

5 July 2024

Economic Development Queensland
Queensland Government
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Via e-mail: edq@dSDLGP.qld.gov.au

To Whom It May Concern,

**ECONOMIC DEVELOPMENT (AFFORDABLE HOUSING) AMENDMENT REGULATION 2024
(THE AMENDMENT REGULATION).**

Q Shelter welcomes the opportunity to provide feedback on the Draft Economic Development (Affordable Housing) Amendment Regulation 2024 ('the Amendment Regulation'). We commend the State Government's efforts to improve housing affordability in Queensland through a variety of policy and investment areas, including the new Homes for Queenslanders' Plan and various planning reforms and amendments.

We appreciate that Amendment Regulation is key to implementing the Queensland Government's strategy to increase the supply of diverse, social, and affordable housing stock. We have previously supported the corresponding legislation, the Economic Development Queensland and Other Legislation Amendment Bill 2024.

General principles

As a peak organisation working to ensure every Queenslander has a home, Q Shelter is aware of the acute shortage of social and affordable homes ('non-market housing') for people on lower-middle incomes. We also recognise the need for a healthy housing system overall, one that delivers enough homes to meet the population's needs, now and into the future ('market housing').

We know that without clear and specific definitions of affordable housing, Homes for Queenslanders and other planning instruments, such as the SEQ Regional Plan – 2023 Update, may not deliver enough homes to meet the needs of people on the lowest end of the income spectrum. On this point, Q Shelter has consistently advocated for clarity and specificity regarding the prescribed definition of 'affordable housing' across planning, policy, and funding programs.

For absolute clarity, Q Shelter supports a universal definition of affordable housing that:

- is linked to household income, specifically targeted to households on low to moderate incomes (i.e. the lowest 40% of Australian household incomes), and ensuring they spend no more than 30% of their household income on housing costs
- provides for enduring affordability through delivery via a registered community housing provider to ensure these dwellings are affordable in perpetuity
- is consistent across State Government housing policy, planning rules and regulations, and related funding programs.

Affordable housing definition

We understand that to support the amendments proposed, the Bill introduces a new section in the ED Act (section 7B) which defines affordable housing as follows:

"Affordable housing is housing that is affordable to particular types of households under criteria prescribed."

Proposed affordable housing criteria

The Amendment Regulation proposes to include criteria for affordable housing, intending to provide flexibility for the government, community housing sector, and development industry to respond to local housing needs and available funding programs with a range of market and non-market affordable housing types.

As stated above, Q Shelter offers the following feedback on the proposed criteria, as set out in Table 1 of the Affordable Housing Criteria Policy Paper, considering our preferred definition of affordable housing.

TABLE 1: PROPOSED AFFORDABLE HOUSING CRITERIA	
PROPOSED CRITERIA	Q SHELTER FEEDBACK
Non-market housing affordable to low to moderate income households	
a) Housing provided by a registered provider under the Housing Act 2003 to a household in the low to moderate income range at an affordable rent	<ul style="list-style-type: none"> We support these criteria as it is our preferred approach to securing social and affordable housing 'in perpetuity' by partnering with registered community housing providers (CHPs) who deliver non-market housing to very low, low-moderate income households.
b) Housing provided as part of a program, funded by any of the following entities, to support the provision of affordable housing for households in the low to moderate income range— <ul style="list-style-type: none"> a) A public sector entity under the Public Sector Act 2022, section 8; b) a local government, c) the State, d) the Commonwealth 	<ul style="list-style-type: none"> We support these criteria, although we note that the definition of 'affordable housing' varies across funding programs. <ul style="list-style-type: none"> Without consistency across planning, policy, and funding programs, our ability to deliver enough homes to meet the needs of people on the lowest end of the income spectrum may be at risk.
c) Housing that is provided for rent to a household in the low to moderate income range at a price that is no greater than 74.9% of the market rent for the housing	<ul style="list-style-type: none"> We believe 'discount to market' rent models need further definition and must be delivered in perpetuity to achieve the stated intent of providing more affordable housing, including housing for households with significant barriers to the private housing market. An associated governance and compliance structure for 'discount to market' rent needs to seek guarantees of long-term affordability. Q Shelter suggests an alternative criteria here: "Housing that is rented to households in the low to moderate income range at a price that is the lower of the following: <ul style="list-style-type: none"> No greater than 74.9% of the market rent for that housing 30% of the household's assessable income."
Market housing affordable to low to moderate income households	
d) Housing which has a market value that is affordable to purchase by households in the low to moderate income range	<ul style="list-style-type: none"> We support the criteria and the logic around the definition

e) Housing which has a market value that is no more than 20 times greater than the affordable rent for households in the low to moderate income range	<ul style="list-style-type: none"> As per (d)
f) Housing that has a market rent that is no greater than the affordable rent for households in the low to moderate income range	<ul style="list-style-type: none"> As per (d) and (e). We note items g) and h) discussing a 'housing needs analysis'. Is there any reason that would not be appropriate for items d), e) and f) as well?
Market housing affordable to first home buyers and key workers	
g) Housing which has a market value that is affordable to purchase by households in the income range for first home buyers or key workers as determined by a housing needs analysis	<ul style="list-style-type: none"> We support the criteria
h) Housing which has a market rent that is affordable to rent by households in the income range for key worker households as determined by a housing needs analysis	<ul style="list-style-type: none"> We support the criteria

Comments on definitions

In broad terms, Q Shelter believes the proposed affordable housing criteria and definitions developed by EDQ are thorough and genuinely seek to provide flexibility in delivering affordable rental homes and affordable homes for purchase within PDAs and other areas under EDQ's control and remit.

But we note the associated definitions in Table 1 and would seek to provide the following feedback:

- The definition of 'affordable rent' should be amended to specify that the housing should be affordable to households in the low to medium income range or the income range for key worker households as determined by a housing needs analysis.
- The definition of 'low to moderate income range' should refer to SA2s rather than local government areas. We feel that referring to more refined geographies, as opposed to entire local government areas, will ensure that affordable housing is relevant to its local context and supports appropriate, affordable housing provision.

Further clarification sought

We are concerned about the enduring affordability of housing that may meet the proposed criteria but does not include a mechanism for guaranteeing affordability in the longer term. As such, we seek clarity on five additional areas that apply to some, not all, of the prescribed categories in Table 1.

They are as follows –

- The duration for which housing will be required to be maintained as affordable
- The mechanism which will be used to ensure housing is maintained as affordable
- Who will be responsible for monitoring compliance with a condition to comply with affordability criteria
- How market rent or market value will be calculated, who will determine market rent or value, how often market rent will be recalculated, and when market value will be determined.
- A transparent process to ensure levies or offsets (monetary contributions) are reinvested into new, fit-for-purpose affordable housing. Specifically, Fact Sheet No.3 discusses how these funds will be leveraged, and we respectfully request that Community Housing Providers (CHPs) be itemised in this section.

Summary of our recommendations:

1. Enshrine the role of Community Housing Providers (CHPs) as the primary deliverers of affordable homes or require other entities to enter into an agreement with CHPs to ensure housing for low- and moderate-income households is 'affordable in perpetuity'.
2. The 'discount to market rent' components need further definition. To achieve the intent of providing more affordable housing for households with significant barriers to accessing the private housing market, it must be a significant discount to market rent and delivered in perpetuity.
3. Develop a supplementary or associated governance and implementation framework that seeks guarantees of long-term affordability across the full suite of affordable housing criteria.
4. Add Community Housing Providers (CHPs) to the list of possible mechanisms to leverage monetary contributions paid in lieu of providing social and affordable housing, as identified in Fact Sheet No.3.

For more details about this submission, please contact the Policy & Strategic Engagement Manager at Q Shelter, Jackson Hills, at (07) 3831 5900 or at Jackson.Hills@qshelter.asn.au.

Yours sincerely



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