



Developer Information Sheet 03:

AFFORDABLE HOUSING PRICE VARIANCE

What is an affordable housing price variance?

Where affordable housing is being developed for sale to eligible home buyers, a variance above the maximum prescribed price can be applied for in cases where the developer meets criteria in relation to environmental inclusions, proximity to public transport, or innovative financing.

This assists developers to provide higher quality affordable housing, both at the initial sale price and in relation to reducing ongoing living costs.

Provision for a price variance is included under the Affordable Housing Gazette Notice (Determination of Criteria for the Purposes of Affordable Housing, Regulation 4 of *South Australian Housing Trust Regulations 2010*).

Where the land or dwelling meets the criteria as set out in the Gazette Notice, a developer may seek approval to increase the maximum prescribed price by up to 10% for any one variance, and up to 15% for any two variances combined. The approval of the percent variance granted is at the discretion of the SA Housing Authority. Applications for a price variance must be directed to the Affordable Housing and Market Solutions team at homeseeeker.partners@sa.gov.au.

Types of price variances available

Variations to the maximum prescribed price for an affordable housing dwelling are available as follows:

1a Environmental variance 1 (up to 5 per cent variance)

The dwelling has features which make it more energy efficient and environmentally sustainable.

Applies to dwellings that are certified by an approved [house energy rating assessor](#) as achieving a seven (7) star rating or above.

Supporting documents required:

- Report from an approved NatHERS accredited house energy rating assessor as achieving a minimum of NatHERS (7)* star energy efficiency rating for each affordable housing property for which the price variance is being requested.

1b Environmental variance 2 (up to 5 per cent variance)

The dwelling has features which make it more energy efficient and environmentally sustainable.

Applies to dwellings with **all** the following features that improve energy efficiency and environmental sustainability:



- All electric appliances and must have parts available and serviceable within Australia; and
- Electric heat pump or electric boosted solar hot water system; and
- Photo-voltaic electricity generator (over and above the seven-star rating) of at least 1.5kW if the residence has two or less bedrooms, or 2.0kW if the residence has three or more bedrooms.

Supporting documents required:

- Building specifications indicating inclusions of features required for environmental sustainability (all electric appliances, heat boosted or electric boosted solar hot water system, and a photo-voltaic electricity generator) for each affordable housing property for which the price variance is being requested.

Environmental variances 1 and 2 can be added together to achieve a 10% price variance.

2. Proximity to Public Transport / Density variance (up to 10 per cent variance)

The property (being a land only allotment or dwelling) is on a small allotment within close proximity to high frequency public transport.

Applies to land or dwellings on small allotments in close proximity to public transport within the following parameters:

- An allotment less than 250m² (or average allotment for multi storey developments); and
- Within the following distances to high frequency public transport of either:
 - 400m walking distance from the dwelling/allotment to an Adelaide Metro 'Go Zone' bus stop (as listed at adelaidemetro.com.au), or
 - 800m walking distance from the dwelling/allotment to an Adelaide Metro tram stop, train station, or public transport interchange.

Supporting documents required:

- A map showing the location of each affordable housing property to which the application applies, and walking distance to a public transportation stop being a bus Go-Zone, or train / tram / O-Bahn station, or public transport interchange. Map should be provided in a form of route calculation via Google maps.
- Land division plan showing lot size.

Any allotment within the Adelaide City Council area will automatically qualify for the 10 per cent transport variance.

3. Finance variance (up to 10 per cent variance)

The dwelling is offered for sale in conjunction with a financing product that increases an eligible buyer's purchasing capacity, including but not limited to:

- HomeStart Finance's Shared Equity Option
- Rent to Buy model



Specialised finance products are designed to lower the barriers to home ownership or to increase the buyer's purchasing power. Any specialised finance product must ensure that no more than 30 per cent of income is spent on mortgage costs for a moderate-income buyer. This variance can only be applied to affordable housing dwellings (i.e., completed homes or house-and-land packages).

When utilising shared equity as a finance variance, the sale price of the home must not exceed \$660,000 in Greater Adelaide or \$508,000 in the Rest of South Australia. Where the sale price of a dwelling exceeds the relevant price point plus approved variance, the home must use shared equity.

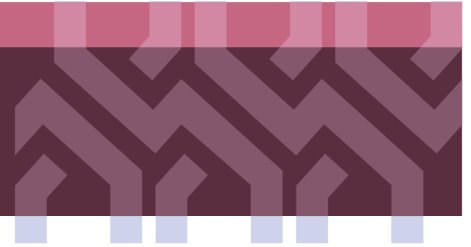
Supporting documents required:

- Documentation (letter of support or email) from financial institution agreeing to the provision of innovative financing options for affordable housing properties in subject project which includes:
 - Calculations indicating the out-of-pocket costs of affordable housing property to the eligible buyer and how the finance product meets requirements of costing households no more than 30% of their gross income.
 - Contact details of contact person at financial institution providing specialised innovative financing products.

Price variance table

Affordability Indicators as of 2 May 2024 (Price Point)	Maximum Price Point	Variance (+ 5%)	Variance (+ 10%)	Variance (+ 15%)	Shared Equity Cap
Greater Adelaide - Dwelling prices, including house and land, and apartments (inclusive of GST)	\$495,000	\$519,750	\$544,500	\$569,250	\$660,000
Greater Adelaide - Land only purchase price (inclusive of GST)	\$222,750	n/a	\$245,025*	n/a	n/a
Rest of State - Dwelling prices, including house and land, and apartments (inclusive of GST)	\$381,000	\$400,050	\$419,100	\$438,150	\$508,000
Rest of State - Land only purchase price (inclusive of GST)	\$171,450	n/a	\$188,595*	n/a	n/a

*Transport variance is the only available variance for land allotments.



Applying for price variances

A Price Variance Application Form is available from SA Housing Authority. Application forms need to be submitted to SA Housing Authority in writing (email is acceptable). All requests will be assessed on a case-by-case basis. Developers requesting a variation must specify:

- Proposed price of property
- Price variances requested
- Appropriate supporting documentation
- Allotments for which the variance is sought

The total price including the variance must not exceed fair market value of the property, and SA Housing Authority may seek an independent valuation to assess fair market price.

Assessing price variances

A variance request is assessed by SA Housing Authority on the following basis:

- increased purchasing power it will give to the buyer, or
- how it represents ongoing savings to the home buyer.

The assessment is based on the Price Variance Application Form and the strength of the supporting documents submitted by the developer. The approval of the percent variance granted is at the discretion of the SA Housing Authority.

For Finance variance requests, it is the responsibility of the developer and finance provider to ensure their finance product complies with the ACCC's third line forcing processes.

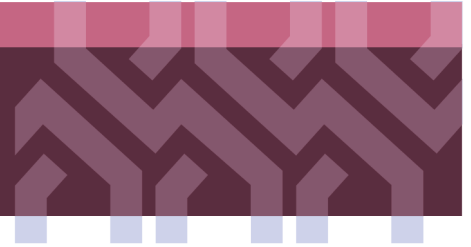
Delivery examples

There are many ways to use the price variance options, including:

- A home on a 200m² allotment that is 300m walking distance to an Adelaide Metro 'Go Zone' bus stop' could be sold up to a maximum of \$544,500 (\$495,000 + 10% transport variance).
- An environmentally sustainable "7-star rating" residence could be sold up to a maximum of \$519,750 (\$495,000 + 5% environment variance).
- A small to moderate sized home on a lot less than 250m² within 400m walking distance to an Adelaide Metro 'Go Zone' bus stop, that has been assessed to have a 7-star rating \$569,250 (\$495,000 + 15% variance).
- A \$600,000 home in Greater Adelaide that is offered for sale in combination with HomeStart Finance shared equity. The home must be offered for sale with a mandatory requirement for eligible homebuyers to use a shared equity loan as the sale price exceeds the approved price point of \$544,500 (\$495,000 + 10% finance variance).
- A \$530,000 home in Greater Adelaide that is offered for sale in combination with HomeStart Finance shared equity. The home may be offered for sale with the option for eligible



Government of South Australia
SA Housing Authority



homebuyers to use a shared equity loan or the finance provider of their choice, as the sale price does not exceed the approved price point of \$544,500 (\$495,000 + 10% finance variance).

Further information

Affordable Housing and Market Solutions

SA Housing Authority

Email: homeseeker.partners@sa.gov.au