

GLP - PMC - Disposal Policy 8 - Affordable Housing Protocol For Surplus Government Land

GLP/2004/1417 – Version 2

Endorsed 20/01/2011
by PMC, Property Management Committee, Queensland Government

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Version history

Version	Date	Comment
1	01/01/2000	Endorsed
1.1	06/07/2005	Conversion Project - New WORD/XML template
1.2	13/06/2007	Correct Department name
1.3	04/02/2008	Edit policy title
1.4	12/04/2010	Correct Department name
2.0	20/01/2011	Revision of Government Land Policies to better consider koala habitat in South East Queensland

Policy

Desired Outcomes

Where appropriate opportunities exist surplus government land will contribute to the supply of affordable housing.

Policy Intent

As from 1 July 2002 all surplus government land within a notified area of housing interest will be assessed by the Department of Communities to determine what opportunities exist to generate an affordable housing contribution as part of the disposal strategy for the property.

Background

The Department of Communities obtained Cabinet approval on 4 June 2001 to the 'Affordable Housing in Sustainable Communities Strategic Action Plan' and for the establishment of the 'Brisbane Housing Company' to deliver affordable housing to low income households in Brisbane.

Priority Action 6 of the Strategic Action Plan undertakes to "identify the potential of government land and asset management policies to support action on housing affordability and sustainable communities (to) help maximise the supply of land in strategic locations available for development of affordable housing, and support the integration of affordable housing into sustainable communities".

The Property Management Committee decided on 12 September 2001 to investigate the best approach to advance the State's interests in generating affordable housing from the disposal of surplus government land.

Following consultation with major government property holding departments, a two stage process was developed and agreed upon.

The first stage of this process involves a preliminary assessment of the site by the Department of Communities to determine what opportunities exist to leverage affordable housing from the site without diminishing the value of the land under its current zoning.

Subsequent to a positive Stage 1 assessment, Stage 2 requires a cost/benefit analysis focusing on the potential to add value to the site, through achieving greater densities, planning relaxations etc., and achieve an appropriate affordable housing outcome.

When justified by a Stage 2 assessment, the Department of Communities in collaboration with the owner agency is required to seek the endorsement of the Property Management Committee to implement a disposal strategy that delivers an affordable housing outcome.

In December 2008 Cabinet implemented a Koala Response Strategy which, amongst other matters, committed the Government to a long-term goal of achieving a net gain in mature and actively regenerating koala habitat across South East Queensland by 2020. In May 2010, Cabinet endorsed the *State Planning Policy 2/10 – Koala Conservation in South East Queensland*. This goal must be considered as a priority issue in any affordable housing assessment relating to property located in South East Queensland (SEQ) that contains koala habitat.

Where a property in South East Queensland has koala habitat and is assessed to potentially deliver an affordable housing outcome, the PMC will consider both requirements when determining any endorsement.

Administrative Arrangements

When a government property is declared surplus to an owner agency's requirement and that property falls within a notified area of affordable housing interest:

1. The Department of Environment and Resource Management (DERM, which has the ability to monitor all surplus properties) will notify the Department of Communities, which will undertake a Stage 1 Assessment of the site. (During this period the owner agency or its appointed disposal agency should canvass the interest of other State government agencies.)
2. Within one month of this notification, the Department of Communities will present the findings of the Stage 1 Site Assessment for the consideration by the owner agency.
3. If there are competing claims by State government agencies for the property, priority will be determined by the Property Management Committee (PMC) having regard to the Government Land Disposal Policies.
4. If on the basis of the Stage 1 assessment, the Department of Communities and the owner agency are in agreement that the site warrants further detailed consideration for its potential to yield an affordable housing outcome (either on site or off site) and deliver the desired outcomes of the owner agency, the Department of Communities will be invited to undertake a Stage 2 assessment within a timeframe agreeable to both parties.
5. Any dispute between the owner agency and the Department of Communities regarding the suitability of the property for Stage 2 assessment or any other aspects of this action that in the owner agency's opinion have the capacity to unduly impact on the owner agency's disposal program are to be referred to PMC for determination.
6. Where indicated by a Stage 2 assessment that a 'value adding' approach, through achieving greater densities, planning relaxations etc., is the most cost effective method of delivering desired affordable housing outcomes, a joint submission by the Department of Communities and the owner agency will be prepared and presented to PMC for its consideration.
7. Subject to PMC endorsement of the recommended 'value adding' approach, the Department of Communities will manage the 'value adding' process and deliver an approved development site to the owner agency (or its disposal agent) for disposal.
8. The owner agency and the Department of Communities are required to seek the approval of Cabinet Budget Review Committee (CBRC) to any proposal under this Protocol where the actions proposed are expected to diminish the 'as is' market value of the property.
9. The final affordable housing contribution will be determined and disbursed according to the process set out hereafter (see Clause 6.1). The Department of Communities will work with the owner agency and its disposal agent to prepare advice regarding the amount and final use of the contribution for the consideration of the PMC prior to the completion of the disposal process.

Process Stages

Stage 1 - Triggering Criteria

The initial phase of assessment will be concerned with the broad questions:

- Is there an identified need for affordable housing in the area?
- What is the nature of that need? For whom?
- Is the site suitable to meet the identified housing need?
- Are there other government objectives that might be served by providing affordable housing on the site?
- What opportunities exist to leverage an affordable housing outcome from the disposal of the site?
- If the site is not in a high need area, is there potential to capture a contribution that could be put to use in other areas experiencing high levels of housing need?

1.1 Identified 'Priority Housing Need Areas'

The Department of Communities has identified the need for and committed to the development of a state wide housing need indicator. This indicator will identify priority housing need areas on an annual basis. This short list of 'hot spots' will provide an important first level indication of sites that should be considered for their potential to deliver an affordable housing outcome.

1.2 Local Housing Needs Information

The Department provides a comprehensive housing need analysis as an input to the development of all Local Government Planning Schemes and Local Plans. The methodology for preparing these analyses can go down to the 'local plan' level, and at this level provides a very useful framework for analysing housing need in the context of a site assessment.

1.3 Site Assessment

The Department of Communities has a standard technical site assessment procedure for this purpose. Criteria for assessment of the site include:

- Location, particularly in relation to services, retail and public transport.
- Size, and where a large site, appropriateness for mixed use.
- Slope and topography of site: accessibility, 'buildability', micro-climatic conditions resulting from orientation.
- Significant constraints eg protected vegetation, heritage buildings.
- Neighbourhood context ie land use (industrial/commercial/residential/other), built form, architectural and social character.
- Local issues and politics re the site eg lobby for park land.
- Environmental issues eg toxicity, noise.
- Access to utilities.
- Statutory Context.
- Opportunity for innovation and partnerships eg with a university or a hospital.

1.4 Other Objectives

Objectives for an area expressed in local or regional plans, for example, should also be considered in the Stage 1 assessment. This might include: -

- a development objective to increase the density of development around a centre or transit node;
- the desire to attract a major employer to the vicinity and to respond to major development;
- a planning policy objective to increase social diversity in support of urban efficiency or community wellbeing outcomes;
- an objective to increase the usage of a significant item of infrastructure such as public transport.

The role of housing and particularly affordable housing in supporting these objectives should be considered.

1.5 Opportunity to Leverage Affordable Housing

The opportunity to capture an affordable housing contribution from the site will arise from any, or a combination of, the following:

- The appropriateness of the site for increased density and/or mixed use development;
- The value of the site: a significantly higher return is more likely to be generated through the material change of use of a high value site;
- The willingness of Local Government to offer incentives, bonuses or relaxations in return for an affordable housing outcome on the site, or to identify a specific affordable housing contribution required for an up-zoning of the site.

If the site is not in a high need area, or is not suitable for housing or affordable housing, it may none-the-less offer an opportunity to generate an affordable housing contribution which could be invested in a high need area.

STAGE 2 - Detailed Assessment Criteria

Having been positively assessed in Stage 1, a site will be subjected to more detailed assessment at Stage 2. Key issues to be considered are:

- What approach to selling the site is likely to generate best returns for the effort invested?
- What is the anticipated cost/benefit of the proposed approach to capturing affordable housing outcomes from the site?

2.1 Identification of the Preferred Approach to Sale of the Site

There are a number of possible approaches to generating an affordable housing outcome from the disposal of a site, ranging from -

- simply identifying affordable housing as an objective in sales documentation;
- or applying for a material change of use, and achieving greater densities, planning relaxations, etc.;
- through to the Department of Communities acquiring the site from the owner agency and taking on the role of project developer.

The nature and degree of intervention will be determined on the basis of which option provides the greatest cost benefit having regard to the opportunities that exist for leveraging affordable housing in combination with the other Government objectives for the site.

2.2 Cost/Benefit of the Proposed Approach

Cost/benefit assessment would focus in the first instance on the potential to add value to the site through Local Government planning conditions, design and negotiation of material change of use, or through competition in a buoyant property market. The analysis would take into account:

- the financial return on the site and the cost incurred in achieving this return;
- the affordable housing return; and
- other outcomes which deliver on whole-of-government objectives such as achieving a net gain in mature and actively regenerating koala habitat, regional development, support for public transport infrastructure, improved social integration.

2.3 How will the affordable housing contribution be captured and utilised?

There are a number of options:

- A proportion of the site (to the value of the affordable housing contribution) could be set aside for affordable housing, with construction to be funded by a social housing agency (eg the Brisbane Housing Company).
- The purchaser could construct affordable housing on the site (to the value of the affordable housing contribution) as part of the larger development, with ownership handed over to a social housing agency on completion.
- The affordable housing contribution could be made as a financial contribution from the sale price to a social housing agency for expenditure on another site.

The Allocation of Affordable Housing Funds

The final stage of the process will be to determine how the value added by the protocol should be distributed.

How much value has been added? How much is available for affordable housing?

- The difference between the valuation of the site as assessed prior to the material change of use process and the contracted sale price post development approval is the 'value added'. The 'out of pocket' costs incurred by the Department of Communities and to be reimbursed from the sale proceeds, in achieving the material change of use must then be subtracted from the 'added value' to establish the net increase in value.
- The amount available for affordable housing contribution would then be calculated as 50 per cent of the net increase in value. The balance remaining will be disbursed to the owner agency.

For example

Value of land pre 'value adding'	\$1,000,000
Sale Price post 'value adding'	\$1,400,000
'Added value'	\$400,000
Cost of 'value adding'	\$50,000
Net increase in value	\$350,000
Affordable housing contribution (50%)	\$175,000
Disbursement to owner agency	\$1,175,000

Definitions

For the purposes of this policy, **South East Queensland (SEQ)**, see:

- SEQ Regional Plan 2009 - 2031

For the purposes of this policy, **koala habitat** means:

- if the property is located in the SEQ Koala Protection Area (see Schedule 3, Dictionary, State Planning Policy 2/10 Koala Conservation in South East Queensland) - High, Medium or Low Value Bushland habitat, or High or Medium Value Rehabilitation habitat, as identified in the Maps of SEQ Koala Protection Area Koala Habitat Values in schedule 1, State Planning Policy 2/10 Koala Conservation in South East Queensland, or
- if the property is located in SEQ but is outside the SEQ Koala Protection Area - Bushland habitat, as identified in Koala Habitat Assessment Value Mapping on the DERM website.

References

- State Planning Policy 2/10 Koala Conservation in South East Queensland
<http://www.derm.qld.gov.au/wildlife-ecosystems/wildlife/koalas/koala_crisis_response_strategy/documents/koala-sp