



STATE DEVELOPMENT AND REGIONAL INDUSTRIES COMMITTEE

Members present:

Mr CG Whiting MP—Chair
Mr JJ McDonald MP
Mr MJ Hart MP
Mr RI Katter MP
Mr JE Madden MP
Mr TJ Smith MP

Member in attendance:

Dr A MacMahon

Staff present:

Ms M Telford—Acting Committee Secretary
Dr K Kowol—Assistant Committee Secretary
Ms G Harrison—Graduate

PUBLIC HEARING—INQUIRY INTO THE PLANNING (INCLUSIONARY ZONING STRATEGY) AMENDMENT BILL 2023

TRANSCRIPT OF PROCEEDINGS

Monday, 21 August 2023

Brisbane

MONDAY, 21 AUGUST 2023

The committee met at 12.27 pm.

CHAIR: Good afternoon. I declare open the public hearing for the committee's inquiry into the Planning (Inclusionary Zoning Strategy) Amendment Bill 2023. My name is Chris Whiting. I am the member for Bancroft and chair of the committee. I would like to respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past and present. We are very fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander peoples, whose lands, winds and waters we all share.

With me today are Jim McDonald, the member for Lockyer and deputy chair; Jim Madden, the member for Ipswich West; Michael Hart, the member for Burleigh; Robbie Katter, the member for Traeger; and Tom Smith, the member for Bundaberg. The committee has granted leave for Dr Amy MacMahon, the member for South Brisbane, under standing order 209 of the standing rules and orders of the Legislative Assembly, to participate in the public hearing today.

This hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the hearing at the discretion of the committee.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and my direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. Please turn your mobile phones off or to silent mode.

CLAUS, Mr Russell, Economic Development (Placemaking) Strategist, Economy and Places, Livingstone Shire Council (via teleconference)

WARWICK, Ms Melissa, Principal Strategic Planner, Livingstone Shire Council (via teleconference)

CHAIR: Would you like to make an opening statement of about two minutes? Then we will start questions.

Ms Warwick: Good afternoon. I will speak first and then I will introduce Russell towards the end of my introduction. Today the two of us are representing local government and the Livingstone Shire Council. I am Melissa Warwick and I am joined by Russell Claus.

Collectively, council officers read all of the relevant materials and a submission was provided to both the LGAQ and also directly to the Queensland government with matters that we believe are relevant to the proposed amendment bill as it impacts local government. Like all witnesses appearing today and the submissions that they submitted, we share concerns about the amendment bill as drafted. Local government planning schemes and the requirements for various housing types to be catered for is a state matter, and that is not argued. Our planning scheme, like many, does this by way of various residential zonings, lot sizes, types of housing options and other incentives, and we work with developers where we can to get the best outcome.

As outlined in our submission, councils are encouraged to look for opportunities for increased lot numbers to get the ultimate yield for new development in our areas that we have serviced with infrastructure. State funding through regional offices could be allocated to allow this additional priority work to be resourced on top of already exhausted and under-resourced council teams. That was all I was going to say in introduction. I will hand over to Russell.

Mr Claus: As Melissa mentioned, I am an economic development strategist. By way of background, for a long period I did work in the US, where inclusionary zoning was invented. I was director of planning for Oklahoma City and was responsible for all things planning and economic development related there so I have a lot of relevant background, which is why I am interested in this particular subject.

To add to what Melissa mentioned, we do have a number of concerns about the way the bill is drafted and its efficacy. We have no problem at all with the intent, the ambition and the statement of what the crisis is. We believe that there are probably better solutions than the one proposed, which has a number of flaws in terms of what it is attempting to achieve and perhaps is a little disassociated from economic realities in the sense of how the market will respond to this. We have issues with that.

We also have issues with the fact that it is a very different market in the regional setting versus the capital city setting. In the US, inclusionary zoning has been found to only really work in very high dollar markets and then it is only executed in a quid pro quo arrangement, so if people get to build more units on a site then that is their compensation for the provision of affordable units. In this particular instance, the units will be transferred to the state at no cost, and that is 25 per cent of the units. I do not know how that works in a free market system.

The other experience from the US is that it actually suppresses the number of units being built in total as well as delivers very few affordable units, so it increases housing costs, reduces supply and has the exact opposite effect of what it was intended to do. It sounds good, but it has limited application and needs to be treated very cautiously.

CHAIR: Thank you for that. We will go to questions. Russell, you talked about high-value settings. Can you give a bit more information about that from your experience?

Mr Claus: It has been used in Vancouver, San Francisco, Chicago, New York—places like that—so very high real estate values where people are making substantial profit on development. There are high costs, of course, but huge demand. Therefore, it is extremely unaffordable for a large sector of the workforce. It is used in those particular markets because the supply has not been provided through market forces.

CHAIR: You talked about the quid pro quo needed for that. Can you give example of the give and take that is needed for this to work?

Mr Claus: There would be a height limit and a density limit. Say you can build 100 units on a particular site in return for providing—I think in Vancouver—10 per cent affordable units. In response to that, they will give you an additional number of units as the trade-off for having to provide the affordable units. Instead of being able to build only 100 units, you would be able to build 110, for example.

Mr McDONALD: I heard you say that the market response will be different to this bill. Could you expand on that?

Mr Claus: The bill provides for 25 per cent of the units to be provided to the state. That essentially is saying that the builder is going to have to accommodate for a 25 per cent gap in their expected production outcome and profit outcome. We have had the collapse of a number of construction businesses in recent times for various reasons. I think there might be an assumption that all developers are making a lot of profit. I do not know that any developer in the local region here would be able to sustain a 25 per cent provision and stay alive. They are operating on pretty thin margins at the moment. Some of them are underwater as a result of the increase in material costs, labour costs and holding costs as a result of COVID. The contracts that were signed a couple of years ago that have not yet been honoured are going to cost them more to deliver than they will get out of the project. Adding another burden such as a 25 per cent provision for affordable housing is basically unsustainable in the regional markets.

Mr McDONALD: You also mentioned an example in Vancouver where 10 per cent of the build was for affordable housing. Was that 10 per cent to be owned by the developer?

Mr Claus: Yes. It is retained by the developer, or they might do strata title. It does not go to public housing, I do not think. It is a provision for it being affordable.

Mr SMITH: I have a question around the difference between the cost in development and fees between the south-east corner and regional areas of Queensland. Do you have any comparative figures on hand that you might be able to share with us in terms of fees and costs to develop in regional Queensland compared to the south-east corner? Maybe even more broadly, can you speak to some of the challenges facing developers around supply, cost of materials and labour?

Mr Claus: I could not do those off the top of my head. We would have to get that information to you after the hearing, if that is possible.

CHAIR: If you are happy to do that, we will chase that up.

Mr HART: In your experience around inclusionary zoning areas, is there anything positive that would work in your area that you could take out of what you have seen?

Mr Claus: Do you mean in Central Queensland?

Mr HART: Yes.

Mr Claus: Just based on economic rationalism, the only way this will work is if there is a quid pro quo arrangement. There would have to be some trade-off in terms of reduced costs or increased yield for the developer to be able to sustain the provision of affordable units.

Mr HART: Would that work in your council? I am from the Gold Coast. I can definitely see that working there.

Mr Claus: I think because the margins are so limited it would be difficult. Bear in mind that we do not do a lot of large housing developments here; they are all generally pretty small. If you are a rational decision-maker in the private sector, you will find a way to do most of your developments at nine units. Pretty much all of the housing being constructed here is single-family houses on a suburban lot. Inclusionary zoning was largely developed for high-density development in capital cities. It was never meant to apply to a suburban situation.

CHAIR: Thank you very much for that, Melissa and Russell. In addition to the question on notice about costs, can we ask how many developments have been approved for dwellings of 10 or more in Livingstone shire? Is that correct, member for Bundaberg?

Mr SMITH: Yes—maybe in the last five years or so.

CHAIR: In the last, say, three years. We will be liaising with you about those particular questions. We would appreciate any information you could give. Thank you very much, Melissa and Russell, for your time today.

CANNON, Ms Jessica, Advocacy Director, Strata Community Association (Qld)

HAYHURST, Ms Wendy, Chief Executive Officer, Community Housing Industry Association Queensland

MARLOW, Mr Kristian, Policy and Media Officer, Strata Community Association (Qld)

OELKERS, Ms Rebecca, Chief Executive Officer, BHC Creating Liveable Communities

CHAIR: I invite you to make an opening statement. Then we will go to some questions.

Ms Oelkers: Thank you, Chair. Thank you, everybody, for the opportunity to speak today. BHC is one of the leading community housing providers. We very much support the introduction of inclusionary zoning in Queensland as a way of increasing the supply of long-term rental housing for those on very low and low incomes. The current housing crisis is dire, so having something like this put forward is very much supported by us, and we applaud the government for doing so.

We support the mandatory inclusionary zoning bill but not in its current form. I will outline some of the concerns we have around the draft inclusionary zoning bill. The first is the quantum of public housing to be delivered—that is, 25 per cent. We believe that may impact housing supply across the market component of the housing continuum at a time when increased housing supply is really critical. It is important not to disrupt that. The second is public versus community housing. We believe it would be more advantageous to harness the community housing sector to develop, own, manage and operate the growth of social and affordable housing. Third is the suitability of the dwellings. It is very important that they meet the needs of tenants. There are a lot of things to be considered in regard to that in the built form. Fourth, we are concerned about the practical implementation in greenfield subdivisions. That is mainly around the fact that greenfield subdivisions often increase the cost of living. Any housing that we develop is often around public transport nodes. We think that is incredibly important to be captured in this bill.

In terms of a way that we could go forward, though, BHC's view is that a balanced way to increase the supply of social and affordable housing would be twofold. First is the introduction of a housing levy. A housing levy is really just a modest charge added to the existing infrastructure charge regime in Queensland to apply to all developments, both residential and non-residential, to fund new social and affordable housing rental supply. Social and affordable rental properties, just like our roads and water supply networks, are essential infrastructure, and we see them as social infrastructure. This sort of housing levy could be administered as a fund by either the state government or local government and be made available for the construction of new social and affordable housing by community housing organisations such as the Brisbane Housing Company. We have experience in terms of mixed tenure developments providing market, affordable and social all within the one dwelling in high-density areas.

Secondly, we believe that specific requirements should apply when additional development rights result from the planning process—that is, value capture. We think that is important and that where there is a windfall gain there be something specific that relates to that in terms of getting that value capture back for community members. I will leave it at that, but both of those examples are things that have been done successfully within Australia.

Ms Hayhurst: I thank you all for the opportunity to appear before the committee. I acknowledge that we are meeting on Aboriginal land and I pay my respects to elders past and present.

While I am appearing today on behalf of CHIA Queensland, I am the CEO of the national peak body CHIA for not-for-profit, social and affordable housing providers. In that capacity I have been part of a steering group, facilitated by the Constellation Project, to develop a national framework for mandatory inclusionary zoning, which we hope can spur the adoption of this important policy nationwide. Our work has been collaborative and it has brought together property developers, housing advocates, community groups, planners and councils from across Australia. I should also note that I was head of housing in a Scottish council and as part of our local strategy led the consultation to implement mandatory targets for social housing by planning agreements. There is not inclusionary zoning in the UK, but there is something very similar.

CHIA supports mandatory inclusionary zoning as an important part of the funding and policy framework to ensure more social and affordable housing is delivered. Designed well, it will not add costs to the development process. Developers will know at the point they purchase land that they will be required to provide social and affordable housing in perpetuity and factor that into the price they pay for the land. It will not reduce land supply. It operates in areas where land values have risen massively and continue to rise.

MIZ does not work in locations where land is relatively cheap. The targets set are what our consultation suggests are feasible. We are recommending five to 10 per cent—transitioning to 10 per cent. It will not compromise existing developments where a DA has been lodged. Further, we propose a two-year transition process—rather than the one that in this bill—in which a DA could be lodged, with some further nuancing for different markets.

MIZ can also reduce transactional costs associated with negotiating individual project-based schemes. We often hear about planning agreements for individual projects that cost local councils, states and housing organisations a lot of money. MIZ will not create management headaches. They are, in any case, generally overstated and the community housing sector is practised in multitenure management. Furthermore, our proposal places an emphasis on housing strategies that clearly lay out the types of housing that are required in localities.

While we welcome the bill's proposal to introduce MIZ, in its current form we do not believe it is workable and strongly recommend amendments in line with the Constellation Project proposal. Amongst these are more realistic targets on non-publicly owned land, the inclusion of regulated community housing organisations and a more realistic transition period.

CHAIR: We will now move to the Strata Community Association.

Mr Marlow: As the peak body for the strata industry, SCA Queensland is in the unique position to understand the sector from all angles. SCA Queensland members manage approximately 400,000 of the more than 500,000 body corporate lots across Australia. SCA Queensland understands the strata sector from a broad array of viewpoints owing to our diverse membership. We pride ourselves on our ability to advocate from a whole-of-industry perspective.

Queensland is in a housing crisis. Homelessness is up 22 per cent over the past five years. Median rents in Brisbane increased 16.3 per cent in the year to March 2023. This is more than double the underlying rate of inflation, which is also at historic highs. Dwelling values also increased by over 42 per cent over the course of the COVID-19 pandemic.

SCA Queensland is concerned about the unintended consequences on the state of Queensland through the Department of Housing owning a quarter of voting entitlements in every strata community built if this bill were to pass. SCA Queensland strongly supports the investment in social housing across Queensland to meet acute need, particularly investment in social housing near appropriate transport hubs, services and economic opportunities. SCA Queensland also supports significantly increasing the volume of strata housing being built across the state, acknowledging the difficulties being faced by people, particularly first home buyers and long-term renters who are in the private market. We urge all members of parliament, across the political spectrum, to embrace high-density strata housing as the housing future.

CHAIR: Thank you very much. We will go to questions. Rebecca and Wendy, many Queenslanders are not familiar with what community housing providers do. When they say 'public housing', that role may be fulfilled by community housing providers. Can you give us a quick brief on what you do and what you can do?

Ms Hayhurst: Community housing organisations are diverse, but we all manage a range of accommodations—social and affordable rental housing but also some specialist housing. Some provide homelessness services too. The social housing is identical to that provided by the state. We allocate from the same housing lists. We have the same eligibility criteria. We are charitable organisations. Any profits or surpluses we make go back into the business. We are experienced managers and, I think, ideally placed to deliver housing under a well-designed mandatory inclusionary scheme.

Ms Oelkers: Brisbane Housing Company has been around for 20 years. We are an affordable housing and social housing developer. Our key mandate is to develop. We are a developer. We build things from scratch. We have done 47 developments across Brisbane. We have created 2,000 units of accommodation, from townhouses to high-density accommodation—100 units in a complex. As I mentioned before, some of those might be sold to market, but largely they are social and affordable. As Wendy mentioned, we are a charitable organisation—a public benevolent institution. Any profits that we make—for instance, through the sale of market value housing—go straight back into the provision of social and affordable housing. Our key mandate is growing the supply.

We take people from the public housing waitlist and we make sure that the rents we charge are affordable, so typically based at around 30 per cent of somebody's income. The other thing we look at very much is the accessibility and the location of these developments. They are done close to Brisbane

high-frequency public transport routes, amenities and jobs. We want to make sure that the cost of living is decreased for the people who live in these properties and that they can have safe, secure, long-term, affordable housing.

The other benefit of a community housing organisation is that, being a charity, we get our GST back. With the developments that we build we are able to get GST input tax credits and we are also able to access CRS payments for the residents who live in those developments. It is a very positive way of providing safe, secure, long-term accommodation for people on low incomes.

Mr McDONALD: Thank you all for your submissions; we appreciate them. From reading all of the submissions and understanding the challenge, it is very clear that supply is a big issue. Along with supply, it is clear that there is going to be private money going into the delivery of those homes, as opposed to government money. Many in the planning industry say that we do not need new regulation at this time but we need to see a flow of new developments and new lots to see extra supply. My concern with this bill is that it is taking a more regulatory approach to force the private sector to give the government ownership of housing as opposed to incentivising the private industry or owners to unlock that equity. Could you comment on that and the difference between incentivising and regulation?

Ms Oelkers: It is a very different thing to let the market supply the units of accommodation. We have never seen that the market has been able to provide for people on those low and very low incomes. It is important to talk about what we mean by 'affordable'. The people we house from the public housing waitlist are on very low incomes. It is important to stimulate the supply of housing across the board and across the continuum, but the people who are on the public housing waitlist are not going to be able to afford something that is at a more affordable or relatively more affordable price point—for instance, in a new housing development. They need something that is going to be not more than 30 per cent of their income. We are talking about people on quite low incomes.

In my experience, the market does not supply this. It is important to incentivise something that provides for those people who are in the lowest two quintiles of income distribution. We are talking about people up to, say, \$65,000. That might be people in paid jobs, but it also might be people on benefits. Those are the people who have no options at the moment. Those people are not being supplied housing when we just stimulate and incentivise private development. They are still not getting that housing. It is very important that we define what is affordable housing. In my mind, it is providing housing to people on those lowest two quintiles of income distribution and having them not pay more than 30 per cent or at the very most 40 per cent of their income. That is a really small amount.

Mr Marlow: SCA Queensland believes home ownership is a critical plank in our social contract as Australians. Whilst community consultation will inevitably be part of the planning process, we would urge government and councils to focus on the overarching need for housing supply—that is, approving developments—not getting in the way of the private sector and ensuring that, overwhelmingly, when they assess development applications and assess infrastructure spending and those sorts of things, they put increasing the supply of housing available for Queenslanders at the forefront of their minds.

Ms Hayhurst: I just want to clarify inclusionary zoning. It is often mistaken as an impost on the developer when it is in fact capturing rising land values. If the developer knows they have the obligation to provide social and affordable housing, they price that: it is a line on the feasibility; it does not add to the cost of developing that housing. What it does do is capture rising land values, which is why we advocate that it is put in areas where there are high land values—metro areas and expanding regional areas. It is not an impost on developers.

Mr McDONALD: Rebecca, in terms of incentives, earlier you mentioned a benefit you get from being a housing provider. There was the GST return and there was something else.

Ms Oelkers: The CRS. That is a federal payment that is made to people. It is Commonwealth rental assistance. It is an amount that people who are renting in social and affordable housing can typically get from the federal government if they meet the thresholds.

Mr McDONALD: I am not familiar with that. You do not get anything; it goes to the individual?

Ms Oelkers: That is right, but it goes into the feasibility of how we are able to charge those rents et cetera so that it stacks up. Feasibilities are incredibly important. You have to make sure that your feasibility stacks up. That is a Commonwealth incentive.

Mr McDONALD: That would apply across different build-to-rent schemes as well?

Ms Oelkers: If the people themselves are eligible. If they are in those low-income categories then they are able to access CRS.

Mr HART: My question is to the Strata Community Association. My ears pricked up at something you said in your introduction. I live in a strata title. If this bill passes and 25 per cent of units or lots are owned by the government, how is that going to work in the strata title sector? Can you comment on that?

Ms Cannon: From our perspective, it is looking at the practicalities of how this bill would ultimately integrate with the Body Corporate and Community Management Act and the associated regulations, one of which the member has noted comes down to voting rights. Every owner has a voting right, and having 25 per cent of that voting right held by an entity or the Department of Housing will have quite a considerable impact in terms of decisions that are made at a body corporate level. We think there could be some practicalities and flow-ons in the sense of by-law enforcement as well. If the proposal is that these developments are going to be strata, how is that going to work with the strata practicalities and formalities under the relevant legislation?

Ms Oelkers: A number of the BHC buildings that we have developed over time have been strata titled. They do have bodies corporate. Some are sold to the private market. Some are retained. Some are NRAS properties. Typically we might have a third, a third, a third: one-third to the private market either rented or sold; a third affordable; a third social. BHC definitely has representation to the body corporate et cetera. They have actually worked extremely well. It has not been problematic, in our view, in the buildings that we have developed to have the strata title and also the interaction with the bodies corporate.

CHAIR: Do you get one vote per lot?

Ms Oelkers: Yes.

Mr HART: Just to clarify, in that situation do you only have three groups involved in the body corporate?

Ms Oelkers: No.

Mr HART: Is it split up into the hundreds?

Ms Oelkers: Yes, definitely. There would be a number of owners. For instance, if it is across an 80-unit development there might be 30 owner-occupiers. With the NRAS units there might be another 30 owners. They might be mum-and-dad owners. Then the remaining 20 or so might be BHC. That has worked absolutely fine. There have been no problems.

Mr HART: They are all in the affordable housing area?

Ms Oelkers: No. Some might be market—as I say, market rental. Some might be to affordable key workers, let's say, under the NRAS scheme where you have mum-and-dad investors who own the units but they are rented out to people who are key workers. Then you have the remainder which are BHC owned and operated which are more social housing. What we find is that that mix is lovely. It is a really positive thing. It is very positive to have a mix of market, affordable and social housing. The preference is to have them peppered throughout the development so that you really do not know who your neighbour is and it really does not matter.

CHAIR: The original point is about the entitlements to vote.

Mr SMITH: Does BHC pay the cost of maintenance for the ones that you acquire?

Ms Oelkers: Yes, we absolutely do. We look at that in all of our feasibilities. We never go back to government for any funding. It is all captured in a 20-year maintenance plan.

Mr SMITH: Is that pool of maintenance collected from rent or from other charitable organisations?

Ms Oelkers: All from the rent.

Mr SMITH: The only reason I bring that up is that I spoke to the member for South Brisbane about allowing affordable housing into this bill. There was also a conversation about any development over 10 dwellings being acquired. If we are talking multimillion dollar properties on the Gold Coast—which I am more than happy for people on social housing to do—is it financially feasible for BHC or other community providers to maintain at the cost of the value, because in the bill the dwelling must be equal to all other dwellings?

Ms Oelkers: Yes. I do think that is a concern. Typically we have never bought into another development because we do look at the maintenance costs long term. It is important. You might have lifts. You might have pools. Those things all add to the maintenance costs. Typically BHC likes to build our own. They are beautiful. They are architect designed, but we look at what the materials are.

I do not think that is something that could not be overcome. I know that in a lot of other places throughout Australia CHPs just buy into other unit complexes and that is not a problem. BHC typically has not because we are a developer and we look very carefully at what the maintenance of that building is going to be over the long term. We would not put in a pool, a gym or those kinds of things because it does add to the cost. I do not think that is necessarily a problem in all buildings, but it is one of the reasons that we would probably advocate for a levy and then allow development to happen of a mixed tenure nature.

Dr MacMAHON: Thank you to all of you for your submissions and for being here today. I have a question for the Brisbane Housing Company. You mentioned that inclusionary zoning is an opportunity for value capture from windfall gains that developers might get from upzoning. We have seen in my electorate of South Brisbane a huge amount of upzoning that has just happened with this new planning tool. How could this work to capture some of that value that developers are otherwise going to enjoy?

Ms Oelkers: Absolutely. I will speak to it, but I think Wendy can probably speak even more eloquently to it. From our point of view, we think it is really important that if there is a windfall gain there is value capture and that a percentage—it does not have to be all of it—of that amount is quantified and the price that is paid by the developer basically takes that into consideration. It is very important that that value capture is a social value that should be then retained for social and affordable housing. It is not appropriate that that becomes something that one particular developer goes on to make a heap of money from. I think there would need to be an equation that was worked out. In those instances, the impost was greater than we would normally be talking about.

Ms Hayhurst: We are more supportive of mandatory inclusionary zoning because we think it is simpler. If as a result of a public decision—which is what a planning decision is—there is a change of use or there is an increase in density then I think the public deserves to take a share of that. Given what we hear at the moment about community opposition, I think it would also be positive for developments where there is increased density for people to know that the housing that results can go to key workers as well. We are definitely very supportive of that.

Mr MADDEN: My question relates to something you said in your opening address, Ms Oelkers. In my electorate of Ipswich West we have a mixture of social housing that is managed by the Department of Housing but also managed by the Churches of Christ. Recently we built a 31-unit development on The Terrace at North Ipswich. The state government built it but it is going to be managed by the Churches of Christ. Similarly, at nearby Basin Pocket we are building a 41-unit development and it is going to be managed by the Churches of Christ, not by the Department of Housing. Can you explain why you believe it would be better for the community housing sector to develop, own and manage social housing as opposed to the department?

Ms Oelkers: Yes. On the development side of it, it is more cost-effective for community housing organisations to develop. As I mentioned previously, there are a number of taxation benefits—GST being one. We do not pay land tax or stamp duty. We can bring in the development cost at a lower rate than the government by virtue of the charitable status the organisation has.

Similarly, we can be more commercial and entrepreneurial. For instance, if we were to build a development that had some market-for-sale units, we could use the sale of those to cross-subsidise either that development or future developments. I think probably we are in a better position to do things in a cost-effective manner and in a more commercial and entrepreneurial manner than the government is able to.

Similarly, community housing organisations can build at a larger scale. Typically government has built at a smaller scale. CHPs can, where appropriate—and it is not always appropriate—build at a higher scale. For instance, we are looking at doing a development on the Gold Coast that will be 154 units. We are also looking at developments of up to 200 units. Getting that mix is incredibly important, to get the community right within the particular development.

Ms Hayhurst: We will also borrow money, so the amount of subsidy that is required will be less.

Ms Oelkers: Yes. That is a very good point from the point of view of leveraging other sources of money—not just borrowing but also getting institutional investment into the provision of social and affordable housing. That is a different proposition.

CHAIR: We have run out of time for this session today. I thank all of our witnesses here today.

BATCH, Ms Shannon, Queensland President, Planning Institute Australia

CAIRE, Ms Jess, Deputy Executive Director, Queensland Division, Property Council of Australia

WALLACE, Ms Roslyn, Secretary, Property Owners' Association of Queensland

WILLIAMS, Ms Jen, Executive Director, Queensland Division, Property Council of Australia

CHAIR: Welcome. I ask each of you to make an opening statement of no more than two minutes. We will start with the Property Council.

Ms Williams: We appreciate the opportunity to be here. As you would be aware, the Property Council is the leading advocate for Australia's property industry. Here in Queensland we have around 400 member companies including many of the state's leading residential developers. These include community housing providers, apartment and greenfield developers, retirement village operators, purpose-built student accommodation owners, build-to-rent investors and many more. Our members have a long-term interest in the future of Queensland and they are proud to invest in, design, build and manage places and communities that matter.

For many years—I would say for even a decade—the Property Council has been raising the alarm on the looming undersupply of housing in Queensland and the need for further government investment in social housing. There is no doubt that we are in the grips of a housing crisis—one that can only be rectified through the urgent delivery of a rapid increase of housing supply across all typologies. It therefore makes sense to focus on enabling and facilitating activity in the private sector to achieve this rapid increase in supply that is so desperately needed. It has been widely accepted that an increase in overall at-market supply and a reduction in the time and cost of delivery would put downward pressure on price growth, ensuring fewer people need to turn to government for subsidised housing.

Compounding this supply crisis, however, is the escalating cost of construction and competition for labour which has rendered many residential projects unfeasible. The current situation in Queensland is such that, even where there are willing buyers, projects are not able to proceed. This is especially true for the built form or the medium- to high-density projects that recent policy shifts seek to support.

Housing approvals have been trending at below-average levels since 2018. While there may appear to be many projects under construction, beyond these confirmed major residential projects in the pipeline they are few and far between. The housing crisis is set to get worse as the ever-increasing cost and complexity of residential development has put an indefinite pause on many much needed projects.

Given the industry is unable to deliver new housing product that would be delivered at market, it is a certainty that the bill before the House, if passed, would render the last remaining projects unfeasible. There has never been a more challenging time to build new homes. What Queensland needs right now is a collective focus on facilitating and enabling new housing supply to get roofs over the heads of more Queenslanders faster. Policies and legislation that seek to make development more expensive and more complicated, such as the bill in question, are counterproductive and the last thing Queensland needs right now.

Ms Batch: Thank you for inviting the Planning Institute Australia, also known as PIA, to speak today. PIA is the national body representing the planning profession. In our submission we highlighted that PIA supports investigations into inclusionary zoning as a mechanism for delivering more affordable and diverse housing. Our advocacy ahead of the Queensland Housing Summit called for urgent investigation of inclusionary zoning as a long-term solution. That being said, we are unable to support the bill in its current form because inclusionary zoning should not be relied upon to deliver social housing, the statewide arbitrary approach will have unintended consequences and there are a range of implementation challenges which have not been addressed. While we are unable to support the bill in its current form, in our submission we outlined key principles which we believe should underpin an inclusionary zoning framework for Queensland and I would like to speak to those.

Firstly, inclusionary zoning should not be used as an alternative to state government provided social housing. Second, any inclusionary zoning framework should be mandatory, as Queensland's performance-based planning system does not lend itself to voluntary, incentive-based approaches. Third, any inclusionary zoning system in Queensland needs to be tailored at the regional and local Brisbane

level. Fourth, it is critical that any inclusionary zoning framework is carefully implemented to ensure it does not impact the viability of new development and therefore the delivery of new homes. Finally, we believe the introduction of inclusionary zoning is a critical long-term solution to assist in addressing housing affordability; however, it will require significant effort and reform in relation to education and capacity building across the sector. In summary, inclusionary zoning is an important step towards creating more affordable and diverse housing for all Queenslanders; however, it is by no means a complete solution nor a silver bullet for the housing crisis. With those opening remarks, I am happy to take your questions.

Ms Wallace: On behalf of the Property Owners Association of Queensland, thank you for the opportunity to speak here today. We believe that if this bill is agreed and introduced into parliament it will cause many problems, as indicated by many of the submissions. Also, the proposed costs and red tape to development proposed by Minister de Brenni will have a devastating effect on future development in the building industry. Many questions have not been answered. Are these proposed developments expected to be built in the cities? Will the developer be expected to supply the land for development as well as build the complexes at their expense? The requirement that 25 per cent of apartment buildings be gifted to public housing is beyond belief. Will the government contribute to the upkeep of the building, or will the responsibility fall on the other purchasers of the remaining units to support public housing? If this bill is introduced it will have a devastating effect on the entire building industry; we therefore cannot support the proposed bill.

CHAIR: Ms Williams, your submission mentions that what works well—and we talked about this earlier—are voluntary initiatives or incentives that compensate the private sector. Can you talk a bit more about that?

Ms Williams: I think a perfect example of this was the NRAS program, led by the federal government, where subsidised rental was provided to a developer; for example, a house would be locked in for 10 years at a subsidised rental. We saw 10,000 NRAS dwellings come out of the ground at a time they were desperately needed as a direct voluntary result of that subsidy. It was a very clear decision by government that they wanted to support the provision of affordable housing. The market responded and then those dwellings were salt and peppered through existing developments that were coming out of the ground. That is one example. The second, which you mentioned, is around build to rent, where there is an incentive for the market. Build to rent is around land tax. Projects would pay half of the land tax owing and in return provide affordable housing to government, so cost is minimal but it does see the voluntary provision of affordable housing interspersed within a market.

Mr McDONALD: As I mentioned earlier, after reading all of the submissions it is clear to me that the private sector will be the sector that meets the gap in providing the housing needs of Queenslanders. Jen, your submission makes a good point about voluntary incentives or other schemes. Can you expand on that? I have been made aware today that the Brisbane Housing Company has land tax exemptions and other benefits the private sector does not have, as opposed to the not-for-profit sector.

Ms Williams: Your first point touched on it being voluntary, and I think that was touched on a bit earlier as well. Not every development lends itself to being social housing and not every project is going to have a typology that suits those who might be on the social housing waitlist either. There are some models that would be far more suitable and they can put management structures in place that might help. Our primary position, though, is that social housing is a government responsibility and that incentives for the market to support the delivery for affordable housing would be more practical.

Mr SMITH: What do you mean by 'not all types of dwellings are suitable for people in housing'?

Ms Williams: I believe that something like 40 per cent of the social housing waitlist is after a single one-bedroom apartment or for a single person, so if we have dwellings being delivered that are three, four or five bedrooms then potentially there is a mismatch between what is being delivered and what people on the housing waitlist might be looking for.

Mr SMITH: Would the government not just make a decision on that? If you have a family they would go into that; they would not put a single person in it. The wording just seems a bit discriminatory.

Ms Williams: My apologies. I did not mean that. It is more about making sure you have a match that is—

Mr SMITH: Fit for purpose.

Ms Williams: Perfect. Thank you.

Mr HART: My question is to Ms Batch from the Planning Institute around inclusionary planning versus performance planning. Can you talk us through the differences of those two and what the best outcome is?

Ms Batch: Queensland currently has a performance-based planning system, which effectively just focuses on outcomes. Schemes do have a number of assessment benchmarks through their codes, and they are a guide for developers, but there is the ability for negotiation and offsets. If the developer was providing additional parkland, for example, they might be able to go up a couple of extra storeys. That is something that is currently enabled through our system of planning in Queensland. Inclusionary zoning is different in that it focuses on having affordably priced housing included. As I said, we believe that it needs to be a mandatory system if it is to work in Queensland because we have that performance-based planning system.

Mr HART: Mandatory versus voluntary, that sort of thing?

Ms Batch: If you want to split it that way, then currently yes.

Mr HART: Jen, we had some comments from people that affordable housing could take up the increase in rising land values in a development. Do you agree with that statement?

Ms Williams: Are you talking about the value cap chart that was mentioned before?

Mr HART: Yes.

Ms Williams: I think there are a few ways you can look at that. Investment decisions are made a very long time in advance. If you are looking at a greenfield development project, it can take upwards of 10 years to get approval—from when it is purchased through to when there are lots on the ground—so there are 10 years of investment decisions that have to be factored in that cannot just then at the end, when the decision comes through, be expected to fund the delivery of social housing. Another thing I did not mention when we were talking about affordable is that there is at-market affordable as well as subsidised affordable. Something that is missing from this conversation is how we make housing more affordable at market. Things like smaller dwellings or less car parking can make housing delivery cost less so it is sold at market for less rather than relying on a subsidy, whether that is from a developer, government or otherwise.

Mr HART: If you are talking about a 10-year planning effort to put a development together, if 25 per cent of that is locked and loaded for affordable housing, what does that do to the other 75 per cent?

Mr McDONALD: Owned by the government.

Ms Williams: It is not a magic pudding. Ultimately, somebody has to fund this from somewhere. Whether there can be a voluntary set of initiatives that can help to deliver that gap—otherwise it is going to be cross-subsidised by other owners, yes. That is ultimately how it ends.

Mr MADDEN: Ms Batch, can you expand on what you mean when you say there may be unintended consequences of the implementation of the bill that could lead to limiting the supply of housing?

Ms Batch: Jen spoke to the pipeline that people take in developing their properties. There might be feasibility studies that have stacked up with relatively small margins based on the assumption that all of the lots could be sold to market. If that did have to shift and 25 would have to be given to the government, it might impact feasibility and therefore not be delivered. There are some implementation challenges that, as you said, we would appreciate the opportunity to delve into more if inclusionary zoning takes a different form in future and how we can make sure that development in that pipeline is not impacted so we are not seeing the number of houses being effectively stopped because it does not stack up, particularly in regional Queensland. We know from our members that there are much smaller margins so it is more challenging.

Dr MacMAHON: My question is for the Planning Institute. You mentioned that an approach to inclusionary zoning should be mandatory. We heard from the Brisbane Housing Company that developers often do not cater to people on very low incomes unless they are required to. Can you elaborate on why a mandatory approach would be important?

Ms Batch: From our perspective, it goes back to our performance-based system. There are ways that development can be progressed through the Queensland planning system that provides for councils to negotiate and get outcomes in terms of housing types, open space, roads and infrastructure to the benefit of the developer. In that system it makes it difficult to have a voluntary inclusionary zoning framework because you can already sort of do it.

CHAIR: Our time is about to expire. Thank you for your evidence today. We do not have any questions on notice.

CANIGLIA, Ms Fiona, Executive Director, Q Shelter

O'LEARY, Mr Ryan, Manager, Community Engagement, Queensland Council of Social Service

Mr O'Leary: I would like to thank the chair and committee for the opportunity to speak here. I recognise Dr Amy MacMahon, the member for South Brisbane, who introduced this bill and enabled input from community and industry representatives. I would also like to acknowledge the traditional owners of the land on which we meet and pay my respects to elders past and present.

The Queensland Council of Social Service is the peak body for the social sector in Queensland. Our vision is to achieve equality, opportunity and wellbeing for all Queenslanders. With more than 500 member organisations across Queensland, QCOSS receives clear and extensive feedback on the undeniable impact the housing crisis is having on communities, service delivery and workforce sustainability. QCOSS supports the introduction of meaningful inclusionary zoning that mandates private developers to increase the supply of social and affordable housing in Queensland.

Queensland's housing system is under unprecedented pressure. There are approximately 100,000 households across Queensland that have unmet housing need; that is, they are unable to afford a safe home for themselves and their family. On current funding commitments, the level of government investment is insufficient to address the scale of the current crisis. Combined with the demand for new social and affordable housing, governments cannot address the need alone. A combination of Commonwealth and state governments, not-for-profit and for-profit organisations must finance, develop and manage social and affordable rental housing.

As with any involvement of non-government actors in the delivery of public goods and services to benefit disadvantaged groups, the shift to deliver social and affordable housing through a genuine partnership model must be done with careful planning, appropriate regulation and oversight. There is an evidence base of existing models abroad and in Australia that provides examples of how inclusionary zoning can be implemented to deliver large-scale affordable housing contributions and meet community need without reducing the overall supply of housing development.

The report *A blueprint to tackle Queensland's housing crisis*, published by the UNSW and commissioned by The Town of Nowhere partners with Tenants Queensland and The Services Union, clearly articulates the contribution that inclusionary zoning would have in increasing the supply of affordable and social housing. This aligns with existing plans. The Queensland government's Housing and Homelessness Action Plan specifically identifies inclusionary planning requirements as a tool to deliver social and affordable housing, and ideally this inclusionary zoning would be implemented in Queensland in alignment with the national framework such as the MIZ. Queensland welcomes the statements from National Cabinet that inclusionary zoning is being considered in ways that do not add to construction costs, and QCOSS looks forward to seeing these policies reflected in the National Housing and Homelessness Plan and Queensland's new housing plan.

In conclusion, Queensland is in the grip of an unabating housing crisis, and urgent action is needed to increase supply, enhance security of tenure and ensure timely and transparent delivery. QCOSS believes that phasing in inclusionary zoning that obligates private developer contributions to social and affordable housing is a lever that the Queensland government should use within a broader strategy to address the housing crisis. Failure to develop and implement an inclusionary zoning mechanism to deliver the required scale of social housing would be a wasted opportunity with widespread consequences for Queenslanders.

Ms Caniglia: I also appreciate the opportunity to present today. We really do, as an organisation, appreciate the intention of this bill to help address the housing crisis in Queensland. The evidence of need is substantial. Q Shelter supports a role for inclusionary planning as part of a wider suite of mechanisms, designed to ensure the health of the whole housing system within which there is enough social and affordable housing to meet community needs. We know that the level of investment in social and affordable housing, decade on decade, has not kept pace with community needs and is now only about 4.3 per cent of the entire housing system. Even averaged, the OECD recommends at least seven per cent of the whole housing system. We are behind. Other jurisdictions have achieved far greater than seven per cent in terms of social and affordable housing.

Q Shelter has been advocating for inclusionary planning mechanisms since the 1990s, when government-led renewal of strategically located precincts failed to retain existing housing rented to people on very low and low to moderate incomes and then also failed to replace an increase in social and affordable housing in response to residual and emerging community need. The challenge in that Brisbane

particular context was with government funded renewal at three levels of government with fast-tracked development and increased support through additional planning teams to facilitate that development. Some \$6 billion worth of private investment was facilitated into four suburbs where the land values were astronomically higher as a result of that process. It is that kind of value capture. There is definitely value that is achieved as a result of planning decisions as a result of zoning decisions, yet we do not necessarily capture that value for the community—and that was even in the context where significant parcels of land were publicly owned and sold into the private market to achieve those outcomes of \$6 billion worth of private investment. With the loss of boarding houses and the loss of other low-cost rental housing, there was no mechanism to ensure the capture of value to the broader community, and the toll of human suffering was terrible. People were uprooted from communities in which they experienced a sense of belonging, and there is no replacing that.

The planning system, from Q Shelter's point of view, has a critical role to play in ensuring sustainable development of work for the benefit of all Queenslanders, not just some Queenslanders. If planning is to achieve environmental, social and economic objectives then the planning system must facilitate social and affordable housing delivery, although we recognise there are various planning mechanisms that can achieve that, including inclusionary zoning. We think it is really critical to locate inclusionary zoning within a wider system of mechanisms, including government investment. We take QCOSS's point that we do not have enough housing and investment in housing at the moment for people on lower incomes. Nonetheless, there is capital funding and there are also subsidies available and most likely a pipeline of future funding opportunities through the federal government.

In that context, there is a range of mechanisms. If we think about inclusionary zoning coming together with investment in social and affordable housing directly from government to achieve a partnership approach at a range of different housing supply options within a development, we can bring together some of these mechanisms and not just view inclusionary zoning as a binary proposition compared to other types of investment like straight out dollar-for-dollar capital investment. The real power is in recognising housing as a system. There is no standalone mechanism that can achieve every single outcome that is required.

For Q Shelter, bringing together government investment with inclusionary zoning with more broadly inclusionary planning where we prevent broad-scale development of just one type of housing—for example, low-rise, three-bedroom houses—some jurisdictions have achieved housing diversity through intensifying townhouse development, through more attached dwellings, for example—very gentle approaches to density.

It is obviously really important to bring all of these things together into a system and a strategy. We support inclusionary zoning in that context. We think it has to be underpinned by a clear and efficient system of administration that places community housing providers as the recipients and managers of contributions. It is critically important to appropriately secure the value of every dollar of government investment and every dollar of community investment so that those homes are delivered in perpetuity and the value of those homes recycled through debt financing and other mechanisms in perpetuity and not with a shelf life of 10 years, like NRAS. You have heard the case for community housing providers in terms of other value capture from their unique position as charitable institutions.

The other thing about the planning system is that we desperately need to support the intensification and diversity of the housing market so that there is a range of housing options for people and that that reflects changing demographic trends. For us, mandatory inclusions could be developer contributions that are part of a site or that could be captured through cash contributions as well. There could be other voluntary mechanisms that come together with that.

What is really important is that the bill has raised the debate. We need some really good modelling to see which approaches can most impact Queensland positively, and that modelling should demonstrate the difference between SEQ, for example, as a more intensified urban environment, regional cities and towns and other locations where there is infrastructure and jobs, where some form of inclusionary zoning could be valuable. We do need a regionalised approach to recognise the diversity of Queensland and the diversity of need.

Mr MADDEN: Thanks very much to both of you for coming in today. Mr O'Leary, are you aware of any other jurisdictions or states in Australia where they have introduced similar legislation with regard to inclusionary zoning where it has been successful?

Mr O'Leary: Can you define 'successful'?

Mr MADDEN: Achieved the aims it was supposed to achieve.

Mr O’Leary: Increasing supply of social and affordable housing?

Mr MADDEN: Yes.

Mr O’Leary: I can send through the references that we included in our submission, but my understanding is that there have been examples in South Australia, Sydney and the ACT—the main ones that we referenced—as well as in international jurisdictions. The modelling, I think, and the detail of how the mechanism works is really important, but I believe that they have been able to succeed in terms of increasing the supply of social and affordable housing.

Mr McDONALD: Thank you very much for your submissions. Fiona, your summary was very good and housing as a system with the different typology was really articulate. The member for Burleigh has a question.

Mr HART: Fiona, in your submission you are talking about a form of inclusionary zoning that mixes different models and you said that there should be measures to prevent exclusionary zoning. Can you give us some examples of that?

Ms Caniglia: The planning system has also facilitated living environments in which only one type of housing has been available—basically, the standalone, low-rise dwelling—which is a terrible lost opportunity in terms of multigenerational living or supporting duplexes and attached homes. What we need to be doing is building the capability and understanding of the community to embrace better patterns of development and more housing diversity so we do not just see acres of the same thing, because it is no longer fit for purpose and it does not even allow for people to age in place. That housing diversity can intensify the yield, which is a great result, and improve affordability as well, because of the land content usually. There is a broader piece of community change that goes with it, but I am confident that is possible because people need homes.

Mr KATTER: I was thinking how this applies to, say, a place like Mount Isa. I have been thinking this is mostly in terms of Brisbane and the south-east. There is a completely different dynamic where you have a very low critical mass and an appetite for development. It is very difficult where there is a very high proportion of social housing and a very high rate of destruction or damage. Notwithstanding your comment that it needs to be more than just funding the inclusionary zoning model that we have been discussing, do you see that as a problem—applying the same sort of legislation in those rural and remote areas?

Mr O’Leary: My understanding of inclusionary zoning is that you get the most benefit out of scale and density. I think as a model that does lend itself to capital cities, as was mentioned earlier, and that is where, as Fiona said, it is not the one lever to try to increase the overall supply of social and affordable housing. I am unsure what the specific settings would be like in a town like Mount Isa or neighbouring regions, but I think inclusionary zoning should not be the only lane in which the government is looking to increase the supply of social and affordable housing. I think there is greater benefit in higher density, but that is where we need a sweetener strategy that really looks at the regional needs, particularly in Queensland as a state that has such a broad geographical region to cover.

Ms Caniglia: I would recommend some scenario-based testing. It is a really important scenario to consider a town like Mount Isa compared to SEQ. It does favour higher density environments, but some scenario-based testing and modelling should be carried out to find out how this could assist, especially pre-empting regions where there are going to be other kinds of infrastructure development which will require workforce housing. If any regional place is struggling with key worker accommodation in terms of price, what role could it play in the context of a mining town or towns high in infrastructure with projects that are pending to see what difference it might make? I think that scenario-based modelling is really important for a few different scenarios, including SEQ, obviously, because of the population pressure here.

Mr SMITH: Ryan, have those other jurisdictions that are putting in inclusionary planning added the gift element that is in this bill or are they compulsorily acquired?

Mr O’Leary: I would have to take that on notice to talk to the specifics.

CHAIR: Did you want to do that?

Mr SMITH: Yes, if we could.

CHAIR: The question on notice is about the gift element.

Mr SMITH: I think the member might have an answer for me.

Dr MacMAHON: It was in my response to submissions.

Mr SMITH: We will still take it on notice.

CHAIR: Member, very briefly, do you want to share what you want to say?

Dr MacMAHON: I had a question, if that is okay.

CHAIR: We are running out of time. Sorry about that. Thank you very much.

CHESSHER-BROWN, Ms Kirsty, Chief Executive Officer, Urban Development Institute of Australia—Queensland

COX, Ms Anna, Director of Policy, Strategy and Regional Services, Urban Development Institute of Australia—Queensland

CHAIR: Welcome. I invite you to make an opening statement of no more than two minutes before we move on to questions.

Ms Chessher-Brown: Thank you for the opportunity to appear this afternoon. The institute is a leading property development peak body in Queensland, established over 50 years ago. The institute has a regional branch structure of 12 local branches comprising a membership spanning developers, town planners, engineers, architects, valuers, surveyors and builders and a wide array of other trades and professionals engaged with delivering new homes in Queensland.

As members are acutely aware, Queensland is currently experiencing an acute shortage of houses. With too few houses available to meet people's needs, the price of both buying and renting a home has risen beyond what an unprecedented number of Queenslanders can afford. More houses of all types in all places—what the industry would call housing supply—is what is desperately needed.

More supply boosts the number of dwellings available for people to move into. More supply means more housing diversity so that people can afford to buy or live in a house that suits their needs. More supply also means that people can move along the housing continuum in sync with their life stage and needs. In fact, while there are some planning measures and some grant and funding schemes which will assist, there is simply no other way out of the current housing crisis to ensure more dwellings are built for Queenslanders to live in. Put simply, supply is the silver bullet.

For this region, each and every new idea that is put forward to solve the housing crisis needs to be assessed against the criteria of whether this will help or hinder housing supply and whether it will put another home on the ground. Against this criteria, it is clear that the measures described in the bill will not deliver a single additional home for Queenslanders. In fact, it will introduce significant cost increases for new home buyers, worsening affordability for the majority of the community. This means that the measures described in the bill will not assist in solving the Queensland housing crisis. They will slow supply, render new development sites unfeasible and worsen existing conditions. As a result, the Urban Development Institute of Australia does not support the measures outlined in the bill, nor the concept of inclusionary zoning in private development.

Mr McDONALD: Thank you for your submission. It is very clear from your submissions that the private sector will be required to provide this housing supply. You mentioned the planning supply of housing developments in your address. What could the government do to assist the development industry as opposed to regulating for additional houses?

Ms Chessher-Brown: Certainly our focus, from the minute that we knew that we had a housing crisis on our doorstep—that was some years ago—has been about supply. It has been about identifying those road blocks in the current system that are stopping the provision of timely supply and ensuring we have a more resilient system to provide that supply to Queenslanders. That is everything from facilitating the timely delivery of catalytic infrastructure to support new homes to things like the review of the regional plan and incentives. The build-to-rent incentive has already been mentioned today. Our focus is very firmly on the measures that will boost supply, not render supply unfeasible.

Mr McDONALD: In your submission you also identified the lowest level of supply for a long time. What other things can the government do to assist the industry in providing supply?

Ms Chessher-Brown: There are a range of things. As Kirsty mentioned, particularly with the review of the South East Queensland Regional Plan at the moment, it is a critical time to be looking at those. Supply is the single most powerful factor here, but it is true that there are a number of factors standing behind it. At the UDIA we work with local government, for example, on facilitating development applications and having those move more smoothly and faster. The Queensland government's investment in infrastructure has been absolutely critical for a number of development entities in Queensland recently to really be able to look seriously at development proposals that deliver large dollops of supply.

Whether it is at the local or state government level, there are a range of issues to deal with both the quantum of houses—stock—but also, critically, as we are in the grips of a housing crisis right now, the flow of stock. They are two different concepts: the quantum and the speed with which it can be delivered. As Kirsty said, from the institute's point of view, the most simple analysis of any proposal that is on the table at the moment is: will this help or hinder supply?

Dr MacMAHON: Thank you both for being here. What level of supply do you think we need, and at what speed, to see rents and house prices decline?

Ms Chessher-Brown: Obviously the draft regional plan that has recently been released for consultation paints a fairly significant picture around what levels of supply we need and what levels of supply we are currently delivering. The regional plan estimates that we need to deliver 36,000 dwellings per year in order to meet future projected population growth—and, of course, we are in a situation where we are playing catch-up. Every one year that we fall below that supply target, we are playing catch-up. We see those basic laws of supply and demand. When we do not have the amount of supply to meet the demand necessary, unfortunately we do see quite significant price escalations, as we have witnessed over the last three years.

There is also a very significant backdrop of industry challenges that have obviously been prevalent since COVID. They began with material shortages, grew to construction cost escalation and now are very much focused on a skills and labour shortage that is Queensland-wide. It is particularly acute in South-East Queensland, but every region, town and city throughout Queensland has their own story around skills and labour. We have a huge challenge ahead of us and it is right on our doorstep.

Dr MacMAHON: Do you expect that if we were hitting those targets we would see house prices and rents come down?

Ms Chessher-Brown: History does show that we would see a moderation in the rental vacancy. We consider three per cent to be a balance situation in terms of rental vacancies. At the moment, of course, we are a long way from getting near that three per cent. History has shown us that when we do deliver more supply into the market it has a regulating effect on prices and vacancies. We, of course, would love to see a return to those days as soon as possible, because the impacts of the housing crisis are dire and visible for all of us to see throughout Queensland.

Mr HART: Kirsty, in your opening statement—I do not want to put words in your mouth—I think you said that there would be not one new affordable house added under this bill. Given that this bill will require 25 per cent mandatory affordable housing in every new development, what are you saying about new developments?

Ms Chessher-Brown: Our concern is that the impacts of the bill would mean that many projects that are about to go ahead notionally under this bill—in the planning and design phase or in the DA lodgement phase—would be pulled from the system. The cost of delivering that 25 per cent would be borne by the home owner and in some cases the end renter. At the moment, there are not many Queenslanders who are able to afford that cost escalation, so our view is that this bill as it is drafted currently would render development proposals unfeasible across Queensland.

Mr HART: What about over time, moving forward? Could it be overcome?

Ms Chessher-Brown: Many people this morning have alluded to some very significant cost and financial modelling. We have seen inclusionary planning, and I think it is important to make the distinction between inclusionary planning and inclusionary zoning. We have seen that operate effectively in some isolated circumstances where government owned land is put out to tender with a condition of delivering a proportion of social and affordable housing. That is when we have seen it work most effectively. Then the market is able to plan a feasibility and respond to that. As this is currently drafted, the impacts on a developer being able to obtain and achieve project financing are dire.

CHAIR: Thank you very much. That concludes our hearing. I thank everyone who has participated today, our Hansard reporters and our secretariat. A transcript of these proceedings will be available on the committee's webpage in due course. I declare this public hearing closed.

The committee adjourned at 1.53 pm.