

# REGIONAL DEVELOPMENT SOUTH AUSTRALIA SUMMIT

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Chief Executive

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GROWTH AND  
LEADERSHIP THROUGH  
PROPERTY  
AND PROJECTS







# TODAY

## Renewal SA

- 1 Regional Issues
- 2 Affordable housing
- 3 Models
- 4 Case Studies
- 5 A Way forward

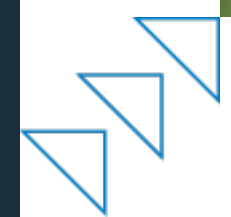






## A SHARED COMMITMENT

Renewal SA is  
improving the lives of  
all South Australians by  
leading, supporting, and  
driving investment and  
growth, through property  
and projects.





## OUR PORTFOLIO

We seek to grow the substantial stable of properties and projects that enables us to have an impact across South Australia.

Majority of these projects are delivered in partnership with the private sector.



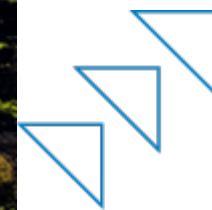
\*Based on the 2021-22 FY forecast budget





## OUR GROWTH AREAS

- 1 Quality infill developments.
- 2 City-shaping projects.
- 3 Greenfield land.
- 4 Industrial and commercial land.
- 5 Agency support.
- 6 Affordable housing.
- 7 Regions.





# OUR PROJECTS

## RESIDENTIAL

- ▼ Bowden
- ▼ Playford Alive
- ▼ Our Port
- ▼ The Square at Woodville West
- ▼ Lightsview
- ▼ Eyre, Penfield
- ▼ Tonsley Village
- ▼ Oakden
- ▼ Former Gasworks site
- ▼ Forestville
- ▼ Prospect
- ▼ St Clair

## INNOVATION

- ▼ Lot Fourteen
- ▼ Tonsley Innovation District
- ▼ Technology Park Adelaide

## CIVIC

- ▼ Festival Plaza
- ▼ Adelaide Railway Station
- ▼ Adelaide Riverbank

## INDUSTRIAL

- ▼ Edinburgh Parks
- ▼ East Grand Trunkway
- ▼ Gillman
- ▼ Northern Le Fevre Peninsula
- ▼ Osborne North
- ▼ Elizabeth South





# MAJOR PROJECTS 2022-23

OAKDEN



FORMER GASWORKS  
AT BOWDEN



FORESTVILLE



DEFENCE



INDUSTRIAL



LOT FOURTEEN/EIC





# REGIONAL ISSUES

## Mt Gambier

- ▾ Planning
- ▾ Infrastructure
- ▾ Public Housing and management
- ▾ Affordable Key Worker
- ▾ Land Supply
- ▾ Stock diversity

## Robe

- ▾ Price
- ▾ Key Workers
- ▾ Surrounding industries
- ▾ Land availability
- ▾ Rental stock
- ▾ Unoccupied dwellings

**Worker attraction  
to drive business  
growth**

## Tatiara

- ▾ Land economics
- ▾ Infrastructure
- ▾ Age of stock
- ▾ Business support
- ▾ Key workers and govt workers

**Infrastructure  
costs & land  
economics**

## Whyalla

- ▾ Future industries
- ▾ Long term provision
- ▾ Lack of developers and builders
- ▾ Density





5 WAYS  
AFFORDABLE HOUSING  
IS FACILITATED





# AFFORDABLE HOUSING

THERE GENERALLY ARE 5 WAYS THAT AFFORDABLE HOUSING IS FACILITATED

## **Mandated 15% Affordable Housing**

**1**

- ▾ Land sales
- ▾ Development agreement

## **Through Government incentive schemes**

**2**

Targeted at unlocking private equity to deliver affordable housing e.g. NRAS, HAF

## **Existing Affordable Rental Stock**

**3**

- ▾ CHP's
  - ▾ SAHA
- Generally subsidised
- ▾ Private Investors (negative gearing)

## **Undertaking Direct Development**

**4**

- ▾ Developers
- ▾ CHP's and other not-for-profits
- ▾ Government, through SAHA and RSA

## **Structured Development & Finance Deals**

**5**

- ▾ Rent then Buy
  - ▾ Underwrite
  - ▾ Shared Equity
- Generally to support new direct developments





# MODELS TO DELIVER AFFORDABLE HOUSING

## 1. Mandated 15% Affordable Housing

- ▼ General requirement targeted at providing affordable sales.
- ▼ Projects over 20 lots.
- ▼ Usually provided by way of “land sale only” or “house and land” by the developer.
- ▼ Listed on HomeSeeker SA website.
- ▼ Generally, not targeted to specific cohorts.

**TARGET:**  
Affordable Purchase

## 2. Through Government Incentive Schemes

- ▼ Federal or State Governments.
- ▼ Targeted at unlocking private equity to deliver affordable housing.
- ▼ Generally, schemes are focused on increasing supply.
- ▼ i.e. NRAS, NHFIC.

**TARGET:**  
Affordable Purchase and Affordable Rental





# MODELS TO DELIVER AFFORDABLE HOUSING

## 3. Existing Affordable Rental Stock

- Existing stock in portfolios held by CHP's, SAHA.
- 74.99% of market.
- Rental is generally subsidised.
  - Via CHP direct
  - NRAS
  - CRA
- Maintenance costs can be high.

**TARGET:**  
Affordable Rental

## 4. Direct Development

- With or without structured development/finance transactions.
- Delivered by developers, CHP's, other NFP's, Government – predominantly through SAHA.
- Specific affordable housing project or requirement through mandate.
- Risky. Challenging, particularly in the current market.
- Therefore, a need for partnerships that can de-risk and activate projects.

**TARGET:**  
Affordable Rental, Affordable Purchase





# MODELS TO DELIVER AFFORDABLE HOUSING

## 5. Structured Development & Finance Transactions

- ▼ Rent-then-Buy;
  - Govt. Guarantee & CHP/Government Acquisition
- ▼ Underwrite
- ▼ Shared Equity

### Rent-then-Buy

- ▼ Aim is to provide a pathway from rental to home ownership
- ▼ Generally, 2 approaches
  - Government guarantee (put option)
  - CHP/Government Acquisition.
- ▼ Affordable rental (74.99% of market) and sale price meets affordable price point
- ▼ Affordable housing eligibility criteria





# CASE STUDY – UNDERWRITE MODEL – DE RISKING

<b>Project</b>	Nightingale Bowden	
<b>Yield</b>	36 apartments + retail	
<b>CHP Operator</b>	Housing Choices SA	
<b>Architect</b>	Breathe	Architecture
<b>Builder</b>	Hindmarsh Constructions	
<b>Apartments Sold</b>	18	
<b>Apartments Retained</b>	18 (13 affordable rental + 5 SDA.	
<b>Govt. Underwrite</b>	14 apartments	
<b>Sustainability</b>	5 star green star (design & as-built) 7.5 star average NaTHERS Carbon neutral in operation	





# CASE STUDY – UNDERWRITE MODEL

## Project Details

- Vision to create a unique, high quality demonstration affordable housing project at Bowden.
- Housing Choices + Nightingale partnership.
- Renewal SA + SAHA partnership to collaborate with NFP & private sector to deliver high quality affordable housing.
- Government underwrite – 14 apartments (7 x RSA + 7 x SAHA).
- Land sale with put option guaranteeing acquisition if apartments didn't sell.
- Nightingale Ballot system – marketing and sale process. All sold at the ballot.
- All sales – initially 14 then increased to 18 - were listed on HomeSeeker SA website.

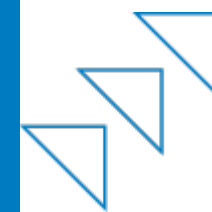
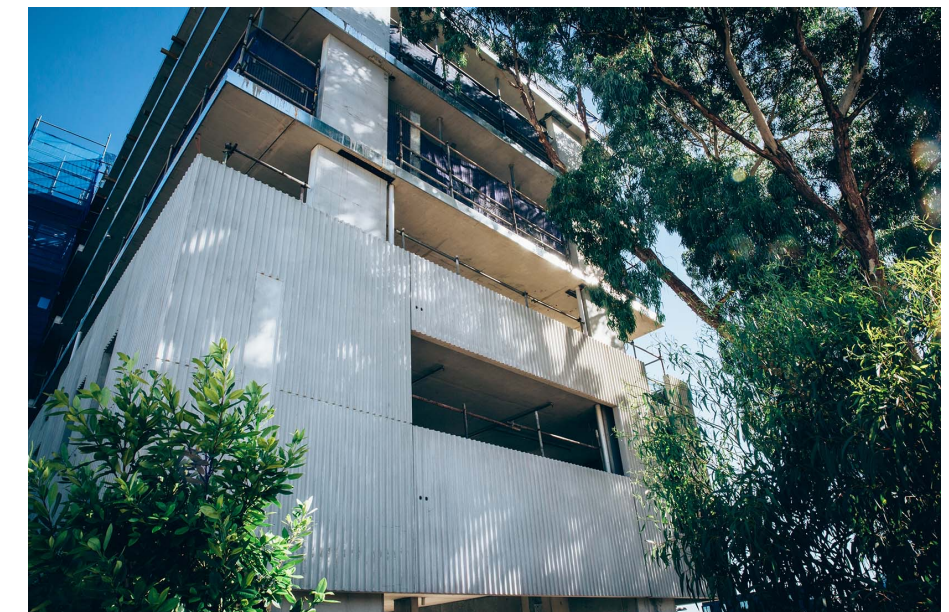




# CASE STUDY – UNDERWRITE MODEL

## Project Details

- ▶ Additional sales required to ensure acceptable financial metrics for HCSA.
- ▶ Model de-risked project for HCSA, facilitated delivery of the project earlier than what would have been possible without underwrite.
- ▶ Strengthens relationship between CHP, private sectors and Government.
- ▶ Demonstrated that partnerships can work successfully.
- ▶ Provided affordable rental options and much needed SDA options 2.5kms from the CBD.
- ▶ Allowed people an opportunity to own a home.





# WAY FORWARD

1. Define your *specific* issue
2. Volume to impact
3. Or Test? Look for a pilot
4. Land ownership opportunity
5. Any planning constraints?
6. Beneficiaries - contributors
7. Feasibility
8. Funding models
9. Project delivery





## CONTACT

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