



Housing

ULDA guideline no. 16

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Superseded

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Introduction

Purpose of the guideline

This guideline sets out the Urban Land Development Authority (ULDA) methods for establishing housing diversity, affordability and accessibility in Urban Development Areas (UDAs) in Queensland. This guideline should be read in conjunction with the provisions of UDA development schemes and interim land use plans (ILUPs).

In consultation with the ULDA and other relevant parties, applicants may propose alternative, innovative solutions which do not comply with the following standards, but meet the UDA-wide criteria or related provisions of ILUPs.

This guideline has direct relationships with a number of other ULDA guidelines including:

- » ULDA guideline no. 01 - Residential 30
- » Residential 30 practice notes
- » ULDA guideline no. 02 - Accessible housing
- » ULDA guideline no. 03 - Non-resident worker accommodation
- » ULDA guideline no. 05 - Neighbourhood planning and design
- » ULDA guideline no. 07 - Low rise buildings

It is also accompanied by practice notes and case studies that either illustrate the ULDA's approach or provide further detail of calculations used by the ULDA in determining housing diversity and affordability.



Achieving housing diversity and affordability

Housing affordability and diversity is delivered across the UDAs utilising a variety of methods, including:

1. Leading innovation in design of neighbourhoods, precincts and dwellings
2. Identifying target prices for dwellings to rent and purchase that reflect local levels of affordability
3. Influencing lot and house sizes to provide a more diverse mix of dwellings
4. Delivery of accessible housing .

Design innovation

Well designed dwellings on smaller lots are critical to achieve affordable and attractive housing options. Providing housing on a mix of lot sizes results in a greater variation in dwelling prices. This enhances opportunities for affordable home ownership and rental for a range of households. The ULDA guideline no. 01 - Residential 30 demonstrates that diverse housing types with high amenity can be developed on different lot sizes.

Residential 30 practice note No. 01 - Housing diversity provides examples of plans of a range of dwellings including those on lots of 127msq and 250msq, loft dwellings and Multi-Family Dwellings (MFD).

The ULDA delivers housing diversity utilising a commercially based business model. As a result the ULDA has also developed a number of practice notes that demonstrate that smaller lots do not mean smaller returns. Relevant practice notes include:

- » Residential 30 practice note no. 03 - Development costs and return by lot type
- » Residential 30 practice note no. 05 - Lot mix and yield in residential subdivisions, including the lot mix and yield calculator

Housing price points

Housing price points are influenced by a number of supply factors including costs of bringing land to market, infrastructure, dwelling design, construction costs and time in the development approval processes. The ULDA's core business of bringing land to market more quickly and the timely and efficient provision of infrastructure will go some way to reducing the price of housing. The development of a diverse range of lot sizes and house types will also improve housing affordability.

Demand factors including population growth, household formation rates and income levels also influence market prices. The ULDA's context appraisal for each UDA will outline the demographic trends of each area including household income, current housing affordability, product currently being delivered in the market, and any mismatches that currently exist in the housing market and factors creating inflationary pressure.

This information will inform housing priorities, including price points (both rental and purchase) and the dwelling composition required.

High level targets are included in the implementation strategy for each development scheme.

To ensure that affordability is delivered across the income ranges, the targets in the development scheme may be included within agreements at income band levels. These may be modified over time as development occurs and may be strengthened through conditions in development approvals where required to reflect changes in context including economic conditions.

Income indexing

The Urban Development Areas of Bowen Hills, Northshore Hamilton, Woolloongabba and Roma have housing affordability targets based on median household incomes. In Brisbane it is based on the median household income for the Brisbane Local Government Area and in Roma on the previous Roma Town Council Area. The data used to determine median household income is from the five year Census period which may result in artificially low price points. To ensure that housing affordability targets remain relevant and commercially competitive the ULDA will index median household income for the Brisbane and Roma Local Government Areas during the inter-censal years. The ULDA will utilise the Wage Price Index (WPI) for Queensland. As at May 1 2012, the revised median household income for Brisbane LGA is \$76,015 per annum, and \$68,788 per annum for Roma.

Table 1 below illustrates the levels of affordability purchase and rent for the ULDA's target group of low to moderate income households as at August 2011. This income range is currently \$46,000-\$108,000 per annum and will be modified annually to align with NRAS. The table sets out the three bands, across which housing affordability must be delivered. Developments will be expected to demonstrate delivery in each of the three bands as set out in Table 2.

Table 1 - Affordability calculations

| Band | Gross annual household income | Affordable purchase | Affordable rent (\$/wk) | House purchase price for affordable rental |
|------|-------------------------------|---------------------|-------------------------|--|
| 1 | 46,000 | 207,000 | 265 | 275,600 |
| | 50,000 | 225,000 | 288 | 299,520 |
| | 55,000 | 247,000 | 316 | 328,640 |
| | 60,000 | 268,000 | 345 | 358,800 |
| 2 | 65,000 | 290,000 | 374 | 388,960 |
| | 70,000 | 312,000 | 403 | 419,120 |
| | 75,000 | 333,000 | 432 | 449,280 |
| | 80,000 | 355,000 | 460 | 478,400 |
| 3 | 85,000 | 377,000 | 489 | 508,560 |
| | 90,000 | 399,000 | 518 | 538,720 |
| | 95,000 | 420,000 | 547 | 568,880 |
| | 100,000 | 442,000 | 575 | 598,000 |
| | 105,000 | 464,000 | 604 | 628,160 |
| | 108,000 | 477,000 | 621 | 645,840 |

- Income ranges are based on initial eligibility limits for the National Rental Affordability Scheme for singles up to families with 3 children and will be revised in May. Affordable Purchase cost is calculated on a 5 per cent deposit and a first home owner's grant of \$7,000 and amortisation period of 30 years with monthly repayments. The interest rate is 7.6 per cent based on an average of the rates from January 2011 to January 2012 plus a 0.5 percentage point increase. Available debt for service is calculated at 30 per cent of monthly gross income and rounded-up. Rental Affordability is calculated at 30 per cent of weekly gross income and rounded-up. First Home Owners Grant not increased as the increase is not permanent at this time. Affordable rental purchase price is based on the rental income and 5 per cent growth.
- Home purchase affordability varies depending on level of interest rates. Interest rates will be reviewed annually in May, based on the average of rates from the previous twelve months. ULDA also takes into consideration the borrowing capacity of household types by income groups as this can significantly impact the level of debt to be serviced.

Price points methodology

Affordable purchase cost is calculated on a 5 per cent deposit, a first home owner's grant of \$7,000 and an amortisation period of 30 years with monthly repayments. Interest rates are based on standard variable rate of the major banks. Available debt for service is calculated at 35 per cent of gross household income and rounded-up.

Rental affordability is calculated at 30 per cent of weekly household gross income and rounded-up. Affordable rental purchase price is based on the rental income representing 5 per cent of capital value.

Table 2 below sets out the ULDA's approach to target setting.

Table 2 -Housing affordability target

| Income Range | % |
|--------------|-----|
| Band 1 | 5% |
| Band 2 | 10% |
| Band 3 | 10% |
| Total: | 25% |

Housing diversity

One of the key mechanisms to deliver affordable housing in the community is through a diverse mix of lot sizes and housing types including accessible housing product which can more easily meet the demand of a wider range of lifestyles, household types and budgets.

As the planning authority, ULDA will be encouraging the provision of housing diversity in Urban Development Areas. Where ULDA is the developer, it will be delivering housing diversity to demonstrate innovative approaches that meet both housing diversity and commercial objectives. However, ULDA does realise that it ultimately will be the decision for the landowner and the market on the exact type of housing that is delivered in each development.

House and lot sizes

The composition of house and lot sizes provided can impact on the affordability of dwellings. The ULDA's context appraisal of the local market will identify a desired mix of lot and house sizes to meet the housing demand of the local community.

ULDA Guideline no. 01 - Residential 30 and associated practice notes provide specific examples of how to achieve a variety of lot sizes and smaller lot house designs. Practice Note 1 illustrates how the ULDA has achieved housing diversity innovation and different price points in Fitzgibbon Chase.

Increasing housing affordability through diversity in the inner city

Another mechanism for achieving affordability through housing diversity is used in the UDAs of Bowen Hills and Northshore Hamilton.

The affordability requirement for these two UDAs is 5 per cent of Gross Floor Area that is affordable to rent on the Brisbane median household income and a strong preference of the ULDA to have product delivered.

The ULDA recognises that in certain circumstances a development proponent may not practically be able to provide product within a project to meet this requirement. In that circumstance, payment of a monetary contribution in lieu will be considered and the calculation of this monetary contribution will be carried out in accordance with the principles contained in Practice Note 10. The conversion of the affordable housing component of a development contribution into equivalent product is contained in Practice Note 11.

In addition a proponent may seek a higher development yield by providing a superior design outcome (environmental sustainability, design and/or affordable and accessible housing provision).

In order to receive a superior design outcome the proponent must provide at a minimum 15 per cent of Gross Floor Area (GFA) for dwellings that are affordable to rent to households on the Brisbane median income, and 20 per cent of GFA on product that is constructed as accessible.

The ULDA will consider these proposals where the dwellings are affordable to rent for a range of households across the low to moderate household range and there is a diversity of product type provided.

Increasing housing affordability in resource towns

In resource towns the ULDA will seek contributions to housing affordability from large-scale non-resident worker accommodation providers. This is defined as 5 per cent of total rooms available at a discount that makes them affordable across the three income bands in Table 2.



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Contact Us

Visit our website at: www.ulda.qld.gov.au

Write to us at:

Urban Land Development Authority
GPO Box 2202
Brisbane QLD 4001

Telephone us: 1300 130 215

Fax us: (07) 302 44199

