Submission to the Senate Select Committee on

HOUSING AFFORDABILITY IN AUSTRALIA

Urban Development Institute of Australia (Queensland)

28 March 2008

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Mr John Hawkins
Committee Secretary
Senate Select Committee on Housing Affordability in Australia
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

BY POST

Dear Mr Hawkins

The Urban Development Institute of Australia (Queensland) ("UDIA (Qld)") welcomes the opportunity to provide this submission to the Senate Select Committee Inquiry into Housing Affordability in Australia.

UDIA (Qld) is the peak body representing the property development industry in Queensland and was established in 1970.

We would appreciate the opportunity to discuss our submission with the Committee in greater detail.

Yours sincerely
Urban Development Institute of Australia (Queensland)

Brent Hailey
President

1. Background

The Urban Development Institute of Australia (Queensland) ("UDIA (Qld)" or the "Institute") welcomes the opportunity to provide this submission to the Committee as the Institute has comprehensively investigated the primary factors that have contributed to the current housing affordability crisis that exists in Australia today with particular reference to the Queensland situation. In addition to analysing and identifying the causal factors, the Institute has also identified a broad range of solutions at Local Government, State Government and Federal Government level that, if effectively implemented, would make a profound difference to the Queensland housing market in particular and the Australian housing market in general.

The research that has been concluded and published by the Institute is contained in the attached reports, namely "An Industry Inquiry into Housing Affordability in Queensland" 2006 (the Queensland Report) and "An industry report into affordable home ownership in Australia" 2007 (the National Report) which includes detail on each State also. The Institute would welcome the opportunity to give evidence before the Committee to supplement this submission and to provide expert testimony in response to questions that may be asked by the Committee.

Since the writing of these reports the Queensland Government has released a Housing Affordability Strategy and the newly elected Federal Government has commenced to implement strategies to address this issue at the Federal level. In broad terms the Institute has welcomed these initiatives as, when implemented comprehensively they will clearly commence the process of dealing with some of the problems that have been identified. Our concern however is that there are a number of fundamental issues that have not yet been comprehensively addressed and that there is not a sense of urgency to reliably investigate the issue of land supply and the timing of land release. A summary of the Institute's concerns follows.

2. Introduction

It is only in the last two years and after considerable public debate and media interest that governments at State and National level have acknowledged that they control most if not all of the levers that impact on property prices. Recent policy statements made by the Prime Minister, and a number of Premiers, demonstrates how far the debate has travelled. However, the voice of local authorities has been silent on the issue other than to attribute high land prices to land banking without providing sufficient evidence of the extent and nature of the problem. Until local government accepts such responsibility, or performance targets related to affordability are imposed by State and Federal governments, incremental change only is likely to occur. As stated in the State Report, the Institute is of the view that, "... it is a fundamental responsibility of government at all levels to ensure that adequate supplies of affordable industrial, commercial, retail, public space and residential land are made available in safe, well-serviced and sustainable communities. Failure to meet this objective has profound adverse social consequences for the whole community and this should be the subject of rigorous discussion and urgent attention."

3. Affordability

The data about the decline in affordability is very clear. For example, in Graph 1 below, the lack of affordability in Queensland is more severe than at any stage since at least 1983, as median house prices have risen to exceed six times the median wage.[1] This is based on the data in Graph 2. Even if house prices remained static, with wage growth around 3.2% (in nominal terms) it would take approximately 14 years to return to a situation where house prices were 'just' four times the median wage. The attached reports demonstrate that considerable research has been undertaken on this topic and numerous additional sources confirm that there is real and ongoing cause for concern.

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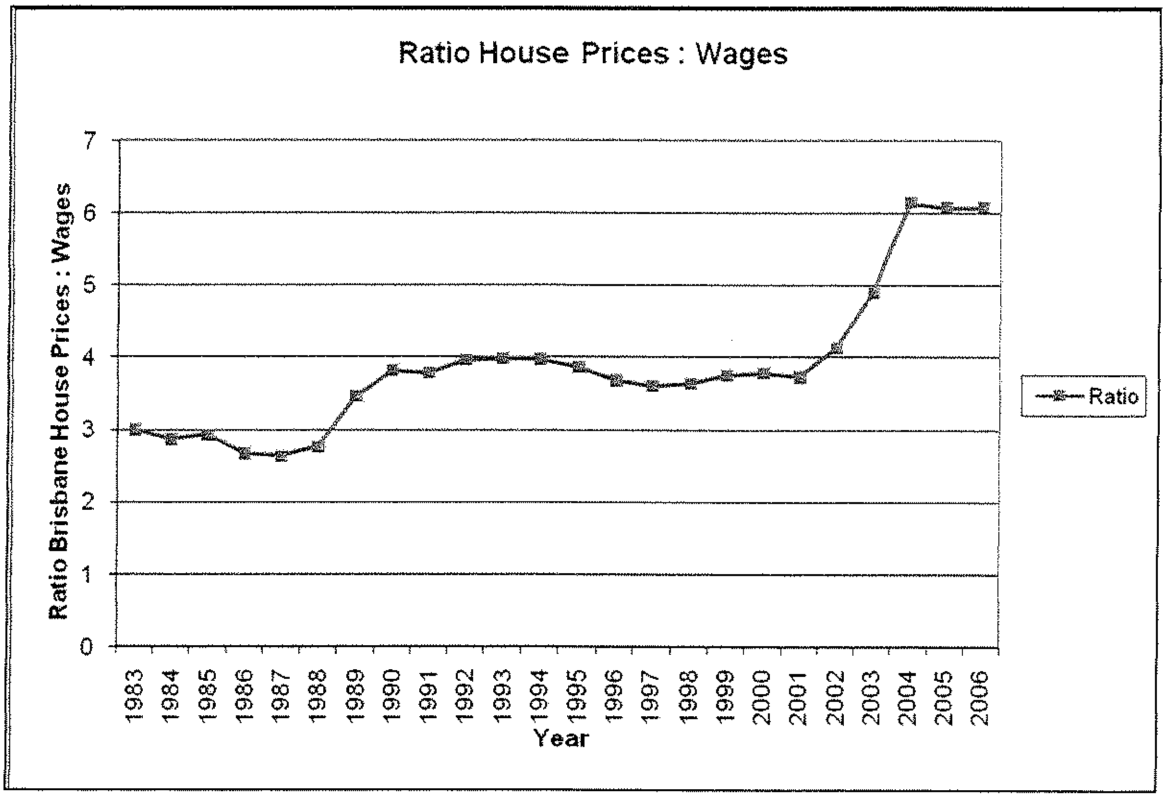
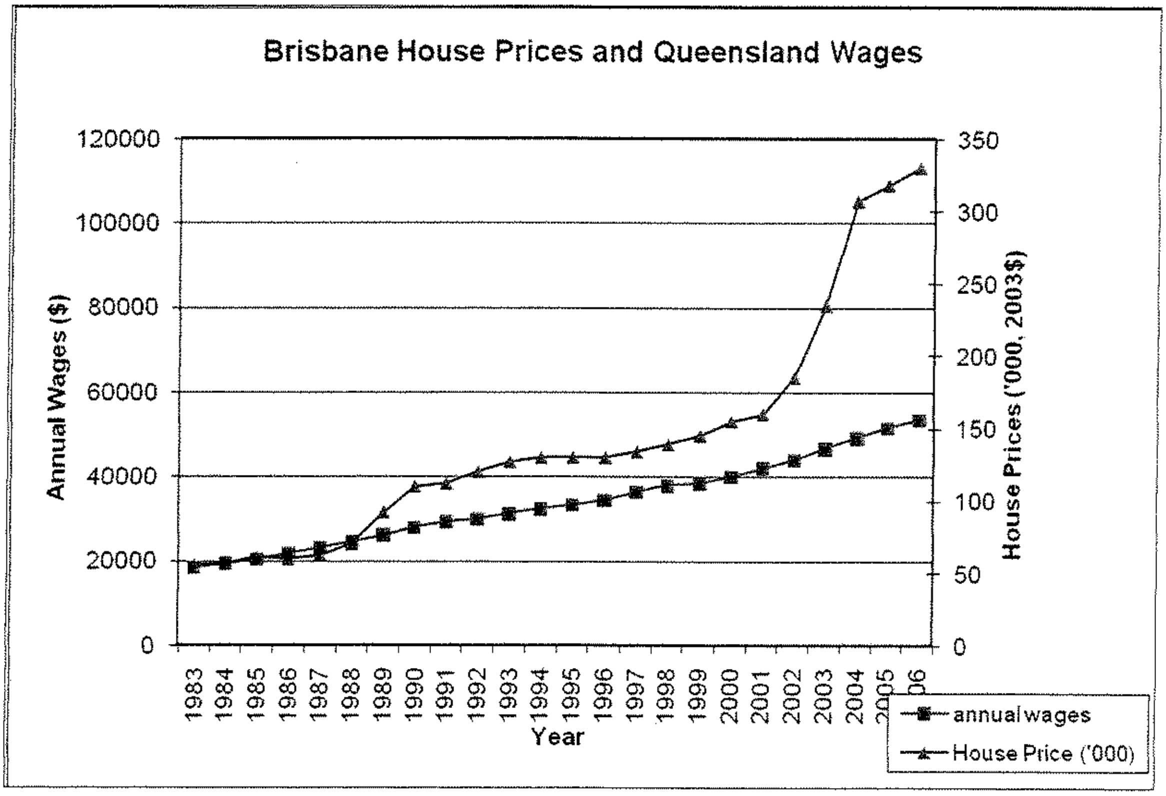
[1] This compares Queensland wages to house prices in the Brisbane statistical district, which includes surrounding local government areas.

Graph 1



Graph 2



The data on this issue is alarming in terms of its potential implications for the State's economy, as well as from the perspective of the housing prospects of individuals and families. Brisbane has lost its affordability advantages compared to other major cities. Currently, comparable land and house packages in Melbourne are available for up to $100,000 less than in Brisbane. If not addressed this situation will have a dual negative effect on the State economy through reducing growth, and also reducing the activity of one of the State's largest employers and contributors to GSP, the building and construction industry.

4. Land Supply

It is well accepted that land supply is critical in determining the market price for land and houses. (See for example the statements of Mr Tony Richards, Head of the Reserve Bank of Australia's economic analysis division, and Dr Frank Gelber, the Chief Economist of BIS Shrapnel as reported at page 12 of the Australian Financial Review on Friday 28 March 2008.) However there is very real evidence that the government has not had the quality of data required to fully consider this issue. Indeed, data used to estimate population growth and land supply that would enable long term growth plans to be made has been overly conservative in recent years.

As a broad rule of thumb, the industry believes that, for a range of locations and market segments, there ought to be five years supply of land zoned for development at any time to provide for immediate purchase. There should be at least ten years of fully zoned land contained in planning schemes at any time to provide ongoing supply such that the market is competitive for the purchase of future development sites and thus en globo land prices do not rise to artificially constrained. There should also be fifteen years of land contained within planning schemes and zoned for future development. Identification of an urban footprint some 20-25 years in advance is also strongly supported as a long term planning mechanism. However, careful consideration must be given to the practical availability of land at various timeframes within this broad structure.

In the Institute's view, this has a substantial impact on affordability as data used for the short term targets has been equally flawed as for the long term targets. Indeed, groundtruthing showed that there was significantly less land available and likely dwelling yield than estimated for Broadhectare Studies of Brisbane City, Gold Coast City and the Sunshine Coast during recent years. The industry has been vitally concerned about land supply in the 3 to 5 year range and beyond, as opposed to immediate supply of lots. Further details on land supply will be provided at the Committee's hearings, however two recent studies have been detailed below.

4.1. Redland Land Supply

In 2007, as a consequence of industry representations and as a result of concern by the Mayor of Redland Shire Council as to the reliability of land supply data in Redland Shire, an independent review by Urbis JHD was conducted on behalf of the Department of Local Government & Planning (Planning and Infrastructure Forecasting Unit), Redland Bay Shire Council and UDIA (Qld). This exercise did not simply involve the application of mathematical formulae based on estimates of yields but rather required a substantial level of professional expertise applied in respect of a range of construction and demand issues. Their report disclosed substantial variances between land supply estimates from the local authority and those assessed by leading independent Australian urban economist Urbis JHD. It calculated that errors of approximately 20% had been made with regards to potential yield. Further, as has also occurred in other local government areas, the Council had overestimated the densities that are realistically achievable, particularly until sufficient public transport solutions are provided.

4.2. Hervey Bay Planning Scheme

The recently approved Hervey Bay Planning Scheme provides a further example of the potential adverse, perhaps unintended, consequences of Local Authorities (and arguably the State

Government's) planning policies. As a consequence of the changes that were made after public consultation (some by the Local Authority and some required by the Minister for Local Government and Planning), it is currently estimated that some 12,000 existing developable lots contained under the superseded planning scheme have been excluded from the Urban Footprint.

4.3. Coomera – Gold Coast City Council Local Growth Management Strategy

The Gold Coast branch of UDIA (Qld) recently undertook a comprehensive review of a Draft Local Growth Management Strategy released by the Gold Coast City Council. A complete copy of the Branch President's letter to the Council CEO and the Submission is attached. For ease of reference, the following excerpts are provided –

"...

A benchmarking analysis of the Coomera/Cedar Creek SLA by UDIA has shown that the existing, approved and planned development for the SLA will only provide approximately 65% of the targeted dwellings under the draft LGMS. If this shortfall trend were to continue through further greenfield growth areas within the urban footprint, then a shortfall of approximately 19,000 dwellings would occur to 2026 within the footprint, (from a targeted 74,733 dwelllings under the GCCC's own projections for greenfield areas)."

"...

It is our primary view that the draft LGMS does not evidence that it will definitely deliver on the core requirement of the SEQ Regional Plan to "demonstrate how dwellings targets and associated jobs and infrastructure will be accommodated, --"

Our analysis of the draft LGMS, and the assumptions and information underpinning it, leads us to conclude that:

1. the LGMS will fall well short of its greenfield dwelling target. The shortfall is likely to be in the order of 35-40%, which is alarming;
2. this will lead to worsening of existing poor affordability of home ownership on the Gold Coast. It is critical that available development opportunity areas as far as possible match the demand for accommodation to avoid building pressure on affordability;
3. the draft LGMS, and more particularly the assumptions and information underpinning it, need to be reviewed urgently in order to ensure that the document is as valuable as it possibly can be to future development in the City over the next 20 years. To some extent, the present LGMS is the once-in-a-generation opportunity that we must grasp to give direction to the community."

These examples are not isolated instances but rather indicative of issues that frequently arise throughout the state. In essence, it was problems of this nature that led the Institute to call for the creation of an independent Urban Land Monitoring Authority as it was believed that , without such a body, there would be inequality of opportunity between the states as a consequence of the inability to achieve comparative affordability between state markets. The Institute acknowledges that there will be variations between the relative affordability of capital city markets that arise due to environmental growth constraints and the relative attractiveness of cities, however when there are no or limited constraints then such outcomes are unacceptable as they can be avoided.

5. Taxes and Charges

Another equally significant issue is that of Taxes and Charges, especially headworks or infrastructure charges. During the last three or so years there has been an unprecedented level of increases in local and State headworks charges and substantial increases by State electricity providers Ergon and Energex that arose from the removal of cross subsidisation provided by user charges for many decades. We do appreciate that there is a sound and rational economic basis for the disclosure of subsidies by Statutory Authorities, Local Authorities and the State. Equally we also recognise the need for there to be recognition, complete transparency and predictability of the level of funding for infrastructure that is to be provided by people moving into new home ownership and the level of subsidy that is provided by the existing and future rate bases. However, it is the uncoordinated and unintended aggregate impact of these charges that has never been fully appreciated, by government or industry, prior to changes in pricing policy being implemented.

For example, with the introduction of the Integrated Planning Act 1997 (Qld) ("IPA"), the funding basis for development infrastructure was changed. It was acknowledged by all parties that there would be some increases and some decreases in headworks charges, but not that there had been a profound under-funding of infrastructure and that charges would increase exponentially. Consequently, the industry has experienced increased charges of between $30,000 - $40,000 per lot being applied in most South East Queensland localities. Further, new charges are being introduced each year by some Local Authorities. For example, Redland Shire has introduced a transport infrastructure charge of between $12,000 - $15,000 per lot. Further examples were noted in the Queensland Report.

Every $10,000 increase in headworks or other development charges increases the deposit gap for first and new home purchasers, potentially by a margin in excess of $10,000 if the people concerned are already limited in how much they can borrow. It also adds in excess of $25,000 to the amount borrowers ultimately have to repay (using current interest rate charges). Consequently we have seen the deposit gap for most first home purchasers increase by some $75,000 - $150,000 (depending on locality) after also taking into account the additional end cost of the goods and services tax and general property increases that have occurred since 2000. The formula for these charges should be reviewed to ensure consistency and appropriateness and there should be a moratorium placed on increases in charges.

6. Processing Costs and Holding Charges

The Institute has long been concerned that the IPA was not achieving its stated goal of ensuring that adequate supplies of affordable development land are made available with an appropriate degree of certainty and predictability and to facilitate sustainable communities.

The cost and complexity of the processes of development and the frequent delays are problematic and cause increased costs to homeowners. Delays in excess of a year beyond IPA timeframes, are not uncommon and there are numerous examples of delays in excess of 2 years beyond IPA timeframes. The process is also frequently very expensive in terms of consultants' reports and legal fees. This issue is very complex and the resolution of these problems will require exceptionally thorough consideration by the public, industry and government.

The most recent review of the IPA, currently being undertaken by the Queensland Government under the Housing Affordability Strategy is intended to address this problem. However its success will depend on the extent and effectiveness of the amendments and the willingness of local authorities to achieve significant improvements. In light of the anti-development sentiment that appears to have dominated the recent Queensland Local Government elections the Institute is not confident that there will be a high level of cooperation with the State Government in respect of the achievement of growth targets and performance improvement into the future.

7. Labour

The Institute is also concerned about shortages in skilled labour. This has already been a problem and the industry anticipates that it will be exacerbated in the coming years unless the supply of skilled tradespeople is increased. The situation, for example, where it takes two years to secure a builder for work on the Capricorn Coast, cannot viably continue. Apart from its impact on housing supply and achievement of planning goals, at the least it adds two years interest and holding charges to the cost of new houses. UDIA (Qld) understands that State and Federal Government have comprehensive strategies in place to address this and supports efforts in this regard.

8. Infrastructure Provision

Although the Queensland Government has now initiated a comprehensive program of infrastructure rollout for south East Queensland there has been decades of neglect and underspending on this vital component . Infrastructure led development is invariably successful in achieving growth plans but outcomes are significantly less predictable where the opposite occurs.

Although this has been recognized in the Federal Government's recently announced strategies the industry is not confident that this alone will make a substantial difference to affordability.

9. Rental and Investment Property Considerations

Unsurprisingly, if declining affordability has forced more people into the rental market, vacancy rates are also low. In the December quarter, the rental vacancy across Queensland was 2.6%, and 1.9% within 5km of Brisbane CBD.

Rents increased during 2006. The rent for 3 bedroom houses increased 16.3% (to $285) in Brisbane between September 2005 and September 2006 and rents for 2 bedroom 'other dwellings' increased 13% over the same period (to $260). While the increase in rents varied depending on location and product, over the same period, rent for 2 bedroom houses in Cairns increased 24% and 2 bedroom units at the Gold Coast increased 9.8% for example.

This is in keeping with the predictions from the ANZ Residential Snapshot (March 2006) which noted Australia wide that 161,000 dwellings were required to satisfy underlying demand but that, with starts predicted to be 138,000, significant shortages in supply were likely, and that the market would be expected to respond to the resulting market tightening, lower vacancies and price rises and rent rises by increasing supply. Despite the rent rises and low vacancy rates, HIA does not expect house starts to increase until 2008. Hence, it could be argued that supply has not yet sufficiently been stimulated.

Yet, from the perspective of an investor, the REIA's index for residential investment property returns for 3 bedroom houses in Brisbane was shown to be 10% for the year to September 2006, down from an annual average of 15% between March 1983 and September 2006 surely due at least in part to the rapid increase in house prices. As noted by the Macquarie Bank, vacancy is starting to decrease and rents are starting to rise but it could still be a couple of years before rental returns are high enough to tempt more investors back into the market. Macquarie also stated that "rents around the country have not increased significantly in five years, so we expect a rental catch up that may surprise some".

Regardless of tenancy, indications are that demand for dwellings remains strong. In some regards, the key could seem to be ensuring that everyone has at least one home that they can afford to occupy, regardless of whether the buildings are owned by the occupier or an investor. However, the market is already distorted by government policies and we should be mindful of the different drivers of homeowner and investor purchasers when considering different policy options.

10. Conclusion

In 2007 UDIA (Qld) prepared a summary of instances reported by members in respect of affordability issues. This was provided to the State Government and contributed to the development of the Housing Affordability Strategy. A copy of that document, "Affordability Issues – Examples", is attached to this submission in support of the observations made in this paper.

The Institute remains convinced that the strategies recommended in the Queensland Report and the National Report should be fully implemented at Federal and State level. We are firmly of the view that without an independent economics-based independent advisory unit similar to the United Kingdom's National Housing Policy Advisory Unit and the implementation of comprehensive housing market analysis that there is every prospect that marginal changes only will be achieved to the current situation and that long term solutions will not be achieved.

Urban Development Institute of Australia (Queensland)
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Submission

in relation to the October 2007 draft of the

Local Growth Management Strategy for Gold Coast

January 2008

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Table of Contents

1. INTRODUCTION 1

2. SUMMARY OF KEY ISSUES 1

2.1 SEQ Regional Plan 2
2.1.1 Regional Growth Targets 2
2.1.2 Fundamental Principles 2
2.1.3 Implementation Guideline Requirements 3

2.2 LGMS - Strategies and underpinning policies 3
2.2.1 Context of and intention behind LGMS 3
2.2.2 LGMS Strategies 3
2.2.3 Key Policy Documents, information and assumptions 4

3. ANALYSIS OF THE DRAFT LGMS 5

3.1 The draft LGMS and current proposed amendments to the Gold Coast Planning Scheme 5

3.2 Reliance on PIP projections – potential impact 5

3.3 The Urban Footprint 6

3.4 Issues and disincentives relating to infill development 7

3.5 The City's Context and "Cross-border" issues 8

4. CONCLUDING ISSUES 10

5. KEY RECOMMENDATIONS 10

1. Introduction

This submission to the Gold Coast City Council has been prepared in response to the "draft Local Growth Management Strategy" for the Gold Coast ("the draft LGMS"). The submission specifically addresses those aspects of the Strategy which are of concern to the UDIA (Qld).

The submission looks at the regional planning context, strategies of the draft LGMS and the dependant planning documents.

2. Summary of Key Issues

- The LGMS is intended to inform future Planning Scheme Amendments to ensure consistency with the SEQ Regional Plan, however the planning and growth assumptions in the LGMS are dependant upon the outdated development designations and domains defined in Council's 2003 Planning Scheme and Priority Infrastructure Plan (PIP). Neither of these documents reflects the most recent planning for South East Queensland.

- There is a considerable lack of land supply within the Greenfield areas of the City beyond 2011 and the projected dwelling numbers are significantly inflated and also unachievable. Without correct and justifiable growth projections for the Greenfield areas of the City, the Council will not be in a position to respond to the future revisions to the SEQ Regional Plan by the Office of Urban Management to ensure that a suitable amount of land can be identified and subsequently included within a revised urban footprint.

- The LGMS has failed to highlight the disincentives in the current Planning Scheme that may prevent the City from accommodating the proposed infill dwelling targets. Moreover, the UDIA content that this growth under the current Planning Scheme provisions will not contribute to the delivery affordable housing, diversity of dwelling types or produce the population density in key areas (i.e. close to hospitals, universities and key employment/transport nodes but rather be located in high amenity areas with high property values).

- The draft LGMS overlooks a number of fundamental issues associated with the transport of people and resources into and out of the Local Government Area.

2.0 Background to the LGMS

2.1 SEQ Regional Plan

2.1.1 Regional Growth Targets

The SEQ Regional Plan was developed as a response to the needs of the SEQ Region to accommodate population growth over the period to 2026 of an additional one million people, with corresponding growth in economic activity and employment. This growth will be accommodated partly in the Gold Coast area and also in the Brisbane metropolitan area (including Ipswich and other local government areas immediately surrounding Brisbane City) and the Sunshine Coast.

For the Gold Coast, a target of 136,500 new dwellings – comprising 71,500 greenfield dwellings (52%) and 65,000 infill dwellings (48%) – was set for the period 2006-2026.

It is worth noting that since the SEQ Regional Plan was first produced in "final form" in 2005, the population projections for the region have been revised upwards by more than 250,000.

However, in the draft LGMS, only relatively small increases have been made to dwelling targets for the Gold Coast.

2.1.2 Fundamental Principles

Apart from setting dwelling targets, the SEQ Regional Plan also sets down a number of important principles about urban development.

Important principles, relevant to the LGMS include:

- Using the urban area efficiently by accommodating a higher proportion of growth through infill and redevelopment, and well planned greenfield development;
- Accommodating projected growth and change by ensuring that there are adequate supplies of land;
- Consolidate urban development in existing and new urban areas to improve utilisation of land and the efficient use of infrastructure and services;
- Focus higher density and mixed use development in and around regional activity centres and public transport nodes and corridors;
- Measure the rates of development and land availability of land stocks on a regular basis by establishing a regional land monitoring program.[1]

Related concepts include:

- Sustainable design of communities and buildings, responsive to the sub-tropical location of the region;[2]
- Housing mix and affordability;[3]
- Focusing employment and community services in well-planned, vibrant and accessible regional activity centres;[4]

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[1] SEQ Regional Plan 2005: p.65
[2] ibid: p.67
[3] ibid: p.69
[4] ibid: pp.71-74

- Integrated land use and transport planning, and in particular, transit-oriented development ("TOD").[5]

2.1.3 Implementation Guideline Requirements

The South East Queensland Regional Plan 2005-2026 Implementation Guidelines for Local Growth Management Strategies requires that "an LGMS will:

- investigate projected housing needs and the diversity and affordability of housing types required for future communities;
- demonstrate how dwellings targets and associated jobs and infrastructure will be accommodated, including opportunities for infill and redevelopment;
- set priorities for investigating and planning for higher densities, including identifying transit oriented communities;
- review land and infrastructure availability in Regional Activity Centres to ensure they perform their intended function;
- ensure measures are in place to prevent inappropriate out-of-centre development;
- identify available greenfield and redevelopment areas which require structure planning or master planning; and
- identify Planning Scheme amendments required to implement the LGMS."[6]

2.2 LGMS - Strategies and underpinning policies

2.2.1 Context of and intention behind LGMS

In order to achieve the strategic intent of the SEQ Regional Plan, GCCC must ensure that the Gold Coast Planning Scheme is amended to reflect approved Local Growth Management Strategies and to align with the SEQ Regional Plan.[7]

The LGMS will act as the guide to future local Planning Scheme amendments and new policy implementation. The LGMS will provide the "link" between the high level objectives of the SEQ Regional Plan and the detailed provisions of Gold Coast Planning Scheme which direct growth and development.[8]

It is paramount, therefore, that the relevant Local Growth Management Strategies - and the policies, information and assumptions that underpin them - are sound. It is fundamental to the achievement of the objectives of the SEQ Regional Plan that dwelling targets for Gold Coast are achieved.

2.2.2 LGMS Strategies

Strategies for achieving the LGMS cover five key areas:

- Residential Development Strategy;
- Employment and Economic Development Strategy;
- Infrastructure Strategy;

3

[5] ibid: pp.75-77

[6] The South East Queensland Regional Plan 2005-2026, Implementation Guideline No.2, Local Growth Management Strategies

[7] SEQ Regional Plan 2005: p. 78

[8] Draft LGMS Planning Report: p. 9

- Urban Open Space Strategy; and
- Sequencing Strategy.

These strategies are said to be "interrelated".[9]

The UDIA contends that the Sequencing Strategy is of particular importance given the reliance on private investment and the development industry to deliver and implement the majority of the other Strategies.

2.2.3 Key Policy Documents, information and assumptions

The draft LGMS Planning Report refers to a number of key policy documents.[10] It is important to note, however, that most of these policy documents have varying implementation time- frames that do not align with the SEQ Regional Plan timeframe to 2026.

It is clear from the LGMS that one of the most important of the policy documents is the Gold Coast Priority Infrastructure Plan ("PIP").

The LGMS Sequencing Strategy is said to:

- be consistent with projections contained in the PIP;[11] and
- generally comply with the proposed PIP sequencing.[12]

Yet it is foreshadowed that the PIP needs to be reviewed to take into account the LGMS.[13] Moreover, it is suggested that a program of monitoring will be developed to measure land uptake and to review the LGMS Sequencing Strategy.[14]

For reasons which are set out below, the UDIA contends that land uptake data already indicates that the PIP projections are ill-founded, and that the LGMS Sequencing Strategy may be flawed from the outset.

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9 Draft LGMS: p 15
10 Draft LGMS Planning Report: pp. 10-12
11 Draft LGMS: p. 56
12 Draft LGMS Planning Report: p. 14
13 ibid: p. 14
14 Draft LGMS: p 57

3. Analysis of the draft LGMS

3.1 The draft LGMS and current proposed amendments to the Gold Coast Planning Scheme

The general approach in the draft LGMS with respect to amendments to the Planning Scheme is that the draft LGMS outcomes are fairly closely aligned with the expected outcomes from the Planning Scheme, meaning that limited adjustment needs to be made to the Planning Scheme in the future to accommodate the required population level. This is expressed in the document itself:

- Section 2.2 – The LGMS states that analysis of the *"urban footprint has identified sufficient capacity to accommodate the city's projected infill dwellings to 2026 under the domain provisions of the Planning Scheme with capacity for further infill development after 2026".*

- In Section 3.0 - *"The LGMS will be implemented at the local level through detailed Planning Scheme measures as well as a range of non-scheme measures".* GCCC notes a high level of consistency between the Planning Scheme and LGMS core matters as evolved from the SEQ Regional Plan. The recommendations that differ from the Gold Coast Planning Scheme in terms of development intents for growth areas will be a key focus in the review of the Gold Coast Planning Scheme commencing in 2008.

The LGMS is intended to inform the future Planning Scheme amendments, however it has been based on the Gold Coast Planning Scheme 2003 and Priority Infrastructure Plan. The Priority Infrastructure Plan actually forms one of the key platforms for the LGMS. This is concerning given the questionable planning assumptions associated with the growth projections contained in the document.

The PIP, on which the LGMS is based, does not reflect the most up to date planning in certain locations, as the preparation of the PIP document predated recent planning activity. There are also areas where planning approvals and draft Planning Scheme amendment work on Local Area Plan areas have not been reflected in the LGMS mapping, despite these areas being incorporated into the Urban Footprint, they are not shown as being areas on residential development in the LGMS mapping.

3.2 Reliance on PIP projections – potential impact

As mentioned above, the LGMS Sequencing Strategy is based on information contained in the PIP. Using this baseline, the City has forecast to accommodate an additional 136,500 new dwellings between by 2026.

This reliance on the PIP data highlights a number of shortcomings with the assumptions in the methodology of the growth projections contained in the PIP. These shortcomings are most obvious in the greenfield areas of the City where there is a considerable lack of land supply beyond 2011 and the projected dwelling numbers are significantly inflated and also unachievable. A broad hectare review of existing, approved and planned development in greenfield areas of the City conducted by the UDIA confirmed a significant mismatch between the dwelling type and dwelling density achieved and that of the dwelling targets forecasted in the PIP.

The Coomera/Cedar Creek Statistical Local Area (SLA) is a good example to highlight the difference between the dwelling numbers of existing, approved and planned development and the dwelling numbers in the LGMS. The Coomera/Cedar Creek SLA is planned to contain an additional 32,065 dwellings by 2026. By benchmarking the planned growth against existing, approved and planned development, the SLA only has the capacity to produce approximately 19,000-21,000 dwellings within the planning period (2026). This represents a shortfall in the dwelling targets of approximately 35-45%.

This dependency on the inflated numbers will have the following implications;

- Negotiations with local and state infrastructure providers will be based on inflated dwelling targets. This will have a direct impact on the timing, design (sizing) and cost of infrastructure and ultimately the cost of housing.
- With regard to land supply, the miscalculation of dwelling targets will have an impact on the decision of the OUM to expand the urban footprint. The LGMS dwelling targets need to reflect the existing, approved and planned development in greenfield areas of the City. There is simply not the land available within the urban footprint to accommodate the projected greenfield population growth at the planned density and dwelling type.
- The planning of the MDAs and other greenfield development areas is a short term priority given the supply issues and timing of growth.

The UDIA request that Gold Coast City Council immediately benchmark the LGMS Greenfield dwelling targets against the existing, approved and planned development in these areas of the City and to correct the dwelling targets accordingly.

3.3 The Urban Footprint

The timely provision of suitably zoned and serviced land for residential development remains a key area of focus for the UDIA when assessing the draft LGMS and its intent for providing it. The draft LGMS has, in UDIA's opinion, a manifestly inadequate response to ensuring that this can occur.

Summarily, the draft LGMS contends that dwelling targets identified under the current SEQ Regional Plan can be achieved within the existing Planning Scheme provisions. The UDIA contends that the SLAs will not be able to provide the targeted dwelling numbers, and hence lead to significant shortfalls in actual dwelling provision.

A benchmarking analysis of the Coomera/Cedar Creek SLA by UDIA has shown that the existing, approved and planned development for the SLA will only provide approximately 65% of the targeted dwellings under the draft LGMS. If this shortfall trend were to continue through further greenfield growth areas within the urban footprint, then a shortfall of approximately 19,000 dwellings would occur to 2026 within the footprint, (from a targeted 74,733 dwellings under the GCCC's own projections for greenfield areas).

Considering the above-mentioned factors, UDIA is gravely concerned that just 2,770 dwellings have been identified for greenfield development to 2026 that lie outside the current Urban Footprint. Given the projected shortfalls in actual dwelling production within the Urban Footprint, the assertion of the LGMS that future dwellings will be accommodated to 2026 within the footprint appears tenuous at best.

The draft LGMS also acknowledges that two major greenfield development areas, (being Bahr's Scrub and Worongary), identified as Major Development Areas in the SEQ Regional Plan, have not yet been included in Council's Priority Infrastructure Plan (PIP). These areas will be subject to future "structure planning" that is not scheduled for completion until 2010. Given the pressure on greenfield land supply beyond 2011, the required Structure Planning must remain a short term priority and is critical to ensure the required dwelling numbers are accommodated

The strategic significance of inadequately assessing the regions actual capability and capacity to contain targeted dwelling numbers within the footprint cannot be underestimated. From the analysis carried out by the UDIA, it is clear that a detailed analysis and assessment by Council is required to correct all dwelling targets within the footprint.

In turn, these corrected dwelling targets within the footprint would then guide and adequately inform future revisions to the SEQ regional plan by the OUM to ensure that a suitable amount of land can be identified and subsequently included in a revised urban footprint.

It is clear in the UDIA's view, that the LGMS strategy of maintaining the "status quo" with respect to future dwelling growth within the footprint is not sustainable. Identifying a mere 3,000 dwellings for potential development outside the current footprint for the next 18 years will not provide an adequate and timely supply of future land stock for development. Assessing the correct future dwelling requirements that are both inside and outside the footprint in the LGMS now, provides an appropriate level of guidance and certainty for the OUM when revising the SEQ regional plan to accommodate the Gold Coasts future growth.

3.4 Issues and disincentives relating to infill development

Of the 73,993 infill dwellings a total of 46,368 are proposed within the central corridor from Burleigh to Biggera Waters stretching west to the Pacific Motorway. The additional loading that these dwellings will impose on Council's infrastructure system is significant and it appears that there may be a shortfall in the proposed infrastructure upgrades to cater for this development.

Of particular concern is the lack of proposed transport upgrades within the PIP document to cater for this planned growth within the central corridor. The upgrades within the central corridor of the City will be become critical upon the implementation of the Rapid Transport System which will restrict traffic flows through the city is of major concern.

The existing recreation network will also be stretched with the proposed infill development through the central corridor. The City can't rely on only one significant new recreation area being created at the Carrara wetlands the existing parklands are in danger of becoming overloaded. The growth needs to be properly managed to ensure the cities environmental areas are protected and kept accessible to all residents.

The effects on Council's water, wastewater, transport and recreation infrastructure from infill development needs to be properly managed and the current document does not detail or confirm if adequate provisions have been made within Council's planning documents such as the PIP to allow for this growth.

Moreover, with regard to infill residential growth and the assumption that the dwelling targets for the Gold Coast can be achieved within the existing Gold Coast Planning Scheme provisions, the LGMS has failed to recognise the disincentives in the current Planning Scheme and the market conditions that may prevent this from happening within the estimated time frame. Whilst it is acknowledged that the City is well placed to accommodate these infill targets in terms of numbers, the UDIA feel this growth under the current Planning Scheme provisions will not contribute to the delivery affordable housing, diversity of dwelling types or produce the population density in key areas (i.e. close to hospitals, universities and key employment/transport nodes but rather be located in high amenity areas with high property values). A review of the Planning Scheme to remove these disincentives must be a short term implementation strategy of the LGMS.

A short term implementation strategy of the LGMS should be to identify the disincentives in the current Planning Scheme that may prevent the City from achieving the infill dwelling targets. In addition, the Planning Scheme should be amended to ensure the delivery affordable housing, diversity of dwelling types or produce the population density in key areas (i.e. close to hospitals, universities and key employment/transport nodes

3.5 The City's Context and "Cross-border" issues

The LGMS aims to, among other things:

- promote a settlement pattern that provides for efficient and cost-effective urban services;
- support a highly accessible city underpinned by an efficient, safe and environmentally friendly road network, quality public transport services, and a network of cycle and pedestrian paths;
- build strong communities that are inclusive, connected, safe and have the capacity to plan and direct their future,

and, at the same time,

- coordinate the timely development of essential infrastructure to achieve sustainable urban development within the city;
- provide for approximately 130,000 new jobs predominantly through the network of centres;
- provide for an average of 80,000 visitors per day, growing at 7% per annum;
- provide for an increase in international and domestic visitors to the city (there are currently over 10 million visitors per year).

However, the draft LGMS overlooks fundamental issues regarding transport and the movement of people and resources into and out of the LGA. The critical issue here is that the LGMS is inward-focused and does not attempt to examine the linkages into and out of the LGA to the west (Beaudesert Shire), south (Tweed Shire) or north (Logan City) either pre or post-amalgamation.

While a single bullet point in Section 1.2 of the draft LGMS refers to internal enhancements to the city's transport network (i.e. rapid transit system, the Robina to Gold Coast Airport rail extension, an expanded and arterial road network etc), none of these examine how the projected numbers of visitors and new resident (as well as the associated demand for employment and logistic supply systems via road and rail) will affect local land supply, infrastructure provision, transport or logistic network "bottlenecks" or the achievement of highly accessible, connected and inclusive communities.

The creation of Transport Orientated Communities is considered to be a sound way of approaching issues associated with urban sprawl and the LGMS notes that this is a factor in the establishment of key activity centres, including Beenleigh. These centres are intended to provide a focus locally for internal or sub-regional movements and act as the key economic and therefore employment centres for a given catchment. In the case of Beenleigh, the LGMS is silent on how Council sees the infrastructure and networks that have been identified and planned within the post-March 2008 City area will be designed and delivered to ensure that the Gold Coast is still linked in to the surrounding areas.

In this regard, the LGMS fails to identify the key linkages across the post-March 2008 LGA boundary in the text of the reports, relying on several maps. Criticisms of the maps in this context are as follows:

- Figure 1.1 Regional Context - identifies route of existing M1 north into Logan LGA, but not south – likewise for existing railway north. Indicative arrow only for rapid transit route south into Tweed LGA.

- Figure 1.2 Strategic Summary – only indicative lines for Western Corridor link through Yarrabilba and an unresolved termination point for the northern Intra-regional Transport Corridor, which terminates at Stapylton. Also same comments as per Figure 1.1.

- Figure 4.4.1 Integrated Transport Summary – While the Western Corridor & Nerang-Stapylton Corridors are investigation areas under the SEQIPP 2015, unlike the supporting transport links for Parkwood and Robina, there are no feeder routes for these corridors or resolution of how the network will be dispersed at the Stapylton termination.

The Employment and Economic Development Strategy relies (as do other components of the LGMS & PIP) on the Beenleigh area being one of the 3 designated Principal Activity Areas. The impact of the exclusion of Beenleigh in terms of the economic underpinnings of the LGMS (i.e. the PIP) and the ability of Council to provide adequate access to and serve with utilities and road/ logistic systems is not addressed.

While the Table to Section 4.4 notes the Gold Coast Transport Plan will be revised, no timeframe is established. The targets within the plan and how it integrates with the State Government's IRTP are not addressed, relying instead of an unspecified review of these documents.

The relevance and more importantly, the intended logistic and transport networks to support the Gold Coast Airport in light of the deferment of the Coolangatta link of the Rapid Transit System and the lack of any commitment by NSW on a Northern NSW rail link or airport hub have not been addressed.

There is a heavy reliance on SEQIPP delivering the cross-LGA border transit and freight management networks and solutions with little evidence in a pictorial sense of where these projects are, how they will be fed into and more importantly, how local infrastructure etc will support these projects.

Section 4.6 notes that the "sequencing strategy is consistent with the Gold Coast PIP which determines trunk infrastructure requirements for the various "networks". Given that the PIP relies on the inclusion of the Beenleigh area etc, it stands to reason that the underlying premises in the sequencing strategy will be inaccurate and require review.

Section 5.1.9 relating to the Coolangatta/Tweed Major Activity Centre notes that "Completion of the Rapid Transit Corridor to Coolangatta, extension of the heavy rail to Gold Coast Airport, combined with the planned upgrade in facilities and increased capacity of Gold Coast Airport, will be further supported by cross-border planning activities". No details have been provided on what these cross-border planning activities are or their timeframe have been provided. Further, the apparent deferment of the RTC to Coolangatta and alternative mechanisms to cater for people movement have not been addressed. None of the mapping identifies these works and in fact, it could be said that the mapping is too much at the macro level. These comments are applicable in terms of Section 5.2.1 regarding the Gold Coast Airport Specialist Activity Centre.

Omissions from the maps include:

- Pacific Innovation Corridor (PIC) corridor/precincts not shown – it is not clear how this relates to economic and transport networks within and external to the existing and future post-March 2008 LGA boundary;

- Haulage routes for the Key Extractive Resource Areas within and external to the LGA and how they interact with growing transport networks;

- No indication on the maps of linkages between the proposed freight corridors mentioned in Item 4.3.4, C2 on the Implementation Notes Table to Section 4.3 Employment and Economic Development Strategy, to any seaport, the airport, inter-modal freight facility or in fact the key economic centres such as Yatala, Robina, Nerang, Beenleigh or Southport for example;

- No indication of the potential rail expansion into northern NSW as mentioned in Item 4.4.5 in the Table to Section 4.4;

- The Sequencing Strategy maps are hard to read and lack detail. These should be broken down at least to 4 maps like the current Planning Scheme maps, or even further. They do not show the sequential development of support networks, road or infrastructure.

In general, the maps are at a scale which does not provide the necessary additional detail to demonstrate how the Tweed/Coolangatta and Beenleigh/Stapylton/Mount Warren Park areas will interact.

The LGMS does not take into account the shift in the cross-boarder link points and the implications for this in terms of urban growth, road infrastructure or transport networks. The linkages between Yatala/Bahr's Scrub, Stapylton/Beenleigh/Mount Warren Park and the anticipated growth in these areas have not been addressed.

4. Concluding Issues

Our analysis of the draft LGMS, and the assumptions and information underpinning it, leads us to conclude that the LGMS will fall well short of its greenfield dwelling target. The shortfall is likely to be approximately 19,000 dwellings, which is alarming. This will intern will lead to worsening of existing poor affordability of home ownership on the Gold Coast. It is critical that available development opportunity areas as far as possible match the demand for accommodation to avoid building pressure on affordability. The draft LGMS, and more particularly the assumptions and information underpinning it, need to be reviewed urgently in order to ensure that the document is as valuable as it possibly can be to future development in the City over the next 20 years. To some extent, the present LGMS is the once-in-a-generation opportunity that we must grasp to give direction to the community.

5. Key Recommendations

a) The UDIA request that Gold Coast City Council immediately benchmark the LGMS Greenfield dwelling targets against the existing, approved and planned development in these areas of the City and to correct the dwelling targets accordingly.

b) A short term implementation strategy of the LGMS should be to identify the disincentives in the current Planning Scheme that may prevent the City from achieving the infill dwelling targets. In addition, the Planning Scheme should be amended to ensure the delivery affordable housing, diversity of dwelling types or produce the population density in key areas (i.e. close to hospitals, universities and key employment/transport nodes

c) Revise the Gold Coast Transport Plan as a short term priority and align the document with the State Government's IRTP, SEQ Regional Plan and LGMS.

31 January 2008

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Mr Dale Dickson
Chief Executive Officer
Gold Coast City Council
PO Box 5042
GOLD COAST MC QLD 9729

Dear Mr Dickson,

Re: Submission to Gold Coast City Council - Draft Local Growth Management Strategy

The attached submission has been prepared by the Urban Development Institute of Australia, Queensland (UDIA) in response to the draft Local Growth Management Strategy document prepared by Gold Coast City Council (GCCC).

The UDIA welcomes the opportunity to provide feedback to GCCC on the draft Local Growth Management Strategy (LGMS) at this stage. The LGMS is a document of critical importance to guiding the ongoing development of the City to 2026 and its relationship with initiatives for the region as a whole.

As the peak industry body representing the urban development industry, the UDIA has significant interest in the planning and development policy position for the Gold Coast. In the context of the substantial demands facing South East Queensland (SEQ) in providing for Queensland's growing population, we feel it is important for the UDIA to work collaboratively with GCCC to respond to the Gold Coast's future needs.

Firstly, the UDIA acknowledges the support that GCCC has given to achieving the SEQ Regional Plan dwelling and population targets to accommodate growth.

The UDIA also acknowledges the considerable and professional work that has gone into the document as is. Our review of the details of the draft LGMS, however, has raised substantial concerns that we consider should be addressed before the document is progressed.

It is our primary view that the draft LGMS does not evidence that it will definitely deliver on the core requirement of the SEQ Regional Plan to "demonstrate how dwellings targets and associated jobs and infrastructure will be accommodated, ---".

Our analysis of the draft LGMS, and the assumptions and information underpinning it, leads us to conclude that:

1. the LGMS will fall well short of its greenfield dwelling target. The shortfall is likely to be in the order of 35-40%, which is alarming;

2. this will lead to worsening of existing poor affordability of home ownership on the Gold Coast. It is critical that available development opportunity areas as far as possible match the demand for accommodation to avoid building pressure on affordability;

3. the draft LGMS, and more particularly the assumptions and information underpinning it, need to be reviewed urgently in order to ensure that the document is as valuable as it possibly can be to future development in the City over the next 20 years. To some extent, the present LGMS is the once-in-a-generation opportunity that we must grasp to give direction to the community.

The UDIA wishes to work with Council staff in an open and independent process to validate take up assumptions utilised for the LGMS and provide ongoing assessment and monitoring to ensure achievement of desired outcomes and orderly land supply.

The draft LGMS, despite the indicated shortcomings, is considered, to have the wherewithal to be amended relatively easily to include additional development locations.

As a key stakeholder in planning the future of the Gold Coast, we thank you for the opportunity to comment and seek further opportunity to work with you in ensuring that suitable outcomes are achieved for the City.

Please do not hesitate to contact me regarding the comments above on 0407 655 699.

Yours sincerely,
Urban Development Institute of Australia (Queensland)

Col Dutton
President (Gold Coast Branch)

Enc.

Cc: Kim Campbell, Regional Planning & Urban Design Unit, Strategic & Environmental Planning and Policy Branch, Gold Coast City Council

AFFORDABILITY ISSUES - EXAMPLES

Infrastructure Charges and Fees etc

- In a South East Queensland local government area developer contributions went from approximately $8,000 in 2004 to $16,000 in July 2005 to a proposed $23,500 in 2006 an increase of approximately 290%. For a particular development the charge per residential lot will be $30,398 per lot (an increase in twelve months of 48%) and $27,900 per unit (an increase of 66%).
- An established 4000sqm block of land near the centre of a north coast centre, is zoned industry and has other existing industrial warehouses all around it. It is a vacant block with a house in one corner (connected to electricity) which will be removed. The developer applied for a standard warehouse power connection 50amp/phase and received an offer from Ergon to connect the power for $215,626.00 less their contribution of $35,060.00 resulting in $180,566.00 to connect power. Power is existing on the footpath and site connection for other similar blocks over the last 18 months cost $2000. Ergon have changed their capital contribution requirements from developers. The cost equates to approximately 20% of the development cost making the project unviable. Another developer noted that Ergon has significantly increased their charges to a minimum of $5,000 to $6,000 per lot.
- A developer has experienced increases in the average cost per lot for infrastructure from approximately $6,000 per lot in year 2002 to $9,000 in 2004 to $11,000 in 2005 with expected charges on new lots in 2007 to be approximately $19,000 per lot.
- South East Queensland council, 20ha site purchased as emerging community in draft planning scheme, latest expected yield is 11 hectares (only 55%). Density being sought is also unlikely to be achievable in the medium term but infrastructure charges are being created on the basis of the higher density.
- South East Queensland local government area, in July 2004 project feasibility undertaken and the site was purchased. Reconfiguration of a lot and subsequent approvals took 2 years as a consequence of: inadequate Council staff resources (particularly engineering staff), Main Roads referral issues and changing council policies during the assessment periods. During this time Water and Sewer headworks charges increased from $1,990,250 (July 2004) to $3,147,500 in July 2006. The total charges impact on the project $1,157,250 i.e. approximately $4629 per lot
- South East Queensland local government area, proposed transport infrastructure charge of $13,364. No forewarning provided of the charge beside the limited planning scheme policy public notification. The charge involves development of arterial roads at lower thresholds and to standards higher than other Councils or Main Roads requirements.
- For a South East Queensland local government area Sewer and Water charges in 2002-3 were approximately $3678 per lot and increased to approximately $11500 per lot by 2006-7 i.e. a 212% increase.

- For a South East Queensland local government Sewer and Water charges for high density units in 2002-3 were approximately $142,945 for 200 units, in 2006-7 this had increased to around $2,121,800 i.e. a 1384% increase.
- A South East Queensland local government requires a density of 25 dwellings per hectare with water and sewer infrastructure charges based on the ultimate density. Density actually achieved was lower but the developer was charged for the higher density notwithstanding this may never occur in the life of the infrastructure. Infrastructure charges should allow for appropriate charges now and recoup extra charges later should higher density be achieved.
- In a northern centre a residential subdivision was undertaken. Development costs included: $50,000 per lot raw land cost, $40,000 per lot civil works, $11,500 per lot headworks charges, $2,000 per lot consultants cost, $5,000 per lot to obtain approvals to operational works stage and electricity supply charges $4500 per lot (up from approximately $500 per lot when feasibility undertaken). Total land and works costs are $113,000 per lot with marketing, stamp duties, internal costs and finance costs yet to be covered. The development cannot now meet pre-commitment to home buyers at $145,000 per lot.
- A number of projects have been abandoned in a particular development area after exorbitant increases in infrastructure charges. For example, infrastructure charges on a site in a growth corridor have increased from approximately $8,500/lot to over $47,000 / lot.
- One developer estimated that fees made up at least 30% of the sale price.
- Fees in one area quoted as having increased from $8000 to $25000 over 2 years.
- During a twelve month period 2005-2006 a city council increased its infrastructure charges by 100%. With the implementation of its new IPA Town Planning Scheme it has introduced infrastructure charging for Recreation Facilities and Transport Network which are far beyond the scope of the principles espoused by IPA.
- Substantial increases in infrastructure charges, combined with the impact that delays in obtaining approvals (commonly over 2 years for green field sites) have on developers' landholding costs has resulted in serious financial impacts on a number of our clients' projects. The table below shows headworks rate increases for selected areas in which the developer has lodged development applications.

2004/05	**2005/06**	**2006/07**	**Increase (2004/05-2006/07)**
$2459 per ET	$3198 per ET	$4740 per ET	192%
$2425 per ET	$3141 per ET	$4294 per ET	177%
$2514 per ET	$3304 per ET	$4681 per ET	186%

- Infrastructure Charges for an area in South East Queensland were proposed to increase directly from $6,000 per lot to over $50,000 per lot. Such a significant increase gives rise to questions about the formula.

- A council calculates infrastructure charges based on an assumed yield on the site (maximum yields in the planning scheme adjusted by a yield factor to determine an Equivalent Tenancy (ET)). If yield exceeds this planning scheme yield, then the charges are based on the ET achieved but they are not reduced where the yield is less than the theoretical yield – even though this is often because there is a significant disparity between what the strategic planning documents say, and what the development assessment section will actually approve on the site. For example, a developer has a site where 170 dwellings are proposed but the infrastructure charges on this site have been calculated on the basis of 230ET. Based on today's rates for infrastructure charges for water and sewer this equates to $784,440 extra charges above a per dwelling rate i.e. over $4600 additional cost per lot. There are also open space contributions being charged on the basis of this 230ET amount. In this council area generally open space requirements are 5.1ha per every 411.52 dwellings. For the estate referenced this equates to 12% of the developable area, if the open space is unencumbered. Only a small portion of the actual open space that a developer creates is deemed creditable towards recreation facilities infrastructure charges. No value is given to ecological corridors (even if Council has required the developer to have them – actually it is possible to have to pay open space contribution on the ET calculated for such open space), land with easements, land that is part of a stormwater corridor, landscape, visual, odour or noise buffer etc - even if there is a sewer running under a sporting field, the developer can't count that part of the park towards the creditable area. The complex calculation methodology for the parkland credits means that they can't really be determined until post operational works approval when final slopes, batter & service positions, and drainage facilities are known. Additionally there have been ongoing revisions to the infrastructure charges policies meaning that the amounts and the calculation methodology (such as the yield factors) have changed several times. The consequence is that a developer cannot accurately predict area the areas or contributions required at the feasibility stage of projects.

- Although town plan requirements for recreation space is 11-12% of land area the actual contribution required for some projects has been up to 30%. For four projects around 36 ha each the contribution required was 22.1%, not the 11.7% that the town plan indicated would be necessary. This is 190%, almost double the requirements indicated by the town plan. This equates to a loss of 82 Allotments over the 4 projects.

- Another developer notes that in his region headworks charges have risen an average of 40% in the last 24 months, this coupled with the delays experienced during the DA process has added significant cost to projects as tabulated below. A 12 month delay on one project resulted in $420,000 increased infrastructure, 21 months delay resulted in $817,000 increase in infrastructure charges in one project and $554,000 in another. Another project delayed by 15 months saw infrastructure charges increase $986,000. These increased infrastructure charges totalled $2,777,000 over the 4 projects, approximately $5000 per lot.

- Parkland contributions in industrial and commercial areas have been increased four-fold in one local government area to $190,000 per hectare

- In a northern coastal area a staged industrial development provided above minimum the car parking space to attract potential tenants and was charged an additional transport levy above that paid for during the subdivision stage. The developer also considers they were charged infrastructure charges as well as required to provide the same trunk infrastructure as a condition of approval.

- A South East Queensland small subdivision faced infrastructure charges at application stage of $129,888, 6 months later at development approval stage charges had increased 246% to $449,659. Infrastructure charges now represent 6.8% of the average developed lot value in the project and 23.8% of the total development costs for this project. The developer also noted that there are currently several D.A approved sites in the area that unable to proceed due to the increased charges, reducing lot supply which will create pent up demand and therefore higher and less affordable land prices.
- A South East Queensland residential subdivision of 55 lots required 27 months to obtain Development Approval. Infrastructure charges at application stage were $321,500 which increased $40% to $449,447 upon approval. Infrastructure charges in this project represent 3.9% of the average developed lot value and 18.4% of the total development costs.
- A South East Queensland major subdivision had a stage 4.5 kilometres from services that was required to provide a density of 33 dwellings per hectare. The developer achieved a density average of 15 dwellings per hectare but was required to pay full infrastructure charges reflecting a per lot charge of $125,000. The developer was also unable to spread the charges to a stage where greater than required density was achieved.
- A developer noted slow refunds of money for infrastructure that they built. This included 9 months from acceptance of the trunk sewer construction, to refund of the money ($460,000) and currently are awaiting payment of $996,000 owed in refunds this past 3 months.
- The lack of certainty about the level of charges is also a serious issue.

Delays

- This project in a northern coastal area where housing supply is acknowledged to be severely constrained. A major Government-initiated project on leasehold land (to be made freehold) was offered to the development community in 1995 and involves over 1000 residential lots and resort units. The project has had strong support from the community and was awarded to the preferred developer by State Cabinet in April 1997 but has been held up since by Native Title issues and serious problems with coordination of the myriad of statutory approvals and Government agencies' requirements, including Main Roads, DNR, EPA, DPI and DLGP issues. It has also been affected by coastal planning policies, which have also changed over this time. It has also been subject to court actions and lobbying from an environmental group, despite the dunes near the site being subject to sand mining.

  Department of State Development and in more recent times the Coordinator General's Department have been involved as a facilitator/observer (since 1999), yet even those Departments have not been able to expedite the process. There is an absolute wealth of material which has been submitted to the DSD and COG over this time to ensure they were well briefed on the delays. COG staff have been involved throughout the time, and have prepared numerous briefing notes for the Departmental heads and/or the Minister.
- Councils are not meeting IPA/IDAS timelines and in many cases extending timelines out by up to a year. Although there is a 40 day (i.e. 8 week) maximum decision period under the legislation, greater than 52 weeks, is not uncommon. A developer has also experienced acknowledgement notices at the start of the project

being delayed by up to 100 days and the only way they got Council to issue the notice was to threaten placing a P&E Court Order on them.

- In South East Queensland, a developer acquired an approved acreage subdivision in June 2002 with the aim of completing the remaining 200 lots and finishing the project in June 2005. Of the 12 Stages, 7 have been completed with 5 remaining. Development Applications for each stage have taken 12-24 months due to delays by council and protracted negotiations concerning increasingly unreasonable (the words of the consultants) engineering and environment requirements. One stage of operational works approval (ordinarily considered to be straightforward) has been awaiting approval for over two years. As a result 41% of the remaining lots missed the peak of the market cycle.
- At an infill site in South East Queensland in the designated growth area - the DA has taken over two years to obtain even though it is reported there were no serious issues – the developer calculates that they could have charged $25,000 per lot less for the land (to achieve the same returns) if the DA had come out in about 9 months.
- 10 ha site was purchased in South East Queensland and a development application lodged in 2003. Approval was obtained recently just short of 3 years on. A third party appeal against the proposal has been lodged which may add another year to the development approval before operational works can be completed. The major delays result from hold ups related to the planning scheme review.
- Code assessable MCU & ROL application over land where the developer already had a Preliminary Approval for the uses in place. The developer lodged a comprehensive application in late July, 2004, the information requests issued in a period of January - March 2005. The acknowledgement notice and information request (which was issued in three parts) were both months late despite numerous discussions and site meetings with Council. Developer responded to the information request in full and entered the decision stage in August, 2005. A further information request was issued and responded to in full in December 2005. Another information request relating to Stormwater was issued around Feb 2006, and another information request relating to road design was made and responded to in March/April, 2006 (these were all matters that should have been addressed earlier). Incomplete draft conditions were received over a couple of weeks in August, 2006 following delays from the water authority issuing conditions. In early September there were further requests for design amendments (that could have been made at any time previously), and complete draft conditions issued. The developer met with Council on both and submitted comments and amended plans in September. Amended draft conditions were issued on 2 November (water authority once again having been tardy). The developer has reviewed and agreed to the conditions and expect it to go to Council for approval in the first week of December - 16 months after lodging the information response. There were also about 5 separate planning officers assessing it over the life of the project. The delays were partly contributed to by Council not having external water & sewer infrastructure in place (despite having issued a Preliminary Approval for the site in 2003), but also other sections in Council completely ignoring IPA timeframes.
- Land zoned Industry in a town plan notes allows "Self Assessable" use for "Industry" use and no development application is required. However an overlay within the Town plan notes a "Flood Overlay" which is over most of the urban area which then triggers it to "Code Assessable". The only result of the flood overlay is that all development must be built to a nominated AHD level which in itself may be

ok but why does this then change this self assessable use to Code Assessable which results in 3 months (average) loss of time, additional charges and costs just to nominate that the building shall be built to the nominated AHD level on the plan. This applies to not only industrial land but also commercial, shopping etc.

- A site with a Preliminary Approval application has been in the decision stage for exactly one year. Another Development Application – spent 5 months in the decision stage while another spent 13 months in the decision stage.
- A Developer noted that the time involved to go through the whole process (i.e. referral coordination across State Government and response) usually takes 2+ years. The holding cost of this lengthy time period adds substantially to the end cost and affordability.
- 20ha were purchased as emerging community in draft planning scheme. Approximately 12 months later the scheme was finalised but designated as requiring structure planning by the Council prior to development. 14 additional months later the developer is still awaiting structure plan finalisation. Infrastructure charges are increasing during this time.
- An IPA referral agency records that approximately 12.5% of referrals per quarter are subject to an extension to the information request period and approximately 12.5% of referrals are subject to an extension to the assessment period. This agency is probably not the worst in this regard and must be commended for reporting statistics.
- South East Queensland Council - in July 2004 a project feasibility was undertaken and the site purchased. Reconfiguration of a lot and subsequent approvals took 2 years as a consequence of inadequate Council staff resources , particularly engineering staff, Main Roads referral issues and changing council policies during the assessment periods
- A code assessable development retail proposal within a rural township was approved without opposition from state government departments. However state government departments became involved subsequent to the approval.
- Mid North Township, electricity infrastructure delayed approximately 8 months. Other estates have been completed 4 months but are still awaiting electricity connection and require generators to allow building works to occur.
- Example delays:

  DA Lodged: June 04, able to begin construction Jan 06, Settlement: May 06;

  DA Lodged: June 04, Construction: Sept 06, Settlement: Due Feb 07;

  DA Lodged: Sept 04, Construction: Jan 07, Settlement: May 07
- Developer notes delays and costs as below

DEVELOPMENT	ASSESSMENT TYPE	IDAS TIMEFRAME	ACTUAL TIMEFRAME	COMMENTS
Project 1	Code	6 months	18 months	Council required a full POD which set every house type.
Project 2	Code	6 months	27 months	Council changed their park requirements several times.
Project 3	Code	6 months	27 months	
Project 4	Code	6 months	21 months	Council changed the location of the proposed park after setting its position 12 months earlier.

When taking into account, increases in Infrastructure charges, construction costs, consultants' fees and interest charges brought about by delays caused by council loss incurred by each of the projects is tabulated below. In summary the financial impact is **a loss of $3,822,000** or $6,700 per lot. Note this does not make an allowance for the loss of revenue brought about by the increase in park dedication, which equates to **a loss of $12,300,000** (i.e. 82 lots at $150k average).

- Developer had MCU and ROL approved by Dec 2004 but only just completed the first stage now due to delays in operational works approvals
- Developer waited 3.5 years to get approval for 850 lots and council increased infrastructure charges significantly in this time.
- Previously, a council could approve building relaxation applications (boundary setbacks) for small lots in Emerging Community Areas and traditional lots after reconfiguration approval through a blanket building relaxation approval process. Recent changes to the State's Standard Building Laws have removed this ability, meaning that:
    - for traditional lots, individual building relaxation applications must now be lodged at the building stage at a cost of $461 per lot instead of $52/lot;
    - for small lots, a development application for preliminary approval (small lot building envelope) to override the planning scheme's Small Lot Code now needs to be lodged with Council. These applications require public notification (30 business instead of 15 business days) even though the original reconfiguration approval creating the small lot creates an expectation that small lots are envisaged.
- Developer had to appeal the deemed refusal due to Council's failure to issue a decision within the statutory periods. MCU/ROL application not assessed within IPA timeframes. This was a failure by Council to assess the application within the decision period. Further the Operational Works applications were not assessed within IPA timeframes. This was a failure to issue info requests within the statutory period combined with failure to issue the permit within the statutory period for the decision.
- The application was in Council so long that Council officers often raised issues forgetting that these had been previously dealt with and agreed. Once an agreement had been reached, the bureaucratic process of actually getting the approval took months longer than expected or promised. There is nothing in the final approval that is unusual or justified such a convoluted approval process. Problems causing the delays include inaccessibility of Council officers, changes in staff, the inability of the assessment manager to manage the application and resolve conflicting requirements of the engineering, parks, traffic and planning departments within Council. The developer states that ultimately the project was the same as if it had been self assessable, since it is in their interests to produce a quality development, except for three points. Firstly Council insisted in locking the design standards for the houses in the DA i.e. it would require a change to the DA to update them. Hence even though the developer is constantly evolving better design and sustainability ideas this project is locked into thinking that is a couple of years out of date. Secondly, the area of park demanded is excessive. The area of park originally proposed was 1.25ha which was increased to 2.133ha or 17% of the site area. Even taking into account the area below the overland flow path in the park the requirements were easily excessive by half a hectare (equivalent to about 10 lots). The developer has accommodated the change by making all the lots much

smaller to the detriment of the customers who now have to pay more for a smaller lot. Thirdly there have been a multitude of disagreements, often between Council departments including details such as site access, landscaping standards (for example Council requires that the topsoil in the parks is 900mm deep), and a temporary sales office hut (Council requires a full impact assessable MCU for a temporary hut while the home to be used as a sales office is being built – feedback is that they are likely to refuse it). The delay suffered by the project is summarized below.

	Expected at the time of purchase	Actual timing
Purchase of Land	Month 1 = Feb 2004	Month 1
Obtain DA	Month 9	Month 30
Obtain Operational Works	Month 14	Month 34
Start Construction	Month 14	Month 33
Registration of first stage	Month 17	Month 37
First Settlement	Month 20	Month 40

The developer has calculated that if they had been able to release the project according to the original program they would have made returns close to the company benchmarks based on an average selling price of $185,000 per lot. However, because of the delay of 20 months the developer has now abandoned the prospect of achieving returns anything like normal benchmarks, and has decided to proceed on the basis of significantly less return however they will still be unable to increase the prices to not less than $205,000 on average. If the project does not achieve this the developer will have to stop development and use the funds elsewhere. The end result, in addition to costing the developer money, is that the consumer will have to pay $20,000 more for smaller lots. If the market will not carry the increased price at present then the project will be moth balled until it will, adding to the supply shortfall and denying consumers the benefits of competition and choice.

- In a mid north coastal area a large residential subdivision was lodged for approval in 2004. Approval put on hold for 12 months by the Council while it undertook a Drainage Study. This resulted in an estimated additional $4000 per lot in holding costs. The approval was also threatened by the developer being required to indemnify Council, extension notices for the DA not being provided, the developer being required to undertake additional drainage study and interference in the process by a local resident.

  The project also suffered from policy changes during the development process, including a condition on an Operational Works approval being substituted by later letter that necessitated additional works and an access road built in early stage was required to have industrial standard construction in later stages (not matching the appearance of the first stage). This change will add an expected $17,000 – 40,000 additional cost for the next stage of roadway and $150,000 additional cost for the remainder. The project although residential has also been rated by Council as a commercial development, further adding to development costs.

- In a northern coastal area a community centre development achieved approval after a successful appeal. The developer believes it to have been unnecessarily held up at operational works approval stage.

- Two adjoining Council areas on the north coast were identified as using the same planning subdivision and design standards. In one of the Councils a large residential subdivision was delayed more than 2 years while in the adjoining Council area with less staff but a more facilitative culture a 220 lot subdivision was approved, completed and sold out within 12 months.
- A recent South East Queensland subdivision of 55 Lots in an emerging communities zone required a development approval time of 27 months with resulting in additional holding costs of $579,947. Council staffing issues seemed to be a major factor in the delay.
- A current South East Queensland major subdivision in residential zoning has recorded various stage approval delays totalling 37 months. The delays resulted from density negotiation issues, information requests being issued outside IPA time frames and late information requests requiring full redesign.
- In the absence of any statutory sanction on local governments who don't meet their statutory timeframes, the only avenue for the applicant is by way of a "deemed refusal" appeal. This court process can add significantly to the expense and often for little reason.
- Time lags in Council's remapping of sites to give effect to existing development approvals has resulted in a number of instances where development applications have been required because Council's mapping has not been updated to reflect exiting approvals. For example, a reconfiguration approval was issued on a greenfield site which was designated emerging community area. The Planning Scheme mapping had not changed to give effect to the low density residential housing approval which meant that a subsequent application to reconfigure a site within the parent parcel of land required an impact assessable application. Similarly, there have been instances where Council has required lodgement of development applications for new houses on land within Council mapped waterway corridors because the waterway mapping had not been amended to reflect a previous development approval. Perhaps IPA should recognise that despite planning scheme mapping, development is self assessable where a previous development approval / condition implies a clear intention to override the planning scheme maps.
- The failure of some local authorities to allow their planning decisions to be decided through delegated authority has resulted in some poor planning decisions and lengthy delays. Councillors often do not have the professional skills to assess and decide applications. This function should be performed by Council officers under delegated authority. The consultant has experienced a number of instances in two council areas where issues were successfully negotiated with Council officers only to have agreements reversed at Council Planning Committee meetings.
- Council staff shortages are creating lengthy delays in the assessment of development applications across South East Queensland, particularly subdivision in greenfield sites where there are engineering and ecological issues to be resolved. Extreme delays are being experienced between the lodgement of information responses and receipt of decision. Development applications in three named newly developing communities such have taken 2 or more years to obtain approval. Changes in council staff creates further delays as new officers "reassess" the application and raise further issues. One of a developer's development applications was due to have draft conditions issued in December 2005. Almost one year later, (with changes in Council planning, ecology and engineering staff) the developer is

yet to receive draft conditions. These delays are exacerbated since some Council staff are not sufficiently experienced to make reasonable and relevant judgements to progress the approval process and are reliant on time-poor experienced staff for guidance.

- Despite P&E court ruling over 14 months ago development still held up by council. Even though code assessable and no less than 97 instances of contact between the parties to resolve the issue, there is no commitment from council about when a decision can be expected. In this situation the development already has a preliminary approval and operational works approval but no MCU / ROL, despite numerous assurances that these approvals would be forthcoming. This is despite evidence of developer's efforts to be flexible and attend to council concerns e.g. the yield has been reduced to less than half that originally proposed. Note also that council have not issued any formal information requests.

Land Supply

- In August 2004 a developer seeking development sites in South East Queensland undertook a land availability review of the recent State Government Broadhectare Study for the Council area. A consultant report examined all land parcels and reported that:
    - There was 23% less land available than that indicated in the Broadhectare report.
    - Average density achieved 1999-2002 was 8.4lots /ha where as a density yield of 12.5 lots per hectare was being assumed in the broad hectare study.
    - Likely yield from the identified available land would be 24% lower than Broadhectare Study projections.
    - Reduced outcomes were a consequence of lower density being achieved, difficulties and constraints relevant to smaller land parcels and existing land users and owners.
- 20ha of land was purchased as emerging community land based on a draft planning scheme in South East Queensland. Latest expected urban yield from this land is 11 hectares (only 55%) and the density being sought in some parts is likely to be unachievable until beyond the medium term.
- There is a 145 ha structure plan area in South East Queensland. Council constraint overlays reduce the available urban area to 66 ha. The constrained areas are considered to be well beyond minimum environmental buffers or standard practices. A recent review likely to increase available urban area to 83 ha but only a 57 % gross urban land yield. This site has been impacted by SEQ Regional Plan Interim Guideline: Koalas and Development, State Coastal Management Plan, Flood Prone, Storm Tide and Drainage Constrained Land Overlay, Waterways , Wetlands and Moreton Bay Overlay, Habitat Protection Overlay, Road and Rail Noise Impacts Overlay, Bushfire Hazards Overlay and Acid Sulphate Soils Overlay.
- Examination of land supply information with Council staff in a major local government area in 2003 found approximately 18% of the identified supply would only be available on a very slow and haphazard basis as land parcels were:
    - less than 1.5 hectares in size
    - Not forming a group of greater than 5 hectares
    - Not adjoining existing subdivisions

- An approved code assessable subdivision in South East Queensland pitched to the affordable market was approved in 2003. An isolated parcel of Remnant Endangered Regional Ecosystem was identified on the site. An offset site has been pursued with the Department of Natural Resources. At a cost of around 22,000 these related costs are estimated to add $12,000 per lot to the development costs.
- A local government in an area where housing supply is very limited launched a new planning scheme in March 2006 that was based on an assumed population growth rate of 1.3% per annum, even though PIFU figures for the year ending 2005 set a figure of 2.9% per annum and the development industry estimates that the actual growth rates are above 3%. To further compound the problem, former Park Residential (a lot of which was in an urban zone anyway) became Rural Residential in the new plan, land which had a higher density residential Preferred Dominant Land Use Designation became Urban Residential and there were more restrictions placed on plot ratios, average size allotments, battleaxe allotments, site coverage, building height etc.
- Recent UDIA member survey showed that 47.5% of respondents thought that it was very difficult to source new land in Queensland and 45% thought that it was difficult.
- Developers recorded sending land acquisition managers to particular areas with generous budgets and coming back without buying anything as no appropriate land was available.
- Yield losses due to VMA (for example, a two (2) million dollar block made completely undevelopable a week or so after purchase (100% RE RE). The reclassification of ecosystems into RE RE is also continuing to reduce the yield of various development sites.
- Unachievable density targets making effective saleable yield much lower e.g. if need to put in 5 storey buildings to achieve target yield but in an area where this density is unsaleable then the yield will be much lower until the apartments can be sold in 10 years time and therefore the cost of houses is much higher as they are the only cashflow at the time and need to pay the holding costs on the rest e.g. in a particular local government area lots of developers are having to walk away from options on land that they have held for 2.5 years because this issue is making the development economically infeasible.
- In South East Queensland a proposed 520 lot subdivision was located in an area the Planning scheme indicated for possible future development, was well serviced and opposite an existing shopping centre. It has been left out of the urban footprint.
- Institute of Public Affairs report notes that the key to affordable housing is sufficient raw land to make the market competitive so that raw land prices aren't too high. A developer noted that the lack of availability of affordable land had been a serious constraint to the amount of development they could do in Queensland.

Other Issues, Codes etc

- Red Tape Task Force Survey. In 2003 a survey of IPA users identified:
    - 91 percent of the respondents experienced problems in the operation of the stages of IDAS.
        - 83 percent of respondents had difficulties in the information and referrals stage
        - 67 percent had problems in the application stage

        - 62 percent had difficulties in the decision stage.
        - 85 percent of the respondents were of the view that information requests were ineffective as:
            - information requests were excessive
            - non relevant and
            - conflicted within themselves.
    - 70 percent of the respondents had experienced non compliance with time frames by authorities.

- Regulation Reduction Incentive Fund (RRIF) 2005 investigation regarding introduction the Risk Smart DA process improvements in SEQ were estimated to be in the order of $118,736,350 per annum to business. Further savings of $29,684,087 per annum were estimated for the Councils.
- A number of councils are charging rates as per commercial zoned land for land held by developers for residential development even though it is not zoned commercial (e.g. rural or residential land). This significantly increases the holding costs and reduces affordability.
- Application fees have recently been significantly increased mid-way through the budgetary period (without consultation with the development industry) by at least one council.
- Council applying conditions to Development Approvals that must be completed prior to issue of a Building Approval that is uncalled for and delays lot sales. An example is summarised as follows. A Development Application is lodged with a completed landscape plan and on street works plans and is all processed, passed and approved. Council then issues the Development Approval with conditions that: a landscape plan and street plan must again be lodged to Council and signed off prior to the issue of a Building Approval. The same plans (with additional charges from Council) go back into Council for a further 4 to 6 week delay. On street works and landscaping are the last works of a Building Development (say some 2 to 4 months after building commencement) and are outside of the critical building works. This approval, if required, should be left to issue of a "Certificate of Classification" stage.
- The Referrals Checklist for a DA is now on Version 18 and includes no less than 25 referrals to various Government agencies. Not only do State Government Departments have to continually expand to implement their own red-tape, but more and more red-tape is being "devolved" to Local Governments to implement. This means more staff, more training, new computer systems etc and the only way that Council can fund these obligations is through increasing rates, fees and charges.
- A significant number of developments in a key development area are restricted to 75% of their DA approved lots while awaiting sewerage treatment plant upgrades that are two years beyond their original scheduled treatment date.
- Banks are getting nervous about projects not stacking up. If the banks will fund developer will need to put in 40% equity not 25% equity. Multiple developers raised this issue.
- Concerns are raised regarding Stamp duty costs
- The costs of complying with amendments to the building code e.g. recent sustainable housing amendments

- Increased up front costs, infrastructure charges, DA approval costs, external costs and bonding requirements are discriminating against smaller developers with limited financial resources potentially reducing market competition.