28 January 2004

Hon. Desley Boyle
Minister for Environment, Local Government,
Planning and Women
C/- Sustainable Housing Discussion Paper
Building Codes Queensland
Department of Local Government,
Planning, Sport and Recreation
PO Box 15031
City East QLD 4002

Dear Minister,

The Property Council of Australia is pleased to provide the following observations in response to the *Towards Sustainable Housing in Queensland* discussion paper released for consultation in December 2004.

The impacts of population growth and its consequential urban development have lead to inefficiencies of residential design and construction across the state. The Property Council generally supports the suggestions made throughout the discussion paper, and is encouraging of action to improve the environmental efficiency of Queensland’s urban landscape.

In respect to the structure of the discussion paper, the Property Council’s comments are as follow.

2. **What is sustainable housing?**

The Property Council agrees with the definition and principles outlined in chapter 2. Many urban development companies are progressing elements of sustainable housing as a reaction to changing market demands. Also fuelling this market change is a greater understanding of, and accessibility to, sustainability mechanisms such as energy and water efficient appliances and the easy incorporation of ‘universal design’ principles in modern housing.

Long-term home occupation is not commonly part of the Australian home-ownership ideology, however as the existing and migrant resident population matures, this may become embedded in housing choices regardless of upfront purchase costs.

Residential dwellings that incorporate environmentally sensitive devices and design are usually more expensive to construct and fit out. Whilst it is generally accepted that additional construction costs are to be expected, the added costs imposed by design features that are recommended in this discussion paper to be mandatory, may indirectly lead to affordability issues for first homebuyers and low-income earners in Queensland.
3. Sustainable housing issues for Queensland

It is accepted that the resident population of Queensland will become more concentrated around existing centres that efficiently service community needs. This will lead to other social sustainability issues such as environmental noise.

The Property Council recognises that in medium-high density areas where homes and housing units are developed on smaller lots and neighbours will be closer, construction innovations and design principles that reduce noise transfer should be encouraged, however imposing mandatory requirements would be inadvisable, as this will stifle innovation within the market.

Energy use and greenhouse gas emissions

Energy demands for new residential developments will continue to be greater in the future, and natural gas must be considered as a viable option for residential uses. Potential emissions reduction in Queensland resulting from wider implementation of energy-efficient appliances is promising, although the Property Council strongly opposes the mandating of such appliances, favouring instead the establishment of financial mechanisms to support voluntary installation.

As up-front investment in natural gas-powered appliances may add an additional cost to development of new homes, the Property Council believes that developers and consumers may be more inclined to exchange conventional appliances for newer, more efficient models if a suitable range of financial incentives were put in place. This philosophical paradigm shift would also resolve peak electricity demand across the state, and reduce broad community demand for additional power supply.

Water use

Water is a precious resource in Australia, and Queensland’s climate makes this especially so. Annual rainfall is generally limited to the sub-tropical wet season – December to February. At other times of year, rainfall is sporadic and unreliable.

This has obvious impacts on the State’s water supply and reserves for residential uses. When combined with the anticipated rate of growth for Queensland’s resident population over the next two decades, these increased demands for water will only serve to prove this.

The Property Council supports initiatives to encourage the use of optional water saving devices and mechanisms that will protect the quality of water for future uses. As an essential resource required to sustain life, these measures must be discretionary and incentive-based, with a commitment to whole-of cycle water management from both tiers of government.
4. Progressing sustainable housing

The Property Council is supportive of the staged release of environmental measures in a targeted way to achieve goals across the state.

However, the paper does not identify actions to be taken for housing types other than new Class 1 buildings (i.e. multi-unit or high-density residential product), or how changes will be achieved.

Additionally, the discussion paper does not provide details or a timeframe for Stage 2 implementation, leaving the Property Council to question the immediacy of the State Government’s plans in this regard.

5. Existing initiatives

The energy efficient standard to be implemented across housing construction in Queensland is a concern to the Property Council. The minimum 3.5-star rating for energy efficiency differs to the 5-star rating that is already expected by the Building Code of Australia.

The Property Council also questions the lack of incentives identified in this paper for developers and designers incorporating pioneering and inventive solutions to Queensland’s environmental circumstances. Basic improvements to housing design (i.e. eaves and window treatments) would be effective in new and renovated homes, and must be encouraged.

To achieve a minimum star rating is a good start, but it is the Property Council’s belief that a range of incentives must be developed to promote, and not stifle, market innovations specific to climatic conditions in local government areas. There are questions of cost that the Property Council wishes to raise at this point, particularly as they relate to the end user or purchaser. If there are significant costs to be incurred for the development of sustainable homes, this cost will eventually be passed to the home buyer.

6. Priority measures currently being progressed

The Property Council supports a range of priorities to be introduced in stages for sustainable mechanisms - this helps to focus the attention of the housing sector on various aspects of sustainable measures for designers, developers and all others involved in residential housing delivery.

Five star minimum building rating for houses

The Property Council of Australia supports the philosophy behind a 5-star minimum for construction of new homes in Queensland. However, any additional change to the lowest
star rating approval under Building Code of Australia requirements must be carefully considered for practicability, construction cost-efficiency, and impact (if any) on market price paid by consumers.

**Introduction of energy requirements for other buildings**
The Property Council strongly supports this measure, and would be pleased to see this priority accelerated.

Minimum acceptable standards that remove incidences of poor practice are to be encouraged if there are to be any amendments made to the Building Code of Australia. This applies to energy requirements where livability and utility of apartment units, hotels, motels, and commercial buildings will be affected.

**Greywater**
The Property Council does not approve of mandatory recycling of greywater.

It does however lend support to localised use of greywater around the home, on an incentive basis. Without encouragement such as reduced cost plumbing for pipe diversion in the home, the Property Council queries market acceptance of this measure.

7. **Suggested Stage 1 additional measures**
The Property Council is pleased that a detailed cost analysis for Stage 1 additional measures has been considered and established.

**Greenhouse efficient hot water systems**
Without effective communication and education campaigns to support unilateral solar hot water system installation, the figures on wider community acceptance of these sustainability measures are not expected to improve.

The Property Council of Australia does not support the regulatory approaches used in other states of Australia to overcome market barriers to this technology. It is recommended that education and promotion of these systems be undertaken to encourage market change. This should be combined with a suite of incentives designed to elevate the awareness of individuals and lead to installation based on the true benefits of efficient hot water systems.

**Energy efficient lighting**
While supportive of the intent and ongoing implications of installing energy efficient lights in new homes, it is the view of the Property Council that decisions based on lighting choices should be made by consumers. It is the recommendation of the Property Council that a promotion campaign be undertaken to encourage individuals to switch to more efficient lighting.
**AAA-rated shower roses**
The Property Council supports the introduction of installation of AAA-rated shower roses in new homes, particularly as there are no additional costs to include these fixtures.

The Property Council questions the implications of this on existing homes, and suggests that these new initiatives provide an ideal opportunity to the government to introduce a buy-back scheme that would allow the trading of a conventional showerhead for a water-saving one.

**Dual-flush toilets**
This measure is axiomatic and must be supported by the State Government. The Property Council strongly supports measures to implement building requirements that dictate the installation of dual-flush toilets in new homes across Queensland that would protect the quality of water resources at no additional cost to consumers.

**Water pressure-limiting devices**
Similarly, this measure must be prioritised by the State Government. It is a valuable means of reducing water lost through surplus volumes being piped into homes, and the Property Council would support the installation of pressure-limiting devices as a general efficiency mechanism.

However, the Government has a community responsibility to provide water at adequate pressure and free of charge for life-saving purposes. Any potential negative impacts on emergency services, and in particular for fire fighting purposes, should be resolved before metering and restricting residential water supplies.

**Rainwater tanks**
While the principle of standardised rainwater tank installation is to be commended, the Property Council is concerned that Queensland's climate will prevent the achievement of outcomes as successful as the State's southern cousins.

Queensland's sunny climate and extended season of dry days may be an inhibitor to the success of this system, with Bureau of Meteorology 2004 annual figures for Brisbane, Sydney and Melbourne indicating Queensland's unreceptive climate to year-round water collection.
The Property Council is concerned that aspirations relying on rainwater tanks to supply a significant portion of external household water uses may be unachievable. It is expected that very large tanks would be required in order to achieve the goals indicated in the discussion paper, however these will have a significant impact on amenity unless installed underground.

While Queensland is fortunate to have the most rainfall of the three states over a 12-month period (see table), this rainfall generally occurs within a short timeframe. This is another factor that may hinder the success of the rainwater tanks.

It is the Property Council’s belief that rainfall patterns in Queensland are not always reliable, and would be insufficient to sustain a tank continuously over the course of a year for the variety of uses identified in the discussion paper. Tanks are generally fitted with a connection to main town water with a top-up facility in place to preserve minimum fill, which in Queensland’s case, may not be a supportive case for installing these as appropriate water-reducing mechanism.

The Property Council expects that the true benefits of the rainwater tank for Queensland rest with their stormwater management capabilities, avoiding excess water from flooding drain networks and preventing creek overflows in times of heavy rain. The Pimpama-Coomera Waterfutures test case will reveal the ability of Queensland tanks to perform this function.

**Impacts on housing affordability**

The range of construction and mandatory sustainability device installation costs may impact on the affordability of housing for many Queenslanders. While the payback period on these measures may be advantageous to owners across the life of their home, consideration must still be given to market entry price for young first home owners.

The cost of implementing the range of building requirements recommended in this discussion paper, when added to the existing costs of construction, may have a detrimental impact on first home ownership.
8. Options for implementation

Option 1 – no regulation
The Property Council agrees that this option will have limited impact on consumer-based decisions and use patterns without support of various Government agencies to promote and administer the many sustainability initiatives identified in the paper.

Incentive-based approaches are free from regulation are considered the best option for encouraging change. With properly managed incentive packages, market forces should undergo a transformation naturally.

Option 2 – State regulation
Standardised building regulation is seen as an equitable approach for all new homebuilders and purchasers. However, it raises several challenges for new home buyer, in that blanket requirements will logically impact on the affordability of new homes and the ability of first homeowners to enter the residential property market.

The impact of the proposed requirements for new housing may have consequences for the established housing market that possibly have not been considered. The Property Council would welcome additional dialogue and verification of this matter.

Option 3 – State regulation with local government discretion
While local governments across Queensland already have a degree of discretionary requirements for innovative development applications, this option would allow the State Government to develop a model for adoption across the State.

The Property Council, while tolerating these limited discretionary powers already extant, does not favour this option. With the development of the right incentives package, home owners and developers may elect to deliver a superior product that achieves more sustainable outcomes than mandatory minimum benchmarks would realise.

This option would allow local governments to make changes to existing planning schemes that would not be able to be fully costed. Additionally, this option if approved, will result in greater inconsistencies throughout the State relating to efficiency and sustainability of the built form.

Option 4 – Planning Schemes
The Property Council agrees with the discussion paper’s statements that accompany this option. The inequities and inherent uncertainty associated with the ability to amend Planning Schemes independently of neighbouring councils. Option 4 would deliver similar inconsistencies to those expected in option 3, rendering it a poor choice from a statewide perspective. It is unlikely that planning schemes would realise any of the desired sustainability outcomes this strategy seeks to achieve.
The Government must recognise that market forces will inevitably result in costs being passed to the consumer, but any mechanisms that require additional expense in constructing a new home that are encouraged by the Government must be cognisant of the cost to people purchasing their own homes.

The Property Council also questions the status of conditions on existing homes and retrofitting opportunities for current housing.

Mandating sustainability measures is not considered an appropriate mechanism for influencing housing on a broad scale. It is the opinion of the Property Council that the design of a range of financial incentives that promote these tools will deliver stronger and more comprehensive results than enforcing a minimum benchmark. This often serves to stifle innovation and design/developer teams are not challenged to exceed current market standards.

The Property Council of Australia would be happy to work with the State Government to achieve this outcome. By involving industry in the process of designing this suite of incentives, it is likely that the realisation of the Government’s desired outcomes as identified in this discussion paper will be more easily achieved.

Should you wish to discuss any of the enclosed information further, please don’t hesitate to contact me at the Property Council on 07) 3225 3000.

Yours sincerely

Robert Walker
EXECUTIVE DIRECTOR