

Housing Availability and Affordability (Planning and Other Legislation) Amendment Bill 2023

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31 October 2023

Committee Secretary
State Development and Regional Industries Committee
Parliament House
George Street
BRISBANE Qld 4000



BY EMAIL - sdric@parliament.qld.gov.au

Dear Sir/Madam,

Housing Availability and Affordability (Planning and Other Legislation Amendment) Bill 2023

The Urban Development Institute of Australia Queensland (the Institute) appreciates the opportunity to provide comment on the Housing Availability and Affordability (Planning and Other Legislation Amendment) Bill 2023 (the Bill). The Institute is supportive of the State's progression of reforms to address the crippling housing supply and affordability crisis facing us. We are supportive also of improving legislation.

Much of the proposed amendment is valuable and supported by the industry on the grounds it has potential to boost housing supply, however we strongly **recommend against undertaking the proposed legislative change regarding Urban Investigation Zones and altering the purpose statement of the Emerging Community zone.** These changes that would reduce the ability to bring forward housing supply would come at a time when the housing system can least afford additional restriction and uncertainty. In short, it would **delay the delivery of housing to market**, which is counterintuitive to the Bill's aim to increase housing availability and affordability.

Background

The property industry is a major contributor to the Queensland economy. As the second largest industry of employment within the state, it directly employs 10 percent of the Queensland workforce, and indirectly supports a further 12 percent. Underlining its importance to the state's economy, the development industry directly contributed \$31.7 billion to the Queensland economy in 2021, or 9 percent of Queensland's GSP, and a further \$39.8 billion through indirect economic impacts (11 percent of GSP).¹

Notwithstanding the industry's economic contribution, housing supply and affordability issues are acute and in order for the industry to play its role in solving the housing crisis, measures that provide greater industry certainty, boost supply, and a stable regulatory environment are urgently needed. The consequences of rising rents and house prices, coupled with reduced home ownership at retirement age, has ushered in the dawn of a new age of haves and have-nots in Australia based on home ownership. Record low rental vacancy rates and rising rents adds to the crisis. The State's Housing Summit response acknowledges that additional housing supply can help with managing the cost of housing and rental supply, and places increased importance on the

¹ The Contribution of the Development Industry to Queensland, Urbis, November 2022

contribution of all levels of government and industry in delivering the housing summit response. The Institute acknowledges that some of the reforms included in the Bill can contribute to resolving the crisis.

Support – Easements, State Facilitated Application Process, and Minister direction to adjust planning schemes

The Institute strongly supports several aspects of the Bill, as outlined below. These measures are supported in the context of the overwhelming need to facilitate additional housing and the headwinds facing housing delivery.

Easements (Clause 43 et al)

The Planning Minister should be able to take or purchase land or create easements for development infrastructure to unlock development. These would be similar to powers provided to local government by section 263 of the *Planning Act* that are presently rarely used.

Unlocking development infrastructure is a critical barrier identified by the Institute with a small survey in 2020 indicating more than 6,600 dwellings were held up by delays associated with obtaining easements for the delivery of trunk infrastructure. The State has also indicated 75 Underutilised Urban Footprint (UUF) sites need infrastructure easement assistance.

The need for easements to facilitate the supply of housing is substantial and the State will likely see numerous requests for assistance. Easements can be required for purposes as simple as complying with local government requirements to ensure stormwater flowing from a small unit development has an upgraded downstream path. Easements are commonly required for an efficient path for sewer to service land. All requirements for an easement would be subsequent to the lawful approval of a development application.

Institute members will continue to attempt obtaining an easement by agreement with adjoining owners, accompanied by a proposal for the necessary financial compensation and any remedial works. However, in some cases adjoining owners are uninterested or uncooperative in participating in negotiations despite the fact that the provision of the easement generally upgrades the service access for their property. Also resolving issues with other government agencies has been an issue. Failure to achieve an easement in the logical location is resulting in housing supply projects abandoned, substantially delayed, or high costs in rerouting trunk infrastructure, ultimately adding costs to homebuyers.

Easements result in more efficient urban development, enabling other housing supply projects to proceed. Easements related to this provision are almost always provided in favour of the public authority or local government and can be subject to infrastructure agreements under the Act defining the infrastructure provided in the easement. If passed, we urge the appropriate use of these powers, noting that current powers are used very infrequently.

'State facilitated application' process for priority development (Subdivision 4)

This provision allows the Minister, generally on advice from the Department to declare an existing, proposed or decided development application or change application to be a State facilitated application. If determined to be a state facilitated application, the application can be assessed by the State through a streamlined assessment process. The Minister must consider the development is for an 'urban purpose', a priority for the State (presently undefined), and that it meets certain criteria in the Planning Regulation (also undefined).

Usual *Planning Act* provisions would not apply for State facilitated applications (mirroring the existing exclusions for Ministerial call in applications) regarding what assessment is to be carried out against/having regard to, compliance with referral agency responses, decision rules, and requirements for assessing and deciding change applications. The Chief Executive becomes the decision-maker, with a broad assessment and decision-making discretion. The arrangement would not be appealable, and declaratory proceedings would be inapplicable. Unlike infrastructure designation development, local governments would still be able to give an Infrastructure Charges Notice.

The proposal presents a substantial opportunity to bring forward housing supply, determining development applications for proposals which are languishing in the local government system. These are proposals that local government have difficulty dealing with because of a range of reasons, such as:

- inadequate resourcing
- other restrictions due to current zoning
- third party rights of appeal.

Indeed, the Institute also undertook a survey of its South East Queensland members in early 2023 that identified that an additional 56,337 dwellings could be delivered on sites outside the urban footprint. These sites that are constrained by the footprint would be able to assist dwelling supply and that 70 percent of these would be taken up in the 0-5 year term.

The Institute also recommends certainty be provided around the types of proposals that can avail themselves of the process. Affordable housing is indicated as an example in the explanatory notes to the Bill, and affordable housing is defined in the Planning Regulation as:

"housing that is appropriate to the needs of households with low to moderate incomes, if the members of the households will spend no more than 30% of gross income on housing costs."

The Institute recommends that it should be made clear for what, when, and where the state facilitated application can be used and that, critically this state facilitated application process be available for housing supply in general.

Additional housing supply by its nature increases housing opportunities, competing supply, and reduces pressure on prices from demand. The present State Planning Policy gives a guide of matters that might be relevant for State interests the Minister should consider as state facilitated applications and includes:

- Diverse, accessible and well-serviced housing
- Liveable, well-designed and serviced communities
- Employment needs, economic growth
- A strong development and construction sector.

The Institute points to projects that are taking a long time in the current assessment processes:

- bringing forward major residential projects including new masterplanned estates that can take 10-15 years to commence
- projects held up by submitter appeals for years in court or appeals, a particularly for those concern where the council decision was contrary to the professional staff's recommendation

- housing supply projects that are held up for years in resolving infrastructure agreements with local government. We are aware of infrastructure agreements for acceptable development taking in excess of five years with infrastructure agreements commonly taking around two years to resolve. It is suggested that the provisions should make clear the Minister is able to intervene in these situations.

The Institute supports the proposal to facilitate development in Queensland where needed. The Institute does however recommend further clarity on criteria relevant for entry to the process enabling it to be broadly interpreted to provide for facilitation of the many housing projects delayed in the development system. Given the Institute is yet to see the detail of the criteria, we recommend that any criteria relating to this process considers:

- establishing broad parameters on scale, cognisant of infill development's current and projected future role in delivering housing, particularly in South East Queensland;
- the applicability of the criteria in regional Queensland; and
- the potential significant benefit this process could provide in delivering rapid supply to the market, which is currently under extreme pressure.

Clarification should also be provided that applications can be made both prior to a normal development application and after. The Institute considers the process can set an example for more timely application processing for local government and can provide suggestions of key areas that could be early actions by the state for housing supply.

Planning Minister powers to direct urgent action by local government to amend planning scheme to protect or give effect to State interests.

This provision is supported by the Institute to enable the planning framework to more effectively change to reflect updated circumstances. Presently, change to state planning instruments such as the South East Queensland Regional Plan or State Planning Policy are not generally reflected in a timely manner in local government planning schemes. This undermines the certainty of schemes to the general user and the community, with measures outside of the scheme applying and not being discovered by an applicant or the community.

At this time of critical housing supply inadequacy, early integration of revised planning outcomes into planning schemes including the delivery of increased infill housing is critical to enabling more housing and housing better suited to the needs of the community. The Institute is aware of planning schemes that yet do not reflect the 2017 South East Queensland Regional Plan. We note also that other states permit instantaneous amendment of local government planning schemes by the state planning authority.

Concerns - Urban Investigation Zone, Emerging Community Zone purpose statement

Despite Institute support for the above elements, we do not support the new Urban Investigation Zone or the proposal to revise the purpose statement of the Emerging Community Zone. Concerns are outlined in detail below.

New 'Urban Investigation Zone' (UIZ)

This provision is intended to pause development to enable land use and infrastructure planning. It assumes it can ease planning pressures or demand for high infrastructure costs from unplanned development. It would remove compensation rights when put in place and could prohibit all

applications in the zone except for a 'state facilitated application'. Additional plan making criteria is proposed in the Ministers Guidelines and Rules (MGR) to guide the classification of land in this zone (for example, feasible alternatives assessment prior to a zoning change to UIZ, and five-yearly reviews for as long as the zone is place). Exemptions from prohibition in the zone would include existing approvals and accepted development.

The Institute believes that this proposal follows from a number of erroneous assumptions. These assumptions are outlined below with relevant commentary:

- **More than adequate amount of land is currently available for housing supply, so down zoning areas (to UIZ) is relevant and will not reduce the supply of housing.** This assumption conflicts with the industry's firsthand experience that in many areas, and urban South East Queensland, demand for new estates cannot be met. It is also inconsistent with the dire housing supply situation we presently find ourselves in
- **Growth should be sequenced and planned for only by local government.** This assumes local government consistently has an excellent understanding of the need and timing for new growth areas and will provide for these in a manner to avoid pressures on demand and prices. In practice it is the industry's experience that land supply data used by local governments for zoning decisions is highly inaccurate. Housing supply potential is routinely exaggerated, as a result of a poor level of understanding of market dynamics, including financial feasibility and consumer preferences. Notwithstanding, it is hard to question that any parties except the industry (with its existence and livelihood dependent on meeting homebuyer needs) is better placed to define the needed time for growth area releases
- **UIZ will give some local authorities the opportunity to catch up on their planning.** Many local governments, as the explanatory notes indicate, are not keeping up with the planning needs of their areas. It is our view that reducing the available growth area through a UIZ will not assist this. The time and efforts required to achieve a timely zone change are substantial and the application of a UIZ will increase take up of local government planning resources rather than lessen them. The risk of delayed provision of zoned land for housing is great, impacting meeting local community housing needs and adding to already high housing costs. The Institute notes that in many cases, substantial areas of Emerging Communities (EC) zoned land have been provided in planning schemes for around 20 years and these have not yet been thoroughly planned. It is unclear how the assignment of a new zone will motivate and encourage local governments to commence and complete the necessary structure and infrastructure planning in a more timely manner
- **The zone is needed to assist local government to better plan for growth.** In practice areas proposed for development that are not located adjacent to existing urban services, come at a higher cost to develop. Developers are largely responsible for the cost of infrastructure that is required to service new growth areas and the Bill seeks to prohibit developers from lodging an application, thereby impeding the commencement of negotiations. The Institute supports good planning for growth but remains concerned that local government has not and is not doing enough to progress new growth areas, despite considering them as 'land supply'. The Institute has previously recommended a state agency be put in place to structure plan and deliver growth areas in advance of need, in a manner like the Victorian Planning Authority.

The Institute's principal concern is that the UIZ provides a prospect of greater delays in meeting critical housing need. Any pause or rezoning to a UIZ will take an inordinate amount of time (average significant planning scheme change takes three or more years). This would be followed

by a review of the UIZ by the local government after five years. If a decision is made to open on the zone for housing, it would require additional time before rezoning to a usable urban zone. In the interim, development applications to meet critical housing need cannot be pursued.

The risks of pausing housing supply are substantial. The present extreme low rental vacancy rates, higher home prices, and increasing homelessness are in very large part due to lack of housing supply. Housing is overly constrained, lacking infrastructure investment, and facing legislative uncertainty and costs. The Institute recommends against any measure that further restricts housing delivery and flexibility to deliver. We note in this submission the Institute has supported measures such as improving the power of the Minister to direct local government to update the planning scheme that can add to housing supply, and we recommend rather than further constraint, such a power be used to direct that structure and infrastructure planning be provided urgently for all growth areas.

We emphasise current housing supply in many areas is dependent on developer-initiated action in EC zones. For example, land at Morayfield South was originally zoned as EC and developers were able to lodge applications. In the case of one major project in the region, a development application was lodged in 2020, approved and shovel ready and, registered in 2023, and as a result 130 new homes for Queenslanders are now under construction. Adding other developers, a further 230 lots has been made available. This was made possible because the existing system offers a pathway for the developers to work with the Council and the water authority to resolve infrastructure over a period of 12-24 months to share the delivery of the infrastructure to deliver land to market. Collectively, the developers are now delivering around 4,000 homes in the area and sales are occurring faster than the developers can practically construct lots. If the land was restricted by zone purpose as proposed or zoned as UIZ, it is likely that land at Morayfield South would not have been brought to market in the same timeframe. In fact, one leading developer in this case study has estimated that had Council used the proposed new zone, it would have led to delays of 5-10 years.

Further, the Institute also notes that there is already an urban containment boundary in place (the South East Queensland Regional Plan Urban Footprint) and Bill seeks to deliver a further prohibition to land located within the urban footprint, on land which has already been earmarked for urban purposes. The Institute believes that the proposal undermines development rights opportunities and will sterilise viable opportunities to contribute housing supply.

The Institute points out that existing tools are available to local government around management of growth areas. Presently an area that is not required for urban growth in the medium to long term may be zoned as Rural, which limits subdivision and uses until such time as the urban need arises. Local government can undertake structure planning for growth areas and include this in its planning scheme, alongside improved guidance on the development order of an area. Further a local government may put in place a Temporary Local Planning Instrument (TLPI) if it fears an issue needs to be resolved for coordination of growth areas. A TLPI is superior to an UIZ in being able to be put in place quicker and requiring resolution of the matter within two years if not extended. This is a more responsive approach and one which is already available.

The Institute notes an UIZ might be relevant for **new** land additions to the urban footprint. This however should only be put in place for areas not required for urban purposes for greater than 20 years and only where industry accepts this timing. The UIZ could flag urban development is

expected but not for the long term. If the UIZs is supported by the Committee, the zone should be subject to the following constraints:

- The zone should only be in place for two years and not five, mirroring the timeframe associated with a TLPI
- Councils should need to provide a significant amount of evidence to justify the zone, given the zone will limit dwelling supply
- Councils should need to commit to undertaking a land use and structure planning process within two years of the planning scheme amendment
- If planning is not undertaken within the two years, there is an automatic acceptance of the zone becoming Emerging Community land and acceptance of applications via the state facilitated application process.

Purpose statement for Emerging community zone amended (Clause 106)

The Bill proposes that local governments with existing EC zoned land have up to one year after HAAPOLA23 amendment commences (or later agreed date) to reflect a new purpose. The Institute emphasises EC zoning presently comprises much of the area from which current housing supply derives and should be considered closely. The proposed wording tightens the purpose of the zone from:

The purpose of the emerging community zone is to

- (a) identify land that is intended for an urban purpose in the future; and*
- (b) protect land that is identified for an urban purpose in the future from incompatible uses; and*
- (c) provide for the timely conversion of non-urban land to land for urban purposes"*

At present to:

"(a) identify land—

- (i) within a PIA that is intended for an urban purpose in the future; and*
- (ii) outside a PIA that is intended for an urban purpose in the future and for which detailed land use and infrastructure planning has been carried out; and*
- (b) protect the land from incompatible uses; and*
- (c) provide for the timely conversion of the land to land for urban purposes."*

The proposed change would indicate that areas of EC zone are not presently relevant for urban development as *detailed land use and infrastructure planning* has not been carried out. This change will stall housing delivery in many areas currently zoned as Emerging Community. This is of serious concern, given we estimate around 80 percent of present greenfield housing delivery occurs within this zone. Noting our previous comments regarding inadequate structure planning action by local governments, it is likely housing supply applications could fail to obtain approval.

The present housing delivery arrangements in Queensland rely on the EC zone being available and places the onus on applicants that housing delivery can reasonably occur. As indicated earlier, if adequate infrastructure is unavailable this will exclude, by cost the development of these areas. If the local government cannot unilaterally decide that an area does not have an appropriate level of detailed land use and infrastructure planning, it will prevent, or halt, new housing supply potentially mid application,.

Other Bill provisions

Other proposals included in the Bill are supported and include:

- Local and Queensland heritage place (Clause 96)
- Development Control Plans (Subdivision 3)
- Referral agencies (Clause 356)
- Negotiated decision notices and ICNs (Clause 31 Et al)
- Encroachment (Subdivision 5).

Wider matters

The proposed changes, with the exception of the UIZ and EC zone purpose change, are generally assistive to increasing housing supply. The Institute notes that there is further work that needs to be done to address Queensland's housing affordability crisis. The Institute sees the following actions as necessary :

- Adequate resources to enable the state government to implement easement action and a state facilitated application process as proposed
- Resolving industry accepted housing supply measures – presently measurement is far from the industry's lived experience of scant available land for housing
- Delivering improved responsiveness of local government to housing development around more responsive planning, development assessment, and infrastructure delivery
- Consider a model infill housing code structure and housing definition changes to achieve increased infill housing outcomes
- Progress community planning education to ensure everybody understands and can come to informed decisions about planning matters and growth
- The state should better define the growth areas available in SEQ, their timing, and action for their delivery. The Institute has previously recommended an agency be set up for this purpose in the model of the Victorian Planning Authority
- Create a new mechanism to deliver the infrastructure needed to address South East Queensland's housing shortage. It is important that State funding follows easements acquisition as the scale of fragmented ownership often means that single developments cannot fund the upfront delivery of infrastructure and catalytic state investment is required
- Increase the land available with the South East Queensland Urban Footprint
- Deliver a shared equity scheme as in other states to provide a bridge for some to enter the housing market.

We also refer the committee to statements the Institute has made in recent years seeking to improve housing supply in the state including 'The Perfect Storm SEQ Land Supply' statement.

Conclusion

A comprehensive housing affordability and rental availability disaster is well underway in Queensland and is showing no sign of easing. In fact, it is likely this crisis will get worse before it gets better. Despite the complexity and range of factors which are driving the crisis, the fundamental problem is that there is simply insufficient housing supply. Boosting supply is the key criteria against which we have assessed this Bill.

Our analysis is that this Bill will assist with the supply of new housing in Queensland and, notwithstanding some specific strong objections, is generally supported by the Institute. The Institute also acknowledges the work of the Department of State Development, Infrastructure, Local Government and Planning in progressing some of these reforms.

The Institute supports several aspects of the Bill including:

- the creation of a reserve power for the State to take or purchase land or create easements for planning purposes to facilitate the delivery of development infrastructure to unlock development. The Institute has long advocated for these measures and supports these provisions
- the state facilitated application process for priority development. Increasing the pace at which developers can move through the long process of delivering more homes is a critical factor in solving current housing shortages for Queenslanders
- measures to give the Planning Minister powers to direct urgent action by local government to amend planning schemes to protect or give effect to State interests is also supported by the Institute on the grounds that it has potential to make the planning system more responsive.

Notwithstanding these positives, the Institute has also identified matters of concern including:

- the measures in the Bill to introduce a new Urban Investigation Zone, which runs counter to keeping development moving and ensuring a proper pipeline of housing projects can continue to be delivered promptly, particularly in high growth areas
- the proposed change to the Purpose Statement for Emerging community zone as this would effect a restriction of housing delivery in these areas.

Thank you for considering this submission. Please contact Manager of Policy, [REDACTED] on [REDACTED] should you have any.

Yours sincerely,

Urban Development Institute of Australia Queensland

[REDACTED]

Kirsty Chessher-Brown
Chief Executive Officer



The perfect storm:

SEQ LAND

SUPPLY



A close-up photograph of a man with a beard and short hair, wearing a dark grey t-shirt, holding a sleeping baby. The baby is wearing a white long-sleeved shirt with yellow and blue patterns and grey socks. The man is looking down at the baby with a gentle expression. The background is softly blurred, showing warm indoor lighting.

**HOUSING IS A
HUMAN RIGHT**

INTRODUCTION

What is clear from listening to Institute members across the south east is that the issue of land supply, and the ability of members to deliver housing diversity, is becoming untenable.

The delivery of a consistent and serviced supply pipeline is critical to maintaining the region's affordability.

Research conducted by the Institute's Industry Leaders Research Group (ILRG) indicates that alongside our climate, the other major drawcard for interstate migration is the affordability of our market in comparison to Sydney and Melbourne. Our research further indicates that a post-COVID uplift in interstate migration is likely.

Regardless of the driver, population growth is inevitable and our members are at the coalface responding to the market. Increased demand, combined with a shortage of supply, means a substantial price rise likely.

That means housing will be more expensive for everyone. The full spectrum of property market participants will find it more costly to buy housing close to their social and support networks. Future generations of Queenslanders, older people downsizing, and overseas as well as interstate migrants will have to compromise their property purchase or abandon the dream of homeownership completely.

If all stakeholders agree that housing is a human right, and that we want people to have options that reflect their needs, then urgent and major change is required. Whilst many stakeholders are united in understanding the growth is coming, many of the policies and regulations - in practice - stymie the delivery of housing efficiently and in doing so act to increase the cost of a home.

In South East Queensland, zoned and serviced land parcels with workable constraints, and of a viable size, are increasingly difficult to source. The requisite approvals are also becoming less certain

and often add time and cost to the process. In the places where we need it most, housing diversity is also becoming more difficult to deliver. Increasingly restrictive planning controls and overlays, infrastructure constraints and fragmented land are creating a perfect storm, meaning that we are emerging into an era of not being able to deliver the housing typologies people want, in the locations they want, and at a price they can afford.

A continuation of the current approach will leave Queenslanders being forced to compromise or unable to purchase a home at all. The incoming government needs to work with industry and local governments to deliver solutions to these issues before it is too late. The issues of diminishing supply and reduced housing choice need to be addressed now. These issues cannot wait until the release of the next regional plan. The time to talk about supply reform is now.

Warwick Bible Kirsty Chessher-Brown

State President

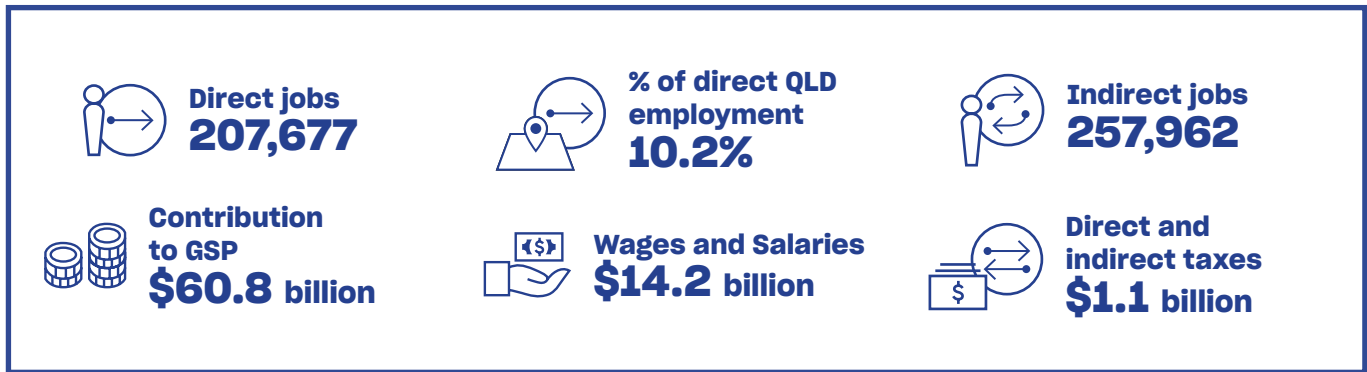
Chief Executive Officer

WHY SUPPLY MATTERS

Housing development is a jobs-rich activity in Queensland.

Specifically, our industry is responsible for 207,677 direct jobs, or 10.2% of direct State employment as well as a further 257,962 indirect jobs. Our industry

provides jobs and economic benefits for hundreds of thousands of Queensland families every year.



Supply through a COVID-lens

Through our ILRG research we know that COVID-19 is changing the shape and demand for property in South East Queensland. For many, the experience has sharpened their focus on getting into the property market.

We also know that for people living in Sydney and Melbourne, who are considering a move to Queensland, the pandemic has brought forward those plans and as such we anticipate a return to strong net interstate migration over the next five years. These changes will serve to place further demand pressure on the region.

COVID-19 has also emphasised the role housing plays within our communities. Our homes have played a central role in how we work, learn, and socialise and new housing will need to play a major role in meeting these shifting needs.

Australia's population growth is also being affected by COVID-19 with some predicting that the closure of international borders may impact Queensland growth by a third for 12 to 24 months¹. If this

occurs, and interstate migration does not offset this trend, this will only be a minor blip in the inexorable population growth of the region.

An additional 1.5 million people are expected to call South East Queensland home by 2041, requiring an additional 670,000 homes². We cannot afford to fall behind on supply. We need to be better prepared.

The focus of the Federal Government's HomeBuilder grant scheme has skewed demand towards first and second home buyers purchasing in expansion areas. In effect, this has resulted in many projects bringing forward future stages ahead of schedule, further depleting land supply within expansion areas.

COVID-19 has emphasised the role housing plays within our communities.

¹National Housing Finance and Investment Corporation and UDIA

²ShapingSEQ and UDIA Queensland.

DEFINING THE PROBLEM

While not a definitive list, the outline below typifies the issues inherent in the supply-side challenges experienced in South East Queensland.

These issues are important for two key reasons:

- unresolved, these issues constrain the delivery of housing to meet a growing population, reducing supply and driving prices up
- current inefficiencies and inconsistencies are eroding investment certainty, diverting investment capital to other states where there is greater certainty of planning and development outcomes.

Forecast of required land supply

To meet the requirements of our growing population, around 31,979 additional dwellings annually are required³. Our current system however is not delivering as it should. Drawing from the 2019 Land Supply and Development Monitoring Report, lot delivery for detached housing is not keeping up with demand.

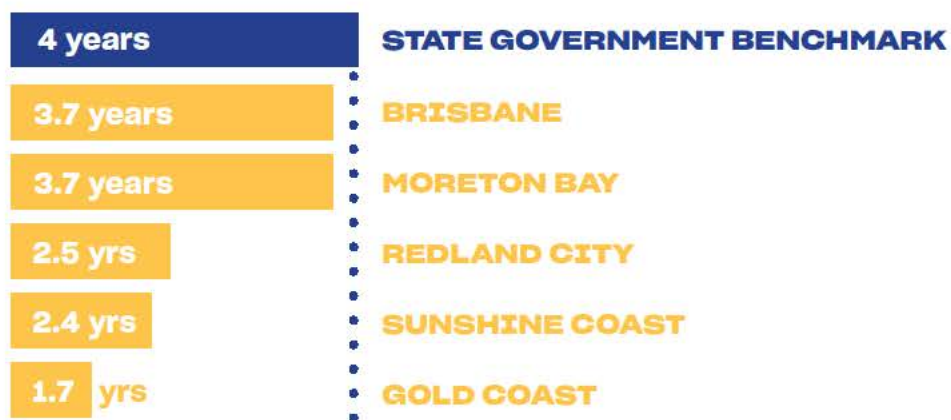
Approved lots for housing should meet the

benchmark recognised in the SEQ regional plan of four years of supply available to ensure availability to meet demand but the report indicated the supply levels in the below table (Figure 1).

The development industry, through various reports, indicates further areas of concern. At least 15 years of zoned and serviceable supply for each area and housing type should also be provided to ensure adequate housing supply⁴.

An additional 31,979 dwellings are needed annually to cater to population growth.

FIGURE 1: APPROVED LOT SUPPLY BY LGA



^{3,4}ShapingSEQ / LSDM 2019

Absence of structure planning

The absence of government-led structure planning, setting the key urban elements including green space, infrastructure, connections, is leading to increased fragmentation, fuelling unrealistic vendor expectations and delivering outcomes that fall short of community expectations. The result is missed opportunities in preserving and bolstering strategic biodiversity corridors, integrated active transport solutions and coordinated housing and economic development strategies providing facilities and soft infrastructure including education facilities before residents arrive.

Constrained Priority Infrastructure Areas

Some councils have very constrained Priority Infrastructure Areas (PIA). This limits development, coordinated planning, and housing supply and increases the cost of housing.

Land fragmentation

It is increasingly difficult to secure or amalgamate land parcels of a feasible size. This process is often costly and results in compromised urban outcomes and contributes to increased house prices. Institute research, undertaken in coordination with Urbis, indicated that 98 percent of residential development land holdings for urban development were less than 5 hectares and 77 percent were less than one hectare in size⁵.

Servicing and easements

Growth works best with coordinated infrastructure, which brings about major benefits in the form of reduced costs, increased efficiency, and certainty for the community. Many parties are involved in the development of growth areas including water, utilities, local government planning and infrastructure divisions, inspectors, parks and engineers, land titles, Treasury, Transport and Main Roads, financiers, and land holders. Delays by any one party can throw a spanner in the works. A land holder for example not cooperating with access to infrastructure can greatly increase costs and delays in obtaining critical water and sewer services for the new community.

Timeframes

The time taken from acquisition to approval and the subsequent delivery of houses on the ground

is increasing. This means higher holding costs, resulting in price rises for the buyer. The current timeframe from acquisition to delivery is at least 12–14 years for a master planned community. There is also a significant lag between policy decisions (whether conducted at a state or local level) and on the ground outcomes. For example, any decisions incorporated in the next regional plan will likely take several years to have any tangible impact on supply. That's why we need to take action now, before it's too late.

Overlays

An increased, and conflicting, number of overlays reduces the efficiency and affordability of new housing delivery. Often new overlays are introduced with little warning, rendering sites unviable or significantly constrained overnight. Overlapping overlays from both levels of government further impacts affordability without achieving the purpose of the introduced overlays.

Disconnect between land use and infrastructure planning

The disconnect between land use and infrastructure planning means it frequently fails to happen well or when the community needs it. The State Infrastructure Plan lacks a transparent, growth-oriented pipeline of work beyond 3 or 4 years and is focussed on a large scale with different timeframes. A dedicated, growth area integrated infrastructure strategy released with each regional plan would help bridge the gap between land use and transport planning. A Regional Plan and an Infrastructure Plan need to go hand-in-hand.

Growth Area Infrastructure Funding

Reliant on individual and ad hoc funding announcements, reliable funding of an expanded catalyst infrastructure fund is needed to address serious infrastructure deficits and unlock growth areas in a time efficient manner. Delivering jobs and houses through the provision of a loan to fund the delivery of sewers, roads, and other critical infrastructure to growth areas has demonstrated a strong multiplier effect and benefits both new and existing communities.

⁵Urbis SEQ Greenfield Land Study

Limited growth fronts

Facilitative conditions for development can help keep a lid on house prices. A range of growth fronts within councils, with a range of housing types allows the property industry to meet community demand. Multiple growth fronts within an LGA increases the level of competition, in turn increasing housing diversity. Multiple growth fronts should be facilitated, even if the potential supply is in excess of demand in the short to medium term.

Alignment between the Regional Plan and Planning Schemes

A lag in the recognition of regional plan objectives and outcomes creates confusion and uncertainty across both the industry and community. The

regional plan needs to be reflected at the local level quicker to kick start activity, reduce confusion and provide transparency for the community.

Market acceptance

Often the present provision of 'supply' is in locations that do not align with short to medium term customer preferences. Desirability is a key concept to consider for planning future growth areas. It is important to highlight housing is targeted to different segments of the market.



HOUSING DIVERSITY

Around 60 percent of people buy a home near their family or last home⁶.

Put simply, when most people are looking for a new residence they want a home nearby that meets their needs at that time. Households are diverse with no one type, age, family structure or life stage so the housing options available should reflect that. Currently older people, young families, and first home buyers looking for smaller homes are locked out of many suburbs. Housing options are restricted by planning schemes forcing a monoculture even if the suburb is experiencing a net population loss. Councils may identify infill opportunities, but a mismatch of supply and desirability often renders these unworkable based on market demand.

Introduction of minimum lot size

Inconsistent approaches across councils in relation to minimum lot sizes, constrains innovation and the ability of the industry to provide housing choice. Larger lots and site scarcity results in higher housing costs.

Governance and leadership

Coordinating and delivering residential communities is a challenge. Government-led structure plans, conducted early in the process with infrastructure delivery tools, are a proven vehicle to ensure holistic planning is in place to balance all of the competing interests (economic, social, environment etc).

Ban of 'missing middle' typologies in residential zones

The removal of developable typologies from residential zones increases site scarcity by limiting the availability of areas zoned to accommodate more dense residential housing in established suburbs and locations.

Shifting design requirements

Changes to carparking ratios and fluctuations in council design preferences (e.g. podium carparking, setbacks, and deep planting) add to the cost of housing delivery. Often these inclusions are contrary to buyers' preferences and not considered during the valuations process.

Lack of community understanding

Research undertaken by the ILRG proves the community has very little understanding of basic planning facts. This lack of knowledge leads to mistrust of the planning framework and process. This mistrust is particularly felt by developers delivering housing choice in established suburbs where they face longer, and more uncertain, approval processes and often appeals.

⁶Household, Income and Labour Dynamics in Australia (HILDA) survey



THE COMMUNITY'S VIEW

The community's perceptions of housing affordability

Through the work of the Institute's Industry Leaders Research Group, we have undertaken qualitative research to understand the community's views of housing affordability. The following quotes provide a snapshot of the community's feedback. They are not hopeful about the future of housing in the south east and seem resigned to making trade-offs that potentially see them buy inappropriate housing or never purchase at all:

- "I'm certainly no expert, but I **do think it's about supply and demand. That is, we, the people, create the competition which drives prices up.** I think that has an influence."
- "I guess **we're already changing our attitudes and the way we live.** My nephew bought a home on a 400-metre square block at Capalaba and it sounds incredibly small and he is very close to his neighbours - but that's what he can afford, and what we have to do."
- "My partner and I wanted to have a really good deposit plus enough to cover those other things as well. And it's those extra things that makes it feel so unattainable and, sorry, almost kind of depressing sometimes looking at those figures. And **it's also scary when you think of just renting for the rest of your life** - you kind of want to just let that guard down and relax in your own home where you don't have to worry about anything else."
- "**It's unattainable - and that feels really devastating, to be honest.** I know that a lot of people are fine with renting their whole life. For me personally, I'd like to leave an asset of some sort for my children and just because we sort of did it the other way round, we had children first and our careers are sort of coming second and we didn't buy before we had children, yeah, it's upsetting, to be honest. Yeah, it upsets me."

There are critical actions that we can collectively be taking now to avoid an affordability crunch and ensure there is ample supply of housing and greater housing choice.



WHAT WE'VE BEEN DOING

The Institute, as the peak body for the property industry, has been representing the sector.

The Institute continues to work on several initiatives targeted at land supply and housing choice challenges, including:

- Providing comprehensive expert advice to the Growth Monitoring Program, including detailed advice on the Land Supply and Development Monitoring Report and presenting to the Housing Supply Expert Panel
- Engaging with councils on supply-side issues, including providing direct feedback during consultation periods
- Testing the community's view of housing affordability and housing choice
- Establishment of a working group with the Department of Transport and Main Roads and the State Assessment and Referral Agency to raise critical issues
- Direct involvement in stakeholder groups including the Planning Systems Reference Group, Infrastructure Industry Steering Committee, and Koala Advisory Council
- Establishing Memorandums of Understanding with councils and utilities across the State to create a transparent and professional forum for constructive engagement
- Advocating for a joint project between industry stakeholders and all levels of government to provide basic planning facts to the community
- Advocating for additional funds to catalyse the economic and community benefit from infrastructure investment
- Delivering a range of education and capability programs for the industry through professional development courses, community engagement guides and training, recognition of best practice through our Awards for Excellence, a comprehensive consumer research program, and a sustainability rating tool.



WHAT CHANGE IS NEEDED?

Despite the complex nature of the situation currently being faced in SEQ - and the grave implications for housing affordability - viable, practical, and reasonable solutions are available.

The Institute's recommendations are neither theoretical nor outside the realms of practicality. Taken together they provide a viable solution to the most significant issues affecting housing affordability currently faced by people wanting to call South East Queensland home.

The potential solutions fall into four categories:

1. Education
2. Governance
3. Structure planning
4. Facilitate and incentivise delivery.

Education

Provide much-needed community resources on the population growth needs of SEQ to ensure the community remains abreast of the forecasts and what it will mean for their home, suburb, and neighbourhood. As well as communicate the importance of housing within the context of lifestyles and that it is a 'need' not a 'want'.

Governance

Establish an Affordability Taskforce to:

- Improve the PDA model and current growth areas approach
- Link population increase to the provision of new growth areas for structure planning
- Take urgent action when supply falls below the 4-year benchmark
- Fast track underutilised urban footprint work to provide tools for efficient housing delivery
- Devise an effective funding mechanism to deliver regionally significant infrastructure
- Provide map-based resources to clarify where and what growth is occurring
- Police infill housing delivery to ensure it is

delivered in quantities that match ShapingSEQ benchmarks

- Require all land within the Regional Plan, intended for residential uses, to be rezoned for urban purposes by the relevant local government within six months of the release of a new regional plan.

Structure planning

Ensure best practice planning of growth areas through measures such as:

- Delivering integrated precinct plans
- Integrating transport with land use planning and services at all levels
- Resolve land fragmentation through structure planning and infrastructure coordination
- Better integrate regional plans with infrastructure planning and delivery
- Review environmental controls, preservations, and overlays to be subordinate to and bolster environmental outcomes in fit for service structure plans.

Facilitate and incentivise delivery

- Create a simpler single housing code and sub code for small infill to enable delivery of a broader range of housing types
- Reduce minimum lot sizes for detached and terrace housing near centres and transport to increase the chance for more housing at an affordable price
- Allow more, small-scale urban infill projects to be built as of right
- Improve 'Housing supply and diversity' guidance to direct housing provision
- Review planning schemes to clear the obstacles to fast delivery of housing

- Remove site cover rules as they are duplicative and discourage design innovation
- Make legislative changes to permit developer-initiated infrastructure easements on adjoining property on fair terms to service new developments
- Address the increasing amount and number of application fees and charges impinging on new housing
- Develop standard rules for planning schemes to lift confidence in outcomes
- Bonus payments to councils that exceed dwelling targets
- Tighten statutory timeframes for re-zonings.



OUR PROMISE

We recognise collaboration is key to ensuring the south east remains a desirable place to call home. On that basis, as the peak body for the property development industry in Queensland, we commit to:

- Participating actively in all initiatives that align with overcoming these issues
- Continuing to act as thought leaders for the industry and encourage innovation
- Collaborating with all stakeholders in working towards greater housing diversity
- Maintaining open lines of communication
- Sharing our research insights and advice in our mission to deliver better housing outcomes.

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