



**LEGISLATIVE ASSEMBLY**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mrs Elizabeth Kikkert MLA (Chair), Mr Michael Pettersson MLA (Deputy Chair),  
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## Submission Cover Sheet

Inquiry into Auditor-General Report: 4/2020 –  
Residential Land Supply and Release

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## Home Economics

### Submission to the Committee reviewing the ACT Government's Land Release Program 24 March 2022

The biggest issue is that the Government is not committing sufficient resources, both staffing and financial to ensure the planning and release of land is done in a professional manner. Whatever they are doing at the moment is clearly not working. The raw cost of land delivered to the market is too high to provide affordable accommodation for most people. Their information systems, analysis and reporting is too slow and not transparent to enable efficient response. This market information is not easily accessible to the public to enable the market to perform efficiently. The Government is doing nothing to put downward pressure on the per square meter cost of land and this 'let the market rip approach' is costing the Canberra community dearly. Canberra has the skilled people who can address the problems in the planning and housing market but they are simply not being engaged.

Nobody thinks that producing affordable housing is easy, but it's not rocket science. Most people could quickly list the major factors that influence the cost of housing. Supply and demand is obvious. If supply of necessary goods such as housing is restricted the price increases rapidly. Note petrol. Schemes that encourage demand is another.

Price signals is a measure of demand and whether the market is being appropriately supplied. Thousands of buyers turning up for a supply of a hundred blocks is a clear indicator of under supply of what the market is looking for. Many buyers are looking for a detached 3 bedroom house that is affordable for the ordinary family. The Government's decision not to supply this product puts pressure on the price of greenfields blocks and the blocks in existing suburbs.

The recent *Allhomes* report on the annual price increase for homes in different suburbs provides the evidence. Houses in most suburbs went up by 40-50%, apartments less than 10%. The \$1 million record breaking median price in most suburbs.

The Government is not very good at supplying affordable housing. In 2017-18 only 16 of the 86 affordable housing land releases were sold. This was due to the land being for 1 or 2 bedroom units, whereas the purchasers were seeking 3 bedroom dwellings and single houses on compact blocks. The housing market must be one of the few where the supplier does not produce what the market wants.

Business, big and small, are capable of monitoring the price movements and responding to supply and demand almost instantaneously. The Government could bring together Canberra's highly skilled people and residents to develop a comprehensive plan that produces affordable housing that people want while addressing the issues of climate change and sustainability. This is not rocket science.

The carving up of 1000 sqm blocks as an easy short term solution always comes up in discussions about affordable housing in Canberra. The only problem with this myth is that it never produces affordable housing. Handing over 1000 sqm blocks to the local small developers to convert into 4 to 6 townhouses and doing away with RZ1 zoning is the developer's dream. After demolition costs, subdivision, construction costs, selling costs and developers margin you end up having to pay a lot more for a lot less. The only real impact is the per square meter cost of land goes up and rates, land tax and rent with it. It would be good to get an analysis of the increase in the per meter cost across the suburbs to see how rapidly this has increased. With a special look at the suburbs that were rezoned due to the construction of the tram line.

You only have to wander around the infill areas of Braddon, Turner, O'Connor, Dickson, Lyneham etc. to see the result of the rezoning. You don't get affordable housing, you lose the family home, lose the front yard and the backyard, lose the neighbourhood, can't find a park, increase the noise and congestion. Looking more like the hot and unsustainable new suburbs. Then after stuffing the neighbourhood up, a couple of years later you're paying the same price for a townhouse that you did for the original 1000 sqm block. This is up there with the other developer's myth of the missing middle and lack of housing diversity. Go for another wander and you'll see the existing diversity - apartments as far as the eye can see, townhouses, duplexes in all shapes and sizes, old blocks of flats, two-storey McMansions and dual occupancies. The only thing that is not being produced is family-sized affordable detached homes. A major issue is that the small developer is not interested in building affordable housing – there's no money in it.

The small developer's infill business model is coming to an end as the cost of the initial block of land goes well over \$1 million. This is a regular cyclical occurrence in the construction industry as it approaches a downturn. The builders, their subbies and the purchasers all get hurt.

**Ian Hubbard**

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