



Master Builders Australia Submission

Proposal to include minimum
accessibility standards for housing in
the National Construction Code

Consultation Regulation
Impact Statement

July 2020

Introduction

Master Builders has been a longstanding advocate of accessible housing as a member of the Universal Housing Dialogue and through its ongoing commitment to Livable Housing Australia (LHA).

Master Builders advocates for a non-mandatory approach to adopting accessible standards in housing and is opposed to regulations that put productivity at risk and adversely impact housing affordability.

Master Builders represents the interests of 32,000 members in the building and construction industry. We support objectives of the Consultation Regulatory Impact Statement (RIS) to ensure that new housing is designed to meet the needs of the community, including older Australians and others with mobility needs.

Our members are prepared and able to provide solutions to issues facing an ageing population and acknowledge that over time there will be many more people with mobility needs living in houses that we build.

Master Builders considers introducing non-mandatory options in the National Construction Code (NCC) is the best way to achieve the objective of the regulatory proposal. The key to successful integration of accessible housing design into mainstream living is a shared commitment from all stakeholders. Whilst we support the ideal for all homes to be inclusive and accessible, there is an immediate financial cost that limits the ability to achieve this. Introducing a mandatory NCC requirement has the potential to fail to implement accessibility options for the community in segments where it is needed because the market is not able to tolerate the shift.

In the current recession environment, Master Builders is forecasting residential and commercial activity will not recover to stable pre-COVID numbers for at least four years. Any additional costs introduced to the sector in the foreseeable future will impact on business viability and capacity to operate. This is a very important consideration in any regulation reform that should be contemplated.

In addition, the favourable response in the RIS towards consumer willingness to pay supports the argument to continue a non-mandatory approach.

Master Builders agrees with the preliminary recommendation of the RIS that identifies the costs associated with including an accessible housing standard in the NCC are estimated to outweigh the benefits. This further supports proceeding with non-mandatory options.

The RIS also recommends further feedback on its findings given uncertainty around the feasibility of some options. Master Builders provides feedback on the themes below.

- Quantification of accessible housing needs.
- Accuracy of construction cost estimates.
- Options that might be explored regarding rental subsidies, and land use planning.

More specifically Master Builders makes the following observations:

- The need to better quantify overall housing stock numbers for community, aged and Supported Disability Accommodation (SDA) housing to determine the supply gap in the area of greatest need. Addressing shortfalls in key areas of need should be the immediate focus of government intervention before mandating accessibility design in all houses.

- The need for better analysis of the overall uptake of Livable Housing Design Guidelines (LHDG). The RIS indicates from qualitative feedback that between 5 per cent and 10 per cent of new builds comply with LHDG. Whilst in practice, companies like Stockland are committed to 20 per cent liveable housing in new stock and large clients like Defence Housing Australia and Queensland Retirement Living villages mandate LHA silver and gold in their buildings.
- Our submission identifies approximate estimates of additional cost. Master Builders acknowledges that it is difficult to apply a one size fits all rule, when there are many variables impacting cost such as geography and size of land. It therefore could be argued that land use planning has more of a role to play in enabling supply than NCC mandatory requirements.
- Recommend extending rental subsidy options to retirement living land lease communities and aged care accommodation. This might be through Homebuilder incentives being extended to rental properties, retirement living communities and aged care accommodation that are targeted at the LHDG.
- Recommend aligning non-mandatory options with local area planning needs. This could be done by utilising incentives at the planning stage to encourage non-mandatory development of accessible housing options in line with LHDG that offset any reductions in net usable area.

Master Builders provides more detail on the above in response to specific questions raised in the RIS in the remainder of this submission under the following headings:

1. [Statement of the problem](#)
2. [Objectives of interventions and options](#)
3. [Estimating the costs](#)
4. [Estimating the benefits](#)

1. STATEMENT OF THE PROBLEM

Do you agree the problem is adequately established?

NO YES

Master Builders agrees with the preliminary recommendation that the costs associated with including an accessible housing standard in the NCC are estimated to outweigh the benefits under the central estimates for all of the options tested.

The RIS acknowledges that most of existing housing stock does not include accessibility features and that changes being sought could not be achieved through new builds. This is a significant point that may be partially addressed through the Federal Government's Homebuilder Program, which requires construction of liveability features as part of its funding criteria for renovations.

However, Master Builders considers RIS qualitative analysis indicating that 5 per cent to 10 per cent of new builds comply with LHDG is conservative and could benefit from more rigorous analysis. For example, in practice, companies like Stockland are committed to 20 per cent liveable housing in new stock and large clients like Defence Housing Australia and Queensland Retirement Living villages mandate LHDG silver and gold in their buildings.

In addition, national data has not been effectively quantified for the various strands of accessible housing, i.e. information from SDA, Community housing, aged care and retirement living. The numbers provided in the RIS for these areas suggest a shortfall in supply for aged care, SDA, retirement living.

This supply gap should therefore be the focus and not the entire housing market. Processes like the Aged Care Royal Commission need to run its course before mandating accessible housing requirements in all new homes.

Master Builders considers that the construction cost estimates are conservative and do not accurately reflect real costs. These costs are identified in more detail towards the end of this document.

In general, do you agree the Consultation RIS adequately describes the extent of these problems?

NO YES

The RIS adequately establishes the case for non-mandatory approaches but could be improved by:

- Better quantifying supply gaps for key areas of need, such as aged care and SDA. The NCC should not be used as an alternative way to address failures in other policy areas. The risk from mandating requirements in the NCC, is the market cannot tolerate the shift and a shared commitment towards mainstreaming liveability outcomes is fractured and set back decades.
- Qualitative analysis on the uptake of LHDG is conservative and would benefit from more rigorous analysis. The RIS indicates that 5 per cent to 10 per cent of new builds comply with LHDG. In practice, companies like Stockland are committed to 20 per cent liveable housing in new stock and large clients like Defence Housing Australia and Queensland Retirement Living villages mandate LHA silver and gold their buildings.

In addition, the economic recession from the COVID pandemic is not contemplated and this needs to be considered. This is a very important consideration because additional costs introduced to the sector in the foreseeable future could have detrimental impacts on business viability and capacity to operate.

Are the assumptions made to estimate the costs to the community from a lack of accessible housing (set out in Appendices A to H) appropriate?

NO YES

The assumptions are all targeted at the cost impacts to the community. Given that these matters are being considered for private homes it is important that we consider the cost impacts to the consumer and needs of the occupier, not just the community as a whole. Affordability is critical to delivering more housing stock and an accessible regulatory overlay conflicts with this.

The report also needs to be clear as to who will carry the costs to realise the wider benefits to the community. In this case a relatively small group of people – those buying or building a new home.

In your opinion what is main contributor to a lack of uptake of universal design principles in new dwellings:

- Buyers failing to think about their future accessibility needs
- Volume builders being reluctant to deviate from standard plans
- Other barriers If other barriers exist, please describe these below:

Master Builders considers buyer lack of awareness and other barriers are contributors to the level of uptake of universal design. This is because:

- The standard consumer expectation is to allow freedom of choice for the occupier of the home and this is overlaid with affordability needs.
- There is a lack of understanding, lack of relevance for certain market segments. The younger market segments don't see an immediate return on investment.

Therefore:

- As people move approximately every 7 years, the focus should be on supplying those that need accessibility and not everyone, through education and incentives.
- Education, consumer awareness raising and financial incentives are needed to promote broader cultural change, for both industry and the consumer.

To provide some context on some of the barriers to uptake, see below a case study from a major display village where each builder was required to build each house to a silver LHDG, with feedback on the experience from a builder's perspective:

- The public left confused with a negative impression of the builder's design.
- The sales process was ruined by having to explain that what is on display is not standard.
- If the sales consultant do not effectively explain the LHDGs, ie oversized powder rooms etc, buyers walk away questioning their designs.

- The extra time spent explaining to people what is not standard, raises the question about the value of the investment.
- Modifying standard homes to comply with the requirements compromises design.
- Not one sale and customers aren't asking about LHDG.
- Supportive of the concept and has plans to meet guidelines but it shouldn't be on display.
- The driveway gradient was out by 5mm so they couldn't achieve certification.
- The hallway/entry requirements make it near impossible to comply on a 12.5m lot.
- We don't want to be doing it again, it was a debacle from start to finish.

2. OBJECTIVES OF INTERVENTION AND OPTIONS

Of the options considered by the Consultation RIS, select from the list below those that are feasible:

- Status Quo: No change to the NCC.
- Option 1: Accessibility standard, broadly reflecting LHDG silver standard, in the NCC applying to all new Class 1a and Class 2 buildings.
- Option 2: Accessibility standard, broadly reflecting LHDG gold standard, in the NCC applying to all new Class 1a and Class 2 buildings.
- Option 3: Accessibility standard, broadly reflecting LHDG gold standard (with some platinum features), in the NCC applying to all new Class 1a and Class 2 buildings.
- Option 4: Accessibility standard, broadly reflecting LHDG Gold standard, in the NCC applying to all new Class 2 buildings only.
- Option 5: A subsidy program to encourage additional availability of accessible rental properties.
- Option 6: An enhanced approach to voluntary guidance, which includes turning the current proposals into a non-regulatory ABCB handbook

Are there other feasible regulatory or non-regulatory options with the potential to meet the objective that should be considered?

- Applying the accessibility standards to only residential Class 1a (single detached house, row house, town house, terrace house or villa unit) or Class 2 (multi-storey residential) buildings?
- Applying the accessibility standards to only a proportion of residential Class 1a (single detached house, rowhouse town house, terrace house or villa unit) or Class 2 (multi-storey residential) buildings?
- Applying a different combination of the LHDG elements?
- Applying a subset of the LHDG elements (e.g. step-free entry, wider doorways only)?
- Another option?

Master Builders has previously recommended non mandatory options like Option 6 proposed in the RIS. Master Builders sees merit in a variation of Option 5 for a subsidy to support accessibility modifications for rental properties as well as retirement living land lease communities and aged care accommodation.

The recently announced Government HomeBuilder COVID-19 stimulus program provides a grant to owner-occupiers for new and substantially renovated buildings that improve safety and liveability. The success of this could be measured and elements of the program extended to rental, retirement living land lease communities and aged care accommodation and more targeted to LHDG in the future.

Non-mandatory options could be utilised at the land use planning by aligning non-mandatory options with local area planning needs. This could be done by utilising incentives at the land use planning stage to encourage non-mandatory development of accessible housing options in line with LHDG that offset any reductions in net usable area.

**Which of the options, in your opinion, have the ability to meet the objective?
(select all options which in your opinion can meet the objective from the list below)**

Master Builders considers option 6 proposed can meet the objectives of the RIS.

Information provision and promotion of LHDG elements through National Construction Code (NCC) best practice guidelines would enhance recognition of universal design and accessibility and help to bring it to the attention of a greater group of stakeholders within the market.

This could be enhanced by better access to education and information resources for consumers, local government and building professional; and incentives that might offset construction cost.

Some examples of incentives to offset cost include:

- Land use planning incentives that offset any reductions in net usable area, through provision of land with suitable block sizes and street access.
- Government establishing precincts in subdivisions similar to how they allow for small lot housing. This would allow land use Planning provisions to ensure the lots that are included in such precincts consider site suitability (i.e. appropriate levels, building envelopes, site access, allow increased building heights on boundaries to allow compliance for parking spaces, natural hazards will not affect design compliance, etc).
- A more targeted government intervention through a variation of Option 5 with a subsidy to support accessibility modifications for rental properties, retirement living land lease communities and aged care accommodation. This might involve Homebuilder incentives being extended to rental properties, retirement living land lease communities and aged care accommodation, or an alternative program with targeted incentives for these areas.

Are there any less intuitive or unintended consequences likely to arise from the adoption of any of these options?

NO YES

The proposed changes to the NCC conflict with other prescribed matters, such as energy efficiency requirements and step free entrances.

Window requirements will conflict with Planning and siting requirements.

Potential failure of implementing accessibility options for the community in the segments where it is needed by adopting a mandated approach (Options 1-4) that the market isn't able to tolerate. The risk from mandating requirements in the NCC, is the market cannot tolerate the shift and a shared commitment towards mainstreaming liveability outcomes is fractured and set back decades.

Which option is your preferred option?

Master Builders has previously recommended non mandatory options like option 6 proposed in the RIS and this continues to be the preferred option.

Master Builders would also support targeted options that provide incentives for accessibility modifications in rental properties, retirement living land lease communities and aged care accommodation.

These options should provide education and incentives to the community to implement accessible housing via LHDG.

Land use planning could also play more of a role in non-mandatory development of accessible housing.

3. ESTIMATING THE COSTS

Are the scenarios of possible impact (as described in the DCWC report) broadly representative of the scale of adjustments required to comply with the proposed accessibility standards (Options 1-3)?

NO YES

For each of the building types, are the weighted average cost estimates broadly representative of the additional construction costs to comply with the proposed accessibility standards (Options 1-3)?

NO YES

A number of cost assumptions are underestimated or not accounted for as follows:

- Carparking space for class 1 will require extra land.
- Remodelling costs for prefabricated components (kitchens/bathrooms).
- Business compliance costs – use of consultants (eg for performance solutions development and approval or expert advice for building approval) and re-training costs.
- Zero threshold – waterproofing costs including expert advice costs that are underestimated/not covered.
- Boundary walls bathrooms – are fire hazards and require substitution of products that are not costed.
- Rural developments – access from boundary to front door costs not included.

Do you agree with the approach taken to valuing the opportunity cost of the additional space required?

NO YES

Some alternative methodologies that might be considered include:

- Additional space requirements to accommodate these design requirements will impact the value of the home. The consumer measures and values the size of habitable rooms and recreational outdoor space not the width of a hallway or toilet space.
- There is no data within the CIE documents that quantify the costs imposed to the consumer for having room sizes smaller to accommodate larger hallways, WC's laundries.
- Where room sizes are reduced to accommodate wider hallways to facilitate compliance for accessibility, will this increase capital value of the home or will the capital value of the home be lesser as a result?
- Costs impacts to the home from a valuation perspective by decreasing net useable area of the building and property to facilitate accessibility has not been accounted for.

Are there any other costs (e.g. transition costs) not identified for builders to transition to a new accessibility standard under the regulatory Options (Options 1-3)?

NO YES

Master Builders is concerned that the costs referenced in the RIS are not an appropriate indicator and therefore offers the following feedback from members on approximate costs:

- Access via paths and driveways are not a standard inclusion for most homes and is approximately \$5,000.
- Entrance door upgrade area is approximately \$350.
- Internal doors approximately \$150 each; or for 5 doors approximately \$750.
- Step free entrance requires performance solutions for multiple measures that will add Consultant Fees and Building Surveyor / Certifier Fees of approximately \$3,500. This cost may increase with the implementation of the NCC amendment to require Performance-Based Design Briefs from July 2021.
- Step free inclusions for grate drain, plumbing work, concreting approximately \$1,000.
- Fly wire / security doors will create a further impact to costs as landing or accessible area on the approach side will need to be larger.
- Toilets need to be wider and deeper which will impact the designs of the common area in the home.
- Bathrooms need to be designed so that a shower screen can be removed without causing damage to adjoining parts of shower enclosure. This means that the entire floor area of the bathroom that includes a shower will need to be fully waterproofed and entire floor area will need to be graded to a waste.
- A bathroom with a hob less shower will need to be fully waterproofed, bedded and graded at a cost of approximately \$2,000.
- Poly marble bases will no longer be a suitable option adding approximately \$2,000.
- Solid blocking or sheeting to bathroom, toilet areas will be approximately a \$500 inclusion.
- Upgrade to accessible toilet suite from standard is approximately \$300.
- All hallways will need to be minimum 1050mm wide.
- All doors will need to be minimum 870 – 920mm in lieu of 820.
- WC needs skirts and switches, so the toilet suite is measured 900 clear from walls or skirts and switches.
- Straight stairs without winders will make a substantial impact on the useable space of the floor design.
- Considering required location for additional smoke detectors for future allocation of non-dedicated bedroom becomes problematic risk will add additional cost.

4. ESTIMATING THE BENEFITS

To what extent would better information provision and promotion of an enhanced non-regulatory approach (Option 6) be effective in encouraging the voluntary uptake of universal design principles in new dwellings?

Not Effective Somewhat Effective Very Effective Unsure

Please describe the extent this would be effective and your reasoning below:

Information provision and promotion of LHDG elements through National Construction Code (NCC) best practice guidelines would enhance recognition of universal design and accessibility and help to bring it to the attention of a greater group of stakeholders within the market.

There is a mismatch between the amount of accessible housing being built and the apparent willingness of many survey respondents (including households without any persons with limited mobility) to pay above cost for Option 1. What explanations are there that could explain this mismatch? Is this a reflection of the market failure?

This is not a reflection of market failure. Willingness to pay is skewed towards people with an interest but demonstrates that certain market segments are more likely to pay only in some instances with appropriate education to support the value proposition. This supports the argument to continue a non-mandatory approach rather than a need for intervention.

This entire concept is a burden to the broader community for matters which are not an immediate risk to the life, health, amenity and safety of consumers.