



GPO Box 2279
Brisbane QLD 4001
Level 12, 120 Edward Street
Brisbane QLD 4000
T 07 3229 1589
E udia@udiaqld.com.au
www.udiaqld.com.au
ACN 010 007 084
ABN 32 885 108 968

4 November 2019

Chief Executive Officer
Mackay Regional Council
PO Box 41
MACKAY QLD 4740

BY POST/EMAIL aletta.nugent@mackay.qld.gov.au

Dear Sir/Madam

Submission on "Facilitating Development in the Mackay Region – Policy 081"

Thank you for the opportunity to provide comment on the Facilitating Development in the Mackay Region (Policy number 081). The Urban Development Institute of Australia Queensland ("the Institute") supports the Council's policy on Facilitating Development in the Mackay Region.

The Institute is driven by the commitment to create better communities and provide diverse housing typologies to meet the needs of a growing population. To achieve this, it is critical to ensure that the right Government framework is in place.

The Development Industry in the Mackay/Whitsunday area is a key economic contributor to the region, accounting for 7.3% of direct employment (4,226 jobs) and a further 4,982 indirect jobs. In 2017, it was the sixth largest direct employer and made a \$1,191 million contribution to gross regional product and directly provided \$290.8 million in wages and salaries to Mackay/Whitsunday families.

The Institute commends an updated policy to Council that more effectively incentivises new development to boost local employment levels. The Institute notes that the additional incentives are important at this time given that the number of dwelling approvals in Mackay in 2018-19 remains at less than half the ten-year average. In this context an additional Schedule 7 for residential development is proposed below.

Noting Council's annual review of the said Facilitating Development Policy, we make the following submissions:

Section 9.3 – Infrastructure Capacity / Trunk Infrastructure Offsets

1. The benefits of the Policy are negated where the development is required to provide trunk infrastructure. Because the value of trunk infrastructure is subtracted from the incentive, often developments are left with little or no incentive. Therefore, the Policy often does not incentivise these developments and should be amended so that trunk infrastructure values are not deducted from the incentive.
2. The Policy competitively disadvantages developments already burdened with funding trunk infrastructure. Developments without trunk infrastructure will be able to pass on the value of the incentive to the end user, unlike developments with trunk infrastructure which must partially or completely negate the incentive. The policy should not subtract trunk infrastructure values from the incentive.

At joint UDIA/Council development forums, the Institute has offered solutions to Council that minimise bias against certain developments and that do not leave Council out of pocket. Council is requested to work with the Institute to finalise a solution that incentivises all relevant development, does not competitively disadvantage developments, while not leaving Council out of pocket.

(New) Section 11.4 to the Policy – “Council’s Discretion”

1. Notwithstanding any provision of this Policy, should a particular development or project not strictly comply with the requirements of this Policy or its processes, Council has the discretion to provide incentives where the project or development is determined by Council to be otherwise meritorious (such as New Schedule 8).

Schedule 1 - Waterfront PDA

1. Paragraph 3.1 – reference to the maximum concession value should be amended to \$2 million (rather than \$1 million) in order to provide a substantial incentive for potential transformational development within the PDA. Please note that the \$1 million incentive fund would only incentivise around fifty new units.
2. Insert a new paragraph 3.8 “Deferred Payment of Infrastructure Charges Notice” – to permit payment of the charge on the sale of each unit or within 12 months of the use commencing (whichever is the earlier).

Schedule 2 – Major Industry Development

1. To amend paragraph 3, such that the maximum concession value is amended to be \$2 million (rather than \$500,000.00) to provide a substantial incentive.
2. To include a paragraph 3.3 permitting a deferred payment of the Infrastructure Charges Notice, to be “payment within 12 months of commencement of the use”.

Schedule 3 – Health, Aged Care and Retirement Living

1. Paragraph 3.1 – to amend the maximum concession value to be \$2 million (rather than \$500,000.00). For this industry where many of the Applicants are not-for-profit organisations (such as charities and churches), Council should offer a 100% concession if a “not-for-profit” applicant (ie charity or church) and up to a 50% concession for a “for profit” applicant.
2. Insert a new paragraph 3.2 permitting a deferred payment for the Infrastructure Charges Notice to be “payment within 12 months of commencement of the use”.

Schedule 4 – Tourism Development

1. To amend paragraph 3.1 so that the maximum concession is amended to be \$2 million (rather than \$500,000.00).
2. To insert a new paragraph 3.4 to permit a deferred payment within 12 months of the use commencing.

Schedule 5 – Bio Industry Development

1. To amend paragraph 3.1 regarding the maximum concession value to be \$2 million (rather than \$500,000.00).
2. To insert paragraph 3.3 to permit a deferred payment within 12 months of the use commencing.

Schedule 6 – Community Facilities

1. In paragraph 3.1, permit a 100% concession for “not-for-profit” applicants and a 50% concession for “for profit” applicants.

(New) Schedule 7 – Residential Development

1. To insert a new Schedule 7 – Residential Development.

Previous Council policies have provided an incentive to residential development and housing construction. As indicated above, the development industry is a major industry within the Mackay region and in need of development stimulation. On Council’s own modest targets of a 1.5% population growth per annum, our calculations indicate approximately 700 new houses (per annum) are required to be built in the Mackay region to keep up with that average population growth. However, at present we are only constructing approximately 350 homes per annum.

2. In this regard, a new Schedule 7 – Residential Development should be inserted that includes the following incentives for land:

- a) For new small lots less than 450m² - a 35% concession on Infrastructure Charges Notice; and
- b) For new lots between 450m² and 650m² – a 25% concession on Infrastructure Charges Notice.

The above concessions should be for standard format lots (either freehold or within a Community Title Scheme).

3. Multiple Dwellings (units)

Building approvals for multiple dwelling units (ie building format lots) have been almost non-existent for the past five years. Multiple dwelling projects remain by far the most difficult to make feasible at the moment. Unit development surrounding the Mackay CBD in particular, is going to be a key driver in reinvigorating the Mackay CBD. Providing residential unit development within existing developed areas makes efficient use of existing infrastructure. It should be actively encouraged by Mackay Regional Council as a very cost effective way of providing for population growth. The only place to get incentives for units currently is in the PDA. The UDIA Queensland believes similar incentives should be offered for developers seeking to deliver multiple dwelling projects within any medium or high density residential zone as:

- a) For new multiple dwellings – Infrastructure charges may be reduced up to 75% on the net charge amount shown on the Infrastructure Charges Notice to a maximum concession of \$2 million.

4. Similar to recent rate concessions by other Local Authorities within Queensland (including recently the Brisbane City Council), offer a 50% concession on Council rates for the first 12 months after the completion of the residential dwelling for first home buyers.
5. Similar to other Local Authorities (including the Rockhampton Regional Council), offer \$5,000.00 grants for the first 200 new homes constructed per annum, such payment to be made to the home owner (similar to the new policy implemented in Rockhampton).
6. To permit the deferred payment of the Infrastructure Charges Notice to be payable on settlement of the Land Sale Contract. If required by Council, this could be specified in Council's rates searches and also documented in a simple/brief "Infrastructure Agreement", similar to a version recently submitted to Council for consideration by the writer. Permitting the Infrastructure charge to be paid from settlement proceeds would greatly facilitate cash flow for the developer and the developer's financier. A bank cheque could easily be drawn from settlement proceeds and paid to Council (similar as to how rates and land tax are often paid to Council and the Office of State Revenue). Council would have the security of the Infrastructure Charge Agreement and knowing that the unpaid Infrastructure Charge is a statutory debt that runs with the land title and would always be paid by the landowner.

(New) Schedule 8 – Special Uses

1. To insert a new Schedule 8 – Special Uses

Council recognises there may be other 'one off' type special uses of strategic importance to the region not covered by the other schedules which deliver significant economic or social benefits through local employment, economic output, industry sector support and value adding, regional self-sufficiency or local community support. The purpose of this section is to allow Council to facilitate the development of these special uses through reduction of infrastructure charges where warranted.

2. Eligibility Criteria

Similar to other schedules but not limited to specific zones or uses.

3. Incentives

Similar to other schedules allowing for 50% reduction up to \$1 million with greater reduction potentially available for projects that fast track their development and/or can demonstrate that they will generate significant long-term economic benefits, job creation and have transformative outcomes that will diversify the existing economic base of the region.

This submission is provided to Council with the support of:

1. Master Builders (Mackay Branch);
2. Chamber of Commerce (Mackay Branch);
3. Real Estate Institute of Queensland (Mackay Branch); and
4. Building Designers Association of Queensland (BDAQ - Mackay Branch).

Yours sincerely

Urban Development Institute of Australia (Queensland) – Mackay Branch

A handwritten signature in black ink, appearing to read 'Mark McGrath', with a large, stylized flourish at the end.

Mark McGrath

Ph: 07 4963 0885

Email: mmcgrath@mckayslaw.com

Mackay Whitsunday Branch President