

Economic Development and Other Legislation Amendment Bill 2024

Submission No: 23

Submitted by: Lendlease Communities (Yarrabilba) Pty Limited

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Committee Secretary
Cost of Living and Economics Committee
Parliament House
George Street
BRISBANE QLD 4000

Via email: colec@parliament.qld.gov.au

Dear Committee Secretary,

Legislative Amendment Submission Economic Development and Other Legislation Amendment Bill 2024

We write on behalf of our Client, Lendlease Communities (Yarrabilba) Pty Limited (Lendlease) in making a submission to the proposed amendments to the *Economic Development Act 2012* (ED Act).

We thank the Committee for the opportunity to provide this submission.

As a national developer, and key stakeholder and contributor to the supply of housing, Lendlease is acutely aware that governments at all levels are extremely active exploring the ways and means to bring social and affordable housing to 'market' in a timely manner. Lendlease recognise that one of the mechanisms of government to improve the supply of social and affordable housing are legislative amendments, and accordingly Lendlease broadly support the intent of the ED Act amendments, subject to the matters raised in this submission. Notwithstanding the proposed ED Act amendments, Lendlease take the opportunity to remind the Committee that EDQ should be doing everything currently within its powers to improve land supply, including but not limited to more streamlined development assessment.

Background

Lendlease is the principal developer of the Yarrabilba master planned community, in the suburbs of Yarrabilba and Kairabah. The Yarrabilba master planned community is within the Yarrabilba Priority Development Area (PDA), with the PDA declared by the State Government on 8 October 2010. When fully developed Yarrabilba will be a city of approximately 50,000 people.

As a developer within a PDA, the proposed amendments to the ED Act are of primary interest to Lendlease. This submission has been prepared with Yarrabilba in mind, assessing actual or perceived implications certain proposed amendments will have on development activities within the PDA.

Summarised below are the aspects of the proposed amendments that Lendlease wish to bring to the Committee's attention when considering the *Economic Development and Other Legislation Amendment Bill* (the Bill), namely:

1. Conditioning for social and affordable housing and amendments to Development Schemes.
2. Definition of affordable housing.
3. Place Renewal Areas.
4. EDQs role as the pre-eminent government agency in development assessment.
5. Regulatory Services Fees.

Detailed below are the grounds of the submission for each of these aspects.

Conditioning for social and affordable housing and amendments to Development Schemes

One of the key proposed amendments to the ED Act relating to land use and development assessment is the ability to condition development to provide social and affordable housing. The ability for EDQ to impose such a condition requires social and affordable housing to be reflected in the PDA Development Scheme.

For the Committee's benefit, stretch targets for social and affordable housing are tabulated in the Implementation Strategy of the *Yarrabilba PDA Development Scheme* (Development Scheme). As outlined in Section 5.1 of the Development Scheme, *...the ED Act requires a development scheme to include an implementation strategy to "achieve the main purpose of the Act for this area, to the extent they are not achieved by the land use plan or infrastructure plan" The implementation strategy...fulfils this requirement by identifying a suite of goals, actions and commitments that support the achievement of the vision for the Yarrabilba community.*

It is submitted that the Development Scheme is currently drafted to enable EDQ to condition social and affordable housing should the amendments pass. On this basis it is further submitted that the Development Scheme does not need and should not be amended for social and affordable housing. Amendments should only occur to existing PDA Development Schemes where they are silent on social and affordable housing.

Further for the Committee's benefit, the land use approval framework for Yarrabilba requires the endorsement of Infrastructure Master Plans (IMPs) and Overarching Site Strategies (OSS). A Housing Affordability IMP and Accessible Housing and Social Housing OSS have been endorsed by EDQ for Yarrabilba. These IMP and OSS require annual reporting to be submitted to EDQ. We attach the latest correspondence received from EDQ dated 19 March 2024 in response to reporting for 2023 on social and affordable housing at Yarrabilba. The attached evidences that the current Yarrabilba land use approval framework is appropriate and sufficient in the delivery of social and affordable housing.

As the Committee would be aware, under the ED Act there is limited ability for an applicant (Lendlease) to appeal conditions of approval. Applicant appeals would not extend to the conditioning of social and affordable housing. If the Bill was passed and conditions imposed on development for social and affordable housing, three (3) important conditioning rules need to be established, namely:

1. The quantum of social housing needs to be commensurate with community support services and public transport. If these important support services do not exist, or are limited, it is submitted conditioning a high quantum of social housing would be premature and lead to unintended social issues.
2. The quantum of social housing needs to align with endorsed IMPs or OSSs. In the Yarrabilba context, the quantum of social housing that is delivered year on year increases over life of the development, linked to conditioning rule 1 above.
3. The ability to change or remove a condition requiring social housing if it can be demonstrated that the applicant has exhausted the ability to comply with the condition.

As the Committee would be aware, the State Government plays an integral role in the delivery of social housing. For example, if Lendlease approached Community Housing Providers (CHPs) to meet the condition(s) of approval and the CHPs cannot get funding from the State, then through no fault of the applicant, the condition cannot be satisfied. It is further expected that the condition timing would be linked to plan sealing, which therefore has the knock-on effect of delaying the release of land at Yarrabilba. This would be a fatal consequence when Queensland is experiencing significant pressure on housing delivery.

It is acknowledged that if the above example did eventuate, a condition for a monetary contribution is available under the ED Act amendments, and therefore this could be an alternate conditioning approach as part of a change application. It is submitted however, that all a condition for a monetary contribution in lieu of the supply of social housing does is erode affordability.

Summary/Recommendations

- Amendments to existing development schemes only where they are silent on social and affordable housing.
- Establish conditioning rules for social housing.

Definition of affordable housing

At a recent stakeholder briefing on the ED Act amendments, EDQ pointed out that the amendments define social and affordable housing for the purposes of the ED Act, noting the criteria for affordable housing will be detailed in the Economic Development Regulation.¹

Lendlease are concerned that these criteria will be included in Regulation, and that there is no requirement to seek comment when amending Regulations. Accordingly, if these criteria for affordable housing are to be included in the Economic Development Regulation, importantly the industry must be consulted on the criteria.

Despite Lendlease being aware of the need more broadly to improve housing affordability, and are achieving their PDA targets at Yarrabilba, is concerned that the criteria will impact on the commerce and viability of the Yarrabilba project. The issue that Lendlease have identified is that existing PDAs are set up on the basis of certain assumptions, and erroneous affordability definitions will impact on developments as a whole in relation to housing supply.

Summary/Recommendation

- Industry must be consulted on the affordability criteria in the Economic Development Regulation.

Place and Renewal Areas

Given the scale and ultimate population of Yarrabilba, a Town Centre will be delivered providing retail, residential and community services for the residents within and external to Yarrabilba. Planning has commenced on the Town Centre with the first application for 10,000m² of retail Gross Floor Area (GFA) due to be lodged with EDQ on 28 June 2024.

The collaborative planning that has occurred to date between EDQ and Lendlease has ensured that the vision and PDA-wide criteria under the Development Scheme will be realised for the Yarrabilba Town Centre.

It is therefore Lendlease's understanding that a declaration for a Place Renewal Area (PRA) at Yarrabilba is unwarranted and unlikely, as the existing development assessment framework is satisfactory, and that a further layer of planning and process is not required and unnecessary.

Summary/Recommendation

- PRAs are not declared on greenfield PDAs.

EDQs role as the pre-eminent government agency in development assessment

With the role and responsibilities that the Bill is affording to EDQ, Lendlease contend that EDQ must be given pre-eminent government agency status when performing land use planning and development assessment tasks. In light of the objectives of the Bill to implement change to deliver social and affordable housing within accelerated timeframes, and an operating model that enables efficient and effective operations and enhanced service capabilities,² EDQ must have the authority to direct State Government Departments to make decisions, or alternatively make decisions on behalf of Government Departments.

A case in point for Yarrabilba is the Department of Transport and Main Roads (DTMR). Waterford-Tamborine Road which forms the western boundary of the PDA is a State-controlled road. Access onto the State-controlled road requires DTMR approval. The years of development inefficiency incurred at Yarrabilba in dealing with DTMR has a direct nexus to housing undersupply. If the State Government is serious about accelerated housing delivery, there must be government levers that can be used to overcome tardy decision making by government departments. Without these levers, the ability for EDQ to facilitate efficient housing supply is considered fettered. The Committee should therefore recommend the legislative drafters

¹ EDQ External Stakeholder Briefing (v2) March 2024, p.9.

² EDQ External Stakeholder Briefing (v2) March 2024, p.5.

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investigate what is needed to achieve this outcome of EDQ being a pre-eminent agency for development assessment and housing supply.

As a corollary to this identified operational gap for EDQ in the Bill, is the separate matter of additional/independent assessable development and the role that government departments (assessment managers) play in the development assessment and approval space over and above EDQ. PDAs are a very powerful land use and regulatory tool. The Bill recognises this, and the additional responsibility and 'heavy lifting' that PDAs currently perform and will subsequently perform should the ED Act be amended, cannot be understated, and needs to be acknowledged through further consequential legislative amendments to remove additional/independent assessable development in PDAs.

A current instructive example of this additional/independent assessable development in PDAs are mapped waterways. In a greenfield PDA environment such as Yarrabilba, interfering with mapped waterways (ie. filling/earthworks) results in an application having to be made to the Chief Executive of the State Assessment and Referral Agency (SARA) as the prescribed assessment manager, with the Department of Agriculture and Fisheries (DAF) being the responsible assessing agency. This is separate to the approvals that need to be obtained from EDQ. Lendlease considers that this additional approval from SARA represents unnecessary red tape, and delays housing supply and should be removed for the following reasons:

- a. The EDQ application and approval framework has the necessary checks and balances to protect waterways (IMPs and OSSs).
- b. Separate State mapping does not recognise the PDA declaration and has the potential to remove developable land. This is contrary to the proposed amendments that enable EDQ to continue to deliver on Government's priorities while also meeting its purpose of facilitating economic development in an agile, scalable, efficient and innovative manner in partnership with government, industry, and the community³

Summary/Recommendation

- Consequential amendments to be investigated to ensure EDQ has the authority to direct government departments or decide applications where government departments are delaying housing supply.

Regulatory Services Fees

Lendlease understands that the proposed restructuring of fees that EDQ charge is not part of the Bill but is being disclosed in the interest of transparency. This disclosure is commendable. Lendlease however take this opportunity to record its position on the proposed fee restructure.

Lendlease maintain that fees should only increase for existing PDAs by CPI. The rationale for this is that existing PDAs have been commercially set up given existing structures and 'out of line' changes impact on affordability. Lendlease contend that anything more than CPI will impact on housing affordability, as these additional costs will be passed directly onto purchasers.

The proposed fee structure for new or future PDAs has merit where developers have the opportunity to structure their commercial arrangements accordingly.

Additionally, EDQ have advised that for existing PDAs the restructured fees would transition over a 2-year period from January 2025⁴. Lendlease oppose the length of time for the new fee transitioning period and submit the transition period should be more in the range of 5-10 years if it was to apply to existing PDAs.

Summary/Recommendations

- Fees increases for existing PDAs be capped at CPI.
- Transition period for new fees extended to 5-10 years should they apply to existing PDAs.

³ EDQ External Stakeholder Briefing (v2) March 2024, p.3.

⁴ EDQ External Stakeholder Briefing (v2) March 2024, p.14.

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We thank the Committee for the opportunity to present this submission and await the release of the Committee report on 10 May 2024.

In the meantime should you wish to discuss any aspect of this submission, please do not hesitate to contact Ian Murray, Head of Queensland, Lendlease Communities on telephone [REDACTED] or email [REDACTED], or the writer on the contact details below.

Yours sincerely,
for RPS AAP Consulting Pty Ltd



Gavin Edwards
Technical Director - Planning



cc. Lendlease (via email)



Department of
**State Development, Infrastructure,
Local Government and Planning**

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19 March 2024

Lendlease Communities (Yarrabilba) Pty Ltd
C/- RPS Australia East Pty Ltd
Att: Mr Gavin Edwards
PO Box 1559
FORTITUDE VALLEY QLD 4006

Email: [REDACTED]

Dear Mr Edwards

SUBMISSION OF ANNUAL MONITORING REPORT IN ACCORDANCE WITH THE HOUSING OVERARCHING SITE STRATEGY

Thank you for your submission on 8 January 2024 of the annual monitoring report, required by the Housing Diversity and Affordability Overarching Site Strategy (OSS) for Yarrabilba. The Whole of Site approval requires the submission of a yearly monitoring report that analyses the achievement against the set targets. Should the monitoring program identify that delivery differs from the target in any reporting period, a mitigation plan, setting out how the target will be achieved in the next review period must accompany the report.

The two themes reported on include affordable housing and social housing:

Affordability

Yarrabilba continues to provide opportunities for affordable housing that meets the 25% target.

Social

EDQ acknowledges the recent efforts by Lendlease to engage with social and community housing providers. Whilst delivered products on the ground has not resulted in significant number of dwellings, partnerships being explored will hopefully lead to opportunities for greater number of dwellings.

The spatial representation provides a good base to understand the distribution. It is suggested however that the stretch targets be increased as it currently achieves 3.6% of all lots. A stretch target closer to that specified in the Development Scheme and the whole of site approval of 5% is sought. Locations where additional opportunities for social / community housing could be explored include Precincts 6, 8 and 16.

An amended map with reporting against targets will be required to be submitted to EDQ by end 2024 or mid-January 2025 addressing the above.

Should you have any queries in relation to this matter, please do not hesitate to contact me on [REDACTED] or at [REDACTED]

Yours sincerely

[REDACTED]

Brandon Bouda
Manager
Development Assessment
Economic Development Queensland