



Economic Development (Affordable Housing) amendment regulation 2024

Public consultation submissions report

September 2024





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1. Preliminary

The Queensland Government has set a clear objective: that every Queenslander should have access to a safe, secure, and affordable home that meets their needs and enables participation in the social and economic life of our prosperous state. To deliver on that objective, Economic Development Queensland (EDQ) has been tasked with driving the supply of a range of diverse housing, including affordable housing at scale, across the state. On 1 July 2024 the *Economic Development Act 2012* (the Act) was amended to strengthen EDQ's capacity to deliver on that remit.

The Act provides the Minister for Economic Development Queensland (MEDQ) with the ability to:

- Include requirements in a Priority Development Area (PDA) development scheme for affordable housing or a monetary contribution in lieu of affordable housing.
- Impose conditions on a PDA development approval that relate to the supply of affordable housing, or a monetary contribution in lieu of affordable housing.
- Enter into a Housing Agreement that is an alternate pathway for a developer to meet their affordable housing requirements rather than providing the required housing or monetary contribution.

The Act defines affordable housing as 'housing that is affordable to particular types of households under criteria prescribed by regulation for the particular type of household.' An amendment to the *Economic Development Regulation 2023* is required to prescribe the households and the criteria for which housing is affordable to those households.

1.1. Introduction

From 7 June to 5 July 2024, EDQ undertook consultation on a paper¹ outlining EDQ's policy intent for the *Economic Development (affordable housing) amendment regulation 2024* (the amendment regulation). The paper included the proposed criteria and contextual information to assist stakeholders to interpret the criteria and understand the application of the criteria to development in a PDA.

Feedback received through public consultation helped inform the drafting of the amendment regulation made by the Governor in Council on 19 September 2024 that came into effect on 20 September 2024. This report summarises the feedback received and details how the policy intent was translated into the amendment regulation.

1.2. Overview of public consultation process

The submission period was open from 7 June to 5 July 2024. A total of 19 submissions were received. The following activities were undertaken by EDQ during this period:

- A Have Your Say page providing background on the consultation activities and providing a link to download the policy paper.
- Emails sent to all Local Governments and submitters on the *Economic Development and Other Legislation Amendment Bill 2024* advising that consultation had commenced and inviting them to register for webinars to be hosted by EDQ.
- 2 webinars where EDQ explained the policy rationale and answered questions from attendees. The webinars were attended by 107 participants.
- A briefing of the Queensland Housing Supply Expert Panel.

¹ Available on the MEDQ's website at [INSERT ADDRESS]



2. Submission analysis

2.1. Key themes from submissions

A summary of the key themes raised in the submissions is provided in Table 2 below.

TABLE 2 – Key themes from submissions	
Overarching comments	
Desire to continue to be engaged through the development and implementation of EDQ’s policy framework for affordable housing, including when making amendments to ‘PDA Guideline 16 – housing’, setting requirements in PDA development instruments for affordable housing or the payment of a monetary contribution in lieu, and in establishing arrangements for Housing Agreements.	
Given current economic conditions the price points for market affordable housing are not achievable for low-income, and in some instances moderate income households.	
Areas of support	
In principle support acknowledging that the criteria are robust and reflect contemporary industry standards.	
General support for EDQ’s consultative approach to engagement on the policy to inform the preparation of the regulation.	
General support for a housing needs analysis to be undertaken for specific PDA areas. Suggestion that the housing needs analysis be broader than just first home buyers and key workers.	
Areas of concern	
Issue	Response
The criteria will be applied retrospectively to existing PDAs	The criteria do not change requirements in existing development schemes or existing conditions of approvals.
Given current economic conditions the price points for market affordable housing are not achievable	EDQ will undertake a housing needs analysis to understand the housing need in a particular PDA and whether market affordable housing is a valid response to address that need.
Current PDA Guideline 16 provides that housing is affordable to purchase if the percentage of income dedicated to mortgage payments does not exceed 35%. The policy paper proposes this be reduced to 30%.	The change brings EDQ’s policy in line with Federal, World Bank and international definitions of affordability that prescribe that the cost of housing does not exceed 30% of income for the household.
The definition of ‘Low to Moderate income household’ should not be derived from the Relevant Local Government Area. Some submitters suggested it be more localised. Others suggested it be broader.	Deriving the median household income from the Local Government Area is considered a balanced approach between the differing submitter perspectives. A housing needs analysis may nominate a range of gross household income within which a household may be identified as a first home buyer household or a key worker household. By nominating an income range for first home buyer households and key worker households, EDQ can respond to the specific housing needs of the relevant PDA.



2.2. Summary of submissions

#	Submission summary	Response
General feedback		
1.	In principle support for the criteria noting that they are robust, fit for purpose and reflect contemporary standards for affordable housing.	Support noted.
2.	<p>The requirements for affordable housing will undermine the profitability of development, noting that the ongoing profitability of development is critical to a sustainable housing market in Queensland.</p> <p>It was suggested viability testing of affordable housing requirements should be undertaken at both the plan-making and development assessment stages.</p>	<p>It is not the intention of EDQ to introduce measures that would erode the financial viability of development.</p> <p>For the MEDQ to impose conditions on development approvals that relate to the supply of affordable housing, the relevant PDA development scheme must first include requirements relating to a development condition requiring the provision of affordable housing.</p> <p>In making new development schemes or amending existing development schemes to include affordable housing requirements, EDQ will undertake an analysis of the housing need within a PDA and the capacity of the market to address that need. EDQ's analysis will quantify the financial implications of affordable housing requirements on development and determine what requirements could reasonably be imposed without undermining the capacity of the development sector to deliver housing supply. These requirements would be subject to public notification prior to implementation.</p>
3.	<p>Will the criteria affect existing arrangements for affordable housing in PDAs, undermining the viability of committed projects.</p> <p>Suggestions were made that where a development approval provides arrangements for affordable housing, these arrangements continue as an appropriate mechanism to regulate the provision of affordable housing in the relevant PDA.</p>	<p>Certain PDA development schemes already include requirements or targets for the provision of social and affordable housing. In most instances, processes have been established for those PDAs through development approvals to facilitate the provision of affordable housing. EDQ will continue to apply these established processes where these processes are working effectively to achieve the objectives for affordable housing.</p> <p>The <i>Economic Development Act 2012</i> provides that the Minister may amend a PDA development scheme by following the processes under the Act, including undertaking public notification.</p> <p>Where an amendment proposes to include new requirements or change existing requirements for affordable housing, social housing or the payment of a monetary contribution in lieu, EDQ will undertake a housing needs analysis that will examine the need for affordable housing to be provided to particular household types, the capacity of the market to address that housing need and the extent to which non-market affordable housing can address the gap. This needs analysis will form part of consultation on the proposed</p>



#	Submission summary	Response
		development scheme and be made publicly available on EDQ's website.
4.	<p>The price points for market affordable housing, particularly housing that is affordable to purchase by low income households, could not be achieved in the current economic climate.</p> <p>Submitters made reference to the cost of construction as well as high finance rates.</p>	<p>The criteria for market affordable housing provide a means to calculate a price point for which housing is affordable to particular household types being low to moderate income households, first home buyer households and keyworker households. Housing is affordable to the household if it has a market value that is less than the affordable price for the household.</p> <p>EDQ recognises that the market value of housing is dictated by the costs to supply housing as well as the price the market is willing to pay for the housing. It is acknowledged that the provision of housing at a market value that is affordable to particular households, such as low income households, will not necessarily be possible for certain markets. In these instances, requiring market affordable housing is not an appropriate response to address the housing need and a greater reliance on non-market affordable housing would be required.</p> <p>In establishing requirements for affordable housing EDQ will undertake a housing needs analysis which will evaluate the capacity of the market to provide housing to address the identified housing need.</p>
5.	<p>How will the MEDQ's functions and powers under the Act be implemented, including:</p> <ul style="list-style-type: none"> • How the requirements for affordable housing will be set, including how a monetary contribution in lieu would be determined. • How conditions would be imposed on PDA development approvals. • How EDQ would monitor and report against affordable housing targets. • What would be appropriate review periods for the affordable housing framework and criteria. 	<p>PDA's have contextual differences that mean the requirements for affordable housing will vary across PDA's. It is the role of the PDA development instruments to set requirements for affordable housing, including to what developments these requirements apply and whether a monetary contribution in lieu can be made.</p> <p>Following the making of the regulation, EDQ will amend PDA Guideline 16 to support the implementation of the provisions under the Act to set requirements for affordable housing and to impose conditions on PDA development approvals that relate to the supply of affordable housing.</p> <p>PDA Guideline 16 will also be amended to outline how EDQ will monitor and report against the affordable housing requirements set in PDA development schemes.</p> <p>EDQ will engage with stakeholders as guidance material is developed that will further detail how the affordable housing provisions of the Act will be implemented.</p>
6.	<p>How will affordable housing be maintained as affordable, including the duration for which the housing will be maintained as affordable and who would be responsible for enforcing compliance?</p>	<p>The amendment regulation provides criteria for housing that is affordable to particular households. It does not specify the duration for which the housing must be maintained as affordable. The duration that the housing is maintained as affordable will depend on the requirements of the PDA development instrument, the</p>



#	Submission summary	Response
		<p>type of housing proposed, and the nature of the conditions imposed on a PDA development approval. EDQ is responsible for compliance and enforcement of PDA development conditions.</p> <p>Amendments will be made to PDA Guideline 16 to provide guidance on the different types of affordable housing and how the affordability will be retained.</p>
7.	<p>The policy paper's use of the terms market and non-market housing does not properly reflect the nature of the affordable housing sector and its operation within the housing market.</p>	<p>The regulation does not use the terms market and non-market housing.</p> <p>These terms were used in the policy paper to delineate between housing provided at its market value and housing provided below its market value.</p> <p>The appropriateness of these descriptive terms will be evaluated as amendments to PDA Guideline 16 are made to further explain the policy intent of the criteria.</p>
8.	<p>The criteria should be prioritised, with a preference for non-market affordable housing in the first instance.</p>	<p>The regulation provides criteria that relate to the definition of Affordable Housing under section 7B of the Act. The regulation does not infer an order of priority for the criteria, in setting requirements for affordable housing in PDA development schemes, although the scheme may specify the household type targeted for the provision of affordable housing.</p>
9.	<p>None of the criteria related to households who earn less than 50% of the median household income, and that this created a gap where certain households may be ineligible for social housing but also not captured within the definition of affordable housing.</p>	<p>The regulation has been amended to include 'very low income households', being those households who earn less than 50% of the median household income for the local government area.</p>
10.	<p>How will the criteria be applied where the condition of approval relates to the development of land and the construction of a dwelling is outside of the control of the land developer?</p>	<p>Amendments will be made to PDA Guideline 16 to provide guidance on how applicants can demonstrate compliance with requirements in PDA development instruments for affordable housing. This will include where the applicant delivers serviced residential lots and not constructed dwellings.</p>
<p>Criteria a) - Housing provided by a registered provider under the Housing Act 2003 to a household in the low to moderate income range at an affordable rent</p>		
11.	<p>The criteria should be preferred as a means to provide affordability in-perpetuity</p>	<p>Support noted.</p>
12.	<p>The development industry cannot control housing if it is delivered by a registered provider. Registered providers may not be interested in providing housing in a particular area, making it impossible for a developer to comply with the criteria.</p>	<p>The regulation does not require housing to be provided by a registered provider. Rather, it recognises that if housing is provided by a registered provider then that housing will qualify as affordable.</p> <p>The regulation provides for a range of housing types and tenures that qualify as affordable to the prescribed household types.</p>



#	Submission summary	Response
		The regulation provides flexibility for the development industry and affordable housing sector to respond to affordable housing requirements and targets with a range of market and non-market affordable housing types.
Criteria b) - Housing provided as part of a program, funded by any of the following entities, to support the provision of affordable housing for households in the low to moderate income range – a) A public sector entity under the Public Sector Act 2022, section 8; b) a local government, c) the State, d) the Commonwealth.		
13.	Support for the criteria	Support noted.
14.	These criteria should only be applied to developments that have the ability to impose governance rules to regulate who has access to the housing and how affordability will be maintained.	<p>It is not proposed that an application be conditioned to provide affordable housing under the criteria without it having been proposed by the applicant as part of the development application process.</p> <p>Where an application proposes to include affordable housing under the criteria, the application should be accompanied by material outlining the governance arrangements that will be applied to manage who has access to the to the housing and how the housing will be maintained as affordable.</p> <p>Subject to EDQ being satisfied that the proposed development is consistent with the requirements of the relevant development instrument, the development application may be approved subject to conditions that require compliance with the governance arrangements as proposed in the application.</p> <p>These matters will be further outlined in supplementary guidance material developed in consultation with stakeholders, including the affordable housing sector, the development industry and local government.</p>
15.	The definition of ‘affordable housing’ varies across funding programs. Without consistency across planning, policy, and funding programs, the delivery of enough homes to meet the needs of people on the lowest end of the income spectrum may be at risk	There is a range of local, state and federal programs aimed at increasing the supply of affordable housing. This criterion is intended to capture these programs within the meaning of affordable housing under the Act.
Criteria c) - Housing that is provided for rent to a household in the low to moderate income range at a price that is no greater than 74.9% of the market rent for the housing		
16.	This criterion is consistent with the meaning of Affordable Housing adopted for the Housing Australia Future Fund Facility	Comment noted.
17.	These criteria should only be applied to developments with the ability to impose governance rules to regulate who has	It is not proposed that an application is conditioned to provide discount to market rental affordability without it



#	Submission summary	Response
	<p>access to the housing and how affordability will be maintained.</p> <p>Governance and compliance structure for 'discount to market' rent needs to seek guarantees of long-term affordability.</p>	<p>having been proposed by the applicant as part of the development application process.</p> <p>Where an application proposes to include affordable housing under this criterion, the application should be accompanied by material outlining the governance arrangements that will be applied to manage who has access to the housing and how the housing will be maintained as affordable.</p> <p>Subject to EDQ being satisfied that the proposed development is consistent with the requirements of the relevant development instrument, the development application may be approved subject to conditions that require compliance with the governance arrangements as proposed in the application.</p> <p>These matters will be further outlined in supplementary guidance material prepared in consultation with stakeholders, including the affordable housing sector, the development industry and local government.</p>
18.	<p>Amend the criteria to require the housing to be provided at a rent that is not greater than the lessor of 74.9% of the market rent for the housing <u>or 30% of the household income.</u></p>	<p>Inclusion of additional threshold tests for discount to market rental that are based on income could result in certain funded housing being excluded from the meaning of affordable housing. It may also introduce additional governance obligations that would be difficult to implement.</p>
<p>Criteria d) - Housing which has a market value that is affordable to purchase by households in the low to moderate income range</p>		
19.	<p>Support for the criteria</p>	<p>Support noted.</p>
20.	<p>The provision of housing with a market value that is affordable to purchase by households at the lower end of the low to moderate income range would not be feasible.</p> <p>It was suggested that the low to moderate income range should not be divided into sub-groups or bands that require a percentage of housing be provided across the full low to moderate income range. Alternatively, it was suggested that the definition for what is considered to be low to moderate income be changed to 100-120% of the median annual household income for the application of this criteria.</p>	<p>The requirements for housing to be provided across the low to moderate income spectrum is a matter to be confirmed through the housing needs analysis undertaken to inform requirements in the PDA development instrument.</p> <p>It is acknowledged that that the capacity for market housing to be provided across the low to moderate income spectrum will depend on local and market characteristics particular to the relevant PDA.</p>
21.	<p>The calculation of affordable to purchase is heavily influenced by variables such as deposit amount and</p>	<p>Noted, the regulation proposes a definition of <i>affordable purchase price</i> that specifies the loan to value ratio that is to be applied in the calculation.</p>



#	Submission summary	Response
	<p>interest rates but there is no guidance in the policy paper regarding these assumptions.</p>	<p>The definition is as follows:</p> <p><i>affordable purchase price</i>, for a household, means a price that enables the cost of servicing a mortgage for 90% of the purchase price to be not more than 30% of the gross income of the household.</p> <p>Given fluctuations in interests rates it was not considered appropriate that the regulation specify a loan rate. Instead, updates to PDA Guideline 16 will provide guidance on how the loan rate should be determined.</p>
<p>Criteria e) - Housing which has a market value that is no more than 20 times greater than the affordable rent for households in the low to moderate income range</p>		
22.	Support for the criteria	Support noted.
23.	<p>Relying on average annual gross rental yields to determine affordability may not translate into housing actually being provided at an affordable rent.</p>	<p>The criterion reflects existing approaches to affordable housing in PDAs as provided for in PDA Guideline 16.</p> <p>EDQ will monitor the implementation of this criterion for effectiveness as part of periodic reviews of EDQ affordable housing policy framework.</p>
24.	<p>The provision of housing with a market value that is affordable to purchase by households at the lowest end of the low to moderate income range will not be feasible.</p> <p>The low to moderate income range should not be divided into sub-groups or bands that require a percentage of housing be provided across the full range low to moderate income range.</p> <p>The definition of what is considered a low to moderate income should be changed to 80 -120% of the median annual household income for the application of this criteria.</p>	<p>The requirements for housing to be provided across the low to moderate income spectrum is a matter to be confirmed through the housing needs analysis undertaken to inform requirements in PDA development instruments.</p> <p>It is acknowledged that that the capacity for market housing to be provided across the low to moderate income spectrum will depend on local and market characteristics particular to the relevant PDA.</p>
25.	<p>The criteria should specify that the affordable purchase price is to be calculated based on an upper limit of 20 times the <i>annual</i> affordable rent.</p>	Agreed. Amendment made in drafting.
<p>Criteria f) - Housing that has a market rent that is no greater than the affordable rent for households in the low to moderate income range</p>		
26.	Support for the criteria	Support noted.
27.	<p>The provision of housing with a market rent that is affordable to rent by households at the lowest end of the low to moderate income range will not be feasible.</p>	<p>The requirements for housing to be provided across the low to moderate income spectrum is a matter to be confirmed through the housing needs analysis undertaken to inform requirements in PDA development instruments.</p>



#	Submission summary	Response
	<p>The low to moderate income range should not be divided into sub-groups or bands that require a percentage of housing be provided across the full range low to moderate income range.</p> <p>The definition for what is considered to be low to moderate income should be changed to 80 -120% of the median annual household income for the application of this criteria.</p>	<p>It is acknowledged that that the capacity for market housing to be provided across the low to moderate income spectrum will depend on local and market characteristics particular to the relevant PDA.</p>
<p>Criteria g) - Housing which has a market value that is affordable to purchase by households in the income range for first home buyers or key workers as determined by a housing needs analysis</p>		
28.	Support for the criteria	Support noted.
29.	<p>A clear, consistent methodology should be developed and published outlining how affordability for first home buyers and key workers will be determined in housing needs analyses.</p> <p>The methodology should be developed in consultation with local governments, who have extensive experience conducting housing needs analyses.</p>	<p>EDQ supports the suggestion of developing a standardised methodology for preparing a housing needs analysis.</p> <p>EDQ values the contribution of local governments and industry in the development of this methodology and will consult a draft amendment to PDA Guideline 16 that outlines this methodology.</p>
<p>Criteria h) - Housing which has a market rent that is affordable to rent by households in the income range for key worker households as determined by a housing needs analysis.</p>		
30.	Support for the criteria	Support noted
31.	<p>A clear, consistent methodology should be developed and published outlining how affordability for first home buyers and key workers will be determined in housing needs analyses.</p> <p>The methodology should be developed in consultation with local governments, who have extensive experience conducting housing needs analyses.</p>	<p>EDQ supports the suggestion of developing a standardised methodology for preparing a housing needs analysis.</p> <p>EDQ values the contribution of local governments and industry in the development of this methodology and will consult with on an amendment to PDA Guideline 16 that includes a proposed methodology for preparing a housing needs analysis.</p>
<p>Other suggested criteria</p>		
32.	<p>Why is retirement living not included within the affordable housing criteria?</p> <p>Policies that incentivise some types of housing but do not incentivise affordable retirement living have the effect of negatively impacting investment in retirement living.</p>	<p>The regulation itself does not require or incentivise particular housing types. The regulation needs to be read in conjunction with a PDA development instrument. A PDA development instrument regulates development in a PDA and includes requirements for development.</p> <p>While retirees are not captured as a specific household type in the regulation, this doesn't restrict a PDA development instrument from including other requirements related to retirement living or creating a</p>



#	Submission summary	Response
		regulatory environment that is conducive to investment in retirement living.
33.	<p>The following additional criteria should be included.</p> <p><i>'Housing which is run by democratic, not-for-profit organisations like cooperatives, mutuals or community land trusts for the long-term collective benefit of its residents, members and local community.'</i></p>	<p>The criteria in the regulation relate to the price of housing that is affordable to the prescribed household types. EDQ acknowledges the role of alternative housing models such as, community land trusts, mutual housing and cooperatives and considers that these housing types could fall with the criteria where the housing is either provided at 74.9% of market rent or where its market rent constitutes no more than 30% of the gross income for the household type.</p>
<p>Definitions: Low to moderate income range means an annual income of more than 50% and less than 120% of the median household income for the relevant local government area as published by the Australian Bureau of Statistics for the most recent census year and indexed in accordance with the 'All Sectors Wage Price Index, Queensland' published by the Australian Bureau of Statistics.</p>		
34.	<p>The definition of Low to Moderate income household should not be derived from the Relevant Local Government Area.</p> <p>A more refined geography, such as SA2, would be more appropriate. Sighting that an SA2 base would ensure that affordable housing is relevant to its local context.</p> <p>The income should be based on a broader geographic region, sighting that owner occupiers may not be from the relevant local government area.</p>	<p>Low to moderate income households are one household type specified in the regulation. For this household type, deriving the income range from the median household income from the Local Government Area is considered a balanced approach that best represents the diversity of Queensland's Local Government Areas.</p> <p>A housing needs analysis may nominate a range of gross household income within which a household may be identified as a first home buyer household or a key worker household. By nominating an income range for first home buyer households and key worker households, EDQ can respond to the specific housing needs of the relevant PDA.</p>
35.	<p>How will the regulation require housing to be provided across the low to moderate income range?</p> <p>Presently, Guideline 16 provide that housing be provided across three bands within this range.</p> <p>The market will only be able to deliver housing product within the upper end of this range, and that requirements to deliver housing within the lower end of this range may compromise project viability.</p>	<p>The regulation does not specifically require that housing be provided across the entire spectrum of the low to moderate income range. It is recognised that the provision of market housing across the entire low to moderate income spectrum may not be viable in all markets.</p> <p>A housing needs analysis undertaken to support the housing affordability requirements of a PDA development instrument will consider the housing need and the capacity of the market to address that need, including whether market housing is an appropriate response to addressing the needs of low income households.</p>
<p>Definitions: Affordable rent means a rental payment that does not exceed 30% of gross income for the household.</p>		
36.	<p>The definition should make reference to households in the low to moderate income range. It could otherwise be read to apply to any households.</p>	<p>The definition applies to each of the household types in the regulation where the regulation makes reference to <i>affordable to rent</i>.</p>



#	Submission summary	Response
<p>Definitions: Affordable to purchase means a mortgage payment that does not exceed 30% of gross income for the household.</p>		
37.	<p>What terms will apply to the calculation of the mortgage payment referenced within the definition?</p> <p>The definition should specify these terms or specified in supplementary guidance material.</p>	<p>The regulation proposes a definition of <i>affordable purchase price</i> that specifies the loan to value ratio that is to be applied in the calculation. The definition is as follows:</p> <p><i>‘affordable purchase price, for a household, means a price that enables the cost of servicing a mortgage for 90% of the purchase price to be not more than 30% of the gross income of the household.’</i></p> <p>Amendments will be made to PDA Guideline 16 to specify the other factors such as the loan rate, loan term and whether any serviceability buffers or floor rates should be applied to the calculation.</p>
38.	<p>The definition makes reference to no more than 30% of gross household income dedicated to mortgage payments. The current version of PDA Guideline 16 makes reference to 35%.</p> <p>The definition should make reference to 35% noting that households would typically choose to spend more on mortgage payments than rent on the basis of longer-term financial benefit through the accrual of equity.</p> <p>Setting both the affordable rent and affordable purchase criteria at 30% the regulation may preference rental over ownership.</p>	<p>30% has been adopted as a universal definition of affordability on the basis that households that spend more than this amount of their income on housing are more likely to be in housing stress.</p> <p>The inclusion of 30% also reflects the capacity of a household to obtain finance for the purchase of a property on standard loan terms. This is particularly relevant for low to moderate income households whose residual income after devoting more than 30% of income to mortgage payments is unlikely to meet average household expenditure for the household type.</p> <p>The regulation includes criteria for housing that is affordable to first home buyers, whose income range is determined through a housing needs analysis. A PDA development instrument may include requirements that are targeted at first home buyers.</p>
<p>Definitions: Market value means the estimated amount for which the housing should exchange on the open market between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.</p>		
39.	<p>How will market value be calculated? In certain areas it will be difficult to ascertain the value of a property due to the absence of relevant sales data.</p>	<p>The regulation adopts a standard definition of Market Value. In practice, an application that seeks to provide housing that is affordable on the basis of its market value should be supported by evidence demonstrating how the housing will achieve the target price point.</p> <p>Conditions may be imposed on the development approval that require evidence demonstrating that the housing will be provided at the specified price.</p> <p>Amendments will be made to PDA Guideline 16 that will clarify how these arrangements will be applied in practice including the evidence required to demonstrate the market value of housing.</p>



#	Submission summary	Response
Definitions: Market rent means the estimated amount for which an interest in the housing should be leased on the open market between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.		
40.	How will market rent be calculated? In certain areas it will be difficult to ascertain the market rent of a property due to the absence of relevant rental data.	<p>The regulation adopts a standard definition of Market rent. In practice, an application that seeks to provide housing that is affordable on the basis of its market rent should be supported by evidence demonstrating how the housing will achieve the target price point.</p> <p>Conditions may be imposed on the development approval that require evidence demonstrating that the housing will be rented at the specified price.</p> <p>Amendments will be made to PDA Guideline 16 that will clarify how these arrangements will be applied in practice including the evidence required to demonstrate the market rent of housing.</p>
Definitions: Housing needs analysis means the document of that name published on the MEDQ's website for the relevant area in which the housing is located.		
41.	This definition is clear and robust. No amendments or clarifications are recommended.	Noted.



3. Summary of amendments

3.1. Amendments made in response to submissions

Table 4: Summary of amendments made in response to submissions		
#	Suggested amendment	Response
1.	Very low income households should be included for as a household type for affordable housing where the housing is provided by a Registered Provider under the Housing Act.	The regulation has been amended to include an additional household type <i>Very low income household</i> that is defined as - <i>for a local government area, means a household that has a gross household income of 50% or less than the median household income for the local government area.</i>
2.	The definition of <i>affordable to purchase</i> should include information on the terms of the mortgage.	Amendment supported. The regulation includes a definition of affordable purchase price that specifies the loan to value ratio for the loan. <i>affordable purchase price, for a household, means a price that enables the cost of servicing a mortgage for 90% of the purchase price to be not more than 30% of the gross income of the household.</i> PDA Guideline 16 will be amended to specify other considerations such as the loan rate and loan term.
3.	Criteria e) (market value not more than 20 times the affordable rent) should be derived from the <i>annual</i> affordable rent	The omission of <i>annual</i> was an error and has been corrected in drafting

3.2. Amendments made in drafting

Table 4: Summary of amendments made in response to submissions	
#	Amendment
1.	Various amendments made throughout the regulation to ensure the drafting aligns with legislative standards.
2.	For housing that is affordable to key worker households an additional criterion has been included: <i>Housing is affordable to key worker households if the housing has a market value that is not more than 20 times the affordable rent (calculated on a yearly basis) for key worker households in the priority development area in which the housing is located.</i> The criteria mirror a similar provision for low to moderate income households and is included for completeness.