



Housing

UNDER REVIEW

PDA guideline no. 16
January 2016



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ADVICE – 20 September 2024

Economic Development Act 2012 (the Act)

On 1 July 2024, the *Economic Development Act 2012* (Act) was amended to strengthen the remit of the Minister for Economic Development Queensland (MEDQ) to deliver social and affordable housing in the State. To support this remit, the Act now includes a definition of social housing¹ and a definition of affordable housing² that refers to criteria in the *Economic Development Regulation 2023* (Regulation).

The Act also now gives the MEDQ the ability to:

- enter into housing agreements with third parties (including Community Housing Providers) to deliver social and affordable housing³, and
- impose conditions on PDA development approvals that relate to the supply of social housing, affordable housing, or a monetary contribution in lieu of affordable housing or social housing⁴.

The amount of affordable housing required to be delivered in a PDA, and the ability to pay a monetary contribution in lieu of affordable or social housing product, is set by the relevant development scheme not the Act or Regulation.

Economic Development Regulation 2023 (the Regulation)

On 20 September 2024, the Regulation was amended to include criteria for housing that is considered affordable to very low-income households and low to moderate income households for the local government area, as well as first home buyer households and key worker households.

For housing in a PDA to be considered affordable to first home buyers and key workers, a Housing Needs Analysis needs to have been published by the MEDQ, specific to the PDA.

Relationship between Guideline 16 to the Act and Regulation

Guideline 16 was prepared to provide advice about how housing diversity and design innovation can influence affordable house prices, and to provide guidance on determining the price point for housing to be considered affordable to low to moderate income households.

The amended Regulation expands on the information contained in Guideline 16 for housing to be considered affordable in a PDA and modifies the assumptions in the method for calculating the affordable housing price point. The Regulation prevails over any inconsistency with Guideline 16.

Economic Development Queensland (EDQ) is preparing a new guideline that will give contemporary advice on how to comply with the amended Regulation and how the MEDQ will monitor and report on the delivery of the affordable housing requirements set by the development scheme.

Woolloongabba PDA development scheme

The Woolloongabba PDA Development Scheme sets a requirement for residential development of 10 dwellings or more to provide 20% of all residential gross floor area as high quality affordable or social housing. The Scheme refers to Guideline 16 for advice on how to determine the price point for housing that is affordable for low to moderate income households.

EDQ is working on a Housing Needs Analysis for the Woolloongabba PDA that, once published, will further expand the possible avenues available to deliver on the requirements for affordable housing in the Woolloongabba scheme.

1 Section 7A

2 Section 7B

3 Further information is available at Fact sheet No. 2 *Third Party Housing Agreements* available online at www.edq.qld.gov.au.

4 Further information is available at Fact sheet No. 3 *Conditioning Social and Affordable Housing* available online at www.edq.qld.gov.au.

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Introduction

Purpose of the guideline

This guideline outlines the Minister for Economic Development Queensland's (MEDQ) methods for establishing housing affordability and diversity in Priority Development Areas (PDA) in Queensland. This guideline should be read in conjunction with the provisions of PDA development schemes and interim land use plans (ILUP).

In consultation with the MEDQ and other relevant parties, applicants are encouraged to propose alternative, innovative solutions that will meet the PDA-wide criteria or related provisions of ILUPs.

This guideline has direct relationships with a number of other PDA guidelines including:

- » PDA guideline no. 01 - Residential 30
- » PDA guideline no. 02 - Accessible housing
- » PDA guideline no. 03 - Non - residential worker accommodation
- » PDA guideline no. 05 - Neighbourhood planning and design
- » PDA guideline no. 07 - Low rise buildings

It is also accompanied by practice notes and case studies that either illustrate the MEDQ's approach or provide further detail of calculations used by the MEDQ in determining housing diversity and affordability.



Achieving housing diversity and affordability

Housing affordability and diversity is delivered across the PDAs utilising a variety of methods, including:

1. Leading innovation in the design of neighbourhoods, precincts and dwellings
2. Identifying target prices for dwellings to rent and purchase that reflect local levels of affordability
3. Influencing lot and house sizes to provide a more diverse mix of dwellings
4. Delivery of accessible housing.

Design innovation

Thoughtfully designed housing matched to a range of lot sizes and household types is critical to achieve affordable and attractive housing options. Providing housing on a mix of lot sizes also results in a greater variation in dwelling prices. This enhances opportunities for affordable home ownership and rental for a range of households within a diverse community. The PDA guideline no. 01 - Residential 30 demonstrates that diverse housing types with high amenity can be developed on different lot sizes.

PDA practice note No. 01 - Housing diversity provides examples of plans of a range of dwellings including those on lots of 127m² and 250m², loft dwellings and Multi-Family Dwellings (MFD).

The MEDQ delivers housing diversity utilising a commercially based business model. As a result, the MEDQ has also developed a number of practice notes which demonstrate that smaller lots do not mean lower returns. Relevant practice notes include:

- » PDA practice note no. 03 - Integrated residential development
- » PDA practice note no. 05 - Lot mix and yield in residential subdivisions.

Housing price

Housing prices are influenced by a number of supply factors including the cost of bringing land to market, infrastructure, housing design, construction costs and time in the development approval processes. Demand factors including population growth, household formation rates and income levels are also influences.

Factors that help to improve housing affordability include bringing land to market more quickly and the timely and efficient provision of infrastructure. The development of a diverse range of lot sizes and house types will also improve housing affordability.

To ensure that affordability is delivered, the requirements in the relevant development scheme will be conditioned in a PDA development approval. Applications will also be assessed against how they achieve the desired level of housing diversity.

Delivering affordable housing

The Development Schemes for the Bowen Hills, Northshore Hamilton, Woolloongabba (Brisbane LGA), Oonoonba (Townsville City), Andergrove (Mackay), Clinton (Gladstone), and Roma (Maranoa) PDAs incorporate housing affordability targets based on median household incomes and are targeted mainly for those on low to moderate incomes.

For the purposes of this guideline, low to moderate income earners are defined as:

- » ¹ Low income: those earning greater than 50% but less than 80% of the annual median household income for the Local Government Area relevant to the PDA
- » ¹ Moderate income: those earning between 80%-120% of the annual median household income for the Local Government Area relevant to the PDA.

The overall intent is that for house purchasers, the cost of servicing their mortgage represents no more than 35% of their gross household income. For those renting their house, to be affordable, the cost of rent should represent no more than 30% of the gross household income.

To ensure that the affordability targets remain relevant and competitive, the median household income will be indexed using the Wage Price Index (WPI) for Queensland.

Table 1 provides details of the affordable rent and house price for affordable rental across the Bowen Hills, Northshore Hamilton, Oonoonba, Andergrove, Roma and Clinton PDAs.

Table 1 reflects that although affordable housing is available for purchase, it can also be made available for rent. The price for this housing is based on the rental income and a 5% yield and reflects what an investor may reasonably pay for a property whilst delivering an adequate return on equity.

The Development Schemes for the PDAs of Yarrabilba, Greater Flagstone, Caloundra South, CQU Rockhampton, Tannum Sands, Toolooa, and Ripley Valley establish housing affordability targets to encourage a diversity of housing product. To achieve this diversity, housing product should be delivered across three income bands in accordance with Table 2: Housing Strategy.

Table 1: Affordability Calculations

PDA	Local Government Area	Affordable Housing Requirement	Median household Income (Sept 2015) ²	Affordable Rent (\$/pw)	Dwelling Price for Affordable Rental (\$)
Bowen Hills	Brisbane	5% to rent by households on the median household income for Brisbane LGA	\$110,855	\$640	\$664,804
Northshore Hamilton	Brisbane	5% to rent by households on the median household income for Brisbane LGA	\$110,855	\$640	\$664,804
Oonoonba	Townsville	40% of all dwellings available for purchase or rent by low to moderate income households for Townsville City	\$92,731	\$267 - \$642	\$278,143 - \$667,660
Roma	Maranoa	Minimum of 66% of all dwellings across the PDA available for rent by households on or below the median annual income for Roma	\$83,121	\$480	\$498,340
		Minimum of 30% of all dwellings across the PDA available for rent by household on a low to moderate income for Roma		\$240 - \$575	\$248,643 - \$598,429
Andergrove	Mackay	50% of all dwellings available to rent or purchase to low to moderate income	\$104,822	\$302 - \$726	\$315,018 - \$754,358
Clinton	Gladstone	50% of all dwellings available to rent or purchase to low to moderate income	\$113,971	\$329 - \$789	\$344,518 - \$551,018

¹ The description of low to moderate income earners is derived from the Centre for Affordable Housing, NSW, Department of Family and Community Services.

² September 2015 median household incomes are based on July 2011 ABS data published by the Queensland Government Statistician's Office and escalated using the wage price index (WPI) for Queensland to September 2015. (Series ID A2600950).

Table 2: Housing Strategy

Income bands	% of housing product to be affordable to purchase to households in the corresponding income band
Band 1 50% of the median annual household income for the relevant LGA	5%
Band 2 80% of the median annual household income for the relevant LGA	10%
Band 3 100% of the median annual household income for the relevant LGA	10%

Note: for any PDAs not referenced in this section, refer to the relevant Development Scheme for affordability requirements.

Housing diversity

One of the key mechanisms to deliver affordable housing within a heterogeneous community is through the provision of a diverse mix of lot sizes and housing types (including accessible housing) which can more readily meet the demand of a wider range of lifestyles, household types and budgets.

As the planning authority, EDQ will be encouraging the provision of housing diversity in PDAs. Where EDQ is the developer, it will work with developers, builder partners and other industry stakeholders to prototype, demonstrate and deliver innovative housing solutions that meet both diversity and commercial objectives.

Where applicable offsets are being sought for the value uplift charge, the applicant will need to demonstrate they meet the requirements of Practice Note 16 - Calculation of offsets for affordable and diverse housing.

EDQ recognises that in certain circumstances it may not be practical for a development proponent to provide product within a project to meet affordability requirements. In this circumstance, payment of a monetary contribution in lieu will be considered and the assessment of this monetary contribution will be in accordance with the principles contained in Practice Note 8 - Calculation of Monetary Contribution. The conversion of the affordable housing component of a development contribution into equivalent product is also explained in Practice Note 8 - Calculation of Monetary Contribution.

House and lot sizes

The composition of house and lot sizes in a development can impact on the affordability.

PDA Guideline no. 01 - Residential 30 and associated practice notes provide specific examples of how to achieve a variety of lot sizes and smaller lot house designs. Practice Note 1 - Housing Diversity illustrates how housing diversity, innovation and different price points have been achieved in Fitzgibbon Chase.



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