

Planning (Inclusionary Zoning Strategy) Amendment Bill 2023

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Committee Secretary
State Development and Regional Industries Committee
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**).

By way of background, in October 2022, as part of a Churchill Fellowship, I travelled to the US, UK, Denmark and Sweden to investigate global land use approaches that could be used to assist in addressing Australia's housing affordability crisis.

In March this year, I published [Planning for Housing Diversity](#), a comprehensive report which summarises the findings of my Churchill Fellowship and outlined a recommended land use planning framework that could be used to assist in addressing our ongoing housing affordability challenges.

A key component of my Churchill Fellowship was focussed on global approaches to inclusionary zoning. As such, I have used this unique and specialised background to provide this submission to the Committee, which is split into the following parts:

- **Section 01:** The Bill;
- **Section 02:** Global Observations about how to Regulate the Provision of Affordable Housing; and
- **Section 03:** A Potential Inclusionary Zoning Framework for Queensland.

In addition to my global experience gained from my recent Churchill Fellowship, I am also a practicing town planner based in Cairns, and a co-founding director of Civity. I have had over 15 years' experience in planning in Queensland, spanning the public and private sectors. I have relied on my practical knowledge of the regulatory planning framework in Queensland, combined with my global learnings to prepare this submission to assist the Committee in its deliberations on this critical issue.

SECTION 01: THE BILL

Based on my knowledge, both here in Queensland and the global learnings from my Churchill Fellowship, I am unable to support the Bill in its current form, because:

- a) There are very few jurisdictions globally who are using inclusionary zoning for the provision of social housing. There must be a clear distinction between social housing, which should continue to be primarily funded by State and Federal Governments, and affordable housing which could be provided through a potential inclusionary zoning framework.

- b) The 25% social housing requirement state-wide fails to take into consideration the regional and local housing market conditions across Queensland and could therefore have significant unintended consequences, which could potentially worsen the current housing crisis;
- c) As will be demonstrated through later parts of my submission, the introduction of an inclusionary zoning framework is relatively complex. The future success of any potential inclusionary zoning framework is highly reliant on significant time being spent to ensure the regulatory levers are appropriate, based on detailed technical analysis and meaningful stakeholder engagement. In my opinion, it is not possible for these processes to be completed within the timeframes contemplated by the Bill.

Notwithstanding the above, I maintain that inclusionary zoning provides a policy foundation to assist in mitigating a development's impact on the housing market. Just like development must mitigate its impact to other things, there is no reason why the impact of new development on housing affordability should not be reasonably mitigated.

Whilst inclusionary zoning should be used as part of a suite of solutions, government funded social and affordable housing will still be necessary and fundamental to a healthy housing system.

To support my views, the following sections of my submission outline detailed jurisdictional analysis based on the findings of my Churchill Fellowship, along with a potential inclusionary zoning framework that could be applied in Queensland.

SECTION 02: GLOBAL OBSERVATIONS ABOUT HOW TO REGULATE THE PROVISION OF AFFORDABLE HOUSING

To address the growing housing affordability crisis being felt in many large cities around the world, jurisdictions are now using their land use planning system to regulate the provision of affordable housing. This practice, known as inclusionary zoning or inclusionary housing, is an intervention by government that either mandates or creates incentives so that a proportion of a residential or mixed-use development is affordable housing.

Whilst there have been historic examples of such practices in Australia, it has generally been limited to precinct and/or master planned development on government land sold for redevelopment purposes. In these cases, as part of the tender or contract of sale, a proportion of affordable housing has been mandated.

However, in almost all cities visited as part of my Churchill Fellowship, inclusionary zoning is now standard practice, albeit the implementation approach is quite different between jurisdictions.

There is no escaping that this approach is a strong government intervention into the economics of housing. However, there was also broad acknowledgement from most interviewees across every jurisdiction that I visited around the world, that this was necessary given the shortcomings in relying on the market to solve the housing crisis itself.

Inclusionary zoning is a way of partly capturing the value created by the land use planning system and requiring it to be used for the provision of affordable housing. As evidenced in the jurisdictional analysis presented in **Appendix A**, the level of intervention relates to the quantity of affordable housing and is generally commensurate with the size of the city and the corresponding housing market pressures being felt in that city.

SECTION 03: A POTENTIAL INCLUSIONARY ZONING FRAMEWORK FOR QUEENSLAND.

Based on the findings from my Churchill Fellowship, I maintain that inclusionary zoning policies need to be tailored to the housing market in which they are being introduced. As such, I have outlined below a high-level framework to start the discussion towards policy change in Queensland. There will be a significant effort required in relation to policy development work and stakeholder engagement to implement this recommendation.

Whilst the approach to introducing inclusionary zoning when an area is up-zoned / intensified is likely the easiest to implement, (as it captures the land value uplift before it is real), I believe that this will be ineffective in South East Queensland, given the advanced nature of our strategic planning.

In addition, I gave considerable thought to the use of a voluntary inclusionary zoning system, that would work on bonuses for development that provides affordable housing. My experience of the use of bonus systems has proved challenging in the past, especially in the context Queensland's performance-based planning system. This also gives rise to the risk of compromising other planning policies, such as building height or building bulk, to support the delivery of affordable housing.

For this reason, my recommendation suggests a mandatory inclusionary zoning policy be introduced in major urban and regional areas, as the best approach, considering the planning legislation in Queensland and state of the housing crisis.

I have outlined below my suggestions in terms of a framework for implementing a mandatory inclusionary zoning policy in South East Queensland and major regional centres.

AN INCLUSIONARY ZONING FRAMEWORK FOR QUEENSLAND SHOULD BE:

1. USED FOR AFFORDABLE HOUSING, NOT SOCIAL HOUSING

- Inclusionary zoning should be used to provide affordable housing, including housing for key workers, to provide a mechanism that bridges the ever-growing divide between social housing and market rate housing.
- Inclusionary zoning should not be used as a mechanism to reduce the need for government investment in social housing.

2. MANDATORY

- A mandatory inclusionary zoning policy be introduced in major urban and regional areas, as the best approach, considering the planning legislation in Queensland and state of the housing crisis.

3. TAILORED TO REGIONAL OR LOCAL HOUSING MARKET CONDITIONS

- Queensland is a large state, with very different housing markets and as such, it is critical that any inclusionary zoning framework allow for the affordable housing tailored to suit the local or regional needs of each housing market to avoid unintended consequences.
- It is suggested that smaller scale residential developments should be excluded from the policy. Improving housing choice through small scale development is a fundamental tool in assisting with the overall housing issue. Based on global benchmarking, it is suggested that in South East Queensland, the policy could apply to developments involving more than 20 dwellings.
- Inclusionary zoning should be a tiered approach, prioritising onsite affordable housing, then offsite affordable housing delivery and finally cash contributions as a final option. Any inclusionary zoning requirements should also be scaled based on the level of affordability. This would ensure that if a development is providing a more affordable housing outcome, the inclusionary zoning requirement is less.

4. IS TRANSITIONALLY IMPLEMENTED TO MITIGATE ECONOMIC IMPACTS

- There must be a transitional implementation period.
- An inclusionary zoning policy effectively seeks to reduce land value, once the requirement to provide a certain amount of affordable housing is introduced. This type of adjustment will not happen overnight, and it must be recognised that investment decisions have been made at a point in time, based on the policies in effect at that point.
- Implementing the policy, similar to the approach taken in Minneapolis, where the inclusionary zoning provisions only apply to approvals granted after a certain date or a certain number of dwellings approved in each locality, seeks to encourage existing land owners to use their rights in a more timely manner, while allowing the market to adjust and minimise risks of unintended market failures.

5. IS BASED ON VIABILITY ASSESSMENTS AT PLAN MAKING AND DEVELOPMENT ASSESSMENT

- To manage the economic risks of introducing an inclusionary zoning policy, the concept of viability testing which underpins the UK approach is fundamental.
- It should provide certainty that the policy at a plan making stage is underpinned by viability testing and that there is a safety mechanism for developers to retest this at the application stage. Based on the learnings from the UK system, the viability testing must be setup in a very clear and transparent way, so that it cannot be used to simply avoid providing affordable housing.

6. IS SUPPORTED BY OTHER FINANCIAL INCENTIVES

- It must be recognised that introducing an inclusionary housing policy will impact the profitability of developments. Government costs and taxes on new development should be reviewed to ensure that they do not apply to the part of the development that is the affordable housing component required by the policy.
- At a local level, infrastructure charges should be waived for affordable houses, consistent with other international approaches. At a State and Federal level, tax offsets or exemptions should be explored, recognising the delivery of affordable housing by private developers is reducing the public burden.

Finally, whilst not a planning consideration, non-profit housing providers would need to partner with developers to take ownership and manage the affordable housing delivered through any inclusionary housing policy. There would likely need to be an initial readiness investment to support non-profit housing providers to upscale to prepare for this ongoing management responsibility.

SUMMARY

Queensland has reached a housing crisis point and we can no longer continue our current trajectory. Bold and strong leadership is needed to bridge the divergence between what the community anticipate and what the developers need to deliver housing on the ground.

Ultimately, we must explore a full suite of tools to assist in addressing housing affordability and inclusionary zoning is one important element that should be used to improve access to affordable housing.

I hope this submission and the findings of my Churchill Fellowship are a helpful resource in the consideration of the Bill and any future development of an inclusionary zoning framework for Queensland.

Should you have any questions, please do not hesitate to contact me directly on [REDACTED] or via email at [REDACTED].

Yours sincerely,

[REDACTED]

Martin Garred
 Director & Town Planner, Civity
 Churchill Fellow

APPENDIX A

GLOBAL JURISDICTIONAL ANALYSIS

GLOBAL JURISDICTIONAL BENCHMARKING INCLUSIONARY ZONING

USA: PORTLAND, OREGON

The City of Portland introduced an inclusionary housing policy in early 2017, as a citywide requirement that applies to all buildings with twenty (20) or more units. The rate of inclusionary housing required and the associated incentives, are calibrated based on geography within the city. In addition, the minimum requirement is that housing provided under the program must be at a minimum of 80 percent of the Area Median Income (AMI), with incentives provided to developments which reach below 60 percent AMI.

To provide implementation flexibility, the City of Portland allows the following five (5) options to developments to meet the inclusionary housing requirements:

- **Build affordable housing onsite at 80 percent Median Family Income (MFI):** In the Central City and Gateway Plan district areas, 20 percent of the units must be affordable. For the rest of the city, the inclusionary housing requirement drops to 15 percent. The city provides property and excise tax exemptions for the affordable housing, density, and floor area bonuses (which varies by zone and district and includes prescribed maximums) and standard development charge exemptions (which are similar to infrastructure charges).
- **Build affordable housing onsite at 60 percent MFI:** This option reduces the amount of affordable housing required to be provided, as the minimum affordability level is increased. In the City Centre and Gateway Plan district there is a 10 percent inclusionary housing requirement and an 8 percent requirement for the rest of the city. The same incentives, as listed above for onsite affordable housing at 80 MFI, for this option.
- **Building offsite:** Applicants can elect to build affordable housing off-site in another new development. The receiving building must provide affordable housing that it would otherwise be required to provide, plus additional housing from the development that elected to build offsite. The additional requirements from the development that choose to build offsite, are 20 percent at 60 percent MFI or 10 percent at 30 percent MFI. The percentage of affordable housing is calculated based on the number of units in the development that are seeking to build offsite, not the building that is accommodating the affordable housing units.
- **Designate existing units:** Applicants can elect to designate affordable housing in an existing building. Once again, the rates are based on a percentage of total units in the development that is seeking to provide the inclusionary housing in existing units, rather than the receiving development. This option requires 25 percent of the total units to be provided at 60 percent MFI or 15 percent of total units at 30 percent MFI.
- **Fee in lieu:** The final option allows developments to pay a fee in lieu of providing affordable housing. Fees are established by the Portland Bureau of Housing and are charged on a price per gross square feet of the new development.

As shown above, the policy prioritises onsite affordable housing, over offsite or fee in lieu. This policy preference is achieved by escalating the requirements as you move through the options. By way of example, a development in the City Centre only needs to provide 20 percent affordable housing units at 80 percent MFI, whereas if the applicant elects to designate these units in an existing building, that requirement is 25 percent at a lower affordability level of 60 percent MFI.

Affordable housing provided under the policy is required to maintain market comparable quality, size, bedroom composition and unit distribution in the building. The policy does allow for the larger affordable houses to be provided through a specific reconfiguration test, which ensures the same number of bedrooms for affordable housing is provided.

The affordable housing units must be maintained for a period of 99 years. The Portland Bureau of Housing notes that in the five years the policy has been in effect, 1,313 inclusionary housing units have been provided from 92 private development projects.

When the policy first commenced, it was estimated that the City of Portland had a shortage of over 22,000 affordable houses. As such, over the five year period since inclusionary housing has been mandatory, the program has only made a very small contribution to addressing this shortfall in affordable housing.

Whilst the number of inclusionary houses provided under the program may seem small, these types of programs are not intended to address the affordability problem in themselves. It is a suite of policies that need to collectively address the problem, acknowledging that public funding to supplement privately funded affordable housing through the program will always be required. However, the 1,300 affordable housing units are more than likely additional stock that would not have otherwise been provided given limitations in public expenditure.

USA: MINNEAPOLIS, MINNESOTA

The *Minneapolis 2040* plan was the impetus that led to the implementation of the Minneapolis inclusionary zoning program. The program mandates the provision of affordable housing and splits requirements based on whether the development involves market rate rental housing or ownership housing.

For development involving market rate rental housing of more than 20 units, there is six options to achieve compliance with the inclusionary zoning policy, being:

- Provide 8 percent of units, affordable at or below 60 percent AMI for a period of twenty (20) years; or
- Provide 4 percent of units, affordable at or below 30 percent AMI for a period of twenty (20) years; or
- Seek financial assistance from the Council to offset lost revenue and provide 20 percent of the units, affordable at or below 50 percent AMI for thirty (30) years; or
- Pay a cash fee in lieu of providing affordable units onsite; or
- Produce the required units off-site or preserve existing affordable housing within half a mile of the market rate project; or
- Donate land to the Council.

In addition to the above, there is a requirement that if a project of more than 100 units involves the demolition of units more than 50 years old, the inclusionary housing requirement is whichever is greater of either eight (8) percent of the new units or the number of units older than 50 years that are to be demolished.

Whilst not yet in effect, the requirements for developments involving ownership tenure, the inclusionary zoning requirement will be that at least four (4) percent of the units are occupied by households with an income at or below 80 percent AMI.

A key element of the Minneapolis inclusionary zoning policy is a phasing in of the requirements for unit rental developments between 20-49 units and for projects involving ownership tenure. These temporary provisions will last until six (6) months after the first 500 units within each of those categories have been approved and permitted. This style of implementation assists in the market adjustments necessary and mitigates risk of unintended consequences, following the introduction of an intervention-based policy such as inclusionary zoning.

As part of its policy monitoring program, Minneapolis have developed a detailed dashboard to track projects under the inclusionary zoning policy. This is not only important to monitor the success of the program, but also to provide transparency in relation to the thresholds when the temporary exemptions will end.

USA: NEW YORK

Inclusionary housing in New York dates to 1987, when it was first introduced through a voluntary program. In 2016, the city introduced mandatory inclusionary housing for areas rezoned for housing growth. Both the voluntary and the mandatory inclusionary housing policies continue to operate in New York, as summarised below.

VOLUNTARY INCLUSIONARY HOUSING

New York's voluntary inclusionary housing program offers developers optional floor area ratio (equivalent to plot ratio) bonuses, for the creation, rehabilitation, or perseveration of permanently affordable housing.

In R10 Zoning Districts (equivalent to a high density residential zone), a developer can increase their maximum floor area ratio from ten (10) to twelve (12) (equivalent to a 20 percent uplift) by providing affordable units for residents with incomes at or below 80 percent AMI. The bonus floor area is provided

on a sliding scale, with the bigger bonuses provided for new affordable housing provided without public funding, which reduces for preservation of affordable housing and further reduces to the lowest bonuses for affordable housing delivered with public funding.

In addition to the above, Inclusionary Housing Designated Areas can be listed by a Borough and Community District. The same principle applies in that the provision of affordable housing allows for bonuses increasing the development's maximum floor area ratio.

The policy has specific requirements about the horizontal and vertical distribution of the affordable units, ensuring the units are well distributed within the building, to avoid segregation of the affordable units onto a lower level for example.

In addition, the policy includes specific requirements regarding bedroom mix and unit size requirements.

One other important element of the policy is that the floor area bonus does not need to be used onsite as part of the development where the affordable units are being provided to generate the bonus. However, where the bonus is to be used for an offsite project, it must be within the same Community District or an adjacent Community District within ½ mile from the site that contains the affordable units.

MANDATORY INCLUSIONARY HOUSING

The New York mandatory inclusionary housing policy only applies where land is rezoned, as part of a city led neighbourhood plan process or through a private rezoning application.

The requirements, which apply to developments involving ten (10) or more units, are variable based on areas and are designated as part of the rezoning process. There are four categories, which are:

- 25 percent of the residential floor area must be for affordable housing for residents with incomes averaging 60 percent AMI; or
- 30 percent of the residential floor area must be for affordable housing for residents with incomes averaging 80 percent AMI; or
- Deeply Affordable Option – 20 percent of the residential floor area must be for affordable housing for residents with incomes averaging 40 percent AMI; or
- Workforce Option – 30 percent of the residential floor area must be for affordable housing for residents with incomes averaging 115 percent AMI.

Under the mandatory inclusionary housing policy, affordable housing will be permanent, with no expiration on the affordable designation. In addition, where the affordable housing units are to be provided offsite, an additional five (5) percent must be provided. Similar restrictions to the voluntary mandatory housing also apply to ensure the affordable housing is distributed within the building amongst market rate housing.

Between its inception and 2019, the mandatory inclusionary housing policy applied to 38 developments and a total commitment of 2,065 affordable dwellings. Meanwhile, over a comparable period, the New York voluntary inclusionary housing project was utilised by 181 projects, resulting in 8,746 affordable houses¹.

Some of the shortcomings of the mandatory inclusionary housing policy are that rezoning had been limited to lower income areas, where it was unfeasible to deliver development based on the policy context or where public funding is being used to deliver urban renewal projects. In addition, several interviewees suggested that shortcomings in associated tax exemptions is another key issue.

On the other hand, the voluntary program has resulted in affordable housing being located diversly throughout the city, even in more affluent areas.

The issues being faced in New York are not going to be dissimilar to what will likely be faced in Australia. A mandatory system that only applies at the point of rezoning is a sound way to capture the value uplift created by land use planning. However, its application is then significantly limited, especially in cities where community opposition to urban change may prevent rezoning, and therefore limiting the potential for affordable housing through an inclusionary housing program.

¹ Kober E 2020 *De Blasio's Mandatory Inclusionary Housing Program: What is Wrong, and How it Can Be Made Right* Manhattan Institute viewed 28 January 2023 <https://media4.manhattan-institute.org/sites/default/files/deblasios-mandatory-inclusionary-housing-program.pdf>

In this context, the benefits of a voluntary program are likely to have a higher take up rate and result in a more sizable supply of affordable housing.

Importantly, both are highly reliant on tax subsidies in the New York context. This is an important policy consideration when seeking to understand the financial implications of introducing an inclusionary housing policy.

UK: LONDON

The National Planning Policy Framework (**NPPF**) provides a consistent policy position to guide local governments in relation to several land use planning outcomes, including affordable housing. The NPPF identifies that where a local authority has a need for affordable housing, this should be done onsite.

The NPPF also suggests that the provision of affordable housing should not be sought from residential developments that are not major developments. The definition of major development in the NPPF in relation to residential development is for development of ten (10) or more homes or the site has an area of 0.5 hectares or more². In these developments, the NPPF identifies that planning policies should expect at least ten (10) percent of the total number of homes to be for affordable home ownership.

VIABILITY

The concept of viability is a critical element in the UK land use planning system, both at the plan making stage and in relation to development assessment.

From a plan making perspective, there is an expectation that plans should set out contributions expected from development, including the levels and type of affordable housing provision, in addition to other infrastructure requirements. These policies are to be informed by evidence of infrastructure and affordable housing need and a proportionate assessment of viability.

At a concept level, this approach to policy is sound and seeks to ensure there is a strong evidence base, with an overlay of deliverability. Its purpose seeks ensure that policies are relative and that the cumulative costs of all relevant policies will not undermine deliverability. There is extensive guidance provided about how plan making viability assessments should be approached. One of the key principles is that local authorities are not expected to assess the viability of every site, rather they should take a typology approach, grouping sites with shared characteristics and development outcomes.

The NPPF states that where up-to-date policies specify the contributions expected from development, planning applications that comply with those requirements should be assumed to be viable. This shifts the onus to an applicant if they wish to demonstrate that circumstances have changed and as such warrants a viability assessment to be submitted at the application stage.

If an applicant seeks to challenge the affordable housing provision requirements through a viability assessment, they must use the standardised inputs that would have applied at the plan making stage.

Based on discussions with interviewees, policy reform was undertaken with regards to the approach in determining land value, as this was one of the areas often challenged by developers, who sought to use the price they purchased the property for as the land value. In this scenario, a developer could overinflate the purchase price, as a mechanism to avoid providing affordable housing. The revised approach includes clear input requirements for land value calculation, including a specific benchmark for identifying a premium to the land owner, to represent a reasonable incentive to bring forward land for re-development.

The national level guidance also identifies that a 15-20 percent of gross development value may be considered a suitable return to developers, although this can be varied to suit different development types. It is important to note the potential risk is accounted for in the assumed return to developers and the onus to mitigate these risks is the role of the developer, not a plan making consideration.

SECTION 106 AGREEMENTS

Where a development is required to contribute to the provision of affordable housing, this requirement is generally secured through agreement between the developer and the local authority in relation to planning obligations under Section 106 of the *Town and Country Planning Act 1990*.

² Ministry of Housing Communities & Local Government 2021 *National Planning Policy Framework* viewed 14 January 2023 <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

These Section 106 agreements are a mechanism which make a development proposal acceptable in planning terms, by mitigating the impact of the development. Whilst they are commonly used for securing affordable housing, they can be used for a range of matters including infrastructure contributions or to restrict the use of the development in a specified way.

THE LONDON APPROACH

Whilst each individual local authority in London can set their own affordable housing targets, this report will focus on the policy objectives of the London Plan and the associated Affordable Housing and Viability Supplementary Planning Guidance 2017 (**SPG**).

At its highest level, the London Plan identifies a target for 50 percent of all new homes in London to be genuinely affordable. Through the SPG, a threshold approach to viability was introduced to set out a more consistent, certain, and transparent process for assessing planning applications, with a focus on accelerating planning decisions.

The threshold approach applies where a development of more than ten (10) units provides 35 percent affordable housing without public subsidy and where not involving public land. This requirement increases to 50 percent where the development involves public land.

The approach offers a fast-track route, which means development proponents are not required to submit viability information at the applications stage. In addition, approvals are only subject to reviews if the development has not reached an agreed level of progress within two years of planning approval being granted.

Where a development scheme does not meet the fast-track criteria, then the Viability Tested Route applies, which requires proponents to submit detailed viability information about the development. These developments are also subject to ongoing reviews post approval, which means that affordable housing contributions can be introduced if viability improves over the course of the development.

The threshold approach adopted in London is intended to act as an incentive for developers to provide affordable housing at the nominated levels, or be subject to a higher level of scrutiny, which in turns increases costs and delays development.

The percentage of affordable housing is measured based on habitable rooms to ensure that the affordable homes are provided in a range of sizes, including family sized homes.

The SPG is clear that the nomination of a 35 percent affordable housing threshold is a deliberate policy that seeks to embed affordable housing requirements into land values.

As part of the support to achieve the Mayor of London's goal to achieve 50 percent of all new homes being affordable, the SPG also includes a fixed grant that is provided to developer led projects that provide or exceed 40 percent affordable housing.

Finally, the SPG restricts the use of the fast-track route to developments where affordable housing is only provided onsite. A development seeking to provide offsite affordable housing or cash in lieu are required to provide the full viability assessment.

The SPG also contains provisions which ensures the transparency of information submitted as part of a development viability assessment. This seeks to ensure that where a development does not satisfy the threshold approach, its viability reporting will be publicly released, as is standard with other development application materials.

LONDON'S AFFORDABLE HOUSING PROGRESS

The threshold approach to the provision of affordable housing was introduced following the appointment of Sadiq Khan as the Mayor of London in 2016. As such, the policy has been in place sufficient time (more than five (5) years) to see if there has been positive change in the provision of affordable housing.

The Greater London Authority provides an online datahub that enables progress against planning and housing objectives to be tracked. Prior to the introduction of the threshold approach, affordable dwellings represented 13-15 percent of average residential completions. This has increased to between 18-22 percent following the change in policy.

The policy is delivering a significant quantum of new affordable houses. Over the seven (7) year period analysed from 2015 to 2022 a total of 42,986 new affordable housing units were provided in London.

Whilst this is no doubt still a shortfall when compared to the need for affordable housing in London, compared to jurisdictions like Australia where no mandatory affordable housing is being delivered by the private sector, this policy approach provides a significant tool in addressing housing affordability.

Although several interviewees identified that the viability testing made the system unnecessarily complex, this type of approach to implementing inclusionary zoning policy does seek to manage and mitigate the potential impacts of market intervention. It certainly provides a transparent way for development proponents to justify the affordable housing requirements render the development unviable.

One of the most critical learnings that should be taken from the London approach is the need to design the policy in a way that over time embeds and corrects underlying land values. Once land values take into account the need to provide affordable housing, this should resolve any longer-term impacts on development viability. Additionally, it will also provide a mechanism for the delivery of new affordable housing, interspersed with private market housing to create mixed income neighbourhoods.

UK: BRISTOL

The information presented above within the section on London contains information about the NPPF, viability assessment and Section 106 agreements which also apply in Bristol, given these are national planning outcomes in the United Kingdom. As such, this information is not repeated in this section.

THE BRISTOL APPROACH

The Council's affordable housing policies are set out in the Bristol Local Plan. Residential development involving more than fifteen (15) dwellings is required to provide 40 percent affordable housing in the North West, Inner West and Inner East Bristol, whilst 30 percent affordable housing is to be provided in all other parts of the City.

The Local Plan also requires that the affordable housing is to be provided in a mix of tenure, size, and type. In addition, where development feasibility is affected, developers are expected to provide full development appraisals to demonstrate an alternative affordable housing provision.

Like the London approach, Bristol have implemented a threshold approach in their *Affordable Housing Practice Note July 2022*. This seeks to encourage the provision of affordable housing above current levels by applying a 20 percent affordable housing threshold approach to the Bristol Inner West and Bristol Inner East areas. The Council waives the viability assessment and provides a streamlined DA process, where the development provides 20 percent or more affordable housing and construction starts within 18 months of approval. The incentive is intended to offer certainty and less delays to developers but does not apply to development on Council owned land.

DENMARK: COPENHAGEN

The national planning legislation in Denmark was changed in 2015, to allow local municipalities to require up to 25 percent of new residential developments be used for affordable housing as part of the local planning process.

In the Copenhagen context, 25 percent of each new local plan is designated for affordable housing, with 40 percent affordable housing required for publicly owned land. This requirement is introduced when a local plan is prepared for a neighbourhood, so in effect the requirement to deliver affordable housing is done when an area is identified for redevelopment or intensification.

As a result of the affordable housing requirement being integrated into the local plan process, it is a non-negotiable requirement for future development, unlike the UK system which is more flexible based on development viability. This is because planning in Denmark prevents the consideration of economics, as it is not considered a planning issue.

Some interviewees noted that the way in which the affordable housing requirements are linked to local plans, does limit their application, because the requirement cannot be introduced in areas that already have a local plan.

The local planning process is more fine grained than normally expected in the Queensland planning system. The local plans in Copenhagen are more akin to masterplans that may be completed for large projects or precincts in Australia.

As such, the 25 percent affordable housing requirement is spatially nominated within the local plan at a very fine grain level. This approach seeks to ensure that the location is not inferior to the location of market rate development, because it is stipulated in the local plan.

In addition to the above, there are a range of associated policies that seek to manage the quality of affordable housing that is constructed. In addition to setting minimum sizes for apartments, these policies also deal with materials and suitability of the built form outcomes.

The approach taken in Copenhagen is quite unique in that the affordable housing is spatially shown as part of their local plans. This process would be difficult to translate into more flexible planning systems where fine grain details are often not resolved at the plan making stage.