



Shaping South East Queensland

South East Queensland Regional Plan draft consultation response

September 2023

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1.0 Executive Summary

Thank you for the opportunity to provide feedback on the *Draft Shaping SEQ - South East Queensland Regional Plan - 2023 Update*.

The *Draft Shaping SEQ- South East Queensland Regional Plan- 2023 Update* (draft Update) provides the opportunity to respond to the housing crisis and deliver a bold and ambitious plan to unlock industry's potential to build new housing. Additionally, it has the potential to enable the delivery of appropriately connected and located industrial land to ensure that we not only have the housing to respond to population growth, but the necessary jobs as well.

The draft Update seeks to increase the urban footprint by introducing 3,262ha of new land. However, through our calculations, only 1,724ha of this land will be developable once constraints such as environmental overlays and land fragmentation are considered. As such, despite the draft Update predicting a 15 per cent population increase in comparison to the 2017 regional plan, the urban footprint is only proposed to be increased by 1 per cent.

The Property Council has long supported initiatives to consolidate the urban footprint and acknowledges the draft Update seeks to prioritise infill over greenfield development. The reality, however, is that Australia- and particularly Queensland- is facing a range of extraordinary market pressures that are rendering the majority of medium and high density developments unfeasible. These conditions are unlikely to abate for the foreseeable future.

As such, any plan that seeks to rapidly boost critical housing supply in the short to medium term must place an emphasis on unlocking new greenfield supply, which can be delivered faster and more affordably by the private sector.

New land is also essential for the industrial sector, which continues to expand and play an increased role in our economy. The draft Update improves upon previous iterations of the regional plan by outlining a regional approach to industrial land. Despite this focus, utilising industry assumptions of take up rates and land constraints, there is expected to be a significant shortfall of over 4000ha of industrial land. Given that industrial land typically needs to be delivered on the urban fringe, further updates to the regional plan should seek to build upon this plan and expand the urban footprint to appropriately located and connected industrial land.

Finally, it is essential to ensure that the regional plan is robust and enforceable as a statutory document that holds all stakeholders to account on enabling and managing growth. Previous plans have shared this stated intent, however have not included the tools to ensure it remains a living, breathing document. With the housing crisis continuing to worsen, it is paramount that the regional plan includes a rigorous implementation assurance framework to keep all stakeholders on a shared pathway to implementation.

While the Property Council has included more detailed feedback and recommendations later in this submission, our core concerns and recommendations in relation to the *Draft Shaping SEQ- South East Queensland Regional Plan- 2023 Update* are as follows:

- 1. The final update must deliver an implementation assurance framework that is robust and implementable to hold all stakeholders to account. It must include mechanisms for enforcement when this does not occur.**

- 2. There must be a greater focus on unlocking greenfield land to boost critical short to medium term housing supply that cannot be delivered solely via infill development. This includes:**
 - Allow applicant led Environmental Protection and Biodiversity Conservation Act assessment when bringing land to the urban footprint to prevent delays to critical housing supply via the bioregional planning process.
 - Undertaking an urgent review of the 10 Potential Future Growth Areas identified in the 2009 regional plan with the view of bringing suitable sites online immediately to respond to the housing crisis.

- 3. Leverage the new regional approach to strategic industrial land to continue to unlock new industrial land.**

- 4. Provide a pathway for the State to amend local government planning schemes to ensure necessary housing outcomes.**

- 5. Further work and detailed consultation with industry should be undertaken in relation to the social and affordable housing targets, including:**
 - The establishment of clear and consistent definitions of social and affordable housing.
 - Assurance that any targets will not be mandatory, nor will they be applied retrospectively on already approved development.

2.0 Introduction

The Property Council is the leading advocate for Australia's property industry with over 400 member companies here in Queensland. Our members represent a cross-section of the property sector and are spread across all asset classes - they are city-shapers and community builders, who are committed to delivering projects that embrace local characteristics and benefit Queenslanders for the long-term.

The breadth of our membership, regardless of sector or profession, are deeply concerned by the ever-worsening housing crisis.

While there is no shortage of opportunities for Queensland in the coming decade, the true benefit of these opportunities will not be realised if we cannot ensure that every Queenslanders now and, in the future, can access a home.

The current housing crisis did not appear overnight. The Property Council has long been warning all levels of government about lack of available supply, declining affordability, limited housing diversity, taxation imposts and cumbersome planning regimes. The onset of the COVID-19 pandemic has only exacerbated this situation and thrown it into the spotlight.

In our initial feedback to Government prior to the release of the draft Update, the Property Council reinforced that, in all other crises, Government has not hesitated to act boldly and quickly to intervene. This action has been essential in helping Queensland stave off the worst impacts of previous crises, be it pandemics, bushfires or floods. The housing crisis should be treated no differently.

The Property Council welcomes and acknowledges the work undertaken by Government since the 2022 Housing Summit, and in particular its continued positive engagement with stakeholders. Unfortunately, given myriad complex factors, in the twelve months since the Summit, there has been very little new housing supply brought to market.

Residential construction across all housing typologies has slowed considerably as increased construction costs negatively impact the feasibility of projects and rising interest rates have compressed sale prices. Notwithstanding this, the demand for rental accommodation is at an all-time high and the lack of supply, combined with the rising interest rates, is exacerbating the situation. Investors are increasingly withdrawing from the market, with all projects, including Build-to-rent models, proving difficult to make feasible.

As the industry faces a never before seen set of circumstances - unprecedented demand, a top-heavy government-led infrastructure pipeline, soaring construction costs, and a chronic skills shortage - delivering product to market has never been more challenging.

While the Property Council acknowledges that many of these issues exist outside the scope of the draft Update, the final regional plan will play a key role in setting the template for future growth and in providing industry with the clarity and confidence needed to build our way out of the housing crisis. As such, the final plan must ensure that every lever is pulled to bring new housing supply to the market.

Queensland cannot afford to wait - when it comes to housing supply, more of everything, everywhere is needed... and it is needed right now.

2.1 Consultation

The Property Council recognizes that this review has been fast tracked since the 2022 Housing Summit with the intention of continuously reviewing the regional plan at two-year intervals.

The pace of the review has meant that some critical detail has not been included in the draft Update, meaning it is difficult for the Property Council and its members to fully assess the merits of the proposals.

The *Planning Act 2016* requires that, if the Minister proposes to make or amend a regional plan, the Minister must publish a notice that states that copies of the regional plan are available to be inspected and purchased and invite written submissions.

The clear purpose of public consultation is to provide the public with the opportunity to make properly made submissions about the regional plan and increase the public's awareness of the existence and nature of the regional plan.

Public consultation is also consistent with the purpose of the Planning Act which requires the Minister to provide opportunities for the community to be involved in making decisions.

All of these requirements in the Planning Act point to the need for the draft Update to be comprehensive and transparent. To the extent that the 2023 draft Update leaves components for later release, it fails to meet the requirement for adequate consultation.

Notably, the Government continues to work with local governments on their housing supply statements – a crucial mechanism that will determine how local governments will meet dwelling supply and diversity targets in their Local Government Areas (LGAs). Additionally, despite implementation assurance being one of four key goals for this document there is very little guidance on how the intent of the document will be implemented, let alone an assurance that this will occur.

While the plan contains welcome messaging around increasing housing supply and diversity there is very little detail in terms of *how* Government plans to achieve these goals.

These crucial, additional details are expected to be delivered in the final regional plan when it is released in December 2023. Given the timing of the plan, it is the Property Council's understanding that industry and the community will not have the opportunity to review the final plan and provide feedback. As such, this current consultation period represents the last opportunity to provide feedback before the plan is finalised as the statutory document that will shape the development of South East Queensland for at least the next two years.

Due to this, it is crucial that this plan gets it right and avoids half measures or hastily implemented reform that will not move the dial in terms of housing supply.

2.2 Data

In reviewing the draft Update we have consulted with members who have reviewed the plan in terms of land that can realistically be developed (including overlays, development constraints etc). The picture this analysis paints is concerning.

The draft Update increases the urban footprint by 3,262ha, however upon further scrutiny, only 1,724ha of this land is developable. In turn, the draft plan also predicts a population increase of 15 per cent beyond the number contained in the 2017 regional plan, despite the plan only increasing the urban footprint by 1 per cent.

Residential Land

Council	Difference	Population increase on 2017	New Residential Urban Footprint	New Residential Developable Area
Brisbane	70,200	18.15%	0	0
Gold Coast	30,100	8.57%	0	0
Ipswich	-25,200	-7.88%	0	0
Lockyer Valley	2,700	12.56%	0	0
Logan	39,100	14.36%	0	0
Moreton Bay	84,900	39.00%	750.8	434.94
Noosa	10,100	112.22%	0	0
Redland	14,300	39.72%	453.5	225.81
Scenic Rim	2,400	11.43%	50.37	50.37
Somerset	2,800	21.88%	0	0
Sunshine Coast	14,800	7.72%	0	0
Toowoomba (Urban Part)	30,000	65.22%	278.8	133.86
SEQ	275,200	14.59%	1,482.30	844.98

In terms of residential land, there is 844ha of new land provided in the urban footprint. This will only support an additional 42,250 people, assuming that an average rate of 20 dwellings per hectare is able to be delivered. In total, this equates to 179 days of new land supply.

Industrial Land

Council	Difference	% Increase on 2017	New Industrial Urban Footprint	New Industrial Developable Area
Brisbane	70,200	18.15%	0	0
Gold Coast	30,100	8.57%	249.94	97.57
Ipswich	-25,200	-7.88%	0	0
Lockyer Valley	2,700	12.56%	0	0
Logan	39,100	14.36%	0	0
Moreton Bay	84,900	39.00%	750.80	434.94
Noosa	10,100	112.22%	0	0
Redland	14,300	39.72%	531.98	246.97

Scenic Rim	2,400	11.43%	0	0
Somerset	2,800	21.88%	0	0
Sunshine Coast	14,800	7.72%	24.89	6.06
Toowoomba (Urban Part)	30,000	65.22%	171.36	93.8
SEQ	275,200	14.59%	1,728.97	879.34

The draft Update anticipates the need for an additional 5000ha of industrial land, with only 879ha being added to the urban footprint. Typically, it is challenging to provide industrial land within the existing urban footprint due to its potential impacts on surrounding uses. As such, additional greenfield land is the ideal way to ensure new industrial supply, and this is something the draft Update fails to unlock on the required scale.

Accurate data is critical

As highlighted above, there is a significant difference between the land that has been added to the urban footprint and what is actually developable. Overestimating the housing supply that can realistically be delivered (when considering koala protections, land fragmentation etc) has been a critical shortcoming in previous iterations of the regional plan. It is imperative that accurate and reliable data is utilised to drive and inform decisions and ensure the regional plan is fit for purpose.

3.0 Grow

The Property Council is supportive of the approach by the draft Update to maximise the capacity within the existing urban footprint. This focus will help increase density and housing diversity, leverage existing infrastructure, and will help facilitate the delivery of new innovative housing models, including Build-to-rent. However, there will be challenges to meeting the increased targets in the short to medium term particularly around the ability for local governments to modify their schemes, community acceptance, timelines for construction, infrastructure capacity and current market dynamics that make high density development unfeasible.

Further action is required to respond to the housing crisis and the draft Update misses the opportunity to identify further, logical proposals to expand the urban footprint, particularly where there is strong private sector capacity to fund and deliver infrastructure.

The two prior regional plans have identified 10 longer term growth areas. We note Elimbah and parts of Thornlands have been included in the draft Update. However, as identified above, this will be insufficient to respond to the forecast demand and assist with responding to the current housing challenges. Existing PFGAs need to be progressed now with suitable ones to be included in the urban footprint and those that require further work supported by regulatory provisions that provide a clear approval pathway to encourage investment and planning.

3.1 Difficulty achieving infill development

Previous regional plans have all focused on increasing density within the urban footprint but have lacked the implementation and community awareness actions to make a real difference. Local government policy outcomes have at times been contradictory to the intent of the regional plan.

Examples of these include:

- Logan City Council
 - minimum 500m² lot in village precinct
 - change from minimum lot size of 350 to 400 for suburban precinct

- Redland City Council
 - Minimum lot size of 400m²

- Moreton Bay Regional Council
 - Caboolture West rear setback requirements

- Brisbane City Council
 - Town house ban

It is important to note that while local governments led these policy decisions, in all instances they were reviewed and agreed to by the State government.

While all levels of government understand the need to densify, the reality on the ground is that community sentiment plays a significant role in policies such as those referred to above and as such represents one of the greatest barriers to achieving the objectives stated in the draft Update.

While community sentiment is softening, given the changing face of homelessness, there are significant entrenched societal views on development that will take many years to change. Bold leadership is required, and while this may be unpopular with community groups opposing developments, the alternative option, that is our housing crisis continues to worsen, is one that we cannot accept.

3.2 Capacity constraints

As detailed above the private sector is grappling with a never before seen set of circumstances. The Property Council is concerned with the sector’s capacity to deliver upon the infill targets in the draft Update given the unabating constraints in the market.

Construction costs have risen by more than 25 per cent since 2020. The single biggest driver of this has been labour availability (or lack thereof).

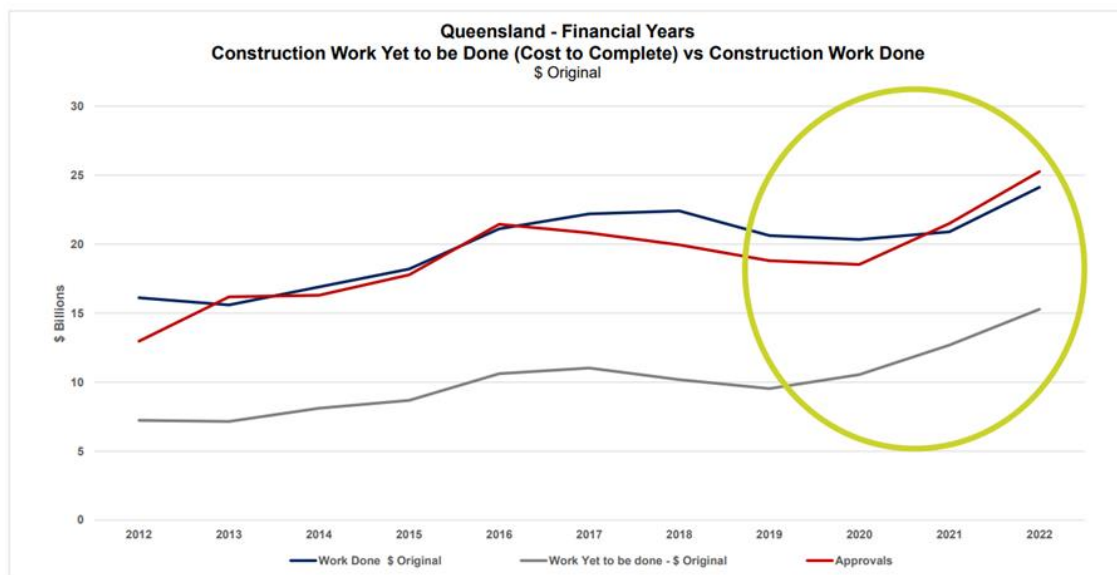
BRISBANE’S RATING OF ESCALATION INFLUENCES:

ESCALATION INFLUENCES - BRISBANE		%
1	Labour Availability	17.5
2	Industry solvency	15.0
3	Government led construction spending	15.0
4	Contract Risk Apportionment	10.0
5	Wage Cost increases	10.0
6	Material Costs	5.0
7	Abnormal Weather	2.5

8	Builders margin	2.5
9	Foreign Exchange	2.5
10	Fuel Prices	2.5
11	General inflation	2.5
12	Geo-political conflicts	2.5
13	Interest rates	2.5
14	Legislation (Carbon, Sustainability etc)	2.5
15	Power Prices	2.5
16	Supply Chain Logistics	2.5
17	Tender Validity Period	2.5
18	Power Supply Issues	0.0
19	Internal political instability	0.0
20	Covid-19 anti-epidemic measures	0.0

Source Rider Levett Bucknall, 2023

With the Brisbane 2023 Olympic and Paralympic Games fast approaching, and a record infrastructure spend, it is unlikely these pressures will abate for the foreseeable future. In fact, the graph below reinforces that these pressures continue to increase.



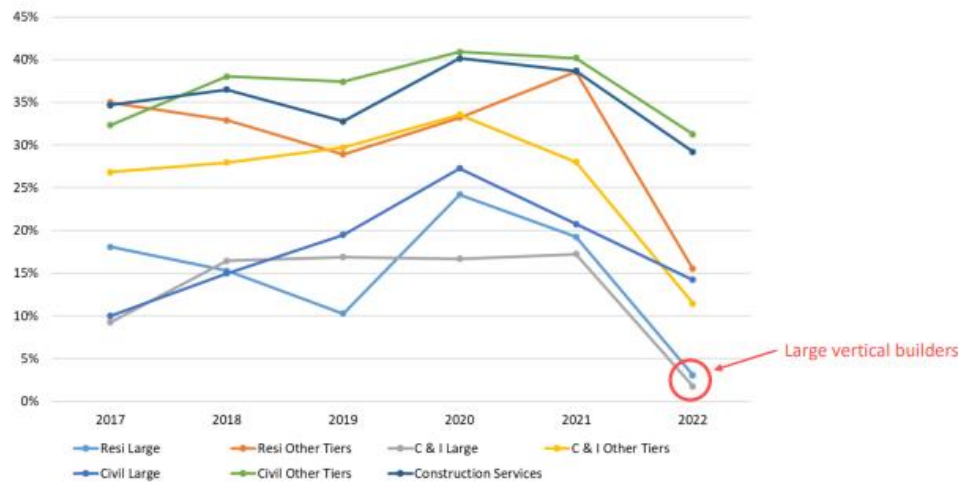
Source ABS & Rider Levett Bucknall, 2023

A general misconception about the property sector is that due to the increased demand for product, there are significant profits being made by the industry who are relied upon to deliver housing stock.

The graph below shows that construction businesses that are central to the delivery of housing face significant liquidity issues.

Liquidity by sector

Cashflow to liabilities, construction, Australia



Note: ratio operating cashflow to current liabilities; industry median.
Source: Equifax

Source Australian Constructors Association, May 2023

Large scale vertical builders are the most adversely impacted by the current cost escalation pressures. This is deeply concerning due to the draft Update's focus on infill and higher density development.

These are the very builders we are relying on to deliver at scale and swiftly to meet the infill targets.

With demand at never-before-seen highs, and supply at never-before-seen lows, there is significant pressure on the private sector to deliver amidst these challenges. This must be acknowledged in the final regional plan.

There is a role for state and local governments to play by reducing the ever-escalating costs of construction via tax and rates reductions and infrastructure funding programs. Without this, the sector will be unable to deliver the supply targets outlined in the plan.

3.3 Planning vs delivery

The draft Update includes "realistic timeframes for land availability, development rates, financial feasibility and the interplay of land use and infrastructure in the delivery of housing".

The Property Council appreciated the opportunity to be involved in the financial feasibility work that was undertaken by the Department late last year to help inform this work. Understanding whether planning proposals are financially viable is vital in seeing the plan through to reality.

Given construction pressures and market pressures have changed considerably over the past 12 months, the parameters used to undertake this feasibility modelling may no longer be valid and

may require revisiting. For example, it is clear through construction commencements that the development of medium and high-density residential buildings is now extremely difficult.

Furthermore, the variance between development approvals and actual work completed has never been higher – making accurate predictions for future supply more difficult.

3.4 Over reliance on infill development

As stated above, the Property Council supports this plan's intention to prioritise infill development as a method of increasing the density and diversity of housing in a way that is cost effective for government and delivers greater typology choice for consumers.

As also highlighted, an overreliance on consolidation is fraught with risk as we seek to respond to the housing crisis, given the time, cost and market capacity to deliver these desired typologies.

There is extensive evidence that previous regional plans have overestimated the market's capacity to consolidate the urban footprint. The factors which have contributed to this failure have not lessened, and in many instances have worsened.

Due to this, the final Update must contain a contingency plan if the market remains unable to deliver the development envisioned in infill areas.

Currently, the draft Update misses the opportunity to allow for an uplift in greenfield development. While greenfield development can face challenges of its own (cost of initial infrastructure provision, environmental impacts), where land is held in single ownership, it is generally more feasible, quicker and easier for the development industry to deliver. House and land also remains the overwhelming first preference of the market when choosing their desired housing typology.

It is critical that the final Update takes a holistic view of land delivery and utilises greenfield as a major component in unlocking housing supply.

The Property Council, with assistance from our broad member network, has identified numerous sites that could be considered as 'logical inclusions' in the urban footprint. These sites are either already serviced by infrastructure (or could readily be serviced), have minimal environmental impacts, and can fast track significant supply.

These sites are well-located within the local government areas of Logan and the Sunshine Coast and could provide land for many thousand new dwellings.

While the Property Council is not in a position to advocate for individual projects or sites, it is our understanding that many of these landowners have also lodged submissions on the draft Update.

In addition, as noted above, consideration should be given to resolving matters that remain as barriers to bringing areas previously designated as Potential Future Growth Areas online as quickly as possible. The scale of the housing crisis is such that we cannot delay any areas that have already been designated as suitable for inclusion in the urban footprint.

There are also several large areas within Logan, Redlands and Moreton Bay that should be considered for designation as Potential Future Growth Areas, to ensure that greenfield land is earmarked for future housing outside of the timeframe of the draft Update.

Again, it is our understanding many of these landholders have lodged submissions on the draft Update.

3.5 Role of industry

With the private sector being responsible for delivering around 96 per cent of the dwellings that will be required over the lifetime of this regional plan, it is crucial the role of industry is adequately addressed within the final plan.

The draft Update states that:

"The implementation assurance framework for the ShapingSEQ 2023 Update relies on collective effort across DSDILGP, other state agencies and local government."

There is no acknowledgement of the role of industry in ensuring that the objectives of the regional plan are actually being delivered upon. For any implementation assurance framework to be successful, it must be done in conjunction with the industry that will actually be responsible for bringing housing to market.

In addition, the potential regulatory amendments which prohibit the use of variation approvals to deliver Major Development Areas (MDAs) are extremely concerning and will further cut the industry out as a delivery partner in housing.

It is important to remember that all major growth areas in recent times have been developer-led including:

- Yarrabilba
- Aura
- Upper Kedron
- Springfield
- Ripley
- Flagstone
- Pine Valley
- Skyridge
- Morayfield South

3.6 Social and affordable housing

The Property Council welcomes the draft Update commitment to ensure that 20 per cent of new homes in South East Queensland are social or affordable housing. In achieving this ambitious target, we are highly concerned about any ill-considered policy changes that would add to the cost of "at market" housing in an attempt to meet this target.

In particular, the regional plan's description of inclusionary planning as *"transferring some of the costs of social and affordable housing to developers with the objective that they internalise a portion of the social costs of housing unaffordability"* is concerning.

As reinforced above, residential development faces ongoing feasibility challenges in the current market. Any inclusionary planning approach that mandates that developers provide social and/or affordable housing will increase the cost of residential development. This increased cost will inevitably be borne by the Queensland consumer who is renting or buying at market rate, or worse still, given current financial challenges, will render an even greater proportion of projects unfeasible.

3.7 Inclusionary planning approaches

The Property Council understands that Government is closely considering various inclusionary planning approaches in an effort to boost the overall supply of social and affordable housing.

Queensland is not the first to tackle this challenge and there exists a wealth of evidence and case studies from other jurisdictions about the challenges associated with various models.

Any inclusionary planning approach should be a voluntary mechanism that does not increase the cost of “at-market” housing, but rather provides incentives for developers who choose to include a proportion of affordable housing in their projects.

Not all developments or geographies lend themselves to a standardised percentage or number of social and/or affordable dwellings.

Given its potential to significantly disrupt the market and undermine other planning and regulatory initiatives, any proposed model of inclusionary planning must include deep and considered consultation with the industry that will be tasked with its delivery.

3.8 Defining affordable housing

There is a great deal of confusion about what constitutes “*affordable housing*”, with various definitions used both within Queensland and across Australia.

There is also confusion around the difference between *social* and *affordable*, with the terms often mistakenly used interchangeably.

To assist industry and deliver certainty, we are eager to ensure that any adopted policy position regarding the 20 per cent target also includes with it clear definitions for both social and affordable housing.

4.0 Prosper

The draft Update rightly focuses on housing – a critical issue that impacts every Queenslanders. However, the industry also commends government for the improved focus on employment and industrial land within the draft plan.

Industrial land is vital to the South East Queensland economy and it will only become more important as South East Queensland grows and seeks to play an increased role in the global economy.

In addition to being a critical employer, the industrial sector plays a fundamental role in facilitating development outcomes for all industries, including the residential sector. Enabling the production of materials is essential in fuelling Queensland’s housing and infrastructure pipeline.

The key role of the industrial sector was highlighted during the pandemic when supply lines were stretched and we relied heavily on the sector to ensure Queenslanders had access to essential goods.

It is also worth noting that a lack of industrial land can be inflationary. As lands and rents for industrial buildings increase, so too does the cost of goods produced in or transported through these buildings.

4.1 Regional approach to strategic industrial land

The Property Council welcomes the new regional approach towards strategic industrial land. As noted in the draft Update, we are fast approaching a critical shortfall in terms of industrial supply. The draft Update highlights an additional 5000ha of industrial land will be needed to meet demand- however only 879ha of developable supply has been added to the urban footprint. This means that areas like the Gold Coast only have between 2-3 years of supply left.

As industrial land typically needs to be delivered in greenfield areas to mitigate its impact on surrounding uses, it is vital that the final regional plan seeks to expand the urban footprint to include appropriately located and connected industrial land.

Much like for residential land, our members have identified numerous potential industrial areas in South East Queensland that could be included to shore up future industrial supply. These include landholdings already within the urban footprint in Moreton Bay, Sunshine Coast and Logan.

There are also holdings within Logan, Moreton Bay and Redlands that would be suitable for inclusion within the urban footprint now, and/or some that should be considered as Potential Future Growth Areas.

It is also vital that this new regional approach to strategic planning focuses on the key issue – industrial land supply. It should not aim to be prescriptive about the types of industrial uses (eg medium impact vs high impact vs logistics/warehousing) and where they can be located. As technology advances, the nature of industrial development is rapidly evolving and local context is vital. As such, this more detailed planning should remain in the remit of local government.

It is also worth noting that any blanket prohibitions of alternative uses within industrial areas would be a retrograde step that limit the sector's potential to meet evolving demand. Brisbane City Council's current industrial strategy recognises this and seeks to ensure greater flexibility in heavy industry zones. Further adoption of this flexible approach would be supported by industry.

4.2 Infrastructure

We welcome the draft Update's acknowledgement that it is *"imperative to deliver integrated and coordinated land use and infrastructure planning."* Previous regional plans have made similar statements, and yet have not resulted in a coordinated approach.

Furthermore, this infrastructure must extend beyond just roads and rail. For development on the fringe of the urban footprint (as industrial land often is) trunk water and sewer works can be some of the most challenging and costly barriers to development. Ideally, if new industrial land is included within the urban footprint it should be captured as part of a local government's Priority Infrastructure Area, with the necessary trunk infrastructure included in their Local Government Infrastructure Plans (LGIPs).

The draft Update approach to consolidating the urban footprint, moving towards 70/30 split and not building new infrastructure in greenfield areas is problematic for long term industrial supply. As previously highlighted, industrial land typically happens on the fringe of the urban footprint and requires significant infrastructure to unlock. Planning infrastructure for this future development is imperative.

4.3 Inclusion of logistics/warehousing

The draft Update contains numerous mentions of accommodating medium and high impact industry, but very few references to logistics/warehousing. As technology advances, consumer patterns change, and South East Queensland grows in prominence as a truly global region, these uses will be vital and the final plan should contain further consideration of this.

5.0 Connect

As noted within the draft Update itself, for various reasons, there is little change to this component compared with the 2017 regional plan. The draft Update contains commentary around what infrastructure will be delivered. As noted previously, it is imperative that land use planning happens in conjunction with infrastructure delivery.

There has traditionally been a lag between infrastructure being incorporated into the regional plan and local planning schemes, and the actual delivery of the infrastructure. To help provide certainty to all stakeholders, it is vital the final plan provides clear expectations around the timeframe for delivery of infrastructure.

5.1 South East Queensland Infrastructure Supplement

The Property Council welcomes the long-term approach to infrastructure planning via the draft South East Queensland Infrastructure Supplement (SEQIS). Certainty for industry is imperative, and having an integrated regional infrastructure planning document delivered in conjunction with the regional plan will do much to assist this.

The draft SEQIS focuses on infrastructure already in the pipeline and what will be delivered in future. The Property Council understands the SEQIS is presented in draft format and is anticipating a needs-based analysis for long-term infrastructure planning will be brought into the final SEQIS.

Regional Pipeline capacity challenges

The Property Council encourages the alignment between infrastructure projects and critical growth and needs. Additionally, we welcome the commitment to a whole of government approach to maintaining governance oversight of the capital pipeline.

In the current volatile construction market, it is an unfortunate situation that Government's capital expenditure on infrastructure is having an inflationary impact. While this expenditure is necessary as Queensland delivers new hospitals, prepares for the Brisbane 2032 Olympic and Paralympic Games and seeks to respond to the housing crisis, every effort should be made to ensure that Government expenditure is targeted efficiently and effectively.

The SEQIS acknowledges market capacity constraints and how this will impact the record level of infrastructure investment. The draft Update and SEQIS could build on this by considering how it can be implemented alongside other State programs and initiatives to:

- Increase the capacity within the labour market. There is a critical need for creating new skills or up-skilling across current SEQ populations in the key industries required to deliver on the Brisbane 2032 Olympic and Paralympic Games vision.
- Improve access to materials. It would be prudent to assess the key plant and materials required across all elements of infrastructure and housing delivery to ensure unnecessary bottlenecks and supply issues are managed through appropriate and targeted prioritisation of projects. This should also consider the local government and industry capital works pipelines for infrastructure provision and housing construction.

Coordinating capital programming to support use management policies

The Property Council welcomes the acknowledgment of the need to develop new threshold-based long-term infrastructure planning frameworks to align with long-term growth needs, along with the recognition of potential opportunities to pilot new approaches to ensuring long-term coordination in planning and development.

On pg 35 of the draft SEQIS it states *“a mechanism that considers a place-based approach to capital, land use, and infrastructure planning can alleviate some of these pressures. In particular, alignment of decision making throughout the investment planning, decision-making and budgeting process would enable a better coordinated and sequenced investment approach.”*

Place-based approaches to land-use and infrastructure planning have long been championed by the Property Council, and as such, we are supportive of this approach.

Such an initiative could be facilitated by a coordinated capital works plan across the State, local government and major industry projects for the SEQ region (providing a 10-year view of the pipeline requirements with respect to skills, materials and funding requirements). It should also consider the pipeline beyond the 10-year capital planning by incorporating Local Government Infrastructure Plans (LGIPs) and the State Infrastructure Strategy.

Finally, while alternative delivery mechanisms are supported, they must be coordinated with other projects, with prioritisation based on need, benefit, and available resources.

Servicing increasing density

The Property Council welcomes the SEQIS’s commitment to new infrastructure co-location, compact forms and service delivery approaches in constrained infill areas, as well as potential new approaches to make better use of existing assets.

While welcome, we caution that the solution of leveraging existing assets and their adaptive reuse and exploring further opportunities to co-locate shared infrastructure may be hindered by the current maturity in Local Government Asset Management Systems that inform asset condition and capacity. The recent Queensland Audit Office report *Improving Asset Management in Local Government* highlighted that Queensland councils are on average not meeting the Core (i.e. minimum requirements) level of maturity in their asset management processes. This includes strategic and tactical planning, which provide the necessary support and evidence base for better decision-making processes for infrastructure planning.

Furthermore, meaningful coordination across multiple State agencies and local government has historically been difficult to achieve. The draft Update and draft SEQIS aim to align land use and infrastructure planning, however this requires a consistent evidence-base and clearly defined

and coordinated long-term infrastructure planning across various departments and agencies within local and state government. We encourage the Department to continue its work both within and outside of the State Government to deliver this valuable alignment.

6.0 Sustain

As stated previously in this submission, the scope of the draft Update is large, however there is detail missing in some critical elements required to deliver industry certainty. The property industry remains concerned about the overlap between the various ongoing reviews and reforms currently being undertaken that sit outside of the scope of the draft Update, but will ultimately impact the developable land and delivery within it.

Due consideration and detail is required in relation to:

- The ongoing review of the Cultural Heritage Act, which the Property Council has provided various submissions on over the last two years and how the review will integrate with the regional plan.
- The move to Bioregional plans being delivered by the Commonwealth Government and how they will be addressed by the final regional plan. Given Queensland has indicated it will be the first state to take part in this program, questions remain regarding what impact the Bioregional plans will have on land identified within the Plan and what mechanisms are embedded within the plan to ensure it does not impact supply targets.

All major growth areas in the last decade have been developer-led, and a master planned community takes years to execute. Of paramount importance in the delivery of such communities is certainty. As the draft Update currently stands there is no clear articulation of how the various environmental and cultural reforms are going to be integrated into the final document.

The Property Council is eager to see the final plan address these reviews with a clear framework as to how changes will be communicated to industry, along with assurances that future reviews will not impact land identified for development, nor make the delivery of supply to market more challenging.

7.0 Implementation Assurance

The draft Update contains very little detail on what the implementation assurance component of the final regional plan will look like, or how it will improve on previous regional plans that have lacked the weight to be effective as a statutory document.

The draft states that *"assurance ensures accountability."* This principle must be at the heart of any implementation assurance framework that is delivered as part of the final plan. If the final plan and its subsequent implementation fails to ensure accountability, it will miss the opportunity to have a tangible impact on the immediate housing crisis and ongoing sustainability of the region.

Central to accountability is ensuring that implementation assurance does not simply monitor growth targets, but can trigger change and enforce these targets where they are otherwise not being met. The State Government currently has this ability, but in the past, has not utilised it. Given the seriousness of the current housing crisis this must change, particularly if in the short-term we fail to build enough dwellings to house our population.

The key components that the Property Council believes will be essential to a successful implementation assurance framework are:

- Setting out clear implications for local governments where supply and diversity targets are not met.
- Including regulatory provisions that clearly identify the regional plan is a living document that will facilitate other growth areas and precincts between reviews, enabling the State to respond to the evolving challenges in housing a growing Queensland.
- Prioritising speed to market, through reviewing the current tools available to the State Government that support the 'bring forward' of land to market. This can only be done through mandating implementation and timeframes that are reviewed and benchmarked. An industry score card would help with this.
- Including dwelling supply benchmarks for local governments that are informed by local government planning, and adopted based on the location of available, developable land.
- A yearly report on the status of all Measures that Matter.
- Funding and timeframes for the delivery of all Measures that Matter.
- A process for making changes to the regional plan in response to outcomes of the Measures that Matter.
- Assessing the impact of State and local government policy changes since the 2017 regional plan on developable land.
- Prescribing and enforcing local government delivery of 3-yearly housing studies.
- Committing to a full regional plan review process within 2 years.
- Ensuring that the final regional plan is a living document that is agile and can respond to population pressure and demographic trends in a timely way.

8.0 Regulatory Changes

The document identifies "*a forward program of improvements*" at a high level of generality. It is unclear whether this program is comprised of the list of items under investigation or whether the program is in fact much broader.

With respect to the list of items under investigation:

- there is little detail about the proposed series of design codes, including the topics to be covered and how they will be implemented (noting there is reference to the design codes enhancing the "effectiveness and efficiency of regulatory provisions supporting gentle density.") We understand there is work being done in parallel to the regional plan review, and we again seek to understand how this will be integrated in the final plan;
- no details are provided of the new definition of Build-to-rent (BTR), the instances in which the level of assessment for BTR will be capped, or the specific development requirements;
- with respect to housing diversity and density, no details are provided about the proposed changes to minimum lot sizes, density, the consolidation of zones or the development requirements;
- the consistent position proposed to be adopted for providing greater certainty for gentle density product is not identified; we also seek to understand how "gentle density" is different to the "missing middle" previous iterations of the regional plan have referred to;
- the proposed options for increasing the supply of social and affordable housing, including inclusionary zoning, are to be the subject of further consultation.

The unresolved nature of the above matters is suggestive of consultation on the draft Update being premature. It is recommended that once these matters are resolved further consultation occur in a more holistic manner.

8.1 Planning Regulation 2017 Amendment

Schedule 10, Part 15 changes

Proposal 1 – Major Development Areas

The identification of new Major Development Areas for both future residential and employment land supply is welcome. Likewise, the ability to identify additional Major Development Areas as gazetted is welcome.

The proposal to prohibit variation requests for Major Development Areas until the State or local governments have undertaken structure planning for these areas is likely to result in delay and be counter-productive to progressing the development of these areas in an expeditious manner. Those with the greatest interest in these areas (e.g., landowners and developers) should be permitted to bring forward appropriate development proposals for these areas in the context of the existing development assessment system. There are sufficient checks and balances within the existing framework (e.g. public notification for variation requests, a broad discretion for impact assessable applications to be approved or refused, Ministerial powers) to address any concerns.

Proposal 2 – Major Enterprise Industrial Areas (MEIAs)

The provision of a pathway to reduce the level of assessment for appropriate development in MEIAs is supported.

The restriction of non-industrial land uses (above an as yet unspecified trigger) and prohibition of residential uses at a State level are not required. The specification of triggers is more appropriately addressed in planning schemes so as to be responsive to the locational and other aspects of MEIAs. The use of prohibitions should be avoided in preference to regulation through planning schemes and the development assessment framework. If there are concerns about inappropriate development in these areas, there are other mechanisms available to the Minister (e.g. the use of Ministerial directions and call ins) to address these concerns.

9.0 Conclusion

We applaud the Government in taking action post the Housing Summit and for its continued commitment to address the current challenges facing SEQ. Essential to this is understanding the market conditions that are hampering delivery in the short term as we look to streamline planning frameworks to allow for the delivery of future supply.

We also appreciate the haste in which this review has been delivered. We note the lack of detail around major policy reforms that could be adopted as policy in the final plan is concerning to the industry. Given the purpose of this plan is to facilitate the sustainable growth of our region for the next 20 years- and the complex and important nature of getting the plan right- we urge further consultation before the final plan is adopted.

Any response to the housing crisis will rely heavily on the private sector to develop the vast majority of homes. As such, it is imperative that industry is considered and consulted early and effectively wherever possible to ensure the South East Queensland Regional Plan improves on

previous iterations of the document and establishes a strategic framework that can tangibly increase housing supply.

Responding to the housing crisis will not be simple or easy. It will require the political will to enact bold change as we cannot simply continue with business as usual. The Property Council championed the need for the landmark 2022 Housing Summit nearly 12 months ago and will always be ready and willing to assist government as we seek to map out solutions to our housing crisis.

Once again, thank you for the opportunity to provide in in relation to the *Draft Shaping SEQ- South East Queensland Regional Plan- 2023 Update*. We would welcome the opportunity to discuss any aspect of this submission in more detail. If you have any questions, please do not hesitate to contact me on jwilliams@propertycouncil.com.au or 0448 432 936.

Regards

A handwritten signature in black ink that reads "Jen W". The letters are cursive and fluid, with a large, sweeping "W" at the end.

Jen Williams

Queensland Executive Director

