

Planning (Inclusionary Zoning Strategy) Amendment Bill 2023

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Submitted by: BHC Creating Liveable Communities
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**Submission to the Queensland
Government's State Development and
Regional Industries Committee**

***Review of the Planning (Inclusionary
Zoning Strategy) Amendment Bill 2023***

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Overview

BHC is one of Australia's leading community housing providers, established in 2002 to provide affordable homes for Queenslanders in housing need. We are one of Brisbane's largest residential property owners, owning and managing over 1,800 properties. As a Public Benevolent Institution, our mission is to increase the supply of affordable, safe and secure housing for vulnerable Queenslanders.

BHC support the introduction of inclusionary zoning in Queensland as a way of increasing the supply of housing for those on very low and low incomes who have difficulty securing housing in the private market. However, we believe that we need to be working towards an approach to inclusionary zoning that enables planning gains to be created, whilst also contributing transparently and appropriately to the broader public benefit.

In response to *Planning Amendment Bill 2023*, BHC has prepared this response. Section 1 provides a commentary of the proposed bill and Section 2 notes suggested amendments or alternatives to the bill that could be incorporated.

Section 1: Review of the Planning (Inclusionary Zoning Strategy) Amendment Bill 2023

BHC has some concerns around the inclusionary zoning bill in its current form which are addressed in this submission. These concerns include,

1. the quantum of the public housing to be delivered (25% of all housing) which may impact housing supply across the market component of the housing continuum, at a time when increased housing supply is critical;
2. not leveraging CHPs to sustainably develop/own/manage/operate social and affordable housing;
3. the suitability of dwellings to meet with needs of tenants; and
4. practical implementation in greenfield subdivisions.

Section 2: Suggested Amendments and Alternatives

BHC consider there are alternative ways that inclusionary zoning could be effectively delivered in Queensland and take this opportunity to outline ways a more sustainable model. These models could include:

1. Social infrastructure charging
2. Value uplift / community benefit charges
3. Precinct planning requirements, and/or
4. A more tailored inclusionary zoning approach.

BHC would welcome the opportunity to discuss further any items raised in this submission and ask that you contact Greta Egerton, Projects Director on [REDACTED] or 07 3307 3000.

Section 1: Review of the Planning (Inclusionary Zoning Strategy) Amendment Bill 2023

As identified above BHC supports the introduction of inclusionary zoning in Queensland to increase the supply of social and affordable housing supply, however, have some concerns regarding the method of delivery as proposed in the draft Bill. These concerns are outlined as follows.

Concern 1 - The quantum of the housing to be provided for public housing (25%) at no cost will impact housing supply across the entire housing continuum

The proposal for developments involving more than ten units or lots to provide at no cost to the State 25% of units or lots for public housing will result in private developers stalling or withdrawing new development projects. With the already increased pressure on construction costs, projects would no longer be feasible for developers. This will impact housing supply.

With Queensland in a housing crisis, we need to ensure housing supply is not impacted across the entire continuum. The State is expected to grow by more than 16 per cent by 2032¹, with the Reserve Bank reporting a fall in household size from 2.55 to 2.48 per household meaning that 275,000 dwellings will be needed to house the same population². Affordable rentals are declining significantly, with only 15% of units in Brisbane with a weekly rent of below \$400 per week, down from almost 50% in March 2020³. On top of this, lower income and single income households are facing increasing rental stress with rental stress almost 80 per cent for households earning under \$52,000⁴. These factors combined illustrate the dire need for more housing.

Concern 2 – Not leveraging CHPs to provide social and affordable housing

The proposal is for all of the additional housing to be public housing owned by the Queensland Government. It would be more advantageous to harness the community housing sector to develop, own, manage and operate sustainably the growth in social and affordable housing. Regulated by the National Regulatory System for Community Housing (NRSCH), community housing providers (CHPs) are well governed and managed, have the expertise to buy and develop assets which are fit for purpose, and deliver complex tenancy and property management functions. They are also experienced in managing mixed-tenure communities, partnering with the private sector and delivering a wider range of housing outcomes such as affordable rental, rent to buy and shared equity models. The community housing sector is ready to scale up and develop more housing supply and has a vital role to play in helping to deliver more social and affordable housing. Greater reliance on the community housing sector also directly aligns with the National Housing and Homelessness Agreement (encouraging growth and supporting viability for the sector).

¹ Brisbane Times, Qld population pendulum forecast to swing to an even greater Brisbane, <https://www.brisbanetimes.com.au/national/queensland/qld-s-population-pendulum-forecast-to-swing-to-an-even-greater-brisbane-20230104-p5caai.html>

² Grattan Institute, Don't blame migrants for the housing crisis- <https://grattan.edu.au/news/dont-blame-migrants-for-the-housing-crisis/#:~:text=The%20Reserve%20Bank%20estimates%20that,to%20house%20the%20existing%20population.>

³ PropTrack, Expert insight into the Australian property market- <https://www.proptrack.com.au/proptrack-insights/property-market-insights/>

⁴ Queensland Treasury, Rental affordability in Queensland- <https://s3.treasury.qld.gov.au/files/Housing-affordability-background-paper-for-summit.pdf>

Concern 3 – Suitability of Dwellings to meet the needs of tenants

Under the proposed inclusionary zoning arrangement, the dwellings delivered in new apartment buildings would not be fit for purpose or align with housing needs. New housing should comply with the Department of Housing's Social Housing Design Guidelines and meet the Livable Housing Design standards. Importantly the dwelling types (such as number of bedrooms) and locations need to meet the needs of tenants including those on the public housing waitlist.

There are a range of considerations when developing fit for purpose, social and affordable housing including design (including accessibility) as well as ongoing maintenance and capital expenditure. In addition to other considerations take into account livability for the tenant cohort with a focus on cost of living, as well as safety and security.

Social mix, equity and potential social exclusion need to be considered if public housing is located in high-end apartment buildings. The very high cost of body corporate fees associated with apartments in these complexes will increase the ongoing cost to government. There is also an equity question if some public housing tenants have access to more luxury accommodations, and others do not.

Providing suitable and sustainable social and affordable housing as well as enabling positive living outcomes for tenants is also critical and is best achieved by locating housing in close proximity to public transport, services and amenities. For example, careful consideration is given to locating social and affordable housing projects to encourage tenants to not own a car. Social and Affordable housing design also avoids the need for mechanical ventilation (air conditioning) which in turn reduces energy costs to tenants by designing for passive heating and cooling.

Some social housing tenants come from vulnerable backgrounds and can have complex needs which require support and / or assistance to maintain their tenancies. In order to assist residents to live well and move towards their goals they may require access to a range of support services. Good social housing design ensures that residents can access appropriate supports within close vicinity to where they live. Not all housing options and housing locations are designed to appropriately support tenants.

Concern 4 – Implementation in greenfield subdivisions

Vacant land secured through inclusionary zoning contributions in new greenfield subdivisions will require construction of houses to occur in order to contribute to housing supply. This would require significant investment by the Queensland Government to complete builds of new houses and units to unlock this land. In addition, the location of these lots may be unsuitable for new social housing, without the appropriate access to supports and public transport connections. Poorly located social housing also increases the reliance on car ownership by the residents and increases the cost of living.

Section 2: Suggested Amendments and Alternatives

BHC supports the concept of inclusionary zoning as a valuable tool to increase the supply of social and affordable rental housing, however it needs to complement the existing private sector supply of housing.

Alternative approaches could include:

Alternative 1 - Social Infrastructure Charge

Increase scope of current infrastructure levies to include a social infrastructure component. Current infrastructure charges regimes collect contributions towards water, sewer, stormwater, community facilities and park infrastructure. The addition of a social infrastructure component could generate funds to fund the development or purchase new social and affordable rental housing. A small incremental increase in the infrastructure charge across the whole development sector could provide significant revenue to fund new social and affordable housing.

Alternative 2 - Value Uplift Charge/Community Benefit Charge

In certain Priority Development Areas identified under the *Economic Development Act 2012*, a charge applies for the increased benefit of zoning changes. Similarly in new areas such as those identified in the Brisbane City Council Inner City Strategy that are benefitting from significant changes in land value (value uplift/capture) as a consequence of increased height and density, charges could apply and be collected to deliver social and affordable housing. Developers in these areas could have the option of delivering housing (which is fit for purpose), providing land for new social and affordable housing developments or making a financial contribution.

Alternative 3 - Precinct Planning

Finding land in good locations to deliver social and affordable housing is challenging. There are government landholdings and other precinct planning mechanisms that could result in land being allocated for social and affordable rental housing. When these precincts are released to market an obligation to deliver social and affordable rental housing should be mandated. This allows for the developer to make an investment decision with these requirements in mind.

Alternative 4 - Inclusionary zoning, but a more tailored approach

Introducing inclusionary zoning but with a more nuanced criteria addressing the concerns outlined above and taking on board the learnings from inclusionary zoning schemes implemented elsewhere nationally and internationally, would be welcomed. The principles of a sustainable and supportable inclusionary zoning scheme could include:

- Identification of planning changes that should give rise to inclusionary zoning requirements (such as zoning changes or investment in infrastructure);
- Flexibility for developers to deliver housing (if fit for purpose) or provide monetary or land contributions (or a combination of all three);
- Establishment of governance and management structures to manage contributions and ensure housing outcomes meet the needs of tenants; and
- Housing needs assessments to inform housing typologies to be developed and establish guidelines for delivery.

In addition to the above principles the MIZ National Framework completed by the Constellation Project⁵ recommends the following which were developed in consultation with a broad range of stakeholders:

- 10% (floor space as opposed to equivalent stock) with a higher proportion where government owned land is redeveloped;
- New social and affordable rental housing should be owned and managed by CHPs with a person centred approach to design, asset management and tenancy management; and
- Local governments to develop housing strategies to determine the social and affordable rental housing requirements of the local area (Housing Strategy) based on assessment of housing needs.

BHC advocate for a more balanced approach to inclusionary zoning which would result in,

- Collection of financial contributions levied and granted to CHPs to deliver housing that:
 1. meets the needs of tenants (aligned to One Housing Waitlist) and
 2. is procured in locations supported by amenities, services and employment.
- If completed dwellings are transferred, CHPs should be allowed to sell these to subsidise development of new fit for purpose social and affordable rental housing within the same LGA.

⁵ Constellation Project, Mandatory Inclusionary Zoning, https://theconstellationproject.com.au/wp-content/uploads/2021/09/Mandatory_Inclusionary_Zoning-Final.pdf