

Master Builders Australia

ACCESSIBLE HOUSING OPTIONS PAPER

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1 Introduction

- 1.1 Master Builders is the peak national association for the building and construction industry in Australia. Master Builders' primary role is to champion the interests of the building and construction industry, representing residential and commercial building, and engineering construction.
- 1.2 Master Builders has more than 32,000 member-companies with representation in every State and Territory in Australia, the great majority of which, by number, are small to medium sized enterprises. Master Builders' membership consists of large national, international, residential and commercial builders and civil contractors through to smaller local subcontracting firms, as well as suppliers and professional industry advisers. Membership of Master Builders' represents 95 per cent of all sectors of the building and construction industry.
- 1.3 Master Builders was a member of the National Dialogue on Universal Housing Design in 2009 and is a founding member of Livable Housing Australia (LHA). LHA was established to drive the strategic directions set down by the national dialogue and champion Livable Housing Design Guidelines.
- 1.4 Today LHA works closely with industry and government to embrace these guidelines and to provide training and education needed to design and deliver livable homes. LHA is also developing design standards, training and an accreditation framework for Specialist Disability Accommodation (SDA) for the National Disability Insurance Agency (NDIA).

2 Discussion

- 2.1 Master Builders welcomes the opportunity to contribute to the objectives, options and terminology that will be considered in a formal Regulation Impact Statement (RIS) as a minimum access standard for housing in the NCC.
- 2.2 Master Builders Australia has been a longstanding advocate of livable housing design and continues to advocate for a non-mandatory approach to adopting accessible or livable housing design standards in housing.
- 2.3 Master Builders does not support policy where regulations put productivity at risk and adversely impact housing affordability. At a time of severe strain on supply in Australia it makes little sense to add further compliance hurdles to the building of homes. Master Builders is also concerned that the cost of any proposed variation would fall more heavily on home buyers, small businesses and small developments.
- 2.4 Master Builders considers that a proposal to mandate minimum standards, does not meet some objectives of the ABCB Board, including:
- to ensure that in determining any change the proposals are effective and proportional to the issues being addressed such that the code will generate benefits greater than costs, when there are existing non-regulatory alternatives; and
 - that mandating minimum standards will make the code more restrictive than necessary in the public interest.
- 2.5 We are concerned that there will be significant cost implications; possible conflicts with other building regulatory requirements; and that it will restrict design choice. Narrow sites, sloping sites and suspended floor (the Queenslander) construction are of particular concern. More detail on these conflicts and restrictions is attached (Attachment A).
- 2.6 The various options modelled in the options paper will have a substantial impact on house and apartment prices. Under a medium level annual building activity scenario of 106,000 houses and 66,000 apartments per year, the cost impact of this reform on houses ranges between \$315 million and \$2.2 billion

and for apartments \$196 million and \$1.9 billion – a total annual cost of at least \$511 million and up to \$4.1 billion.¹

2.7 In the residential sector, the cost of detached house construction is currently estimated at an average of \$375,000. The accessible housing options model will add a further 0.8% to 5.5% for houses. The costs will be even greater if the site is narrow, slopping or suspended floor construction. The construction sector already carries land related charges that can add 30 per cent to the cost of a new home².

2.8 The construction sector is almost exclusively comprised of small firms (99%). Of the total, 218,829 firms (59% of the total) are non-employing with a further 148,285 (40% of the total) having less than 20 employees.³ Under such a market structure, the burden of cost increases tends to be borne by small business. This situation is being further exacerbated by the current environment of falling house prices in several major markets, meaning that builders are being forced to absorb an even larger than normal share of any cost increases. The effect of the squeeze on builders' margins will be magnified by the anticipated fall in new home building activity: from 228,480 starts in 2017/18 to 185,600 in 2021/22 (an 18.8% drop).⁴

2.9 We expect small business will be forced to absorb the cost because market demand for accessible housing product is still developing. To better understand this, we see the following scenario examples as being more predominant in the market place at the moment:

- a 20-year-old buying their first home is not generally seeking a home with features that can be adapted when they are likely to sell their existing and buy another house before they have children or age in place; and

¹ These annual build rates for detached houses and apartments are based on the long-term average number of starts over recent decades in each category. The costings assume that the measures cost between \$2,966 and \$20,710 per detached house and between \$2,950 and \$28,766 per Class 2 Apartment. The unit cost ranges are based estimates contained in the ABCB's *Accessible Housing Options Paper* and estimates by quantity surveyors DCWC.

² Master Builders Australia, *Unlocking Supply: Consideration of measures aimed at improving housing supply V2*, Sept 2017.

³ Australian Bureau of Statistics (2018) *Counts of Australian Businesses, including Entries and Exits* (8165.0)

⁴ Master Builders Australia (2018) *Industry Forecasts: Australia*, June (p7)

- a baby-boomer is often more likely to age in place and modify their existing home and is not in the market for a new house.
- 2.10 Whilst we are also seeing a growing trend in some states towards dual occupancy dwellings functioning as a single dwelling, stemming from:
- Multicultural families – community, extended family living (demographics Indian and Asian, where grand parents live with the family and provide care for the grand children while the parents work)
 - Down sizers – who are looking at an income for retirement
 - Aged person accommodation to cater for children caring for their parents
 - Disabled dependence to remain at home whilst keeping independence
 - First home buyers who are looking at off-setting mortgages with a supplementary income to afford to get into a home.
- 2.11 If the additional features are not valued by the market this will affect valuations, limiting access to finance. In the current environment of restricted finance adding even a small cost to the delivery of new housing can be the tipping point between being able to secure finance for a new home or the project being shelved. This can of course then have wider repercussions throughout the economy.
- 2.12 In undertaking any cost benefit analysis, the ABCB must ensure it not only quantifies the total cost but also who pays the cost. If we have a small group of people (new home buyers) paying the cost for a wider social benefit then that needs to be made clear.
- 2.13 Where there is demand for accessible housing, mechanisms like the National Disability Insurance Scheme (NDIS) and requirements for accessible housing in community housing developments are supporting the construction of more suitable housing stock.
- 2.14 Master Builders considers the voluntary LHA model and mechanisms introduced by state and territory governments are better mechanisms to bring online more accessible housing.

- 2.15 The existing mechanisms should be complemented by pilot or demonstration projects as proposed by Master Builders to the Commonwealth, Queensland Government and Townsville City Council, through the Townsville City Deal (refer letter Attachment B). Further pilots could be tested through other City Deals (eg. Geelong, Western Sydney, Darwin, Launceston, Hobart, Perth).
- 2.16 Master Builders also notes that the NCC makes no reference to LHA standards as an option for a voluntary construction pathway, whereas countries like New Zealand acknowledge a voluntary accessibility standard for residential buildings. The New Zealand approach could be adopted in the NCC by calling up the LHA voluntary mechanism or through an ABCB non-mandatory Handbook.
- 2.17 We are seeing progress through the voluntary LHA model, with most apartment developments and some housing developers adopting a 20 per cent LHA silver target into their housing developments.
- 2.18 We are also seeing a steady increase in the number of people undertaking LHA assessor training with an average of two assessors being registered every week. There was a 58 per cent increase in the number of students completing the course in 2017-18. This raises awareness and helps build knowledge in the community about existing standards available to consumers.
- 2.19 In addition, the expansion of the LHA model into SDA housing will improve the quality of buildings for people with a disability in general housing stock.
- 2.20 Master Builders considers that before going down the path of mandating requirements for all new homes that more work needs to be done to raise consumer awareness and further testing of market appetite should be done.

3 Recommendations

Master Builders recommends the following:

- 3.1 To not Mandate requirements for accessible housing for residential buildings in the NCC because it's not needed to achieve social inclusion and more livable communities. Non-regulatory options are already in place that are achieving more socially inclusive housing options.
- 3.2 Master Builders does not support the adoption of mandatory minimum standard, instead recommends:
 - a non-mandatory NCC option that recognises the existing LHA best practice guide;
 - a review of existing mechanisms;
 - appropriate resourcing for voluntary options; and
 - pilot projects to test market appetite and minimise additional cost for builders.
- 3.3 Existing mechanisms already support the roll out of more accessible housing options across Australia. These options should be reviewed to get an accurate picture of the available building stock; be effectively resourced to do the job well; and recognised in the NCC as an optional not mandatory construction pathway for new houses.
- 3.4 To complement existing mechanisms there should be support for pilot or demonstration projects as proposed to the Commonwealth, Queensland Government and Townsville City Council by Master Builders Australia through the Townsville City Deal (refer attached letter). Further pilots could be tested through other City Deals (eg. Geelong, Western Sydney, Darwin, Launceston, Hobart, Perth).
- 3.5 Before mandating requirements there must first be work to raise consumer awareness and testing market appetite.
- 3.6 In undertaking any cost benefit analysis, the ABCB must ensure it not only quantifies the total cost but also who pays the cost. If we have a small group

of people (new home buyers) paying the cost for a wider social benefit then that needs to be made clear.

4 Attachment A

Regulatory Conflicts and Other Restrictions

	DESIGN ELEMENT	MB RESPONSE
step free path from the street entrance and/or parking area	<ul style="list-style-type: none"> provide a minimum clear width of 1000mm a step ramp may be used if the change in height is 190mm or less does not apply where the slope of the ground would require a path steeper than 1:14 	<p>There needs to be clarity on whether the garage is counted as a parking area.</p> <p>The “steeper than 1:14” exemption is appropriate.</p>
step-free entrance into the dwelling	<ul style="list-style-type: none"> entrance door with minimum 820mm clear opening step-free (5mm max) or ramped if under 56mm reasonable shelter form the weather connected to step free path (see above) if the parking space is used for dwelling access then it should be a minimum of 3200mm (W) x 5400mm (L); even, firm and slip resistant and level surface (1:40 maximum) 	<p>The details do not adequately address water penetration and termite prevention. There is concern that it will be in conflict with NCC requirements such as energy efficiency. The larger parking space may also be a problem on narrow lots.</p>
internal doors and corridors facilitate unimpeded movement	<ul style="list-style-type: none"> main doorways on entry level a minimum of 820mm clear opening and step-free corridors 1000mm minimum clear width (measured between skirtings) 	<p>There will be a cost implication in requiring the larger (870mm) doors. Currently the industry standard is 820mm. The 1000mm corridor is achievable if the width is measured from the frame rather than between the skirtings.</p>
toilet on entry level that provides easy access	<ul style="list-style-type: none"> on ground (or entry) level minimum 900mm between walls minimum 1200mm forward of the toilet, exclusive of the swing of the door installed in corner for future grabrails 	<p>The 1200mm forward of the toilet will present significant cost and design constraints. A minimum room size would be preferred. Similarly, requiring the toilet to be in the corner will present a design constraint and is unnecessary when a drop down grabrail could be installed when necessary.</p>
bathroom with a hobless shower	<ul style="list-style-type: none"> minimum 900mm (W) x 900mm (L) clear space at shower entry of 1200mm (W) x 1200mm (L) located in the corner so that grabrails can be installed in the future shower screens are OK so long as they can be easily removed in the future 	<p>There will be an added cost with the bathroom floor needing to be bedded and graded and full waterproof membrane installed (approx. \$2000).</p>

5 Attachment B



18 June 2018

The Hon Paul Fletcher
Minister for Urban Infrastructure and Cities
Parliament House
Canberra ACT 2600

Hon Mick de Brenni
Minister for Housing and Public Works
PO Box 2457
Brisbane Queensland 4001

Cr Jenny Hill
Mayor of the City of Townsville
PO Box 1268
Townsville QLD 4810

Dear Ministers and Mayor

Master Builders has been engaging with the Townsville City Council and Queensland Government about a proposal to support delivery of the silver level accessible housing standard in new homes in Townsville. As the three levels of government, through the City Deal, are working together to implement existing and consider new initiatives for the City Deal, Master Builders is writing to seek your combined support for the proposal through this forum.

The proposal complements future objectives of the Townsville City Deal in relation to housing and construction of affordable homes as well as building on the innovative and connected city initiatives identified in the *Townsville City Deal Implementation plan* and Progress Report.

Master Builders, the Property Council and other industry representatives have agreed to a proposal that would reduce the purchase price of residential lots, providing a discount to consumers who build new homes that meet the silver level accessible housing standard. Industry is now seeking support from all levels of government to match the private sector contribution for a 12 month pilot.

The incentive would encourage take up of the silver design standard in the Townsville residential housing market, where currently market demand is very limited, primarily because of the cost to consumers.



The proposal would go some way towards rolling out new building stock that supports the needs of young families, the ageing population and people with a disability; and creates an environment for more inclusive, liveable communities.

Building Ministers are in the process of considering the cost-benefit of mandating silver level universal access standards in the National Construction Code. Outcomes from the Townsville proposal would provide quantitative evidence for the cost-benefit analysis. Industry is concerned that more needs to be done at the consumer end before looking to introduce mandated regulatory options. This proposal would go some way towards raising consumer awareness and further testing market appetite.

Master Builders is seeking the support of all levels of government for the proposal. We would welcome the opportunity to consult further with the Board of the Townsville City Deal about the proposal and to explore the opportunities for funding contributions through this forum.

Yours sincerely

A handwritten signature in black ink, appearing to read "Denita Wawn".

Denita Wawn

CEO Master Builders

A handwritten signature in black ink, appearing to read "Grant Galvin".

Grant Galvin

CEO Master Builders Queensland

Cc: The Hon Craig Laundry MP, Minister for Small and Family Business,
Workplace and Deregulation