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Economic Development Queensland (EDQ)

Via email: edq@dsdilgp.qld.gov.au

FEEDBACK ON THE WOOLLOONGABBA PRIORITY DEVELOPMENT AREA (PDA) PROPOSED DEVELOPMENT SCHEME AND DRAFT PUBLIC REALM GUIDELINE

Thank you for the opportunity to provide feedback on the Proposed Development Scheme and Draft Public Realm Guideline for the Woolloongabba Priority Development Area (PDA).

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, residential, commercial, retail, retirement living, industrial, tourism and education sectors.

The Property Council welcomes the progression of the Woolloongabba PDA as a positive step to realising our shared vision for delivering and sustaining high-performing precincts - intricate economic ecosystems that provide centres for housing, employment and trade, attractors for talent and investment, social hubs for entertainment and leisure, and vibrant places for communities to enjoy.

Critical to the success of the Woolloongabba PDA will be the level of private investment in new places and spaces that can be enabled and accelerated, above and beyond what would otherwise occur without any intervention.

Given the considerable private sector investment within the Woolloongabba PDA, we have below outlined industry feedback relating to the Proposed Development Scheme and Draft Public Realm Guideline need to be addressed and further detail needs to be provided.

Project Feasibility

Our members have raised concerns that the Proposed Development Scheme and Draft Public Realm Guideline, if adopted in their current form, will unnecessarily constrain development potential within the PDA area due to a number of prescriptive and uneconomical requirements that are proposed to be applied to future development in the area.

The industry's view is that these requirements, either individually or collectively, will add extra cost without additional value and place insurmountable constraints on individual projects' feasibility, effectively prohibiting future development in a key precinct of our inner city.

In the current market conditions, it has never been harder to deliver a project, adding further requirements will only add to this challenge. Offsets such as potential increased building height, do little to alleviate the issues of cost.

Our members are eager to work with EDQ to assess the impact of the current and proposed instruments within the Woolloongabba PDA to test project feasibility. Without market testing of the prescriptive nature of the inclusions, there is genuine concern that we will fail to achieve the shared future development vision for proactive development facilitation in the Woolloongabba PDA.

Social and Affordable Housing Requirements

The Proposed Development Scheme includes requirements for mandatory minimum of 20 per cent of total residential GFA for high quality social or affordable housing on-site.

Mandating these requirements at such a high percentage is likely to drive up the costs to deliver projects at a time when getting supply to market faster should be the priority.

Additional complexity and uncertainty through the application of EDQ's Affordable Housing Regulation in the PDA (including the prescriptive nature of the regulations, the uncertainty around timing and outcome of the housing assessment process and terms of any potential monetary offset) will make it even harder to bring new supply to market.

Impact of inclusionary zoning on development feasibility

The Proposed Development Scheme introduces inclusionary zoning to the PDA, such prescriptive measures erode feasibility of projects whilst limiting industry's capacity to deliver at market projects. **Annexure one attached hereto** outlines a variety of case studies that outline the impact of inclusionary zoning on development feasibility.

In place of mandatory provisions that render projects unviable, the Property Council supports the introduction of voluntary initiatives or incentives that would reward or compensate the private sector for the provision of below market housing (key worker and affordable housing), which is delivering broader societal benefit.

While the private sector can play in the delivery of affordable or key worker housing (where incentivised to do so), the delivery of social housing is one of the fundamental roles of government – this has been widely acknowledged throughout the variety of forums that have been conducted since the landmark housing summit in October 2022.

Proposed Development Scheme

The Proposed Development Scheme seeks to establish a set of planning controls over the land area in the Woolloongabba PDA, inclusive of preferred land uses, detailed design parameters and guidelines for built form and landscaping, together with references to trunk and non-trunk infrastructure requirements for new developments – both PDA-wide and in designated precincts.

If progressed without amendment, the Proposed Development Scheme would place considerable negative impact on the feasibility of future projects within the PDA area. Such constraints are unlikely to be overcome with additional allowed development height or a concessional infrastructure charging regime.

Our concerns relating to the Proposed Development Scheme include:

- Prescriptive not performance based. The nature of the scheme is highly prescriptive and does not enable the development facilitation objectives of the PDA.

The rejection of performance-based planning outcomes is a primary concern. Even if a design is inconsistent with the guidance about built form parameters provided within the Development Scheme, it may still be consistent with the land use plan and should therefore be supported.

For example: Section 3.2.5 Assessment and compliance, which states '*PDA assessable development that complies with the applicable maximum building height provisions but is at variance with other built form provisions (such as minimum site areas, built form transitions, setbacks, open space requirements and heritage considerations) may fail to pass the assessment of consistency under section 3.2.4 (the Land Use Plan).*'

Additional concerns relating to overly prescriptive requirements include, but are not limited to:

- Duplication of detailed design parameters typically expected of a planning scheme, including setbacks, building separation, building length, floor plate size
- Confusion relating to requirement to adhere to PDA-wide "design parameter guidelines for built form and landscaping" which are listed as guidelines, but are included as criteria for assessment.
- Enhanced flood impact assessment to 1% AEP, expanding the number of 'at risk' sites, increasing construction costs to address risk
- Mandatory inclusion of minimum communal open space (80 per cent of the site area or 15 per cent of the GFA, whichever is greater for residential and between seven and ten per cent for non-residential developments), which will only increase building costs
- Introduction of Privately Owned, Publicly Accessible Open Space (POPAOS), covering 9,400m² (at a minimum), which will limit development area, add to construction costs and provide a long-term increase in building operation cost, making the building less affordable.
- Mandatory minimum dwelling diversity characteristics (requiring the GFA include a minimum of 20 per cent each of three or more bedrooms, single bedroom and accessible offering universal design), irrespective of identified market demand
- Minimum bike parking rates for hotels (minimum 1 lockable and covered bicycle parking space, per bedroom – in an easily accessible location with a garage or separate facility, and 1 visitor bicycle parking space per 4 units or part thereof) and apartments (1 lockable and covered bicycle parking space, per bedroom – in an easily accessible location with a garage or separate facility, and 1 visitor bicycle parking space per 2 units or part thereof), increasing building costs.

- Reduced development density. The Proposed Development Scheme includes excessive road frontage setbacks, new roads, street widenings and cross block links, where 5m setbacks and subtropical boulevards are required across most of the PDA area, limiting developable areas on key sites.

The Proposed Development Scheme also has a number of additional building height restrictions, over and above the current BCC Plan. These include the introduction of over-shadowing requirements and also lower helicopter flight path restrictions, together with the identification of building heights on a number of sites that either match the heights that were already being approved by Brisbane City Council, or in some instances are actually less than what was previously identified in the City Plan as an acceptable outcome.

In many instances when you factor in the proposed increased setbacks, maximum floorplate sizes, increased open space, affordable housing requirements, sustainability requirements and all the other prescriptive requirements, most sites within the PDA have seen a reduction in density and therefore potential available housing supply.

It is important to note that increased building density is required to make the most of the opportunity and to achieve critical mass to drive the vibrancy and activation of the precinct, as well as achieve the economic benefits envisaged in the for Cross River Rail and Metro projects.

- Design driving higher construction costs. Tall, slender buildings (maximum tower floor plates of 1,200m² and 1,500m² for residential and non residential respectively) are significantly more expensive to build on a rate per metre and take longer to build the equivalent gross saleable area than shorter, wider buildings that the current BCC plan allows. As such the feasibility on these projects is significantly decreased.
- Proposed development out of step with market. Requirements to maintain relatively small tower floor plates does not align with market expectations, particularly with respect to non CBD office occupiers who continue to seek larger campus style floorplates of minimum 1,500 NLA (which is more like 1,800 to 2,000 sqm GFA).
- Development Charges and Offsets Plan (DCOP). The misalignment between progressing the Proposed Development Scheme without a corresponding plan for trunk and non-trunk infrastructure within the PDA area is a primary concern.

Not only does this risk misalignment between intended development of the PDA and infrastructure delivery, but it also prohibits a more rigorous and wholistic assessment of the additional costs and available incentives in the PDA.

The additional development costs proposed to be introduced in the Woolloongabba PDA, specifically social/affordable housing requirements, diversity requirements and

POPAOS requirements cannot be considered (and should not be progressed) in isolation of a fully developed DCOP.

- Fragmented block ownership. The Proposed Development Scheme envisages block-by-block development within the PDA. This assumption is flawed as some blocks are not owned by a single entity and may therefore not develop as a single project per block.

Consideration needs to be given to facilitating individual, smaller developments on the same block.

- Unintended consequences. Some sought-after development typologies, such as Purpose Built Student Accommodation (PBSA) and retirement living, may also be inadvertently prohibited in light of the prescriptive development conditions, as outlined above.

Draft Public Realm Guideline

The Draft Public Realm Guideline seeks to achieve an ambitious increase in open and green space in the PDA. This ambition is currently expected to be achieved through both public and private investment in intensive urban greening – including through the introduction of POPAOS.

If progressed without amendment, the Draft Public Realm Guideline would place considerable negative impact on the feasibility of future projects within the PDA area. Such constraints are unlikely to be overcome with additional allowed development height or a concessional infrastructure charging regime.

The mandatory introduction of POPAOS in new developments will shift responsibility for the maintenance of public amenity away from the public sector onto the private sector. Over time, these additional costs will be borne by the property owner and will undermine efforts to improve the affordability of housing both within the PDA area and across South East Queensland generally.

We recommend removal of POPAOS provisions within the Public Realm Guideline and adequate provision of publicly available green space by local and state governments, as is commonplace throughout Queensland and indeed Australia.

Timing and additional consultation

The Property Council and our members are heavily invested in the success of Woolloongabba and given the significant proposals outlined within the proposed development scheme, we raise concerns around the misalignment and timing of implementation for the various PDA instruments (such as release of the Proposed Development Scheme and Draft Public Realm Guideline without the DCOP). Industry needs certainty and without a clear infrastructure plan and agreed implementation strategy, the uncertainty will undermine confidence to invest in bringing new products to market.

Of particular interest to our members is clarification as to how EDQ will implement the changes to its role and function with the passage of the *Economic Development and Other Legislation Act* (EDOLA), with respect to the delivery of the Woolloongabba PDA.

Industry's preference is there is a review of the Proposed Development Scheme based on the feedback received during this consultation period and re-publication of a refined Proposed Development Scheme and Draft Public Realm Guideline, together with the Proposed DCOP, to enable additional industry feedback.

Further consultation with industry regarding the proposed amendments is absolutely critical to avoid unintended consequences and to protect the private investment needed to ensure success of the Woolloongabba PDA.

In the current environment, certainty is a key foundation in attracting and retaining investment in development. In order to make informed investment decisions, industry requires, a feasible development yield, streamlined planning pathways, certainty around fees and charges that will be levied up front.

As outlined above, our members are deeply invested in the success of our city and to that end we would like to extend an offer to utilise our members technical expertise in a workshop to discuss concerns.

If you would like further information pertaining to the attached Annexure relating to feasibility scenarios we would be pleased to discuss further.

Thank you again for the opportunity to provide this feedback 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
Queensland Executive Director

Attachments – Annexure One – Impact of Inclusionary Zoning on Project Feasibility