

DR KAREN HOOPER:

So now we'll turn to our first presenter, and I'd like to welcome Jen Williams of the Property Council of Australia. So, thank you and welcome, Jen. I'm really pleased that you could join us today.

JEN WILLIAMS:

Thanks, Commissioner.

DR KAREN HOOPER:

Before you present, could I please ask you to provide your name and affiliation for the purpose of the public record.

JEN WILLIAMS:

Certainly. It's Jen Williams. I'm Deputy Executive Director for the Property Council here in Queensland.

DR KAREN HOOPER:

Thanks, Jen.

JEN WILLIAMS:

(INAUDIBLE)

So, I wanted to start by thanking you, Commissioner, for allowing us to present here today and for undertaking this inquiry. For those who aren't aware, the Property Council is the lead advocate for the property industry in Australia. Here in Queensland, we have approximately 360 member companies. We're a not-for-profit. Our members are across the spectrum of the property industry. So, assets like commercial, retail, industrial, residential, health, education, the whole spectrum are our members. So given that, I just want to preface my comments by saying I am not an expert in SDA, and it is a very small percentage of the development that our members undertake. But we do believe that everybody should have access to safe, affordable and fit for purpose housing, so we think it's important to be part of this conversation. In saying that, our interest then, of course, is in the specialist disability accommodations section of your report and your investigation. And so, I'll focus only on that in my comments. Your draft report notes the demand for SDA and highlights that there is unmet demand in various locations across the state. And this is an issue that we are aware of. So, the Property Council worked closely with Brisbane City Council a couple of years ago, along with key stakeholders who were members of ours and members of the Disability Support Network, to develop Brisbane's universal housing design incentive to assist not only in delivering SDA, but also just to create more accessible accommodation across the Brisbane local government area. So, that's something that has been championed across the country now. So, other local governments are looking at that, as well as a great example of how to draw attention to and help stimulate development in that area. So, I'd encourage the Commission to potentially have a chat to Brisbane City Council as well about the take up of that, and what any barriers may be. So, turning to the inquiry at hand, then from the industry's point of view and as per our submission, there are a range of issues and barriers for the property industry in developing SDA. And forgive me if I double up along the way here, there are a lot of interrelated kind of issues. So to begin with, of course, the property industry, before they commit to a new development, they really need to understand what

the demand is out there. I mean, they are businesses, they're operating for profit. So, they're not going to develop if there is no demand for a certain housing typology. And as the report notes, there is limited available information out there about where the demand is, and for what type of housing as well. So for our members, they are the bigger developers. So, they do develop at scale. So for them, it might make sense if they're already undertaking a development to add a component of SDA to it. But in the current environment where they don't have a clear understanding of what the demand is in a particular area, that makes it really difficult for them to then make the decision to do that in the early stages. That brings me to my next point, which is about education of the property industry and SDA. I think very few developers would actually know about SDA. There is information available if you are looking for it, but it is not readily available and provided to the development industry. So, things like what are the different levels of design categories? How the industry goes about meeting the design criteria? What is the process and approval from the NDIA? So, once there is an awareness that SDA exists, whether it's real or perceived, there is that a barrier from the level of regulation involved in meeting the requirements. Also the report notes that the value - something that we raised as well is that valuers and the certification process. So, the industry needs education, not just in terms of the developers but also for those associated with development who will be providing their specialist knowledge to the industry. So, valuers are a key one. For example, if you've got two side by side townhouses or apartments, one has been fitted out to meet SDA requirements and the other one has not, this is a significant cost impost in delivering that SDA. So, the valuers need to understand that and not value them in the same way, which then brings me to my next point about finances. So, development typically is not undertaken on a speculative basis. So, there is typically a pre-commitment to a development before a developer undertakes it. So for example, an apartment building, there would need to be - depending on the financier - between, say 40% and 60% of apartments would have to be pre-committed before the developer can get financed from the bank to proceed. One of the challenges with the SDA is that developers cannot get a pre commitment from a potential participant coming into that development because as you've outlined in your report, they can't get approval until further down the track. And so, the developer has to speculatively develop the housing in the hope that the person will be able to get the approval and then come in. So it's an incredibly risky business, then for the developer. And then, unfortunately, a higher risk also means that there's a need for higher return to balance that risk, too. Which then can potentially add further costs. And there is a higher cost to delivery of SDA, whether it is through fit-outs within the housing, or as noted with different driveways or servicing, different elements or whether it's a carers accommodation located on site or next door, they all add costs to development. And then as the developer doesn't - or the builder doesn't actually receive payment until the participant is physically in the premises, like that's a long time to be holding costs, and then potentially, to not have that person be able to move in. So, the flexibility and autonomy of the NDIS is one of its greatest benefits, but it also does cause risk on the other end of it for the development industry.

WHITE:

I've mentioned that there is a range of housing that's required. So obviously, there's not just one type of SDA. But knowing what is actually required within there, across the spectrum, the quantity and the locations is there's a huge gap at the moment. And there is a considerable cost to build that. But then there's also the resale of that as well. So, you know, if technology changes or demands change, then potentially somebody is left with premises that is hard to sell again, on the open

market. So, the SDA - so, the NDIS push for multi-resident residential development more so than single unit housing. It's noted in your report that it is fewer and fewer people are getting approval for a single unit housing. That is a challenge as well, in the current market, given that, so COVID has changed people's perceptions of how and where they want to live. So, there is a huge demand for house and land product and less demand for multi-residential development. So, people want their own kind of patch of dirt. So, that kind of makes it difficult as well to co-locate SDA within a development if there's less of it happening. So, from our understanding, there's going to be less high-rise, less mid-rise as people turn their attention more towards house and land. So, that means that there's less opportunity to potentially put in SDA. Things that need to be factored into the cost and for this housing as well is that, you know, we want people to have a well located housing. We don't want people to be trapped where they can't access shops or public transport. But there is also a premium associated with being within walking distance of shops, schools, public transport, which needs to be considered when assessing how much is available, as well for SDA. And you've noted the outback as well, in there. I think that that's a very different approach will be required rather than in urban areas. So, I think that with education and more market information, the property industry will be able to meet the unmet demand within urban areas whereas, in the outback, I think that an intervention will be required in order to deliver it. So, I guess that's the market dynamics that you talked to as a potential further area of investigation as well. And so, what COVID has actually meant for the property industry and demand for housing, as well as you know, Queensland's a huge state. So, you've got different markets operating within the same state as well, which will affect the ability of the industry to deliver SDA. So, say at the moment, those developers who are building SDA products tend to have a personal connection with somebody with a disability or who's had an experience in trying to find appropriate accommodation and hasn't been able to. And so that's what's driven them to go down that pathway. I think beyond people with that personal connection, there is very limited knowledge of SDA. And what would be required to meet the thresholds and the regulatory framework around it to deliver that housing. So I guess, ultimately, you know, we want the right outcomes for the participants in the NDIS. But it also has to, for the industry to be involved more so, it has to make sense and deliver some form of profit. Or ultimately, it's just going to be those people still, who have a personal connection, who are delivering, like small levels of housing. Really, information on the demand and their education on the requirements, as well as the resolution of the financial barriers up front would be the key ones from our end. And so, as we've seen with Brisbane City Council, incentives and commitments from all levels of government, whether it's council planning levers and infrastructure charges and rates or state levels of taxation or, you know, the federal government getting involved as well, there are lots of different levers that could be pulled to quickly boost the supply. But with the current information available that's out there at the moment, if we do more of the same, I don't think we will see a significant increase as needed. That's it. Thank you.

DR KAREN HOOPER:

Thanks very much. So obviously, accommodation is an area that we delve into in quite a lot of detail in our draft report. I actually allocated a full chapter. So Jen, you made the comments around the limited knowledge of SDA and perhaps some misunderstanding, or perhaps not full appreciation of the regulatory framework. I take from your comments that if we continue on the path that we are on, that issue is not going to be addressed. So how can we best, I guess, respond to the issue around the lack of information and understanding of the regulatory process?

JEN WILLIAMS:

Yeah, sure. So at present, it would seem that the onus is more on the participants and the disability support networks to then engage with their industry networks to then help to deliver housing. Whereas, if we were to look at it a bit the other way and essentially partnering with the likes of the Property Council even or the local governments, then we could boost that awareness across the property industry of what's out there. So the challenge is, I guess that, you know, there is... there is no one-size-fits-all. And residential is doing quite well at the moment, as a result of interstate migration through COVID. And there's demands for land supply that - sorry, there's restraints on land supply at the moment. So people are having trouble like unlocking further land. So, people are pretty focused on just doing what they can, within the current like the broader regular... the ordinary market that's out there. So they're not looking at new or different things that they could potentially be doing, which is what would happen in a quieter market. So I think, if we - the education component would definitely need to involve organisations like the Property Council, the Urban Development Institute, the Master Builders, the Housing Industry Association, and getting them to feed through to their members what is actually available out there. What they need to do, what the demand is, and how they can fit in. Running industry workshops about you know, it may look big and scary having to tick off on all of these requirements, but there are people who can help you with it. Or this is like a one-stop-shop that you could go to that can assist you in ticking off all of the things that you need to do.

DR KAREN HOOPER:

And so, is the Property Council undertaking some of those activities already, Jen?

JEN WILLIAMS:

So we have in our, we publish our fortnightly newsletter for example, and we quite often publish information in there about any news or updates. But we haven't as such, provided - there's no kind of regular communicate about well, this is what you need to do. These are some development options that may be available to you. We do quite often run industry events that look at the market. And things like SDA are discussed in there. But it's not as like a sole focus. As I mentioned earlier, our members are large scale developers. And so for them, this would be a very small component of the work that they are doing. So, you would get the interest of those organisations, but it would not be a broad, broad interest. So as such, it's a small part of a conversation that we have about the whole residential market.

DR KAREN HOOPER:

And do you see a greater or a different role for the NDIA perhaps, in encouraging greater interest and investment in SDA?

JEN WILLIAMS:

Yeah, I think that as a national agency as well, I mean, there are, I mean, the Property Council is a national organisation, too. So, the concept the NDIA could produce are the One-Stop-Shop they could produce for SDA would be applicable across the country, not just here in Queensland. And I think that while your report notes that Queensland is a little behind the eight ball in terms of meeting the demand, I think that the other states will soon be in a similar situation, unless we do get more supply on the ground. So, the NDIA definitely have a role to play in terms of creating all of the information as a one-stop-shop, that the people who would be developing this property or building

these properties could go to, as opposed to targeting the participants and the support agencies, those who are actually involved in on the ground deliverables.

DR KAREN HOOPER:

So, you mentioned issues around lack of knowledge of the regulatory framework. Have you got feedback from members around the regulatory framework itself? Is it proportionate? Is it impeding SDA development itself?

JEN WILLIAMS:

So, I think property would have to be one of the most over-regulated industries to begin with. So there's a huge amount of regulation involved - federal, state and local government level - just to deliver, say, a house on land. So, any bit of extra, that people are, you know, extra hurdles that they're required to jump to get development happening, we hear about and can become a barrier to development. So we know that, you know, our members will develop an area, so in Queensland, for example, we have priority development areas. So, they streamline the development assessment process to make it easier. And so, there's high demand for developers to develop in those areas because it's faster, it's easier. And so they have, you know, less time, they have less people required on the ground to do all of the paperwork and to tick all of the boxes. So we know that it will be the same thing for SDA, that for many, if they're running a smaller business or if they don't have a specialist person within their team who knows about what is required, then they just won't... they just won't bother. The risk reward is just not there for them.

DR KAREN HOOPER:

You made a comment earlier, which that we also made in our report about the Queensland SDA market appearing relatively immature and undersupplied compared with other jurisdictions. Does the Property Council have a view on why Queensland seems to be quite different in this regard?

JEN WILLIAMS:

I'm not sure on specifically why SDA. However, the Sydney and Melbourne, New South Wales and Victoria markets, they have larger property markets here and more people. They also have higher density property markets as well. So, there are more developers undertaking townhouses, duplexes, triplexes, apartments that typically would be included as SDA. Whereas, here in Queensland we're more likely to have house and land and we are also a dispersed state, too. So, I think if you look at the southeast corner, there's more likelihood of being able, as I mentioned, to meet that demand, whereas the further out you go, it's probably a bit harder. In New South Wales and Victoria, potentially given that they are smaller, geographically and higher density, more development happening, that's potentially why they can meet it at a faster pace.

DR KAREN HOOPER:

So in our draft report, we also make a note that there is interest in SDA in Queensland but doesn't seem to be translating to activities. So, we refer to the fact that there are 552 registered SDA providers in the state, but only nine were actually active. And that share compares with 34% nationally. So, does their lack of interest translating to activity, does that come back to the issues that you raised earlier around difficulty finding information, perhaps understanding the regulatory framework? Were there any other factors at play there that...?

JEN WILLIAMS:

So, I think potentially, that's the spike in people who are signing up would have been through, for example, the coms of the likes of the Property Council sending out when we first became aware of SDA. And so telling our members, you know, this is an opportunity for you, you should sign up. And then they probably from there on, the lack of information, or then they start to delve into it and went, this is just all too hard, I don't know how to go about this. So they just have not. And as I mentioned, most of our members who are involved in SDA, they have a personal connection. And that's why they have kind of had the tenacity to see it through. And they're the ones that have been involved as well, in our work with Brisbane City Council and developing the livable housing incentive. So they're typically those people with the personal connection, who will see it through to the end.

DR KAREN HOOPER:

So, do you have any insights into what's happening in other jurisdictions around addressing the issues of risk and lack of information or any best practise models that you perhaps could recommend?

JEN WILLIAMS:

I think I'll have to take that one on notice. I haven't looked into what the other states are doing. All I do know is that Brisbane City Council's livable housing incentive has been championed, as you know, a good program that other states should take up, as well. But I'm happy to look into that one and come back to you.

DR KAREN HOOPER:

Thank you. And one of the issues that your submission raised and you touched on in relation to risk was the issue that SDA is built, and then there's a risk of getting someone to take it up as a tenant. And then the risk that the tenant perhaps moves out, in a very short timeframe. Does the Property Council have a view on how we could potentially address that, that risk facing SDA investors?

JEN WILLIAMS:

So, the risk is twofold. It's that they don't get approval for SDA in the first instance. So quite often - and as you would hope is that a developer or builder, they meet with a participant and then spec it to their requirements. And so it is bespoke, so it meets their needs. It's not just, you know, ticking the box of this is the design criteria. And so then the risk is if that person doesn't get the sign off or that they, you know, might also be talking to someone else or find somewhere else that's closer to their family or whatever it may be. So they don't move in in the first instance. And so then, that's a risk that you're then left with accommodation. At the moment there is unmet demand, so potentially, someone else could move in there. But that is if it meets their needs, as well. And then the secondary risk is after a short period in there that, you know, potentially they could look for somewhere else to go. So it might not have met their aspirations. They might have thought that they were going to go to a university that was close by but then that's changed and they're going somewhere else or their personal circumstances might change, which means that they then would like to move, as well. So, in terms of how to mitigate that risk, I mean, the whole... the foundation of the NDIS is about autonomy and flexibility. And so you wouldn't want to lock people into a long-term lease. Because they need to be able to move. But potentially, it could be underwritten by the government that they could provide some form of guarantee to the people who are taking on that

development risk and building a property that there will be somebody in there and if not, that at least, like some form of rental guarantee is given until a new tenant can be found.

DR KAREN HOOPER:

Jen, any insights or feedback from your members as to how easy it is to get SDA approved through local government processes? Is that proving to be a barrier at all or holding up SDA development?

JEN WILLIAMS:

I think it would depend on which local government area you develop in. So again, I'm keen to take that one on notice. But I know that Brisbane City Council as part of their design incentives did set up a specialised team to assist with those approvals to make sure that they weren't held up in the system, and that any kind of intricacies to the different types of approvals were able to be dealt with quickly. So I'm not sure how other local government areas are dealing with them. We do know from experience in terms of the approval process that anything that is out of the box does trigger impact assessment, which takes time and becomes open to submit our appeals and all sorts of things, as well. But I know that Brisbane City Council is doing what they can to kind of limit the time impact of that.

DR KAREN HOOPER:

And you mentioned the cost of developing SDA and you mentioned that, you know, SDA needs to be bespoke or meet the needs of participants. Can you talk to us a little bit more around the additional costs of developing SDA compared with other forms of accommodation?

JEN WILLIAMS:

Yeah, so it really does depend on the requirements of the participant coming in. And as you know, there's five different kind of levels of design that are required. But at its simplest, if you were to require a say, two basement carparks, as opposed to one, so that's an extra circa \$30,000 for a basement carpark. So, it's a significant cost impost to deliver that. There are other things as well, that can't be achieved on all sites, obviously, with gradients and things on sloping sites. Brisbane is a very hilly city, it makes it difficult, you know somewhere like Paddington. But other things to consider as well are things like grab bars in bathrooms, if we've got plywood between the walls to help support them, that then changes the fire rating of that. So potentially, you've got flow on impacts. It's not just like the upfront cost of putting things in early. We have started to do a bit of work in terms of quantifying the costs of livable housing design. So, as part of their National Construction Code, through their review, we've actually asked the feds to undertake a comprehensive and regulatory impact statement on what the costs are of meeting the different criteria, because there is limited information in the public sphere about what the true cost is. And I think it would depend, as I mentioned, on which level of design you're seeking. If you're putting in hoists, if you're putting in just grab bars, if it's, you know, wider corridors, whatever it may be, there is a significant cost impost. If it's, I think, towards the higher needs end, some things can be done quite simply and cheaply, but not all things. So, I don't have an actual dollar figure. But it does add a substantial cost to a project.

DR KAREN HOOPER:

What we found when we looked at the data on SDA was that we do see evidence of shortages of SDA, even in the southeast corner of Queensland. And that was quite interesting, given that most of

the evidence of thin markets is of course in regional and remote parts of the state. Do you have any insights into the regional distribution and supply store in relation to SDA or what might be behind that?

JEN WILLIAMS:

So, outside of SEQ, are you saying?

DR KAREN HOOPER:

(CROSSTALK) shortages in SEQ, perhaps even more acute than what we're seeing in some parts of regional Queensland.

JEN WILLIAMS:

So I mean, there could be a range of reasons for it. One of which could be the so the rental market at the moment is incredibly tight so, on the Gold Coast, for example, it's at 0.1% vacancy on the southern end. So, any form of housing that's available is being snapped up incredibly quickly. So there is, you know, there's every chance that people who don't have a disability are living in housing that would be suitable for someone on the SDA. There's also concern across the southeast corner about the local government planning schemes and how difficult it is to develop certain typologies. So typologies that would probably be most suited, or most typical for SDA are incredibly hard to get approval for. So Brisbane City Council, for example, has just reversed the - we call it the townhouse ban. They're not allowing townhouses in low density areas anymore. So that makes it harder to deliver housing that would potentially be available for people with SDA in those types of areas. And because then there's a shortage, there becomes a premium, so they can just be sold on the market. So I mean, it's an easier thing for a developer to do to just build like for like, and then sell them on, particularly when there is demand for it in a quieter market, potentially, as I mentioned earlier. That's when they could be looking at new development options. So the SEQ is quite tight at the moment across the board, across all housing types. And so it doesn't really surprise me that SDA is also being affected by that supply sort of shortage.

DR KAREN HOOPER:

Thanks, Jen. Obviously, accommodation has a number of complex issues. And we really appreciate your oral submission today. And I'd like to thank the Property Council for the two submissions provided to the Inquiry to date, first on the issues paper and the second one on our draft report. So thank you and we look forward to following up again with you on some of those other issues that we discussed this morning. So thanks again, Jen. So we might take a short break before we come back for our second presentation at 10:45. So we'll be back shortly.