



16 May 2023

Dear State Development and Regional Industries Committee Chair and Members,

Thank you for the opportunity to provide a written briefing regarding the Planning (Inclusionary Zoning Strategy) Amendment Bill 2023, ahead of the public briefing on 22 May 2023.

Queensland's housing crisis

This bill is one measure to help address the housing crisis in Queensland. Around 46,000 people are living in insecure housing or in homelessness while they wait for public housing. The Pawson report (2023)¹ showed that around 300,000 low-income Queenslanders are in critical housing stress due to record low rental availability and skyrocketing rent increases.

We urgently need to expand our stock of public housing in Queensland. Only around 2.8% of Queensland homes are public housing. When you include community and social housing, this brings us still to just 4.3%. This is well below our international peers and the OECD average. In Denmark social housing makes up 21% of all housing stock, in Austria it is 24%, 17% in Sweden, 24% in Scotland, and in the Netherlands it is 29%. That is as much as seven times the amount of affordable homes as Queensland.

An inclusionary zoning strategy for Queensland

This bill sets out a plan for an inclusionary zoning strategy. Under this strategy, for all residential development projects and residential subdivision projects completed on or after 1 July 2024, at least 25% of the dwellings are to be transferred to the government, for public housing.

A 'residential development project' means development, carried out by an entity other than the state, related to the construction of 10 or more dwellings. A 'residential subdivision project' is defined as any private development which subdivides 1 lot into 10 or more lots on which dwellings can lawfully be constructed.

The strategy will require that public housing dwellings will be finished to the same standard, and have the same features, as other dwellings in the development, including size and floor area.

Consultation

I've consulted with a range of stakeholders on this bill. I've spoken with people struggling to find a safe place to live; people on the social housing waiting list; people worried about the future

¹ <https://www.qcross.org.au/wp-content/uploads/2023/03/Hal-Pawson-Report-2023-Final.pdf>

their kids are heading into. I've spoken with local community groups, peak bodies, and NGOs, many of who have also been calling for inclusionary zoning.

Will inclusionary zoning result in higher costs to homebuyers or reduce developer profits such that they build less dwellings?

Professor Nico Calavita (2009) an expert in city planning and housing affordability, writes that while the implementation of Inclusionary Zoning reduces developers' potential number of saleable dwellings within a development, this loss of potential earnings is transmitted primarily to land values, rather than developer's profits or to the cost of at-market-price dwellings.²

That is to say, rather than causing projects to become unviable, inclusionary zoning causes land values to adjust as developers seek to maintain the same level of profitability by paying less for development sites. The cost of inclusionary zoning units is therefore largely borne by landbankers who buy land and hold on to it until such time that it is upzoned and can be sold to a developer at a profit. Landbankers rely on governmental decisions to generate unearned windfall profits from their investments. Inclusionary Zoning is therefore a means to recapture for public benefit some of the profits of land banking. By coupling upzoning with significant inclusionary zoning requirements, developers' loss of potentially saleable dwellings is transmitted to downward adjusting land values which cancel out unearned increases to land values from rezoning.

Hughen and Read (2014) find that in some, but not all, circumstances, inclusionary zoning laws can reduce developer incentives to build resulting in fewer new dwellings being constructed. However, the effect is non-present where inclusionary zoning is coupled with an upzoning strategy like that recommended by Calavita and where demand will continue to strongly exceed supply, such is the case with the Queensland housing market.³ That is, where there is continued strong demand for new housing, increased profits from a rezoning strategy which affords developers the opportunity to profit from building more dwellings will offset mandatory contributions to inclusionary housing stock.

In the event that claims that Inclusionary Zoning will reduce private investment in construction are realized, the shortfall could and should be met by direct government investment in constructing public homes.

Measures to address the housing crisis

This Inclusionary Zoning Strategy is just one of a suite of straight-forward measures that the government could implement right now to address the housing crisis, including:

²Calavita, Mallach. 2009. Inclusionary Housing, Incentives, and Land Value Recapture. https://commongroundorwa.org/Inclus%20H%20&%20ValCap_Calavita.pdf

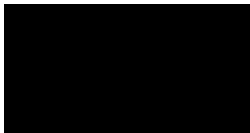
³ Hughen, Reed. 2014. Inclusionary Housing Policies, Stigma Effects and Strategic Production. Decisions <https://www.proquest.com/docview/1514782967/fulltextPDF/F2292F61FF0E4114PQ/1?accountid=14723>

- An **Empty Homes Levy**, which would help to bring tens of thousands of empty homes, and Airbnb short stays back into Queensland's long term rental market.
- A **two-year freeze on rent increases**, followed by a capping rent increases at 2% every two years, which would bring immediate relief to struggling mum and dad renters. That needs to be underpinned by meaningful tenancy reform, ensuring people have security in their own homes.
- **Direct government investment in public housing**. Our Federal Greens colleagues are pushing to amend Labor's Housing Bill to include at least \$5 billion in direct spending on public housing.

This Inclusionary Zoning Strategy is one more part of the solution - it would mean thousands more public homes for not only our most vulnerable, but ordinary working people, putting downward pressure on private rental prices to the benefit of all renters.

Please do not hesitate to contact my office on 07 3724 9100 if you would like to discuss this matter in more detail.

Kind regards,



Amy MacMahon
Member for South Brisbane