

Planning (Inclusionary Zoning Strategy) Amendment Bill 2023

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

Sent via email: SDRIC@parliament.qld.gov.au

Dear Committee Secretary,

Submission on the Planning (Inclusionary Zoning Strategy) Amendment Bill 2023

Thank you for the opportunity to comment on the *Planning (Inclusionary Zoning Strategy) Amendment Bill 2023 (the **Bill**)*.

The Planning Institute of Australia (**PIA**) is the national body representing the planning profession, and planning more broadly, championing the role of planning in shaping Australia's future. PIA facilitates this through strong leadership, advocacy and contemporary planning education.

To assist the Committee in the consideration of the Bill, this correspondence is presented in two parts:

- Section 1: Submission on the draft Bill; and
- Section 2: Submission on a way forward for inclusionary zoning in Queensland.

Summary Statement

- PIA supports inclusionary zoning (also known as inclusionary planning or inclusionary housing) in principle as a mechanism for delivering more affordable and diverse housing for Queenslanders.
- However, PIA cannot support the Bill in its current form, because:
 - Inclusionary zoning should not be relied upon to deliver social housing;
 - Its arbitrary approach state-wide will have unintended consequences; and
 - There are a range of implementation challenges which have not been resolved.
- In the interests of progressing this matter, this submission includes a range of key principles to support an alternative inclusionary zoning approach for Queensland, that PIA believes can deliver tangible affordable housing outcomes in the long-term, provided we work together, across the housing sector, to resolve key implementation challenges.
- PIA remains committed to working with government and all key stakeholders to ensure planning can support the delivery of more affordable and diverse housing for Queenslanders.

Section 1: The draft Bill

PIA is unable to support the *Planning (Inclusionary Zoning Strategy) Amendment Bill 2023* in its current form, because:

- a) We do not support the use of inclusionary zoning for the provision of social housing which should be primarily funded through State Government expenditure;
- b) The 25% social housing requirement state-wide fails to take into consideration the regional and local housing market conditions and housing needs across Queensland;
- c) The Bill has the potential to result in significant unintended consequences which could worsen the existing housing crisis by slowing overall supply of new housing projects due to the proposed implementation approach; and
- d) There is a range of critical implementation issues, some of which are identified in our submission, that must be resolved to support the effective implementation of an inclusionary zoning policy, including significant upfront stakeholder engagement process, which we do not consider could be delivered meaningfully or completed in the timeframes contemplated by the Bill.

However, PIA believes that inclusionary zoning (or similar) has a fundamental role to play as part of a broader and holistic suite of policy changes to address housing diversity and affordability in Queensland. As such, our submission outlines key principles for a way forward for inclusionary zoning and a list of implementation challenges which need to be resolved.

This approach to our submission recognises that we must invest the time now to establish a well-considered and workable policy foundation for any potential inclusionary zoning policy framework in Queensland.

Section 2: A way forward for inclusionary zoning in Queensland

2.1 Preamble

PIA acknowledges Dr Amy MacMahon, Member for South Brisbane, for introducing the Bill, which we consider is a catalyst to start the discussion about inclusionary zoning in Queensland.

PIA supports all Australians having access to affordable well-located housing that is integrated with transport, employment and services. Equally, housing should be of a suitable design and quality to meet the needs of a diverse population and to enable residents to live a sustainable, climate conscious lifestyle.

In this regard, PIA supports investigations into inclusionary zoning as a mechanism for delivering more affordable and diverse housing for Queenslanders. As part of our [Delivering Housing for All: 20 Actions for the Queensland Housing Summit](#), we called for the urgent finalisation of the planning

initiatives under section 3 of the *Queensland Housing and Homelessness Action Plan 2021-2027*, including the investigation of inclusionary planning.

Whilst we remain steadfast in our position that inclusionary zoning is an important step towards creating more affordable and diverse housing for all Queenslanders, we also maintain that inclusionary zoning is by no means a complete solution to our housing crisis.

Inclusionary zoning should only be considered as part of a much broader and holistic suite of policy responses and reforms, including but not limited to, additional social housing investment by government, monetary policy and tax law reform, other changes to the land use planning system, improved renter rights and protections, and construction industry reform, to name a few.

2.2 The Term 'Inclusionary Zoning'

At the outset, it is important to first highlight that the term inclusionary zoning is often misunderstood as it can refer to a broad range of tools and approaches to addressing housing diversity and affordability. In other jurisdictions, inclusionary zoning is commonly referred to as inclusionary housing or inclusionary planning.

To ensure there is a clear understanding about the policy being debated, it is critical that there is a shared understanding about the term and what it means.

Irrespective of whether it is referred to as inclusionary zoning, inclusionary planning or inclusionary housing or other, at its most basic level, it is a referring to the land use planning system being equipped to provide a framework for the delivery of affordable housing in new developments.

For the purposes of this submission, PIA has elected to use the term 'inclusionary zoning', to reflect the terminology of the Bill. However, determining the best-fit term for Queensland will be a key step in progressing any approach. An option which may be considered, in addition the those mentioned above, is a "Planning framework for affordable housing".

2.3 Key Principles for an Inclusionary Zoning Framework in Queensland

Whilst PIA does not support the Bill in its current form, we have developed seven (7) principles that we consider provide the foundation for a future inclusionary zoning framework for Queensland. These principles, which are outlined below, are intended to start the discussion towards developing an inclusionary zoning framework. Our key principles should be read in conjunction with the implementation challenges detailed in **Section 2.4** of this submission.

1

Inclusionary zoning should not be used as an alternative to State Government providing social housing

- Inclusionary zoning should be used to provide affordable housing, including housing for key workers, to provide a mechanism that bridges ever growing divide between social housing and market rate housing.

- The Queensland Government should continue to invest in social housing, as a key priority to ensure housing is provided to those most in need in our communities.
- Inclusionary zoning should not be used as a mechanism to reduce the need for government investment in social housing or as a substitute for existing government investments in social housing.

2

Inclusionary zoning should be mandatory

- There are three (3) key models used globally to implement inclusionary zoning policies, being:
 - a) Mandatory inclusionary zoning;
 - b) Voluntary inclusionary zoning which generally relies on incentives and bonuses; or
 - c) Inclusionary zoning applied at the time of uplift or rezoning.
- As a result of the advanced state of planning in Queensland and our performance-based planning framework, PIA believes that where inclusionary zoning is applied, mandatory inclusionary zoning is the most suitable for our legislative system and the most likely to produce tangible outcomes in the long term.
- This is subject to ensuring inclusionary zoning is part of a broader and holistic suite of policy responses. Also, any approach cannot adversely impact development viability, which can be mitigated through incremental and staged introduction of measures (addressed further below).

3

Inclusionary zoning must be tailored at a regional or local level

- PIA does not support a state-wide generic mandate specifying the relevant inclusionary zoning requirement.
- Queensland is a large state, with very different housing markets and community needs. State legislation should establish the required framework and regulations, which contains different requirements for different regions or localities, allowing for any inclusionary zoning policy to be tailored for regional or local conditions.
- Regional and/or local tailoring to suit each housing market is critical to ensure unintended consequences can be managed.
- Inclusionary zoning can be considered in a tiered approach, with PIA advocating for prioritising onsite affordable housing as the preferred approach. Offsite affordable housing delivery and cash contributions are not preferred, however PIA acknowledges there may be instances where they are required.
- Any inclusionary zoning requirements should be refined to reflect the level of affordability appropriate for different locations. This includes introducing a finer

grain definition of affordable housing, which is best linked to the income quartiles.

4

Inclusionary zoning implementation measures must protect existing land owners

- Inclusionary zoning, in part, seeks to ensure that the underlying land value takes into account the need for affordable housing to be provided as part of new development. The key to this is the method of implementation, signalling what is coming to the market with adequate time to adjust.
- PIA acknowledges that entities have, in good faith, acquired development sites prior to the introduction of any inclusionary zoning policy, based on the laws and policies in effect at that time. Retrospectively applying any inclusionary zoning policy could have significant unintended consequence of reducing housing supply by rendering developments unviable.
- Therefore, it is critical that any inclusionary zoning policy is implemented in a way that protects existing land owners. Global research shows there are two potential ways to achieve this:
 - a) The inclusionary zoning provisions only apply to property transacted after the inclusionary zoning policy commencement date. This can also include a stepped or incremental introduction of inclusionary zoning requirements (for example, 5% from 2025, 10% from 2028); or
 - b) The inclusionary zoning provisions only apply to approvals granted after a certain date or a certain number of dwellings approved in each locality. This approach which is more stringent than the above, seeks to encourage existing land owners to use their rights in a more timely manner (which would also aid short-term housing supply), rather than providing a more long term implementation protection mechanism.

5

Development of an inclusionary zoning framework should include viability testing

- PIA is a strong believer that the ongoing profitability of development(s) is critical to a sustainable housing market in Queensland.
- Therefore, any inclusionary zoning policy should include viability testing at both the plan making and the development assessment stage, including:
 - a) When establishing inclusionary zoning requirements at a regional or local level, viability testing should be used to ensure that the requirements will not impact upon agreed development viability parameters;
 - b) Any inclusionary zoning framework should then include protections at the development assessment stage that allows individual developments to adjust their inclusionary zoning requirement based on a clear and transparent framework for development viability testing;

- The UK has a strong and well-tested viability framework built into its inclusionary zoning framework which could be used as a benchmark for the development of an inclusionary zoning framework in Queensland. However, as our planning system in Queensland is different to the UK, an assessment of implementation challenges is recommended to be undertaken to ensure it is fit for purpose.

6

Inclusionary zoning should include design requirements

- Any inclusionary zoning framework should ensure a minimum standard of design is achieved in delivery of new housing, with a level of continuity between the design of market rate housing and affordable housing, within the same development.
- In addition, the framework ought to include criteria that allows for inclusionary zoning to be provided in a range of dwelling types and sizes, based on an assessment of bedrooms provided in the development.
- Inclusionary zoning should also require affordable housing be fit for purpose and have an equal level of amenity to other housing within the same development (i.e. access to services and communal facilities).

7

Inclusionary zoning success relies on education and capacity building

- The introduction of inclusionary zoning is a critical long term solution to assist in addressing housing affordability, however, it will require a significant effort in relation to education and capacity building.
- This is critical not only for planners across Queensland but anyone involved in the delivery of housing and built environment outcomes. A broader education campaign and extensive stakeholder engagement will be required in the development of any inclusionary zoning policy.
- As part of this process, we must proactively seek to change the narrative. Inclusionary zoning is often stigmatised as being the cause of poor socio-economic outcomes in communities. However, access to housing is a fundamental human right and we must all proactively lead a positive dialogue about long term solutions.

2.4 Key Implementation Challenges

As foreshadowed earlier, PIA strongly believes that a well-calibrated inclusionary zoning policy is fundamental to tangible affordable housing outcomes being delivered in the long term and broader unintended impacts to the housing market being managed. In this regard, the implementation of an inclusionary zoning policy goes beyond the realm of land use planning and involves a range of complex issues that need to be considered.

Therefore, for the purposes of this submission, we have identified key implementation challenges that will need to be considered as part of any future policy implementation stage. These key implementation challenges are detailed below.

- **Our approach to housing studies and strategies will need to change**

To identify the need for affordable housing at a local and/or regional level, the way in which some housing studies are conducted will need to change (to inform policy settings for any inclusionary zoning). This includes housing studies which are kept up-to-date and frequently reviewed, understand local housing need and developability, and are resourced for implementation.

- **Suite of policy changes required for effective implementation**

While planning has a part to play, the introduction of inclusionary zoning needs to be provided with a suite of other changes to policy and legislation to ensure its success, while retaining economic viability of the development industry.

There will need to be changes to the legislative framework to support mandated requirements for affordable housing, what affordable housing means in this context, and how it is secured in perpetuity and binds successors in title.

- **Investment needed in community housing providers**

In other jurisdictions who have introduced inclusionary zoning approaches, significant management obligation is often placed on community housing providers. Inclusionary zoning can also change community housing providers business models, by spreading out affordable housing within communities. There is likely to be a significant investment needed to build readiness in community housing providers to partner with developers to take on the management responsibility of affordable housing.

- **Explore new housing tenure**

The delivery of affordable housing provides an opportunity to explore different housing tenures, including those that may support alternative pathways to home ownership, such as rent to buy.

- **Remote and regional communities**

It is likely that any inclusionary zoning policy would be unworkable in small regional and remote communities. A threshold will need to be established so that it only applies to major regional centres and South East Queensland.

Summary

PIA thanks the State Development and Regional Industries Committee for the opportunity to make a submission regarding the *Planning (Inclusionary Zoning Strategy) Amendment Bill 2023*.

As we have outlined, we believe the concept of inclusionary zoning has an important role to play, as part of a broader and holistic suite of policy changes, aimed at improving housing affordability and diversity for Queenslanders.

The key principles we have outlined provide an overview of how we believe an inclusionary zoning approach could be formed and implemented in Queensland. Whilst we have also identified a range of implementation challenges, we remain committed to working through these with government and other key stakeholders to support an efficient and effective planning framework that enables the delivery of housing diversity.

Should you wish to discuss the above, please contact Nicole Bennetts, Queensland State Manager on [REDACTED].

Yours sincerely,

[REDACTED]

Shannon Batch RPIA
President, Queensland