

**2020**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**GOVERNMENT RESPONSE TO THE  
ACT AUDITOR GENERAL'S REPORT NO. 4 OF 2020  
RESIDENTIAL LAND SUPPLY AND RELEASE**

**Presented by  
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Minister for Planning and Land Management**

## Introduction

The ACT Auditor-General lodged the Performance Audit Report No. 4/2020 on Residential Land Supply and Release with the Speaker on 26 June 2020.

In summary, the audit report considered the effectiveness of the processes for land release and supply for residential purposes in delivering the Government's Housing Strategy goals. Specifically, the audit reviewed the processes used to develop the Government's Indicative Land Release Program (ILRP) and the delivery of the program against agreed targets and timeframes.

## Performance Audit Scope

The scope of the audit report included consideration of:

1. The ACT Government agencies' processes for the development of the annual residential ILRP. This included consideration of research, modelling and consultation undertaken by the Environment, Planning and Sustainable Development Directorate (EPSDD) and other agencies to develop residential ILRPs that align with, and support ACT Government objectives and priorities; and
2. The delivery by ACT Government agencies, including the Suburban Land Agency (SLA) and the City Renewal Authority (CRA), of the ILRP against agreed targets and timeframes.

ACT Government objectives and priorities were identified with reference to:

- Relevant legislation;
- The ACT Housing Strategy and its predecessor, the Affordable Housing Action Plan;
- Statements of expectations and intent; and
- Other relevant ACT Government policy statements.

The audit referenced Goal 1 (an equitable, Diverse and Sustainable Supply of Housing for the ACT Community) of the ACT Housing Strategy (2018) and its associated actions and the actions in the Affordable Action Plan (the predecessor of the ACT Housing Strategy). Specifically, of the six objectives of Goal 1 of the Housing Strategy, the audit focussed on:

- Objective 1A: Provide land and housing development opportunities to meet demand;
- Objective 1B: set a 15% target for social and affordable housing; and
- Objective 1C: maintain a healthy land and housing development pipeline.

The audit focussed on the development and delivery of the ILRP since 2015-16.

The audit report was informed by documentation provided by the EPSDD, the SLA (and former Land Development Agency) and the CRA, and formal workshops and witness interviews held during September to October 2019. Further informal meetings to discuss field work by the auditors across relevant areas of the portfolio occurred up to April 2020 with preliminary audit findings and exit meetings between the EPSDD Deputy Director-General, Land Strategy and Environment and Executive Group Manager, Planning, Land and Building Division and the Audit Office occurring in May 2020.

## Key Findings

The audit report documents key findings in three broad areas:

1. Governance and administrative arrangements, identifying business improvement opportunities, specifically procedural documentation for the development and implementation of the land release program, due diligence and setting housing targets.
2. Development of the indicative land release program, raising Government policy regarding the role of the Directorate in forecasting demand and reporting through to the private sector and the community on ACT land and housing supply and demand, including affordable housing.
3. Land release achievements, providing insights into the first two years of the ten-year ACT Housing Strategy as a basis to assess and improve this area of housing policy.

The audit report acknowledged the preparation and finalisation of the 2020-21 to 2023-24 Indicative land Release Program was hindered by the COVID-19 pandemic.

## Recommendations

The audit report made seven (7) recommendations:

No.	Recommendations
<b>Recommendation 1</b>	<p><b>POLICY AND PROCEEDURAL GUIDANCE</b></p> <p>The Environment, Planning and Sustainable development Directorate should:</p> <ol style="list-style-type: none"> <li>a) finalise and endorse for use draft policy and procedural guidance relating to land release and supply; and</li> <li>b) Implement review and evaluation processes as described in the draft policy and procedural guidance.</li> </ol>

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**Recommendation 2 ACT LAND AND PROPERTY REPORTS**

The Environment, Planning and Sustainable Development Directorate should improve the utility of the ACT Land and Property Report to the ACT Community by:

- a) Producing the report on a six monthly basis as quickly as possible after the quarter to which it relates;
- b) Including historical information and trend data for different parts of the report, including dwellings in the planning, developers' and builders' pipelines; and
- c) Including future projections for housing demand and supply.

**Recommendation 3 RESIDENTIAL SUPPLY AND DEMAND MODEL**

The Environment, Planning and Sustainable Development Directorate should improve the utility of the Residential Supply and Demand Model by using actual figures of dwellings in the developers' and builders' pipelines to inform future new housing supply.

**Recommendation 4 INDICATIVE LAND RELEASE PROGRAM**

The Environment, Planning and Sustainable Development Directorate should provide greater information and transparency on land supply to the ACT market by identifying the nature of dwellings to be yielded through the Indicative Land Release Program, i.e. identifying detached housing or multi-unit developments.

**Recommendation 5 AFFORDABLE HOUSING SITING CRITERIA**

The Environment, Planning and Sustainable Development Directorate should develop policy guidance and criteria for the identification and allocation of affordable housing across the Indicative Land Release Program land releases.

**Recommendation 6 ACT LAND AND PROPERTY REPORTS**

The Environment, Planning and Sustainable Development Directorate should include reporting in the ACT Land and Property Reports of land released (including dwelling yield) through the Indicative Land Release Program that has not sold.

**Recommendation 7 AFFORDABLE HOME PURCHASE PROGRAM**

Environment, Planning and Sustainable Development Directorate, Suburban Land Agency and City Renewal Authority should:

- a) Review and amend the nature and type of Affordable Housing dwellings offered to the market through the Affordable Home Purchase Program in order to better meet market demand; and
  - b) Following these changes, plan for an evaluation of the Affordable Home Purchase Program to review the effectiveness of the program in meeting affordable housing policies and objectives of the Territory.
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# ACT Government Response to the ACT Auditor-General's Report No. 4 of 2020 – Residential Land Supply and Release

## Recommendation 1 POLICY AND PROCEDURAL GUIDANCE

The Environment, Planning and Sustainable Development Directorate should:

- a) finalise and endorse for use draft policy and procedural guidance relating to land release and supply; and
- b) Implement review and evaluation processes as described in the draft policy and procedural guidance.

## Response

- a) AGREE            b) AGREE

The Government accepts the need to review and endorse policy and procedural documentation currently in use. The documents that will be reviewed and endorsed include:

The draft ILRP Standard Operating Procedure (ILRP SOP) will be updated to reflect current governance arrangements, including the role of the ILRP Steering Committee and ILRP Work Group in developing and monitoring the delivery of the ILRP, and endorsed as final.

- Responsibility: ILRP Steering Committee to endorse a final ILRP SOP.
- Implementation date: by March 2021

The draft Affordable, Community and Public Housing targets Implementation Policy and SOP: a single document that is currently under review to reflect amendments to eligibility for community housing providers. The review of the Policy and SOP is complete and progressed to the Housing Target Reference Group for review and endorsement. The document can be finalised in line with the Audit recommendation.

- Responsibility: Housing Target Reference Group to endorse
- Implementation date: December 2020

The bi-annual review of project files within the Due Diligence SOP is a guide for application on a case-by-case basis and not intended as a review requirement. The Due Diligence SOP will be reviewed and revised in the context of key findings in this audit process and to reflect current practice.

- Responsibility: EPSDD
- Implementation date: March 2021

## Recommendation 2 ACT LAND AND PROPERTY REPORTS

The Environment, Planning and Sustainable Development Directorate should improve the utility of the ACT Land and Property Report to the ACT Community by:

- a) Producing the report on a six-monthly basis as quickly as possible after the quarter to which it relates;
- b) Including historical information and trend data for different parts of the report, including dwellings in the planning, developers' and builders' pipelines; and
- c) Including future projections for housing demand and supply.

### Response

- a) AGREE

The ACT Land and Property Report reports from the June 2019 edition will be produced.

- Responsibility: EPSDD
- Implementation Date: June 2021

- b) AGREE IN PRINCIPLE

The suitable historical data can be utilised to inform the trend in dwellings in the planning, developers' and builder's pipeline and provide analysis to better understand future supply and present current indicative and land release plans in the context of historical trends. Improvements to the report are proposed to be made gradually and subject to availability and suitability of data to improve the utility of the report in informing the development of the ILRP and the community.

- Responsibility: EPSDD
- Implementation Date: June 2021

- c) NOT AGREED

The Government considers that a forecasting element is beyond the intention of the ACT Land and Property Report, which is to present a snapshot of the activity that has taken place in the Canberra property market over a preceding six month period. There are significant concerns about publishing housing demand and supply forecasts and projections that would be relied upon by industry and community. Other jurisdictions do not undertake this level of analysis or reporting on land and housing matters, which is generally a function of the commercial market.

The annual ILRP publication presents transparency about Canberra's expected growth in demand and planned growth. The SLA reports on residential land released (measured by dwelling yield) including affordable housing.

### **Recommendation 3 RESIDENTIAL SUPPLY AND DEMAND MODEL**

The Environment, Planning and Sustainable Development Directorate should improve the utility of the Residential Supply and Demand Model by using actual figures of dwellings in the developers' and builders' pipelines to inform future new housing supply.

#### **Response**

AGREE IN PRINCIPLE

The Government agrees to explore the suitability of the builders' and developers' pipeline for greenfield dwellings as an input into the housing demand and supply model. The Directorate will investigate ways to modify the data collection methodology for the greenfield dwelling pipeline as the current information in the developer's and builder's pipeline to an appropriate format to be used in the model.

Actual figures for dwelling completions are used as inputs into the housing demand and supply model where the data is available and reliable.

- Responsibility: EPSDD
- Implementation Date: March 2021

### **Recommendation 4 INDICATIVE LAND RELEASE PROGRAM**

The Environment, Planning and Sustainable Development Directorate should provide greater information and transparency on land supply to the ACT market by identifying the nature of dwellings to be yielded through the Indicative Land Release Program, i.e., identifying detached housing or multi-unit developments.

#### **Response**

AGREE

The Directorate does estimate the dwelling mix for single dwelling blocks, medium density dwellings/compact blocks and multi-unit dwellings across the four-year residential ILRP. Dwelling mix estimates were previously included in the ILRP publications up to the 2014-15 to 2017-18 ILRP. This level of detail could be published for the four-year period of the ILRP as estimates only and not to be taken as targets.

- Responsibility: EPSDD
- Implementation Date: 2021 ILRP onward

## **Recommendation 5 AFFORDABLE HOUSING SITING CRITERIA**

The Environment, Planning and Sustainable Development Directorate should develop policy guidance and criteria for the identification and allocation of affordable housing across the Indicative Land Release Program land releases.

### **Response**

AGREED IN PRINCIPLE

Policy guidance and criteria to determine which sites will have affordable housing, and the numbers of affordable dwellings to be allocated to each site already exists, with Government endorsement.

The existing policy guidance and criteria require the housing targets to take into consideration social and affordable housing needs, amenity, proximity to schools and facilities such as health centres, transport, employment centres, and public open space as well as existing concentrations of affordable and social housing in each suburb.

The Affordable Housing Targets Reference Group uses this policy guidance and criteria to assist in determining which sites will have affordable, community or public housing, and the number of dwellings to be identified for each site.

Ultimately sites available for affordable, public and community housing are determined by the sites identified and proposed for release in the ILRP.

## **Recommendation 6 ACT LAND AND PROPERTY REPORTS**

The Environment, Planning and Sustainable Development Directorate should include reporting in the ACT Land and Property Reports of land released (including dwelling yield) through the Indicative Land Release Program that has not sold.

### **Response**

NOT AGREED

An inventory of residential land including single dwelling blocks that had been released but not sold (i.e. blocks offered to the market but not taken up by the market at the time of the sales event) started to build from late 2018 (2018-19 financial year). This inventory provided a supply of residential blocks available for over the counter sales to respond to demand.

Reporting or commentary on inventory in the ACT land and Property Report would be retrospective, 'point in time' and would not include details of when the land was released, and not include analysis of how long particular blocks have been in the inventory.

Details of blocks that are available for sale are publicly available on the SLA website and are regularly promoted through digital media platforms.



## **Recommendation 7 AFFORDABLE HOME PURCHASE PROGRAM**

Environment, Planning and Sustainable Development Directorate, Suburban Land Agency and City Renewal Authority should:

- a) Review and amend the nature and type of Affordable Housing dwellings offered to the market through the Affordable Home Purchase Program in order to better meet market demand; and
- b) Following these changes, plan for an evaluation of the Affordable Home Purchase Program to review the effectiveness of the program in meeting affordable housing policies and objectives of the Territory.

### **Response**

- a) AGREE            b) AGREE

In response to recommendation 7(a), the nature and type of affordable housing dwellings offered to the market through the Affordable Home Purchase Program dwellings is limited by the blocks of land identified for release through the ILRP, and the affordable housing price thresholds. It is difficult to deliver large stand-alone dwellings on smaller blocks with a price threshold well below market value for these types of homes.

However the SLA will, through delivery of the Indicative Land Release Program, offer separately titled compact size lots suitable for townhouses under the Affordable Home Purchase Program, and current Project Delivery Deeds for affordable housing dwellings in multi-unit sites specify a minimum of two bedrooms to be provided.

This recommendation will also be addressed via increased communications to potential purchasers on available dwelling types and referring applicants to consider other types of housing and/or government rebates that may more closely meet their needs.

In response to recommendation 7(b), the Environment, Planning and Sustainable Development Directorate, has commenced a review of the Affordable Home Purchase Program.

- Responsibility: EPSDD
- Implementation Date: June 2021