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SUBMISSION - PRODUCTIVITY COMMISSIONS INTERIM REPORT INTO HOUSING SUPPLY REGULATION

Infinitum Partners (IP) acknowledges the work of the Productivity Commission (PC) in preparing the Interim Report into Housing Supply Regulation. IP welcomes the opportunity to contribute to this important body of work, which has the potential to improve housing supply and support the delivery of more homes sooner for Australians.

IP is a town planning and property advisory firm that specialises in providing advice to both government and the private sector. Its leaders have worked in executive leadership positions within government and the private sector, and the business contributes to the delivery of housing supply and development generally through its practice.

IP considers planning policy and development assessment to be an iterative process. Policy is created, tested through implementation, informed by development outcomes, and then refined in response to contemporary inputs. In this sense, planning is not a linear process with a fixed destination, but a cycle that must continually adapt to evidence, market conditions, infrastructure capacity, and community outcomes.

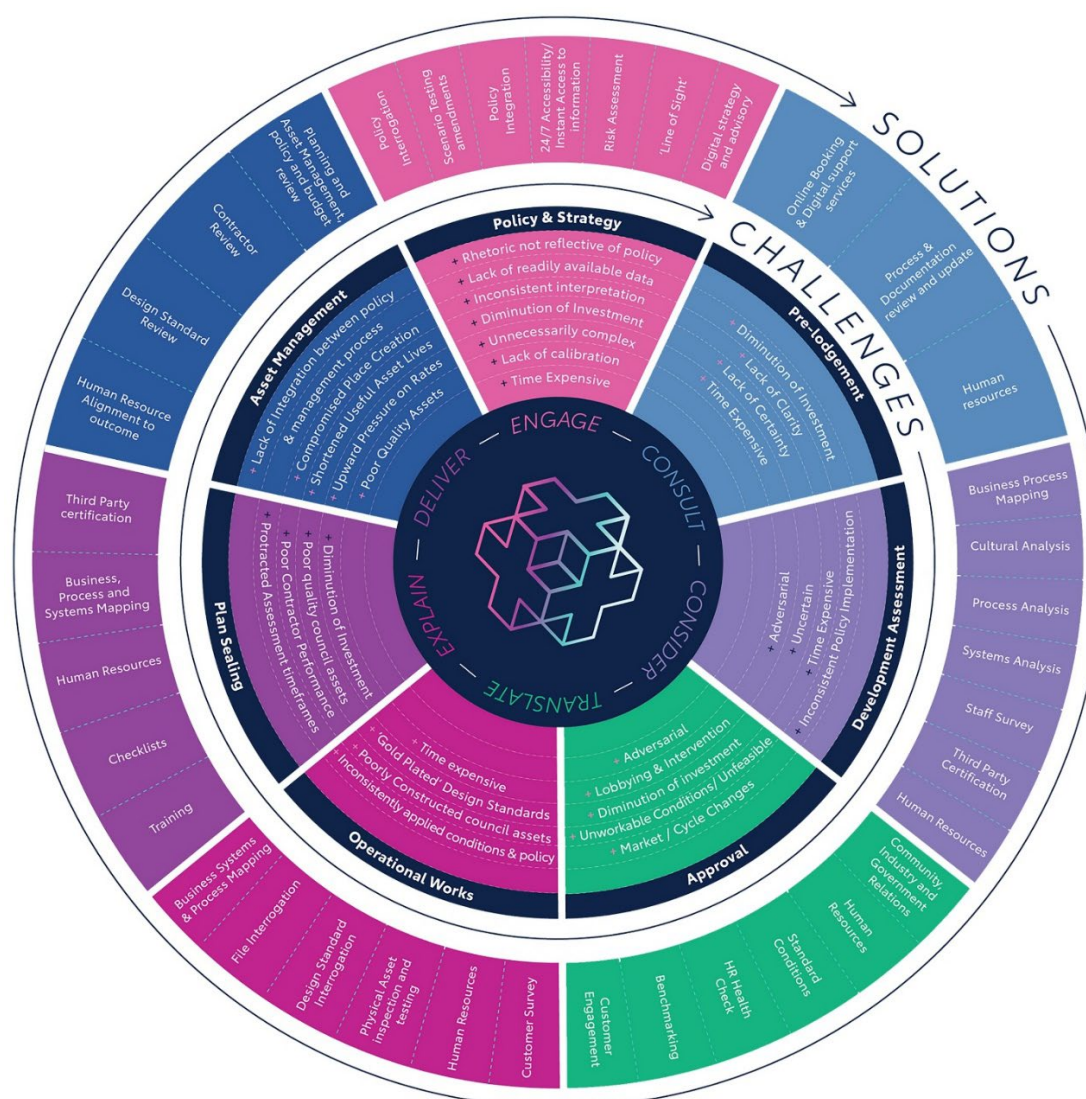
The graphic below illustrates the circular nature of planning from IP's perspective. Read clockwise from twelve o'clock, it shows the challenges that can arise from policy and strategy development, through development assessment, and into asset creation, dedication and management from a local government perspective. The inner ring identifies the challenges, while the outer ring identifies practical solutions that can be deployed in response.

By way of explanation, if the challenge with planning policy is that it can be slow to implement, inconsistent in its application, and unnecessarily complex, resulting in reduced development activity, inconsistent interpretation, and a disconnect between government intent and actual outcomes, then a range of practical solutions can be deployed in response. These solutions align with many of the findings of the PC's Interim Report, including the need to interrogate existing policy settings to identify impediments to supply, actively test policy implementation scenarios to ensure policy is calibrated to deliver its intended outcomes, and integrate policy settings in a way that avoids unintended conflicts which constrain supply. Importantly, both the PC's Interim Report and IP also acknowledge that accessible and transparent data is central to any meaningful digital transformation and AI strategy intended to improve efficiency, create additional capacity, and support good governance and accountability.

One issue often overlooked in housing supply reform is how asset creation, dedication and ongoing asset management inform policy creation. This is particularly evident in local government reluctance to support unplanned growth outside areas already identified for infrastructure delivery in a planning scheme. While debate often focuses on whether developers pay for capital upgrades and infrastructure charges, councils must also consider the long-term operating, maintenance and depreciation costs of assets dedicated to them after development. Roads, parks and development infrastructure may be constructed by developers, but once dedicated they become local government assets that must be maintained over their useful life. If these additional operating costs have not been included in long-term financial planning, they can affect a local authority's financial sustainability. Local authorities may budget between 4% and 6% of the capital value of an infrastructure item for



maintenance and depreciation, which can create a financial disincentive to support growth, particularly unplanned growth.



This submission identifies practical barriers to housing supply through evidence-based examples and proposes solutions that respond directly to the PC's Interim Report. The examples demonstrate how policy settings, development assessment processes, infrastructure delivery, and asset-management obligations interact in practice, and why reform must be coordinated across all levels of government if it is to deliver more homes sooner.

Infinitum Partners is enthused by the PC's focus on the role housing regulation, development assessment processes, land availability, and the integration of land use and infrastructure planning play in housing supply. While these are not the only impediments to housing supply, they are the areas of focus identified in the PC's Terms of Reference and, importantly, they are levers available to the planning profession to positively influence housing supply and the creation of more homes sooner.

Our submission provides evidenced based solutions based on our businesses practice, and experience working across the entirety of Queensland and Northern New South Wales.

Infinitum Partners supports the Productivity Commission's focus on housing supply regulation and recommends a reform program that links land use flexibility, faster assessment pathways, infrastructure coordination, and



implementation funding. In summary, governments should enable greater housing diversity in well-located suburbs, remove minimum lot sizes where built form outcomes are assessed concurrently with subdivision, calibrate planning schemes to remove conflicts between zoning and overlays, fund fast-track assessment and digital transformation, introduce transparent growth-area infrastructure charging, and take a clear Federal and State leadership role in implementation.

RELAX LAND USE RULES WHERE PEOPLE WANT TO LIVE - REFORM DIRECTIONS 2.1 – 2.3

IP have been involved in the preparation of planning schemes, Priority Development Areas, Temporary Local Planning Instruments, and other regulatory mechanisms intended to guide growth within Queensland. Our observation of these instruments over time is that much of the planned capacity zoned into planning schemes remains unrealised at the 10+year design life of a planning scheme, (this is particularly evident for infill upzoning). This is not because the planning instrument failed in some way, rather there are a multiplicity of issues that could have influenced the uptake of planned capacity. Our takeaway from this analysis is that far more planned capacity can be included in a planning scheme in a risk managed way for a local authority. Historical analysis of zoning take up demonstrates this.

Accordingly, IP support reform direction 2.1. and 2.2.

Minimum lot sizes are a historic planning tool intended to manage historic issues such as sanitation, public health and wellbeing. The technology now utilised to manage stormwater, water and sewer delivery and disposal, and power connections, have evolved significantly since minimum lot sizes were required to support their efficient delivery and management.

This disconnect impedes optimal land utilisation in areas already connected to urban services and creates a policy tension with statutory urban footprints that are also regulating greenfield development at the urban periphery. Better utilisation of land within the urban footprint can occur by removing draconian lot size requirements, and in turn also reduces reliance on housing supply at the urban periphery.

IP proposes that where a development application includes both subdivision and built form components, no minimum lot size requirement should apply. In that circumstance, the application must demonstrate the actual built form outcome, including servicing, access, car parking, landscaping, and how environmental and hazard risks will be managed. That outcome is more relevant to the community and the existing neighbourhood than the resultant lot size alone.

If the application was only for land subdivision and the neighbourhood had no idea as to whether the subsequent built form outcome would be acceptable, or the resultant lot sizes appropriately sized to adequately cater for access, parking etc., then a minimum lot size would still apply.

IP acknowledges that this will evolve a neighbourhood's character over time. Necessarily, we would suggest this evolution needs to occur in our neighbourhoods because it:

- Better acknowledges land as a finite resource.
- Attempts to better leverage the sunk infrastructure costs already made in existing suburbs.
- Increased densities will better support mass transit options, and in many Queensland suburb's large swathes of land capable for additional development exists within an 800m walk of existing public transport infrastructure.
- Creates diversity of housing supply that better responds to contemporary issues such as demographic change e.g. an ageing population looking to downsize and age in place.
- Creates more affordable housing products within the context of each neighbourhood.
- **IMPORTANTLY**, acknowledges that if we keep doing the same thing over and over again, we will not get a different outcome.



IP support reform direction 2.3 in the instance that the focus is on the built form outcome, and the council and the community can be given this certainty through a combined development application.

MAKE APPROVALS FASTER AND EASIER - REFORM DIRECTIONS 3.1 – 3.4

Front loading development assessment considerations into the plan making process is central to the IP approach to strategic planning. It is why we have advocated for measures such as development assessment teams being involved in the front end of plan making because they are at the 'coalface' of a planning schemes operation on a daily basis.

It is also why we have advocated for front loaded assessment of environmental attributes, and infrastructure planning into land use planning. Two contemporary examples of where we have engaged with local government on such issues are:

1. Gold Coast City Council - Draft planning Scheme - lack of calibration between a Zone and the Environmental significance overlay; &
2. Brisbane City Council - More Homes Sooner planning scheme amendment - lack of calibration between the zone, amendments to the zone, and overlays.

GOLD COAST CITY COUNCIL (GCCC)

The current GCCC planning scheme identifies land within the State Government's Urban Footprint and the Rural Residential zone, with a prescribed minimum lot size that indicates potential subdivision. However, the same land is also affected by the Environmental Significance Overlay, including a Substantial Remnants layer that seeks to protect matters of environmental significance in situ. In practice, this creates a policy tension: the zone indicates development potential, while the overlay can effectively sterilise approximately 15.5 km² of land across the LGA from development.

Given the proximity of some of these areas to existing development and services, a more pragmatic consideration of the planning schemes operations needs to be assessed, and dependent on the outcome create a far clearer and certain policy framework to either realise additional housing or protect the land for environmental purposes.

Our submission to council outlined possible solutions that better balanced environmental protection at a regional scale, against the need for more houses sooner in areas proximate to existing development and infrastructure. Our submission outlines how a net environmental benefit can be achieved by offsetting vegetation in regionally significant corridors. In effect then freeing up the areas already partially compromised by Rural residential development for more urban development as has occurred in the immediate proximity of these areas already. **Full details of our submission have been attached.**

BRISBANE CITY COUNCIL (BCC) – MORE HOMES SOONER AMENDMENT

BCC's More Homes Sooner planning scheme amendment is now in effect. Whilst publicly notified, IP lodged a submission congratulating the council on moving the issue of infill upzoning forward, however highlighting the practical application of the policy would likely have minimal benefit to additional land supply. **Full details of our submission have been attached.**

Whilst these changes represent a constructive step attempting to increase housing supply within well-located areas of the city, it is important to recognise that the benefits of the proposed amendments will not be realised uniformly across the Low Medium Density Residential LMR zone.

While LMR land represents approximately 14% of Brisbane's residential land supply, the proportion of that land that can realistically accommodate redevelopment is significantly influenced by the presence of overlay constraints and



existing site conditions. In practice, a substantial portion of the identified LMR land is affected by overlays that can restrict or moderate redevelopment potential even where the underlying zoning supports increased density.

These policy constraints that create a point of friction with zoned intent commonly include the:

- Traditional Building Character overlay
- Flood and coastal hazard overlays
- Environmental and vegetation protections
- Neighbourhood plan provisions and local character controls

Accordingly, we suggested a larger opportunity to unlock housing supply would exist within areas currently zoned Low Density Residential (LDR).

Low Density Residential land comprises approximately 60% of Brisbane's residential land footprint. Many of these areas are located in established suburbs that already benefit from historic investment in urban infrastructure, proximity to employment areas, access to centres and high-frequency public transport corridors. In many cases these locations exhibit planning characteristics that are well suited to modest infill development outcomes and would be well served if they were beneficiaries of **reform directions 2.1-2.3 & 2.4 – 2.6**.

Together, these examples show that faster approvals are not achieved by assessment reform alone. They require planning schemes to be internally consistent, environmental and infrastructure constraints to be resolved earlier, and policy settings to be tested against practical development outcomes before they are adopted.

IP support reform direction 3.1 and believe housing regulation should always balance environmental attributes and heritage protections with housing supply, and this should be done in a risk managed and pragmatic way. To do so plan making needs to focus on calibrating policy with a 'clear line of sight' that does not include policy tensions like those identified above. A particular focus on reform directions 2.4 – 2.6 will assist with creating this necessary 'line of sight' also.

Infinitum Partners have been involved in the development and implementation of fast-track assessment pathways both within and for local government. These solutions included:

- Online booking and digital support services for coordinating pre-lodgement meetings.
- Detailed pre-lodgement meeting processes to identify and rectify matters upfront.
- Third party certification for low-risk high volume development applications.
- Operational 'health checks' to identify structural improvements and process efficiencies.
- Staff and customer satisfaction assessments.
- Digital and technology support systems, (e.g. e-plans and workflow management).

These actions can meaningfully expedite approval processes, reduce workloads, and improve productivity, quality, timeliness and organisational culture.

These established interventions have shown how they can bring forward supply and support cultural change, whilst creating additional capacity for existing resources within local governments across Queensland. Accordingly, IP support reform directions 3.2-3.4

BETTER COORDINATE INFRASTRUCTURE PLANNING AND CHARGING WITH DELIVERY - REFORM DIRECTIONS 4.1-4.4

One of the major constraints to housing supply in some of the major growth fronts within Southeast Queensland is the disconnect between land use and infrastructure planning. Often potential future growth areas are identified for growth well before the necessary infrastructure planning is resolved. Coupled with issues of land fragmentation,



property speculation, constrained government and distributor retailer budgets, the cumulative impact slows or prevents development from occurring.

UNITY WATER – MORAYFIELD SOUTH

By way of contemporary example IP have recently received a Service Advice Notice (SAN) from Unity Water articulating that it would be unable to service any development within the upstream catchment of a particular pump station until early 2029. This is an existing growth front in Morayfield South that has been under development since approximately 2018. An excerpt from the SAN is included below:

Unitywater Advice:

This parcel of land falls within Unitywater's major development area, specifically within the Morayfield Southeast catchment.

This assessment investigates connection to both the water and sewer network.

Sewer Servicing

Unitywater has identified the following matters regarding sewer servicing:

1. The development site is outside the current sewer connections area.
2. This development will convey flow to the new SPS-BGY021 and then the existing SPS-BGY001. Currently, SPS-BGY001 is operating under capacity constraints. To overcome this capacity issue a sewer rising main is planned to be delivered as part of the Narangba Sewerage Transportation Scheme. The estimated project delivery timeframe at this stage is early 2029; however, this timeline is preliminary, subject to change, and provided for indicative purposes only. Unitywater accepts no responsibility or liability for reliance on this preliminary timeframe.
3. Until the relevant infrastructure becomes available, Unitywater is unable to service any additional development within the upstream catchment of SPS-BYG001. Tankering arrangements will not be acceptable at any stage.
4. Until the above infrastructure is built and becomes functional Unitywater will not be amenable to enter into a WIA.

Morayfield South is a major growth front where land use planning and infrastructure planning are not aligned. Council and Unity Water have responded to growth pressures by approving development on an application-by-application basis and entering into Infrastructure Agreements and Water Infrastructure Agreements. Despite this approach being in place since 2018, and to the best of IP's knowledge without prior warning, Unity Water is now representing that no additional lots can be serviced until at least early 2029, notwithstanding the existence of valid approvals in the area.

This is not a new issue, it has been widely acknowledged by council and Unity Water for nearly a decade, and despite this, the necessary planning and then subsequent works still have not been undertaken or completed. Moreover, for the better part of the last decade Unity Water has progressively drawn down the infrastructure capacity in this area seemingly unaware of the extent to which they have been doing this and now with no engagement or forewarning are preventing further development from occurring.

Curiously, Unity Water also indicate that interim measures such as tankering will not be supported. Whilst not a preferred solution, tankering would have seemed a reasonable interim solution, and one that has been utilised and agreed to by Unity Water in other areas and particularly acknowledging that the issue appears to be one of Unity Waters capital delivery program not aligning with growth pressures.

CITY OF MORETON BAY – OUT OF SEQUENCE DEVELOPMENT

Within the Moreton Bay 2016 planning scheme, multiple growth fronts are identified within the Emerging Community zone. These areas sit outside council's Priority Infrastructure Area because infrastructure planning had not been resolved when the scheme was drafted. Despite this, significant growth pressure has led council to assess development in these areas in an ad hoc, application-by-application manner. The result is a patchwork of development supported by compromised interim infrastructure solutions, such as one side of a road being upgraded while the other remains unfinished, or intersections being delivered with conduits but no signals. As the



catchment approaches full development, these interim works will need to be upgraded to ultimate standards. If sufficient contributions have not been collected over time, either the last developer will bear a disproportionate cost, or ratepayers will need to fund the upgrades.

Whilst this is a valid approach, legally defensible and safe, the council could also necessitate the developer to provide ultimate infrastructure solutions through the DA process. The council has been reluctant to do this, because this approach can obligate the local authority to provide a refund for the difference in value of any delivered trunk infrastructure and the value of any developer charges paid. This could cumulatively over time, and over multiple growth areas amount to a significant cost. However, this approach provides ultimate infrastructure upfront designed in accordance with the council's desired standards of service enabling the growth front with ultimate capacity up front bringing forward further development opportunity. As building costs continue to escalate the cost to government now has the potential to be significantly less than the cost to government in the future. This approach of getting the developer to fund and deliver ultimate works up front, also removes any delivery risk to council, and ensures the infrastructure gets delivered once upfront, rather than in pieces over time, which can only serve to frustrate the community because the impacts of ongoing piecemeal construction over a longer period is more disruptive than just getting the job done properly once.

To manage this issue councils (in participation with distributor retailers) could consider the application of a 'Growth Area Charge' in addition to normal infrastructure charges. This Growth Area Charge would be calculated by planning and costing the infrastructure required to develop a growth front. Once the total cost was known, the value of potential infrastructure charges payable would be deducted from this value. This resultant amount is then divided by the ultimate lot or dwelling yield expected in a growth front to work out a per lot or dwelling cost, or the Growth Area Charge.

In simple terms, the combined value of standard infrastructure charges and the Growth Area Charge should equal the total cost of infrastructure required to service the growth area.

These examples require the land use and infrastructure planning to be coordinated, and the infrastructure priced up front. This work needs to be undertaken by both the State and Local authorities expeditiously. This then needs to be publicly vetted by industry groups, developers, consultants and the community, and ultimately agreed.

The opportunity then exists for the Federal government to create a Growth Area fund which participating local authorities and distributor retailers through their respective State Governments can make application to receive a funding support allocation for their Growth Area Charge. In practice and in Queensland, this might look like the standard infrastructure charge being applied at \$36,670 per lot, and then a Growth Area Charge per lot also applying. If the local authority is successful in obtaining Growth Area funding from the Federal government this can then be used to reduce the Growth Area Charge, with the developers in a particular growth front then funding the difference. This funding mechanism would bring forward development by subsidising growth infrastructure in a particular area, and it would do so more quickly than under prevailing market conditions.

This approach is not dissimilar to the way Economic Development Queensland prepares their infrastructure planning within Priority Development Areas, so this is not a novel approach and one both government and industry understands.

IP supports reform directions 4.1 – 4.4 and represents that the above represents an alternative approach that achieves better coordination, better sequencing, and improved transparency.



IMPLEMENTATION & FUNDING.

One of the historic impediments to reform in Queensland has been making local authorities wholly responsible for its implementation. Whilst successive well-meaning Federal and State governments of both colours have produced reports, held enquiries, and engaged widely on reform, in Queensland all the change was then made the responsibility of local authorities to implement. Whilst the technicality of this change is easy enough to ventilate, the politics of implementation is what prevents it from occurring. For example, Reform directions 2.1, 2.2, 2.5 and 2.6 of this interim report call for wide scale height increases, reduced car parking requirements, the removal of wide scale heritage protections, and the removal of restrictions on particular housing types. These are all imminently sensible solutions and should be implemented as soon as possible. However, it is easy to make these recommendations technically from Canberra or as part of the State government, but it is far more difficult for the divisional councillor in the community day to day to convince existing communities of some of these changes, irrespective of how sensible they might be.

Accordingly, IP suggests that Federal and State governments need to take a leadership position in effecting these changes and take ownership of their implementation from the top down. Direction from higher levels of government would allow local governments to implement these reforms while making clear to their communities that the changes respond to national and State housing supply priorities. While some community members may remain aggrieved, responsibility for the reform would not be isolated at one tier of government or directed at individual local representatives.

Secondly, we would suggest that performance measures be built into public service position descriptions. Measures such as customer satisfaction, quality and timeliness are straight forward. However, equally meaningful would be measures such as lots or dwellings produced, GFA produced etc. Importantly the focus of these measures needs to be on supporting production not approval alone. These requirements should be built in to the position descriptions of the CEO of a council right through to the most junior position. The *Local Government Act 2009* in Queensland already promotes this through the purpose of the Act by providing for:

A system of local government in Queensland that is accountable, effective, efficient and sustainable.

Thirdly, for reform to be effectively implemented over time it needs to be effectively funded, and this is where the Federal government needs to take a leadership position. IP represents that several opt in funds need to be established by the Federal government to pay for planning regulation change. This funding should support the resources required by local and state governments to expedite these changes. Access to the fund should require demonstration by the local authority and respective state governments that they are adopting the reform directions and how they are doing so.

A fund should also be established to support the digital transformation of regulatory reform. This should support interventions such as e-plans, workflow management software, online administrative functions, and the adoption of AI. Historically in Queensland, digital transformation has occurred on a council-by-council basis rather than through a coordinated program. This has resulted in ad hoc adoption and different approaches, systems and software across local governments.

IP suggests that the Federal and State government should take a leadership role in funding everything from pilot projects to software interventions. The State could then lead and manage the development of each product or intervention. Once created the State government cooperatively funded by the Federal government could then make the digital transformation opportunities available to local authorities on an **opt in basis**, incentivised by funding the implementation and ongoing operational costs.



4.0 CONCLUSION

Infinitum Partners appreciates the opportunity to provide this submission to the Productivity Commission. The following initiatives represent the practical reforms that IP considers capable of materially improving housing supply, provided they are implemented with clear government leadership, adequate funding, and sufficient resourcing for State and local delivery.

- Increasing heights across all suburbs to three storeys.
- Increasing heights to between 4–9 stories for medium density and 10+ for high density housing in areas of high demand or with readily avail or readily augmented urban services including public transport.
- Removal of minimum lot sizes where a development application includes both a built form component and a subdivision component to provide certainty of outcome to the council and the community.
- Undertake planning scheme calibration analysis to identify policy asymmetry and identify solutions for resolution balanced in the favour of housing supply.
- Fund, incentivise and support the implementation of fast-track assessment and process efficiency opportunities.
- Fund, incentivise and support the implementation of digital transformation including the use of AI to improve the efficiency and capacity of government in the housing supply chain.
- Implement a robust land use and infrastructure planning process that identifies the difference between standard infrastructure charges and the actual cost of developing a growth front and transparently ventilate and agree a Growth Area Charge.
- Create a Growth Area fund to subsidise a Growth Area Charge.
- The Federal and State governments take a leadership position in reform, and direct, incentivise and fund Local authority participation.

