

Planning (Inclusionary Zoning Strategy) Amendment Bill 2023

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6 June 2023

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

Dear Sir/Madam,

Re: Planning (Inclusionary Zoning Strategy) Amendment Bill 2023

Noosa Council welcome the opportunity to make a submission on the above Bill, introduced by the Honorable Dr Amy MacMahon, Member for South Brisbane and congratulate her for escalating the importance of planning mechanisms that facilitate inclusionary zoning in Queensland. Noosa Council share's the member's concern that the crisis of affordability and availability of housing within the State continues to worsen and something must change. If it is the legislative planning framework that is preventing change then this is a logical starting point.

The Queensland Housing Strategy 2017-2020 Action Plan committed to *Facilitating private and public delivery of residential dwellings in Queensland where possible, using the planning system and redeveloping underutilised government land.*

The Queensland Housing and Homelessness Action Plan 2021-2025 further committed to (over the following four years) *increasing the supply of social and affordable housing across the state through new investment, partnering with the community housing sector and private industry, and by using the wide range of planning and economic development tools available to government.* It specifically committed to *Investigate introducing inclusionary planning requirements into the planning framework.*

Roughly halfway through the life of that Action Plan there is no apparent progress on this key action, despite it being commonplace in other States of Australia for decades.

Noosa Council has, since 2018, sought to have inclusionary planning provisions included in its local planning instrument. On multiple occasions this has been rejected by the State on the following basis:

- It is not fair if it is only applied to small areas of the Shire or to limited property owners (in the first iteration it was only going to apply to the Major Centre Zone)
- There is no lawful mechanism for Council to require the contribution of Social Housing to the State
- The planning scheme cannot bind the State to accept property assets it may not want to take on (considering location, size, design, standard of finish etc)
- The State has specific building design standards for Social Housing and private sector developments may not align with these standards (this is seen as a problem if they do not meet the standards but also if they noticeably exceed the standard in terms of perceived inequity)
- The State should not be bound to timely construction of housing assets on land transferred for this purpose if it does not align with their capital works program

In terms of the actual content of the Bill, we will separately address timing and objectives:

Timing—

We note the Bill gives a period of two months from the assent of the *Planning (Inclusionary Zoning Strategy) Amendment Act 2023* to present a workable pathway for inclusionary zoning into Queensland planning legislation. Given the Parliamentary report on this amendment bill is due 19 October, this seems reasonable. The Department of Housing and the Department of State Development, Infrastructure, Local Government and Planning are both well-resourced with highly experienced professionals and have presumably been working towards this goal since at least 2017.

In 2020 Noosa Council was the first Council in Queensland to introduce a new Planning Scheme prepared under the *Planning Act 2016* and the *Planning Regulation 2017*. Numerous planning schemes have been completed since and there are currently new planning schemes under preparation throughout the State. Without a clear legislative pathway for inclusionary zoning, accompanied by model code provisions and development assessment rules, and the longer it takes to prepare and enact them, the more planning schemes will be in place without such provisions. The subsequent process of amending planning schemes and the savings provisions that see applications lodged under superseded planning schemes means the lag time is in years, not months, while the housing crisis continues.

In the absence of State-wide, legally reviewed legislative provisions, local governments seeking to tackle the housing crisis through its planning scheme continue to experience pressure from both State agency roadblocks and the development sector.

Objectives—

Noosa Council concurs with tackling the matter through both residential lots and constructed residential dwellings (units), addressing both consolidation and infill. However, rural residential lots should be excluded from supporting public housing as they are isolated from transport and services. Therefore, public housing should be limited to urban residential lots.

Public housing contribution should not be cumulative. If development of land has resulted in lots zoned medium / high density residential and a proportion of these transferred for public housing, it would seem onerous to also request unit contributions from each development on the remaining lots. This would seemingly disincentivize subdivision of land for distinct, discreet developments and ultimately reduce options for smaller developers.

Council understands the sentiment behind limiting this to a scale threshold of at least 10 units or creating 10 lots. However, this may be ineffective in small regional Council areas where development of this scale is not common, yet social and affordable housing is still needed? Further, some staged developments may only eventuate in 9 lots at a time, or 9 units built at a time.

Further, we have found that larger floor plate units are far more profitable than smaller units where land values are higher. In Noosa Shire we observed that a high proportion of units built over the last couple of decades were the “house alternatives” particularly popular with retirees. Developments of 3-bedroom units are typically more profitable than 2-bedrooms; and 2-bedroom more profitable than 1-bedroom.

By comparison, many people on the social housing wait list only qualify for 1 bedroom dwellings. The Social Housing Register of 30 June 2022 indicate that the average number of people on all applications across the State is less than 1.7. For Noosa Shire it is 1.4. The average number of bedrooms required also falls between 1 and 2. Any policy position that favours construction of a small number of large dwellings rather than a greater number of smaller, more affordable dwellings, would be a mistake.

Council's planning scheme actively incentivises smaller dwellings through bonus provisions to encourage housing choice, particularly for smaller households. For this reason, we suggest avoiding any parameters that effectively discourages the maximum number of units being built. Nine 3-bedroom luxury units would most definitely be more profitable than building 15 smaller units and gifting 4 of them to the State.

For this reason, the inclusionary provisions drafted for Noosa Plan 2020 ties contributions to overall gross floor area rather than number of units. For example, a minimum of X% of the total gross floor area is affordable/social housing or one dwelling is affordable/social housing whichever is the greater.

Limiting this approach to public housing is of particular concern because occupancy is limited to persons who qualify for social housing. While the waitlist for Social Housing is clearly long and growing, there are just 63 entries for Noosa Shire which downplays the scale of our housing crisis. Noosa Council's greatest housing problem lies with the high proportion of individuals and families who cannot secure housing but don't qualify for social housing. Many of these are our key workers. Analysis of Noosa Shire's income data against the local rental market demonstrates a sole income household, even with full employment, will struggle to secure rental housing in Noosa.

Transferring the housing asset to the State is not the only solution and may not be necessary if, for instance, the asset can be secured for a period of at least 25 years. There is an extensive register of Community Housing Providers (CHP) who could take on responsibility for the assets, provide either social housing (housing register tenants) or affordable housing (such as key workers or pensioners), depending on local need.

There are many examples where partnerships between the property development sector and a CHP can deliver long term build-to-rent housing which meets both commercial and social aspirations, generally comprising of mixed tenure arrangements on the one site. Whilst the examples are largely in capital cities, a similar approach could apply regionally. Exploring the critical elements for success in such developments would be a logical exercise and exploring how they can be adapted to different scales and densities.

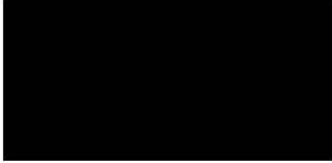
Further, the proportion of 25% social housing contribution is unreasonably high given the weight of the housing crisis cannot be entirely carried by current and future land developers. This loss would be compensated by a significant price rise for the other 75% of the housing, ultimately putting it further out of reach of more home buyers or increasing rents for return on investment.

We believe 10% of yield is a more realistic figure and have tested this commercially with various scenarios. A combination of regulation and development incentives may also prove more successful than regulation alone.

Noosa Council would encourage the Committee to engage with the Planning Institute of Australia, the Local Government Association of Queensland and experienced Community Housing Providers in their consideration of this Bill

Should you wish to discuss this submission please do not hesitate to contact me on [REDACTED].

Yours faithfully,



Kim Rawlings

Director Strategy and Environment and Sustainable Development