

Date of workshop: 29/10/2019 – 3pm
Location: DELWP - 2 Lonsdale Street, Melbourne
List of Industry: CoDev
Attendees: Housing All Australians
Housing Choices Australia
Keystone Property
Make Ventures
Lucent Group
Property Collectives
Roulston
Wintringham Housing Limited

Notes from Development Industry and Registered Housing Association Workshop

Opportunities & challenges in relation to planning:

- Consider the potential for developers to submit multiple unconsolidated sites as a single permit application. It also carries the potential for a broader scope, achieving greater pedestrian links and scalability.
- Major developer challenges include third party notice and appeals, which makes planning slow and unpredictable.
- Car parking is somewhat dependent on market segment, with buyers of high-end apartments wanting generous car parking allocations, and buyers of affordable apartments willing to consider less/no car parks, if off-set by other advantages. Some buyers want car parking, not for use, but perceived contribution to property capital value.
- Some flexibility in apartment sizes should be considered, to allow for innovative results.
- Versatility of use is not perceived to be a significant consideration for developers.
- Significant interest in managing/reducing third-party notice and appeals and reconsidering some aspects of BADS eg eliminating minimum bedroom sizes.

Opportunities & challenges in relation to affordability:

- Cheapest building to deliver is timber frame (i.e townhouse development – Class 2 building).
- Affordability is hard to deliver in a middle suburb, as setbacks and garden area constraints are a cost impost.
- Faster approval times would lower the price of dwellings.
- Housing type matters. Townhouses are a domestic construction, less fire rating issues, no basement requirement so construction is cheaper than apartments which are considered a commercial construction.
- Consider site coverage/ floor space ratios to increase yield.
- Buyers may be willing to compromise in relation to housing size, second car, second bathroom and open space (depending on site). Not AC.
- Affordability requires subsidies, most likely government.
- Build to rent is the easiest way of providing affordable housing at scale.

Prefabrication:

- In order to be viable, it needs scale and a reliable pipeline. Financial challenges also, with banks currently funding only when it is on site, which is after payment is due on prefab services (before being shipped).
- Risky in planning terms - if approval requires a change, then the whole design would have to be changed and some modular designs are inflexible (can't change beyond 2mm).
- The more complicated the architectural expression the more modular it becomes, making it financially inefficient.
- The market is educated and wants something that is designed, unique and tailored, making prefabrication challenging.

Opportunities & challenges in relation to sustainability/ESD:

- General market does not have literacy around sustainability. As a rough estimate, cost of ESD should be under \$5,000 for sustainable design package. More driven by 'smaller bills' and 'thermal comfort' that being sustainable in itself.
- Buyers don't understand star ratings. It's a niche market. Models such as Nightingale are the exception not the rule.
- Solar panels provided by third parties, trading roof space for provision of electricity, could be an option.
- Net zero emissions or carbon neutral running cost is tangible for buyers.
- If a regulation such as NaTHERS is enforced the whole industry adjusts accordingly, it just needs to be evenly enforced.
- For CLT to be market-friendly it needs to be de-risked. With government support to de-risk, developers may take it up.

Other key considerations:

- Townhouses will be the solution to many issues: less objections, easier to finance, develop and construct.
- There is a need to upskill domestic construction industry to be able to deliver apartments with quality.
- Large apartments are not affordable but are a major part of the young professional couple and empty-nester market.
- Land locked sites should be considered to reflect standard practice.
- Scale of 3-4 sites is unrealistic, reality is 2-3 site consolidations.
- Planning in Neighborhood Residential Zones is too restrictive despite there being lots of land locked away.

Family sized apartments & bedroom numbers:

- There is a need for both family and large apartments but not the market due to lack of affordability.
- 3+ bedroom apartments are not affordable, it is niche market that will sell for \$1.8m+ in inner suburbs.

Where will developers and Housing Associations find value out of the next phase including implementation process?

- Streamlined planning processes.
- Replicability & scalability.
- The challenge is in the market. In reality, the land costs may be too high.