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Draft Noosa Housing Strategy

Thank you for the opportunity to provide feedback on behalf of the property industry, in relation to the Draft Noosa Housing Strategy.

The Property Council of Australia is the leading advocate for Australia's biggest industry – property. We are a national not-for-profit organisation established to promote the work of the property industry in delivering prosperity, jobs and strong communities to all Australians. Here in Queensland, the Property Council represents over 390 member companies across residential, commercial, retail, retirement living, industrial, tourism and education sectors.

Our industry is becoming increasingly concerned around the issue of deteriorating housing availability and affordability, and is committed to working collaboratively with Government at a federal, state and local level, to identify solutions to this crisis. As such, we commend Council's initiative in undertaking this strategy and the upfront acknowledgment that the housing crisis is one of the most significant challenges Council is likely to face.

Overall, the Property Council welcomes the numerous specific actions detailed within the strategy that, if implemented appropriately, will deliver tangible outcomes.

In particular, the Property Council welcomes the following initiatives, included in the draft strategy:

- A review of planning scheme provisions to ensure more affordable models of housing are not over-regulated or disincentivised.
- Reducing the expectations for lock up garages and the number of cars needing to be accommodated within the site, for appropriate uses. This will help facilitate the diversity of well-located product.
- The proposed removal of site layout and design requirements that would otherwise add to the cost of building housing, but have negligible impact on persons outside the site.
- Incentivising the inclusion of affordable housing through development bonuses

- Council taking a leading role in developing strong partnerships with the State Government, Community Housing Providers, private housing developers and of course, the Noosa community.

The Property Council also offers the following commentary, in relation to some of the broader themes contained within the strategy.

Inclusionary Zoning

The Property Council welcomes the draft strategy's acknowledgment that it will aim to incentivise the development of affordable housing through development bonuses and incentives. However, it should be reinforced that it is vital that affordable housing outcomes are incentivised rather than mandated. Mandating inclusionary zoning will have significant adverse consequences on the commercial viability of development projects and will undermine the confidence of the property sector to invest in Noosa. This will in turn reduce the quantity and quality of new housing built in Noosa and undermine the objectives of this strategy.

Build to Rent

Build-to-Rent is professionally managed, private rental accommodation owned by an institutional investor. In Queensland, it is defined as a residential property which has been specifically designed, built, and managed as a single asset for long term ownership and rental.

Build-to-Rent developments have significant potential to help Government respond to many of the current issues in the housing market as they offer secure rental accommodation designed to enhance renter experience. The benefits of Build to rent for tenants include:

- Longer-term tenancy options
- Greater security
- Lower risk of eviction
- Improved services and property management
- More likelihood of allowing pets
- Greater allowances to adapt the colour scheme and to have wall hangings, and
- Flexibility to relocate within the complex based on changing needs.

The asset class is a well-established overseas and is picking up pace in Australia due to its potential to help Government meet housing targets, the security and amenity it provides to renters, and the development sectors willingness to invest in this type of product. However, there remain a number of obstacles to Build to Rent's establishment in Queensland including taxation hurdles and lack of differentiation between 'Build to Rent' and 'Build to Sell' product in local planning schemes.

To address the taxation barriers for Build to Rent, all other states have provided land tax incentives. Most notably Victoria and New South Wales (Queensland's main competitors for institutional capital) have reduced land tax by 50 per cent for all eligible Build to Rent products. Queensland is the only state without a land tax incentive.

In regard to local government planning schemes, as there is currently no standardised use definition for 'Build-to-Rent', for the most part, proposals are assessed as 'multiple dwellings'. Despite the clear difference between units built to sell and those built to be held in single ownership for the long term (such as reduced car parking requirements, greater onsite amenity and more communal space) they are assessed in the same way.

Any changes tipping proposals into 'impact assessment' add time and cost delays, along with uncertainty and exposure to submitter appeals- introducing a further level of risk.

This obstacle could easily be overcome, through introducing a standardised use definition of 'Build-to-Rent' within the *Planning Regulation 2017*. Local governments would then be able to establish a set of 'code assessable' criteria that better reflects the differences between Build-to-Rent and Build-to-Sell development. This would provide greater certainty to the development industry, along with providing local governments a use definition that 'locks' a development into its use- meaning it cannot be easily converted into Build-to-Sell.

The Property Council has long believed that Build to Rent provides the missing piece of the puzzle when trying to respond to Australia's housing affordability issues. Due to this, the Property Council believes that the final Noosa Housing Strategy should look to promote and incentivise Build to Rent where possible. This may include:

- Advocating for the State Government to match the Build to Rent land tax incentives implemented in all other Australian states
- Advocating for a standardised use definition 'Build to Rent' to be incorporated in the *Planning Regulation 2017*

For more information, please see *Building Momentum for Build to Rent* (attached).

Noosa Plan 202

The existing planning scheme includes significant areas zoned for medium density development which have already been developed as low-density housing. Due to this, redeveloping these areas towards their optimum use will be a significant challenge and one that will require greater incentives, to realise.

In addition to this, feedback from Property Council members highlights that in many instances, the current scheme is far too prescriptive. In particular the inclusion of

quantitative measures within the development code's Performance Outcomes makes it difficult to achieve required outcomes. For example, requiring 45 per cent site cover for mixed use development limits the delivery of what may otherwise be a good planning outcome for a particular site. This is particularly challenging, when (for example) existing adjacent development may have a much higher site cover. In this regard, it is encouraging to see that the draft strategy is intending to review "site layout and design requirements that would add to the cost of building housing, but have negligible impact on persons outside the site".

Furthermore, while the Property Council welcomes the strategy's focus on 'affordable housing' solutions, it will be vital to focus on the entire housing continuum. As such, more will need to be done to establish the 'missing middle' scale of development, allowing more people to access a range of typologies across the private housing market. A focus on the 'missing middle' will assist in restoring affordability and alleviate pressure further down the housing continuum.

National Construction Code and Specialist Disability Accommodation

Currently, Property Council members are grappling with the impacts of the Liveable Housing provisions which will soon be introduced into the Building Approval requirements for all Class 1a and 2 developments under the National Construction Code (NCC). When the provisions are implemented, there will likely be an adverse impact on the cost, land size and yield that can be achieved for new residential projects, which in turn will hinder the ability for developers to deliver affordable product- particularly at scale.

Those with experience in delivering accessible housing through Specialist Disability Accommodation (SDA) have previously found a Community Residence use particularly valuable when developing SDA. However, it is only worth considering where categorised as an "Exempt Use", so a formal DA assessment by Council is avoided. This will mean that required carpark numbers are minimised, DA application fees are avoided, and timeframes are reduced to help get people with disabilities into new homes as quickly as possible.

An additional suggestion to help with encouraging SDA projects in the local area is to seek agreement from the State Government that SDA developments are not required to have to register as a Residential Care Facility under the provisions of the Queensland Development Code, when accommodating more than five people with disabilities. Currently, the legislation requirements for this in Queensland are unclear. It is difficult to justify a disability project's viability and appropriateness when (despite the NDIS program's intention for people to live independently wherever possible) the State

legislation dictates that buildings with 6 or more inhabitants, who require help to conduct daily activities, are required to register as Residential Care Facility.

Conclusion

Moving forward, the Property Council would welcome the opportunity to provide further input on the Noosa Housing Strategy, including via the Technical Reference Group.

In the interim, thank you for the opportunity to provide feedback on the Draft Housing Strategy. We welcome the opportunity to discuss any aspect of this submission with the Council in more detail. If you have any questions in relation to the Property Council or this submission, please do not hesitate to contact me on jwilliams@propertycouncil.com.au or 0448 432 936.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jen W', written in a cursive style.

Jen Williams
Queensland Executive Director