591 and 6,822
 - Moncrieff: 9,264
 - Coombs: 10,183
 - Wright: 12,261
 - Parkes: 31,977
 - Belconnen: 19,668
 - Oaks Estate: 4,380

4.

- a. Under section 65 of the *City Renewal Authority and Suburban Land Agency Act 2017* the relevant Ministers set targets to determine the minimum number of affordable, community and public housing dwellings for residential development in an urban



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renewal precinct; in connection with urban renewal (other than in an urban renewal precinct); and, in a new suburb.

Action 1.B.1 of the ACT Housing Strategy (2018) provides that the ACT Government will dedicate at least 15 percent of the Indicative Land Release Program (ILRP) each year to affordable, community and public housing.

The affordable, community and public housing targets are developed by an inter-Directorate reference group for Cabinet consideration as part of the ILRP. The reference group comprises relevant officials responsible for affordable housing policy, land release, public and community housing, as well as representation from the relevant Government land delivery agencies.

The targets take into consideration social and affordable housing need, amenity, proximity to schools, transport, employment centres, and public open space as well as existing concentrations of affordable and social housing in each suburb.

- b. One of the principles in undertaking the master planning and estate development planning for a suburb is the provision of housing choice, providing housing options for all segments of the market and a variety of stakeholders. The locations of the various housing segments are carefully considered by the designers and urban planners and are “salt and peppered” around the estate to provide housing choice in close proximity to services and amenity.

To double the affordable and land rent dwellings, public housing and community housing segment would require a revisit of the design and approval of the master and estate development plans to take into consideration the changing proportions to ensure appropriate distribution of all market segments within the development.

- c. Increasing social housing targets would generally impact on sales revenue. Multi-unit and residential sites sold for community housing or with public/affordable housing obligations will generally generate less revenue than if sold without social housing targets.

5.

- a. Valuers take into account a number of factors in providing market value including economic factors and site-specific particulars (e.g. topography, views, location, town planning) and provide market value as defined by the *Planning and Development Act 2007*.
- b. The reserve price is based on the market value informed by independent valuation reports.
- c. N/A
- d. N/A
- e. The valuers have regard to comparable estates/locations which, where applicable, can include Strathnairn and private estates such as Googong, South Jerrabomberra and Denman Prospect.



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Approved for circulation to the Standing Committee on Planning, Transport, and City Services

Signature:

Date:

18/03/21

By the Minister for Housing and Suburban Development, Yvette Berry