

4 July 2024

Economic Development Queensland (EDQ)
Economic Development (Affordable Housing)
Amendment Regulation
Via email: edq@dsdilqp.qld.gov.au

FEEDBACK ON DRAFT ECONOMIC DEVELOPMENT (AFFORDABLE HOUSING) AMENDMENT REGULATION

Thank you for the opportunity to provide feedback on the Draft Economic Development (Affordable Housing) Amendment Regulation 2024.

The Property Council of Australia is the leading advocate for Australia's largest industry. Here in Queensland, we are proud to have over 400 member companies from across the property industry: including the residential, commercial, retail, retirement living, industrial, tourism and education sectors.

As you are aware, the industry is facing a never before seen set of circumstances that is making the delivery of projects near impossible. The Property Council acknowledges the intent of the definition for affordable housing as outlined in the draft amendment regulation. We however caution against adopting an overly prescriptive or rigid approach, which will risk the viability of projects, resulting in less supply being delivered, which is contrary to the intent of the regulation.

Industry is also traversing an ever-changing regulatory landscape across all levels of government, and currently across Queensland there are multiple definitions of Affordable Housing being applied all seemingly different, which is adding further complexity to an already challenging environment.

Given ongoing challenges in the property sector, the Property Council believes there needs to be careful consideration given to whether to impose social and affordable housing requirements within Priority Development Areas (PDAs) at this time. Instead, we believe an extended transition period that includes ongoing engagement with industry to work through the provisions would provide the private sector the necessary confidence to deliver much-needed housing.

The proposed definition included in the draft amendment regulation is quite prescriptive and includes means-testing against household incomes, which will be difficult in the current market. Further, it is unclear how compliance with these requirements will be tracked over time, with ongoing compliance and reporting likely to be costly.

The draft amendment regulation differentiates between market and non-market affordable housing and the important role both play in delivering much needed housing. Given non-market affordable housing has traditionally been the responsibility of government, the Property Council is concerned that its express inclusion in this amendment regulation creates an expectation that the private market will be responsible for delivering this discount to market product.

Furthermore, we are concerned that as drafted the proposed criteria around 'market affordable housing' is not reflective of market conditions and is not achievable. For example, within the Sunshine Coast Local Government Area, where median household income is \$1,770.49 per week (based on the 2021 census, indexed by the Wage Price Index), the industry would be required to deliver dwellings with a market (ie non-discounted) rent of as little as \$265.57 per week to service

a household at 50% of the median. A scan of the market indicates that no (non-shared) dwellings are listed at such a low rent level, and so any requirement to deliver dwellings at this range would in fact be non-market.

Alternatively, newly constructed dwellings in the Sunshine Coast would be required to reflect a market value of \$276,196; there is no current newly constructed housing in the market attracting such a low market value.

It is further acknowledged that the draft amendment regulation provides flexibility and options for the proponent to achieve the social and affordable housing requirement, including the option of providing a monetary contribution or entering into a housing agreement with MEDQ. While the inclusion of these options is positive, in light of the ongoing market challenges mentioned above, in particular the constrained construction sector, the Property Council believes the option of a monetary contribution in lieu of delivering the social and affordable housing should be offered in all instances.

Further, while we support the flexibility offered through this option, more detail is needed regarding how a monetary contribution or housing agreement will work. This includes clarity around how the amount to be paid will be calculated, when and how the money is collected and how and where it is spent by EDQ.

Industry requires a foundation of certainty – it is a fundamental principle in attracting and retaining the investment required to deliver critical housing supply. Many of our members are deeply invested in existing and new PDA's and any changes to the requirements in which they operate has the potential to undermine the confidence of this investment.

We note the draft amendment regulation includes the potential for the new affordable housing definition to apply to existing PDAs. While the Act will not immediately change social and affordable housing arrangements within existing PDAs, retrospectively changing existing rights and obligations under development schemes in PDAs is concerning. Making these changes will also require extensive work, including a housing needs assessment, negotiations with proponents and several government departments and public notification, which will all take time and delay delivery of applications under existing PDAs.

The Frequently Asked Questions on the EDQ website specifically states that Retirement Living is not included within the affordable housing definition. According to the Queensland Government Statistician Office¹ "Between 2021 and 2046, Greater Brisbane's population aged 65 years and over is projected to almost double to 717,000 persons, resulting in close to 1 in 5 residents (19.1%) expected to be aged 65 and over by 2046, up from 1 in 7 residents (14.4%) in 2021." Accommodating this rise in older Queenslanders will require a significant increase in more retirement living, which will be put at risk by excluding age-friendly housing from this definition.

Thank you again for the opportunity to provide this feedback, if you require any further information or have any questions, please do not hesitate to contact me on JCaire@propertycouncil.com.au or 0449 181 366.

Yours sincerely,



Jessica Caire
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¹ [Queensland Government population projections, 2023 edition: Queensland SA4s \(qgso.qld.gov.au\)](https://www.qgso.qld.gov.au/)