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Tasmanian Housing Strategy
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HIA Submission on the Tasmanian Housing Strategy Discussion Paper

Thank you for the opportunity to provide comment in response to the *Tasmanian Housing Strategy Discussion Paper* (the 'THS').

HIA welcomes inter-governmental collaboration and consultation with the residential construction industry on major policy reform that supports the development of new housing, through streamlined approval and cutting of red tape in the planning system.

About the Housing Industry Association (HIA)

The HIA is Australia's only national industry association representing the interests of the residential building industry, including new home builders, renovators, trade contractors, land developers, related building professionals, and suppliers and manufacturers of building products.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. HIA members are involved in land development, detached home building, home renovations, low & medium-density housing, high-rise apartment buildings and building product manufacturing.

HIA members are comprised of a mix of residential builders, including the Housing 100 volume builders, small to medium builders and renovators, residential developers, trade contractors, major building product manufacturers and suppliers and consultants to the industry. HIA members construct over 85 per cent of the nation's new building stock.

Background

It is acknowledged that the Tasmanian State Government's THS is a comprehensive attempt at addressing the need for increased housing supply for all Tasmanians, in what is expected to be decades ahead of steady growth.

Both directly and indirectly, housing supply in Tasmania is currently being addressed through a number of inter-related major policy reviews by the Tasmanian Government (the 'government'), including:

- *Tasmanian Housing Strategy Discussion Paper* – i.e. the THS open for public comment by October 2022;
- *State Planning Provisions* review – with public comment having closed in August 2022;
- *Tasmanian Planning Policies* review – with a consultation paper on the draft TPPs released in September 2022;
- *30 Year Greater Hobart Plan* (in collaboration with the Greater Hobart Committee) – with a summary of public feedback report released in September 2022;
- *Draft Tasmanian Housing Bill* – with public consultation on a draft Bill having closed in June 2022; and
- *Medium Density Residential Development Standards / Apartment Code* – on hold.

While these reviews are being led by the government, it appears they are being independently pursued without an overarching assessment of their holistic effect. It is critical that members of each Policy Team collaborate together to ensure the findings are thoroughly interrogated and final recommendations lead to consistent, supportive and effective statutory policy to enable achievement of the ambitious housing growth targets in Tasmania.

HIA response to the THS

This year Tasmania is projected to deliver around 2,700 new homes, with up to 3,000 new homes in a year considered to be reaching a 'peak'. The vast majority of these are occupied privately, either by owner occupiers or through the private rental market.

HIA notes the government's target to deliver an additional 10,000 new social and affordable homes by 2032, at an average of 1,000 per year. The addition of approximately one third more homes (i.e. up to 4,000 per year) will put current supply under enormous pressure.

In order to achieve this new benchmark in supply, HIA believes the government must ensure there are tangible improvements to the **planning system**, both for the development and subdivision application processes. In tandem with a housing strategy, the government must guarantee there is an efficient pipeline of **land supply** to meet the growing demand for new housing identified.

HIA notes in the THS, "*Table 1 Housing system and responsibilities*" (p.8) refers to the roles and responsibilities for those in the sector, including the government. In our view, it is the government's primary and fundamental obligation to facilitate a steady pipeline of new land supply; and design a planning system that results in efficient and streamlined planning approvals free of restrictive and unnecessary red tape. These significant government responsibilities should be recognised in the THS, as they are vital to ensure the THS meets its ambitious targets for housing supply.

The THS refers to the important role that **energy efficiency** will play as new homes are constructed in

Tasmania over the next decade. HIA considers construction design improvements mandated under the National Construction Code (NCC) 2022, supersedes the need for the planning system to independently set benchmarks for dwelling energy efficiency targets.

We also maintain our long held position on how **development contributions** lead to the erosion of housing affordability and act like a 'tax' on new home buyers despite the bulk of any external 'benefits' being shared amongst the broader community.

Planning system

HIA considers adjustments to the provisions for assessing one dwelling and multiple dwellings would significantly improve the operational efficiency of the current planning system.

Using recent examples, the *Greater Hobart Plan* forecasts demand for 30,000 new dwellings by 2050, and the government has committed to delivering 10,000 new 'social and affordable' homes by 2032. This will comprise a mix of single, multi-unit and apartment dwelling approvals.

As per HIA's "One House One Approval" and "Truth in Zoning" policies (attached as appendices to this submission), one dwelling on residentially zoned land should not be subject to the cumbersome planning permit process, including varying design and siting matters with *planning directive 4.1*. This would take pressure off the planning system to deal with single dwelling approvals in consideration of environmental factors e.g. bushfire, landslip and flood hazard areas.

A single dwelling on residentially zoned land should be classified as 'notifiable building work' without the need for a planning permit, even when it does not fully comply with planning directive 4.1. Where required a building dispensation application could be lodged, advertised and completed in less than a calendar month.

Being required to obtain both planning and building approval for a single dwelling on residentially zoned land creates issues for the timeliness of housing approvals, as well as additional design and application costs. Often, planning policy has undue impacts on the dwelling design, which requires owners to make changes that are over and above the NCC.

We note in March 2019, the Premier of Tasmania announced that a new set of planning standards for medium density residential development (i.e. "apartment code") would be prepared and implemented through the State Planning Policies (SPPs). According to the *State Government Planning Reforms* web page as of the writing of this submission, the development standards were "*to be prepared in conjunction with the Central Hobart Precincts Plan as part of the Hobart City Deal, and will be publicly exhibited for comment.*" The proposed code is also referenced in Figure 11 (p.22) of the THS.

It is disappointing that the proposed code has yet to be exhibited for public comment, particularly in light of the ambitious growth targets set by the *Greater Hobart Plan* (i.e. 30,000 additional dwellings by 2050). HIA is unsure whether this code will apply to applications of more than one dwelling (including detached multi-unit/townhouse development). In order for the proposed code to maximise its effectiveness in facilitating the required housing growth identified in the THS, the code should serve as

a broadly applicable multi-dwelling assessment code.

HIA's view is Tasmania is overdue for a state-wide infill/medium density approval framework, that addresses delays, uncertainty and risk for medium and high density housing proposals. We note this has previously been identified in the publication *Toward Infill Housing Development, Tasmanian Department of State Growth* (TIHD, 2019).

The publication states:

“Alternative housing products often fall outside the Acceptable Solution provisions of a planning scheme, triggering a discretionary application requiring public notification. Discretionary applications often require a more detailed planning assessment, involving longer timeframes, particularly when there are third party objections to a proposal. This adds extra time and resources to the assessment process.

Policy makers need to have a better understanding of the regulatory barriers to infill housing. A state-wide infill/medium density design guidelines and approval framework would improve certainty for developers, as well as improve the quality of development being delivered.”

The model could provide for a design which complies with all relevant state provisions and prescribed design standards of the Tasmanian Planning Scheme (i.e. “Acceptable Solutions”), to go straight to public notification. Going further, where acceptable benchmarks of a design code are long established in the Tasmanian Planning Scheme, there should be no need for compliant development to undergo notification and be subject to third-party appeal rights. This is supported by the following statement in the THS:

“Opportunities also exist to challenge some of the NIMBY (not-in-my-backyard) attitudes that are present and to bring whole communities along the journey to deliver much-needed housing for some of the state's most vulnerable people.” (p.30)

HIA would be pleased to workshop the structure of a state-wide multi-dwelling code with the Tasmanian State Government providing an industry perspective on what is required to reduce planning red tape and expedite decisions.

Land supply

HIA urgently requests that the government commits to undertaking a thorough and structured (e.g. three years periodically) review of urban land supply in Tasmania and considers all reasonable opportunities to increase land supply to meet current and future demand for housing. This includes through infill, brownfield and greenfield development, increasing the supply of detached, multi-unit, affordable and social housing.

At Parliament in March 2021, then Minister for Housing Roger Jaensch stated *“Currently there are around 5000 hectares of privately owned, vacant, residential zoned land across Tasmania which could deliver around 60 000 lots for residential development, but for various reasons it is not being used. That is why we will now take immediate action to remove barriers and costs to activate this land and put it to work housing Tasmanians.”*

HIA notes that Minister Jaensch identified the need for every lever to be pulled across the market to provide more supply and capacity to meet current and future housing demand. It is clear the THS supports this approach, which should commence with the government conducting a review of new and future investigative urban land supply opportunities.

HIA would be pleased to get together with the Tasmanian State Government and other key industry stakeholders to workshop opportunities for urban expansion and new housing supply in infill, brownfield and greenfield areas to deal with land shortages / housing affordability constraints currently being experienced in Tasmania. HIA's national policy *Managing Urban Land Supplies* is attached as an appendix to this submission.

Energy efficiency

The THS refers to the important role that energy efficiency will play as new homes are constructed in Tasmania over the next decade.

HIA considers it is not the role of a planning instrument to regulate application requirements for construction design outcomes that are already included in the National Construction Code (NCC). Australian building policies and regulations seek to provide the minimum necessary requirements for safety, health, amenity and sustainability in the design and construction of new buildings throughout Australia.

HIA's view is building design and construction solutions, including addressing energy efficiency construction standards are appropriately managed through the framework of the NCC. Importantly subordinate legislation in the Tasmanian Planning Schemes, which impose a higher construction standard to the NCC should not be included.

Development contributions

HIA's view is any proposal submitted to levy cash development contributions through the planning system is unwarranted because these are assessed as dampening housing affordability. This is also a view shared by the National Housing Finance and Investment Corporation (NHIFC) in their August 2021 report *Development Contributions: How should we pay for new local infrastructure*.

According to NHIFC, development contributions are increasingly being used for social infrastructure with no clear nexus to development, as opposed to local essential infrastructure.

The NHIFC report states *"If the scope of developer charges doesn't have a clear nexus to the new housing development or costs aren't apportioned appropriately between the beneficiaries of the local infrastructure, developer contributions ultimately can act like a tax and discourage development."*

"Funding a much wider array of social infrastructure through developer contributions deliver broader community benefits but confer fewer clear, direct and immediate private benefits to new home buyers. This means developer contributions increasingly act like a tax on new housing, which can impede new housing supply and reduce housing affordability for buyers and renters."

One house, one approval

To construct a single dwelling on a block should only require one approval. It's time to shake up planning restrictions across the country.

Mike Hermon

Executive Director – Planning & Development at Housing

It has been the long-held position of HIA that once land is zoned for residential purposes there should be no further planning constraints to the construction of a single dwelling.

Essentially, one house on a block of residential land should only need one approval to be built.

HIA's 'Truth in Zoning' philosophy calls on governments, state and local, to ensure that when land is zoned and subdivided for housing, all the real or potential restrictions for home building have been resolved. Getting that right should mean a new home on a new block only has to address constraints that impact the way it is built, such as a slope or bushfire hazard.

While the process to obtain approval for a new home differs across the country, the concern from HIA members universally is: why do I need two approvals – planning and building?

A good question. Where the land is zoned for a house, and where the house is designed to meet the state or local residential design code, what is the value in requiring two approvals?

This practice most commonly arises when a house is allowed without a planning approval, but the planning scheme draws in additional requirements or limitations that

trigger the need for a planning assessment. Most commonly, these will be overlays and additional planning matters, such as heritage, scenic or vegetation protection, local character, and the like. In one mind-boggling case, a HIA member in Queensland shared with us that an inner-Brisbane site was affected by more than 30 planning overlays.

What's the problem with two approvals?

Being required to obtain both planning and building approval creates issues for the timeliness of housing approvals, as well as additional design and application costs. Often, there are even undue impacts on the dwelling design, which require owners to make changes over and above the design code.

The owner, builder or developer is generally obligated to provide duplicate information, leading to unnecessarily protracted approvals timeframes and a negative impact on housing affordability.

HIA is acutely aware of the negative impact two approvals has on the industry and the home buyer.

While each jurisdiction should be able to establish their own regulatory systems, HIA believes that each one should be underpinned by a common principle: to construct one house on one block should only require one approval.

Over the coming months, HIA will be working to find ways to tackle this issue head on – calling on all levels of government to commit to achieving this goal.

How far do we have to go?

Given there are multiple reasons why construction of a single dwelling may require planning and building approval, HIA's approach will need to be tailored to suit the existing systems in each state and territory.

There is a range of problems that need solving, meaning there will be a range of solutions to bring forward. Currently two approvals may be triggered by:

- restrictions in the residential zoning requirements that mandate planning approval
- additional restrictions in planning schemes that apply overlays or requirements that trigger planning approval
- restrictions in local policies or codes that trigger planning approval
- onerous or excessive design requirements in state or local housing codes that trigger planning approval
- and in some cases, a planning and building system that is linked in such a way that building approval cannot operate without a planning approval.

Of the various approval pathways in each state and territory some are more burdensome than others.

While no jurisdiction can be held up as having the ideal approval system for a single dwelling on residential land, NSW does tick the box today. It took more than a decade of hard work to make it so, but the effort has paid off, with more than 30 per cent of new homes now taking advantage of the 20-day complying development approval process. A figure that was as low as 10 per cent a decade ago.

In NSW, despite having a combined planning and building system like South Australia and Queensland, the use of complying development offers a single approval pathway for specified developments. Complying development is desirable in terms of offering a streamlined approvals system, however, the provisions can be unduly harsh under local planning instruments when compared to the state planning codes, which can limit the ability for a homeowner or builder to use this option.

Other jurisdictions, such as Western Australia and Victoria, do have provisions in their planning systems that supposedly create a simplified pathway for the construction of a single dwelling. However, in the past decade, these provisions have come under pressure and are now seldom able to be broadly utilised, making them of limited benefit.

It should be a reasonable expectation for home buyers and builders that the construction of a new single dwelling on residential land can proceed with minimal planning intervention. Only in exceptional circumstances should planning be triggered and when it is, the requirements should be supported by clear standards and outcomes that need to be assessed prior to approval being granted. Overlays and local policies that simply trigger a planning check 'to be sure' should have no place.

Creating a new normal

One House One Approval needs to be the new normal.

HIA will be focusing on achieving this outcome and working with state and territory governments to support this approach. Local governments also need to be on board and commit to developing appropriate housing codes that allow the majority, rather than the minority, of homes to comply.

HIA's Strategic Policy Plan 2016–2020, 2019 Federal Election imperatives, various state election imperatives, and most recently, the HIA Home Building Recovery Plan for COVID-19 have all called for this reform.

The beauty of HIA's approach is that every state and territory already has the pathway we need – one approval is already a possibility. The key now is to trigger the interest and the political will to use it.



Truth in Zoning

Policy Background

The supply of land for housing development is influenced by zoning, subdivision approvals and the operation of the planning process.

Developers and builders are facing a range of barriers to building on residentially zoned land that are applied at any stage of the planning process.

Many constraints affecting the supply of land for housing are:

- emerging in planning requirements;
- can relate to the risk of natural hazards
- are being applied to land retrospectively;
- have a layered approach and cumulative effect as they are applied: and
- can quarantine or sterilise land from development at any stage of the process.

Some constraints relate to mapping of natural threats such as anticipated threat of bushfire or sea level rise/inundation, threatened species identification.

Others can be non-environmental and can include heritage matters, presence of easements and other design and development related requirements.

Each is a potentially valid claim for land to be preserved but in many cases is made by authorities at an inappropriate stage of development.

The result is generally that highly valued residential land for development is taken out of the land supply chain.

The result is that HIA members have residentially zoned land which was purchased with an established yield that does not eventuate.

HIA calls on Governments to provide greater certainty over when planning constraints are applied to land.

HIA's Policy Position on Truth in Zoning

- Governments (being all governments or relevant authorities) should provide certainty in the application of planning controls on residential land.
- In applying planning controls to land, Governments should disclose all known constraints which they intend to apply and at which stages of the development process.
- The key stages at which known constraints should be declared and applied by governments are:
 1. Designation of land for urban development;
 2. Rezoning of land to residential;
 3. Subdivision and creation of lots;
 4. Registration of lots and sale or redevelopment of lots.
- The known constraints should only be applied by Governments at the designated stage in the development assessment process. (as set out in Attachment A)

- If a constraint is missed, or unknown, by a Government at an earlier stage of development, it cannot be retrospectively applied.
- All major constraints on land should be accounted for by the build stage (that is prior to stage 4: registration of lots and sale) leaving builders to only account for site layout, setback matters and the like, as outlined in council planning schemes.
- Requests from councils to apply constraints that have no foundation in state planning schemes or documents incorporated within planning schemes should be rejected outright.

ATTACHMENT A - Constraints on Land and their Application by Authorities

This is HIA's list of constraints that are typically applied in the planning process and the preferred stages that they should be applied in the zoning and development process (if they are to be included at all). The changing planning environment means that this is an indicative list that remains live and able to be added to over time. The policy remains in place but as constraints are added, this table may be considered and changed over time. The stages here are intended to mirror the six stages of land development identified by the National Housing Supply Council. For the purposes of this Policy they have been combined where appropriate.

Stage 1 Designation of Land for Urban Development Zone

The table of constraints below should be addressed prior to designation of land of urban development zone.

Constraints that are considered acceptable if applied at "Designation to Urban Development Zone"	
Open space	Open space allocation including major regional open space parks already operational includes State and National Parks
Airports	Location of airports and environs, includes any future airfields
Roads	Freight and major road links
Major Infrastructure	Pipelines for utilities including gas and electricity
Facilities for renewable energy	Any area set aside for wind farms or similar.

Stage 2 Rezoning

The table of constraints below should be addressed prior to rezoning any land from a general Urban Growth/Future Urban zone or rural zonings to a specific purpose zone, e.g. residential, public land, special purpose zonings.

Also at this stage Planning scheme overlays may be applied to the land which might also form a constraint e.g. identification of flood prone land, heritage areas, site coverage (density), slip, slope, subsidence and so forth.

Overlay Constraint Applied at Rezoning	
Environment and landscape overlays	Could include environmental significance overlay Vegetation protection overlay Significant landscape overlay
Heritage and built form overlays	Heritage overlay Design and development overlay Incorporated plan overlay Development plan overlay Neighbourhood character overlay
Land management overlays	Erosion management overlay Salinity management overlay Floodway overlay Land subject to inundation overlay Special building overlay Bushfire management overlay State resource overlay
Other overlays	Public acquisition overlay Airport environs overlay Environmental audit overlay Road closure overlay Restructure overlay

Overlay Constraint Applied at Rezoning	
	Development contributions plan overlay Toll Road overlay Parking overlay
Alpine areas	Framework for planning alpine resorts Sustainable development in alpine areas
Biodiversity	Protection of habitat Location of threatened species Native vegetation management
Sea level rise/coastal issues	Protection of coastal areas threat of coastal inundation and erosion
Bushfire	Bushfire planning strategies and principles

Stage 3 Subdivision and Creation of Lots

The table of constraints below should be addressed prior to the subdivision and creation of lots stage. These constraints are normally addressed through the subdivision application process, whereby relevant studies are undertaken before the issue of an approval, and potentially, relevant actions are required to be carried out before the completion of a subdivision.

Constraint that are Considered Acceptable if Applied at the Subdivision/Creation of Lots	
Soil degradation	Use of contaminated and potentially contaminated land Erosion and landslip Salinity
Noise and air	Noise abatement, air quality
Water	Wetlands and storm water planning.
Heritage	Heritage conservation Aboriginal cultural heritage
Layout of built environment	Neighbourhood subdivision site and context description and design response Lot design location and design of residential development Access and mobility management Integrated water management Utilities location Any design requirements for safety Cycling networks
Location of commercial centres/public transport networks	Principal Public Transport Network Road system Waste and resource recovery
Community infrastructure	Health facilities Education facilities Day Care facilities Recreation facilities

Where the 'subdivision approval and the creation of lots' stages occurs after the civil works construction approval (and the required civil works are completed), the constraints in the table above will apply at stage 2 (Rezoning).

Stage 4 Registration of Lots and Sale of Lots

Once lots are registered and sold constraints should only relate to the single site and could include the following:

Constraint that are considered acceptable if applied at single lot stage	
One dwelling on a lot	Planning scheme requirements relating to the individual allotment only and may include: <ul style="list-style-type: none"> • Site layout and building massing • On-site amenity and location of facilities/utilities • Detailed design factors • Single tree removal requirements • Restrictive covenants
Two or more dwellings on a lot and residential buildings	Planning scheme requirements relating to the creation of more than one house on an allotment and subsequent subdivision and may include: <ul style="list-style-type: none"> • Site layout and building massing • On site amenity impacts and facilities • Detailed design factors including private open space • Neighbourhood character considerations • Any <u>common property type</u> infrastructure required as a result of creating more than one allotment including utilities and creation of common property • Single tree removal • Restrictive Covenants



Managing Urban Land Supplies

HIA's Position Statement

1. The primary function of Government in planning for future housing supply should be:
 - a. to streamlining the planning process;
 - b. to provide key infrastructure to facilitate well planned residential growth; and
 - c. to ensuring adequate land supply to meet growing demands for new housing.
2. The development and implementation by government of metropolitan strategies in consultation with industry is supported to manage growth and provide certainty of land supply.
3. Government strategies should be long term to create certainty of land supply and seek to create an appropriate mix of allotments in good locations at an affordable cost.
4. Metropolitan strategies must identify a rolling minimum of 15-25 year forward land supply (to be reviewed every 5 years) to meet long term demand.
5. Within this long term strategy land supply, government should work with industry to ensure adequate land with development approval to meet short term demand (e.g. 5 year supply).
6. State and Territory Governments should regularly report on the number of allotments available at key stages of the subdivision process being:
 - a. Zoned for urban development (prior to subdivision planning approval)
 - b. Subdivision (Planning) Approval
 - c. Subdivision Works (Operational) Approval
 - d. Subdivision Completion Approval
7. HIA opposes urban growth boundaries (UGB) as a means of managing urban land supplies.
8. Where UGBs are in place, there should be a transparent and regular review process that does not rely on legislative change or Parliamentary consideration and involves consultation with the community and the housing industry.
9. Governments should ensure metropolitan strategies have a focus on implementation and communication with communities so there is a clear expectation of the type of residential development that may be allowed in an area.
10. Governments should identify, promote and actively support the identification of infill land available for residential development.
11. The State Government's role in developing land should be limited to supplying housing which is affordable or which meets the needs of disadvantaged within the community or requires the state to act in a facilitation role to deliver complex redevelopment projects.

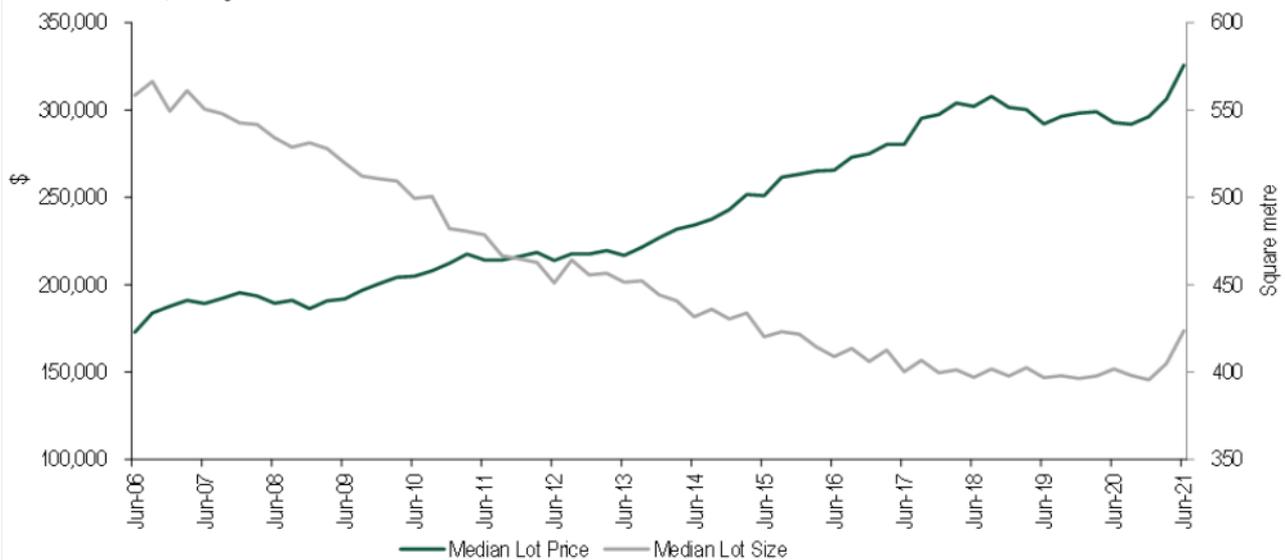
Background and Issues

- It is vital that Governments maintain an adequate supply of land for housing in both Australia's major cities and regional centres.
- This is because demand pressure for housing that is affordable from all demographic sectors will continue.

- The continued growth of our major cities is therefore inevitable and governments must reasonably plan for this.
- In many areas state governments have introduced policies designed to curb urban sprawl which has seen an increase in medium density dwellings and apartments.
- But adequate long term land supplies for infill and greenfield housing should be an essential element of every state government policy.
- Metropolitan Strategies have attempted to manage urban growth but generally they have supported and encouraged consolidation within existing urban areas, actively limiting urban growth.
- Urban Growth Boundaries (UGBs) are also a key strategy employed by state governments to manage urban growth.
- As a result increasingly of UGBs, landowners and governments either withhold or control the supply of land to the private development market.
- Over time, average lot sizes have decreased, whilst average lot prices have continued to rise.

Median Lot Price and Lot Size

Source: HIA Economics, Core Logic





Infrastructure Charges and Levies on Residential Development

HIA's Position Statement

1. *Development specific infrastructure* which provides essential access and service provision and without which the development could not proceed are considered to be core requirements for housing development and should be provided in a timely manner to facilitate affordable development. These infrastructure items within the boundaries of the development should be provided by the developer as part of the cost of development.
2. The costs of broader *community, social and regional infrastructure* should be borne by the whole community and funded from general rate revenue, borrowings or alternative funding mechanisms.
3. Up-front charges and levies against a new development are the least efficient manner in which infrastructure costs may be recovered.
4. The imposition of up-front charges and levies on new homebuyers for *community, social and regional infrastructure* is inequitable, discriminatory, inflationary and erodes housing affordability.
5. Where up-front infrastructure charges and levies currently exist for *community, social and regional infrastructure* and until such time as these levies are eradicated in line with dot points 1 - 4 above:
 - a) The establishment and calculation should be identified by the authority and be embedded within a statutory planning instrument prepared at the time of approval of land for urban development;
 - b) Governments should be required to prepare a full cost benefit analysis of the impact of any proposed infrastructure charge or levy on housing affordability prior to any implementation;
 - c) The manner in which the up-front charges or levies are costed should be transparent and cover capital and implementation costs only. All ongoing and maintenance costs should be recovered by means of an annual rate or charge and not permitted to be part of the charge or levy calculation;
 - d) Any charges or levies implemented should provide certainty and consistency for future development and home owners about the infrastructure to be delivered, costs to be funded and timing of delivery;
 - e) Levies should be collected at the latest stage of the development process, being just prior to the creation of legal title or prior to occupation;
 - f) Once adopted charges or levies should not be subject to any change or variation apart from defined cost of living increases or similar indexation to allow for inflation;
 - g) All charges or levies should be expended in the same area from which they were collected;
 - h) The amounts collected should be fully disclosed and reported to State Parliament annually and also reported by local councils to their own communities via annual reports.

6. Levies which are applied by Governments for state based items of infrastructure should be established and collected in the same manner as those collected by local government as established above.
7. Any funds which have been collected for infrastructure which is not subsequently provided within the planned timeframes should be refunded to the property owner of the development either as soon as the decision is made to eliminate the proposal or at the expiry of the specified time frame.

Background

- Levies and charges applied to development to cover physical and social infrastructure significantly affect new housing affordability. They are in effect a tax on new homebuyers.
- Most states and territories, through the planning system, can apply a charge on new residential developments via an infrastructure development contribution scheme of some type.
- Over the last decade, the charges being applied through these infrastructure development levy schemes have become increasingly significant. This is partially due the large range and high quality of facilities being requested by authorities and in many cases a conscious decision to shift the majority of the upfront costs onto new developments.
- The levies are now so significant they are impeding orderly and affordable residential development from occurring and significantly adding to the upfront costs of new homes.
- State governments have recognised the negative impact levies have on residential development and introduced ways to slow increases through either standard development levies or capped development levies. However, there is no clear evidence this approach has lowered the charges payable and improved the final cost of a new home.
- Some councils are attempting their own approach to the levies which can result in more levies and varied amounts being charged.
- Development charges and levies can encompass two types of infrastructure provision:
 1. *Development specific infrastructure* – being items which are directly attributable to new development, defined as those items that are necessary to create the allotment without which the development could not proceed, for example:
 - local roads;
 - drainage;
 - stormwater;
 - utilities provision;
 - land for local open space; and
 - direct costs of connecting to local water, sewerage and power supplies.
 2. *Community, Social and Regional Infrastructure* – being items of broader physical, community and social infrastructure which are ancillary to the direct provision of housing in a new development and support residents outside that development, for example:
 - headworks for water, sewerage and power supplies which may be part of a specific contributions plan;
 - community facilities such as schools, libraries, child care facilities, medical centres and retail facilities;
 - district and regional improvements such as parks, open space and capital repairs;

- social improvements such as library books;
 - public transport capital improvements;
 - district and regional road improvements;
 - employment services;
 - subsidised housing; and
 - conservation of natural resources.
- Levies for community, social and regional infrastructure are typically applied by either local and/or state governments through the planning system.
 - In many cases the levies are charged without the establishment of a nexus between the infrastructure item and the community who will benefit and use it, without transparency in the collection and without any consideration of the impact on housing affordability.
 - Levies of this kind are being viewed as a primary funding source for community, social and regional infrastructure, despite the benefits from that infrastructure being enjoyed by the whole community.
 - Whilst development specific infrastructure has a nexus with the allotment or building and directly benefit future home owners community social and regional infrastructure may have limited or no nexus with the population who will occupy the homes in a new development.
 - Many items of community, social and regional infrastructure end up in private ownership and are operated on a commercial basis once delivered, such as child care and medical centres. This represents a double charge for new home buyers.
 - Every dollar charged in infrastructure contributions adds multiple dollars to the end price of a home as a result of multiple factors including delays in the calculation and setting of the levies, the uncertainty of this process and associated risks, the delays in developments commencing and increased mortgage repayments by the developer and the homebuyer required over time.