

Planning and Development in Townsville

Development Activity Report
Quarter 1 – 2022/23 (Financial Year)



Introduction

Welcome to the Planning and Development, Development Activity Report for quarter 1 of the 2022/2023 financial year.

Previous reports have been issued based on calendar year quarters. Moving forward all reports will be based on financial year quarters.

The following report provides comparative development activity data from the 2019/2020 financial year up to and including quarter 1 of the 2022/2023 financial year.

Collectively the data shows a meaningful insight into the trends and external factors that have influenced the development/construction industry throughout the three years and how Planning and Development has responded during this period.

Industry sector analysis reveals the local construction industry employs 8945 persons and has an annual local sales of \$3.068 billion. This industry sector is integral to the health of the local economy.

Challenges in 2022 for the development/construction industry in particular, are:

UPWARD INFLATION PRESSURES

With an upward inflationary trend, due partly to souring energy and food costs, cost of living challenges affect many Australians. Inflation has risen above the Reserve Bank of Australia (RBA) target of 2.8% to 7.3% (September 2022 quarter). With the added stagnant wage growth, the available consumer spending margins are becoming increasingly compressed. This can reduce consumer confidence to enter the housing market.

INTEREST RATES

As an economic tool to curb inflation, the side effects of increasing interest rates sees home ownership become more elusive for many Australians. The economy has experienced seven interest rate increases so far and there is no clear indication how many and how much further increases will be.

A related effect of increases in interest rates is the tightening of lending criteria in the residential market by financiers.

With the cash rate trending upwards, commercial interest rates will also follow suit. This will add to the development/construction costs with the effect of lowering profit margins. The flow on effect of this situation is the potential of increased cost of housing.

LABOUR AND MATERIALS

Building and Construction industries continue to be affected by acute shortages of skilled labour and construction materials. As a result of persistent severe shortage of skilled labour, the price of skilled trades personnel has risen sharply by 10.4% over the year to September 2022. Supply constraints continue to delay project completions and the industry continue to struggle to complete the enormous pipeline of work accumulated over the past two years.

In summary, despite the pressures on the consumer and development industry by these challenges, the local economy is holding firm. Some of the tests of consumer confidence such as demands for residential lots, residential building expenditure (dwelling and other) shows an underlying sound level of confidence.

The commercial sector of the economy shows a 41% increase in building investment compared to the 2019/2020 financial year.

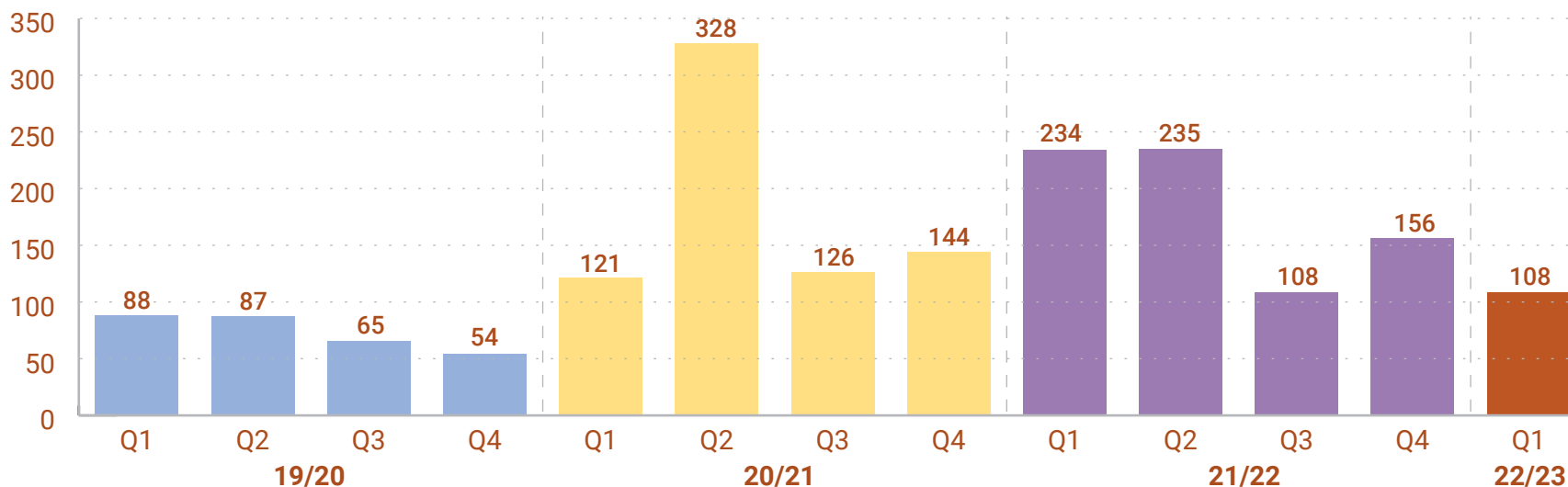
Supporting the overall local economy, the Townsville LGA as at March 2022 quarter an unemployment rate of 3.3%. This ranks favourably against a rate for Queensland at 4.9% and Australia at 4.6%.



Residential lot investment

1. Residential lots approved for release

RESIDENTIAL LOTS APPROVED



The key findings this data reveals, is the continuing demand for residential lots.

The graph above provides a historical snapshot of residential lots approved throughout financial years 2019/2020 up to and including quarter 1 of the current 2022/2023 financial year.

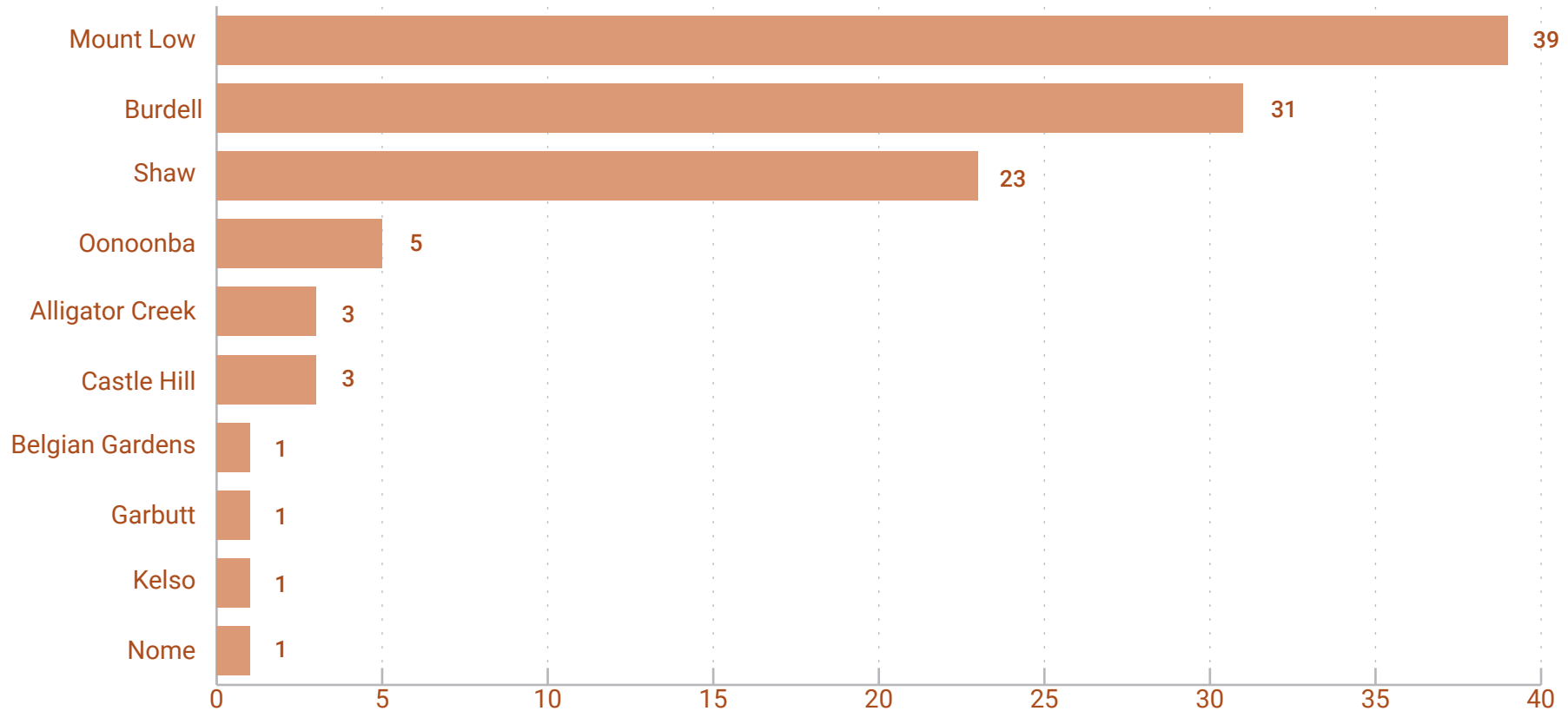
Whilst the federal government stimulus measures have now concluded and the frantic release of new lots abated, the approval and release of lots continue to exceed the 2019/2020 financial year.

Despite the financial pressures imposed on everyday Australians from inflation and interest rates, the data suggests the local market, continues to experience a demand for residential lots indicating continued confidence in the market.

It should be noted that current land availability remains sufficient to keep pace with demand.

2. Residential lots approved for release via suburb for quarter

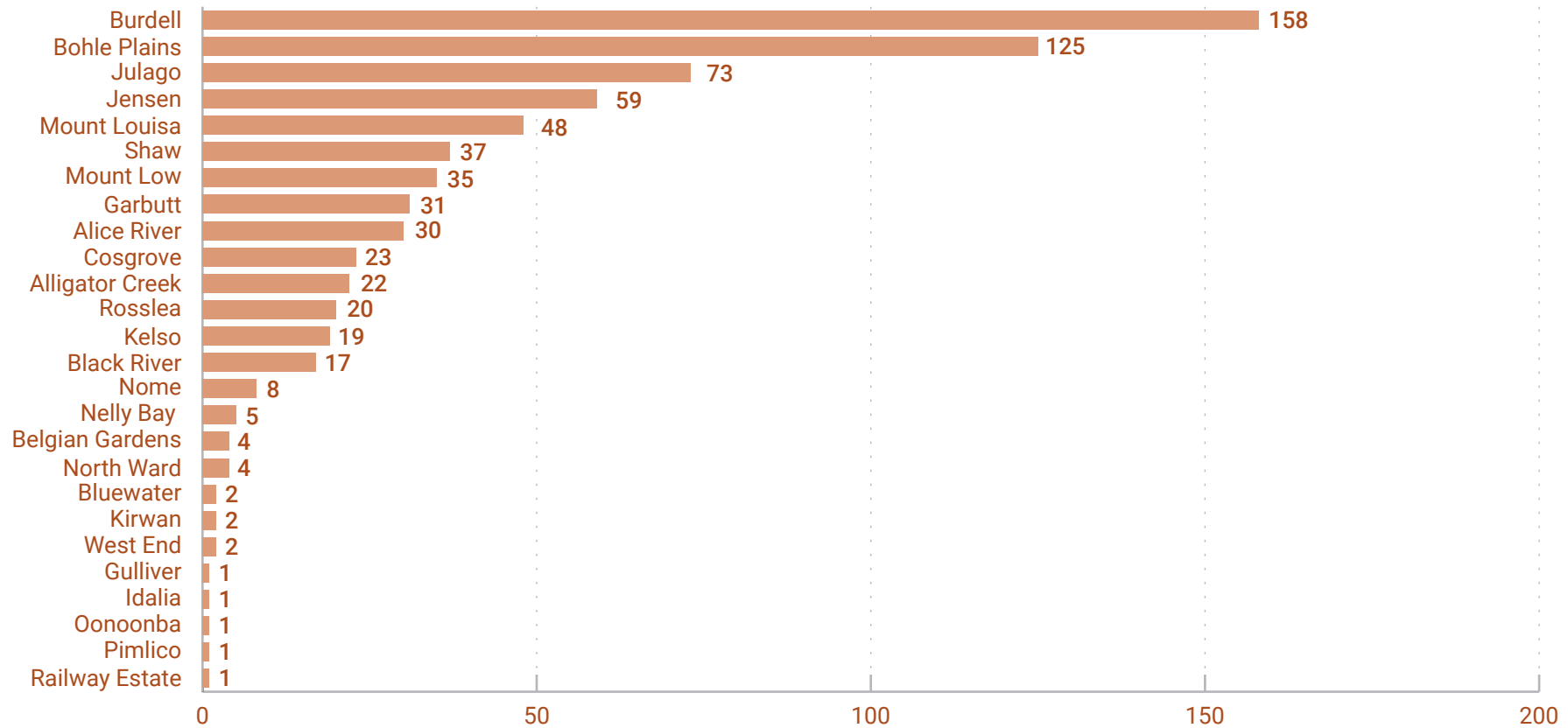
RESIDENTIAL LOTS RELEASED BY SUBURB - QUARTER 1 - 2022-2023 FINANCIAL YEAR



The above data shows the approval of residential lots per suburb basis giving an indication of the current growth areas.

3. Residential lot releases for the Financial Year 2021-2022 per suburb

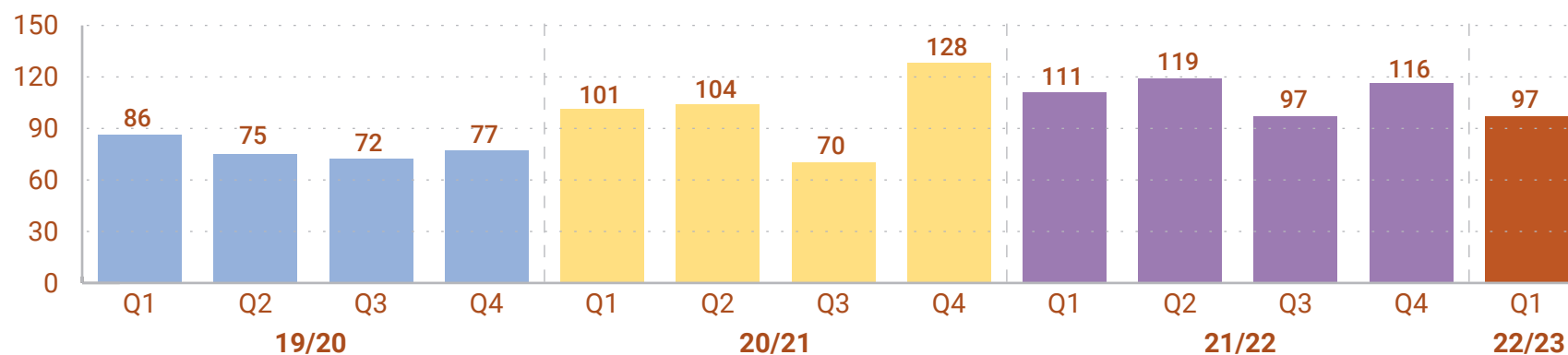
RESIDENTIAL LOTS RELEASED BY SUBURB - 2021-2022 FINANCIAL YEAR



The above data provides a broader understanding of where the residential growth areas are throughout the Townsville area. This data represents the 2021/2022 financial year.

Development Applications

1. Development applications lodged



The key findings this data reveals is the evident increase and consistency in the volume of development applications lodged since the 2019/2020 financial year.

The data represents development applications lodged from the 2019/2020 financial year up to and including quarter 1 of the 2022/2023 financial year.

The development applications that are represented in this data are:

- Material Change of Use;
- Reconfiguration of a Lot;
- Operational Works; and
- Development Building Works.

The Federal Government Home Building Grant announced in June 2020 in response to the Covid-19 pandemic, saw an increase in

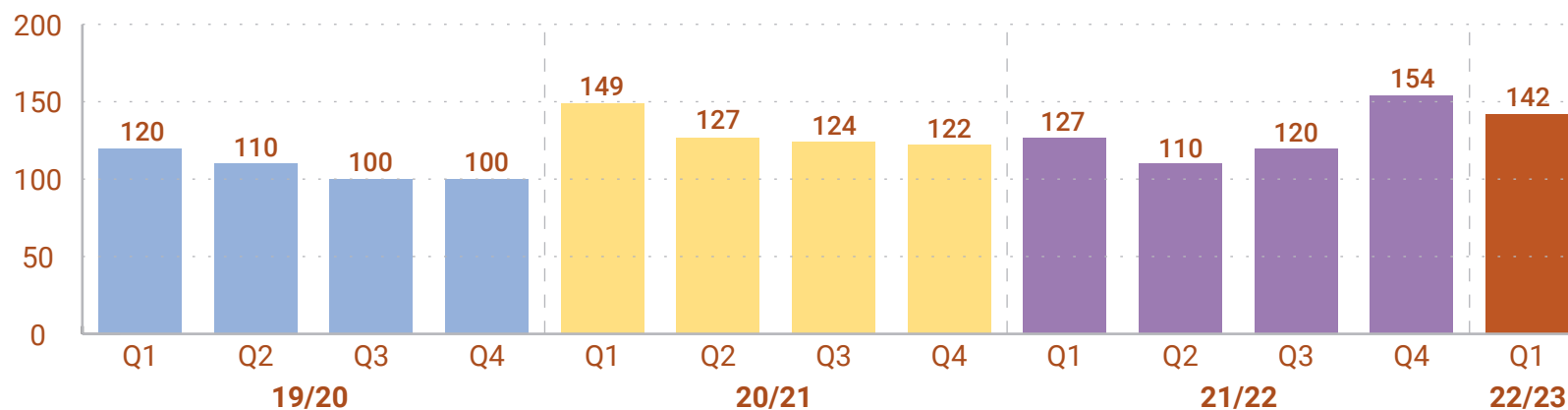
development applications lodged, particularly Reconfiguration of a Lot and Operational Works applications.

This was in response to the increased demand for vacant residential lots available for the construction of new dwellings to meet the grant guidelines.

Of note, the increased volume of new applications has continued after the Home Builder Grant concluded at the end of quarter 1 of the 2021/2022 financial year.

This indicates, that whilst the artificial market environment generated by the Federal grant has concluded, consistent volumes of development applications continues showing the fundamental strength of the local economy.

2. Concurrence agency applications lodged (Siting, design and building over services)



The continuing demand for siting, design, and building over services approvals, indicates an ongoing investment in home improvements.

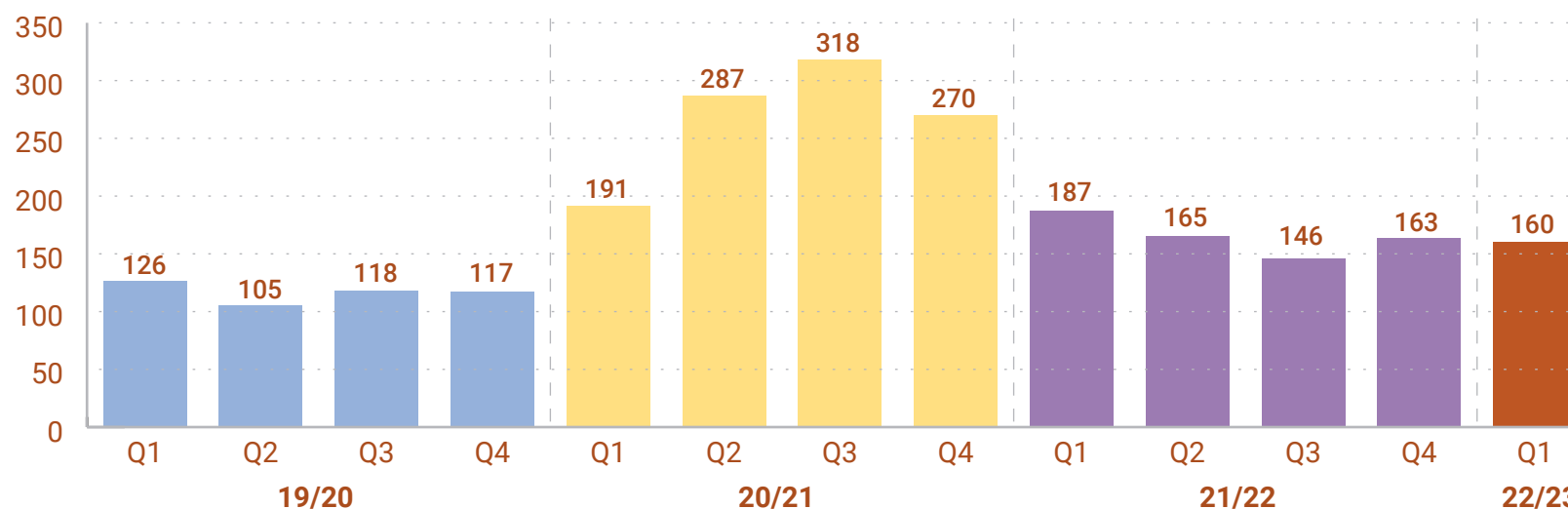
Of the applications lodged during quarter 1 of the 2022/2023 financial year, the following building works sought approval:

- 60 carports, garages, and sheds within setbacks;
- 25 dwellings with setback assessment;
- 34 other property improvements; and
- 23 building over services.

Residential Building Data

1. Dwelling approvals

NEW DWELLING APPROVALS



The data above is derived from residential building approvals lodged by Private Certifiers to council. Whilst these approvals may not necessarily translate to works on the ground, the data still provides a reliable reflection of the trends for new dwelling construction.

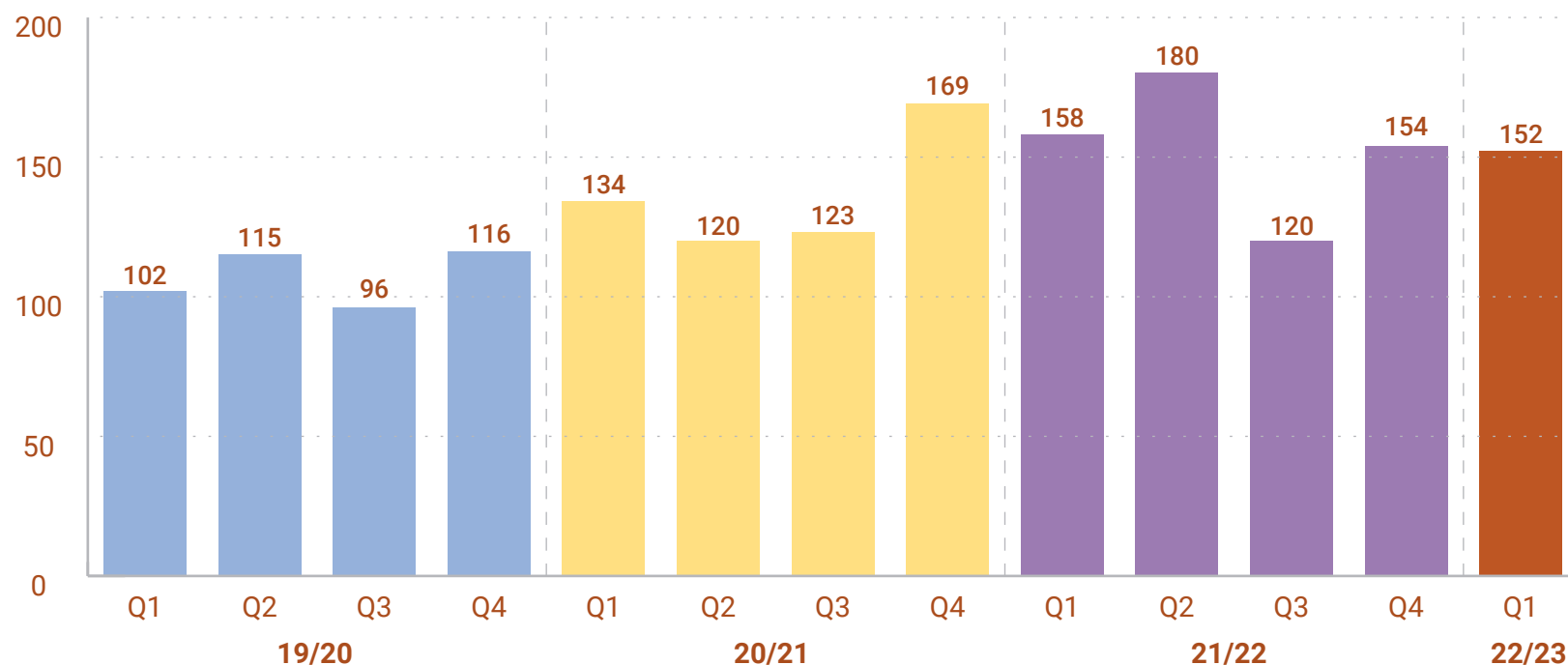
The data clearly shows the effect of the Federal Government Home Builder grant during the 2020/2021 period.

Whilst it was expected that new home approvals would taper off after the conclusion of the grants, the data shows the demand still remains stronger than the 2019/2020 financial year and the early quarters of 2020 before the Federal grants stimulated the market.

As 2022 further unfolds, any impact from the current external pressures of inflation and interest rate increases will become apparent and show in later data.

2. Dwellings finalised

NEW DWELLINGS FINALISED



The data above shows the dwellings approvals that have translated into completed dwellings.

This data does not show dwelling approvals that may be partially completed. When comparing the new dwelling approvals against completed works, there could be an assumption there is a stock of new dwellings either partially completed or yet to be commenced.

From the period from quarter 1 – 2020/2021 financial year to current, approvals amounted to 1887 new dwellings and to date during that period 1310 have been finalised.

Pursuant to the eligibility criteria of the Home Builder Grant excavations and site preparation must have commenced within 18 months of signing the contract to build. The latest date a contract could be entered into was 31 March 2021. Latest date would be 30 September 2022.

3. Residential building works Investment

RESIDENTIAL APPROVALS COST OF WORK - \$MILLIONS



The data above is derived from residential building works approvals lodged by Private Certifiers to council. Whilst these approvals may not necessarily translate to works on the ground, the data still provides a reliable reflection of the trends for new residential building works.

The data shows the total investment in approved residential building works. This includes new dwelling and other building works on residential property.

Clearly shown are the effect of the Federal Government Home Builder grant during the 2020/2021 period where the resultant increases in residential investment accounts from an increased demand for new dwellings.

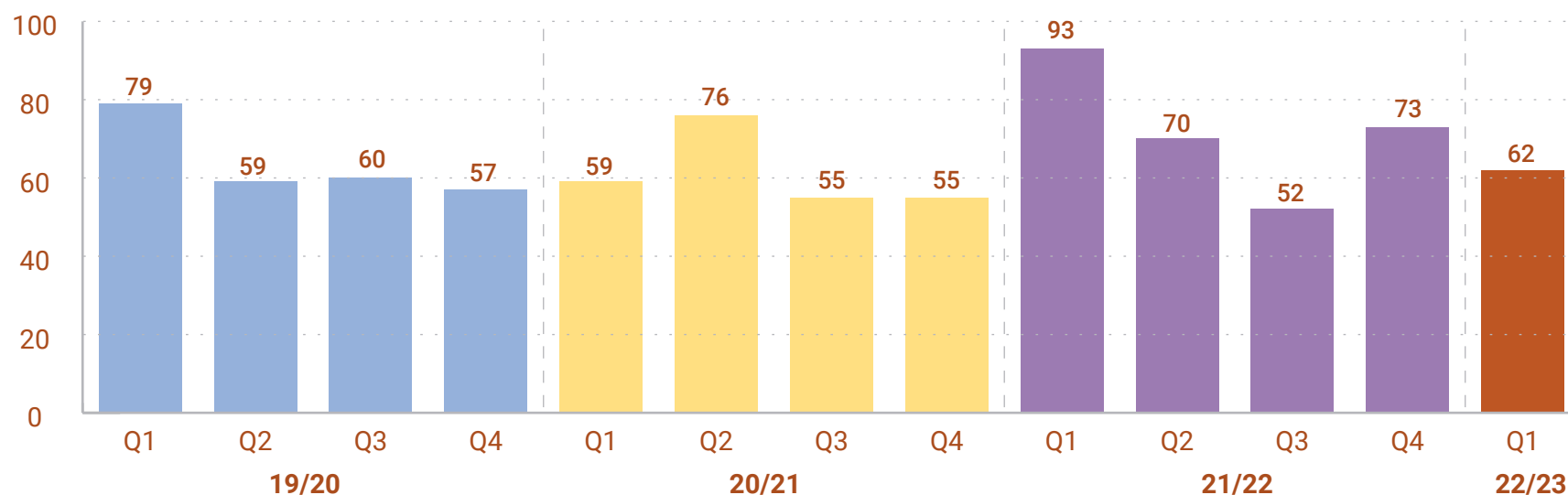
Whilst new home approvals have retracted following the conclusion of the Federal Government Home Builder grant, other residential investment level remains strong.

From the conclusion of the Federal Government stimulus package, the investment in residential building works remains at a quarterly average of \$85 million. This is well in excess of periods prior to the announcement of the grants where the data reveals a quarterly average of \$53 million.

Commercial Building Data

1. Commercial building approvals

COMMERCIAL BUILDING APPROVALS



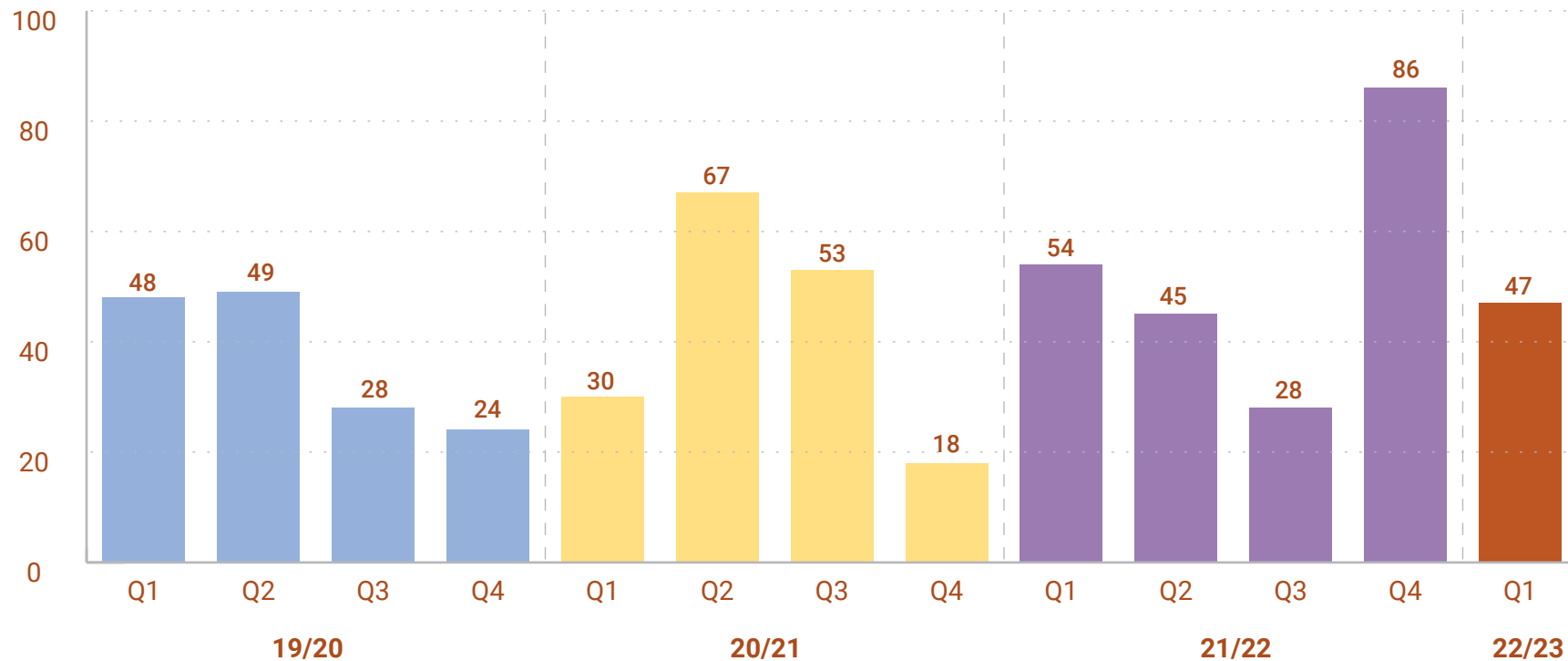
The data above is derived from commercial building works approvals lodged by Private Certifiers to council. Whilst these approvals may not necessarily translate to works on the ground, the data still provides a reliable reflection of the trends for new commercial building works.

Overall, the data reveals the average of approvals have increased 41% between the 2019/2020 financial year and 2021/2022 financial year.

The data clearly shows confidence in the commercial development sector.

2. Commercial building works investment

COMMERCIAL BUILDING APPROVALS COST OF WORKS - \$MILLION

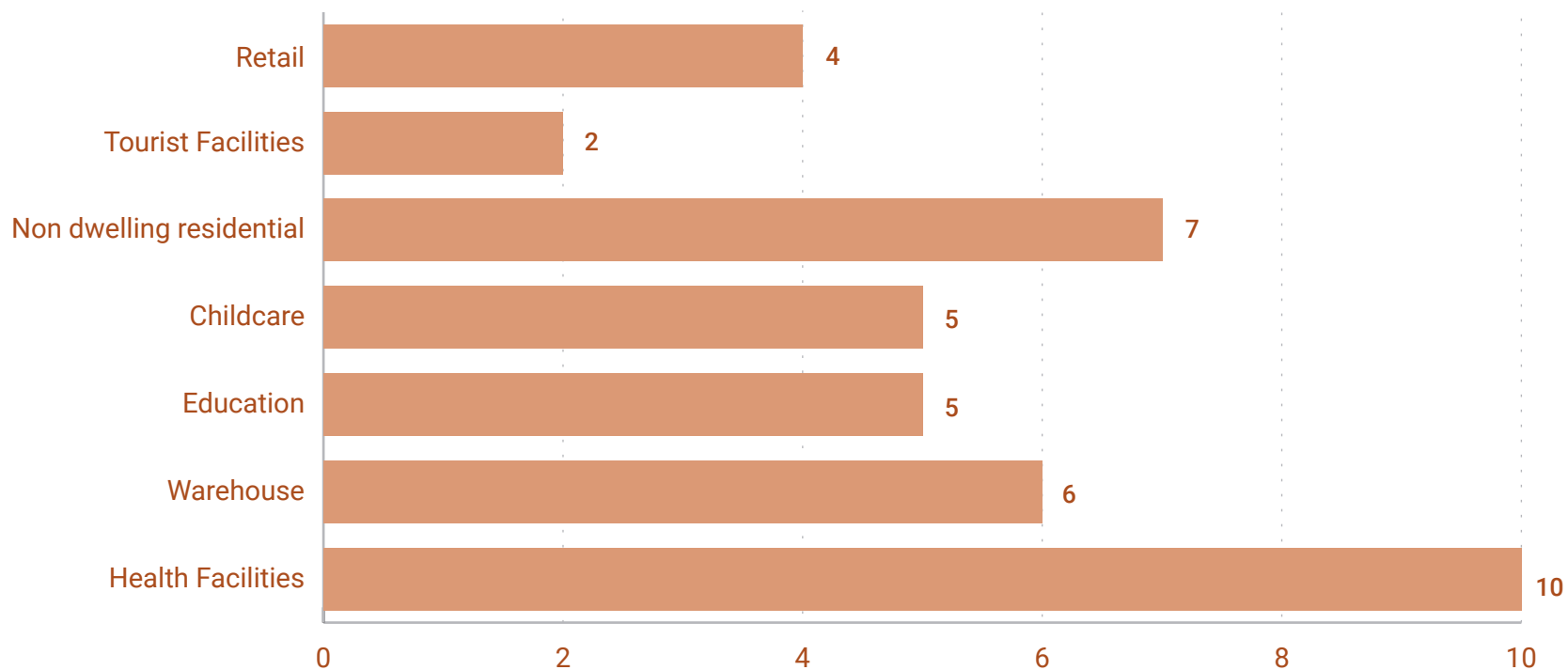


The above data shows the historical value of commercial development approvals from the 2019/2020 financial year to quarter 1 of the 2022/2023 financial year.

Overall, the data reveals the average of commercial investment has increased 41% between the 2019/2020 financial year and 2021/2022 financial year. This shows a sound level of confidence in the commercial sector.

3. Commercial building works investment via activity type

COMMERCIAL DEVELOPMENT APPROVALS \$ MILLION COST OF WORKS

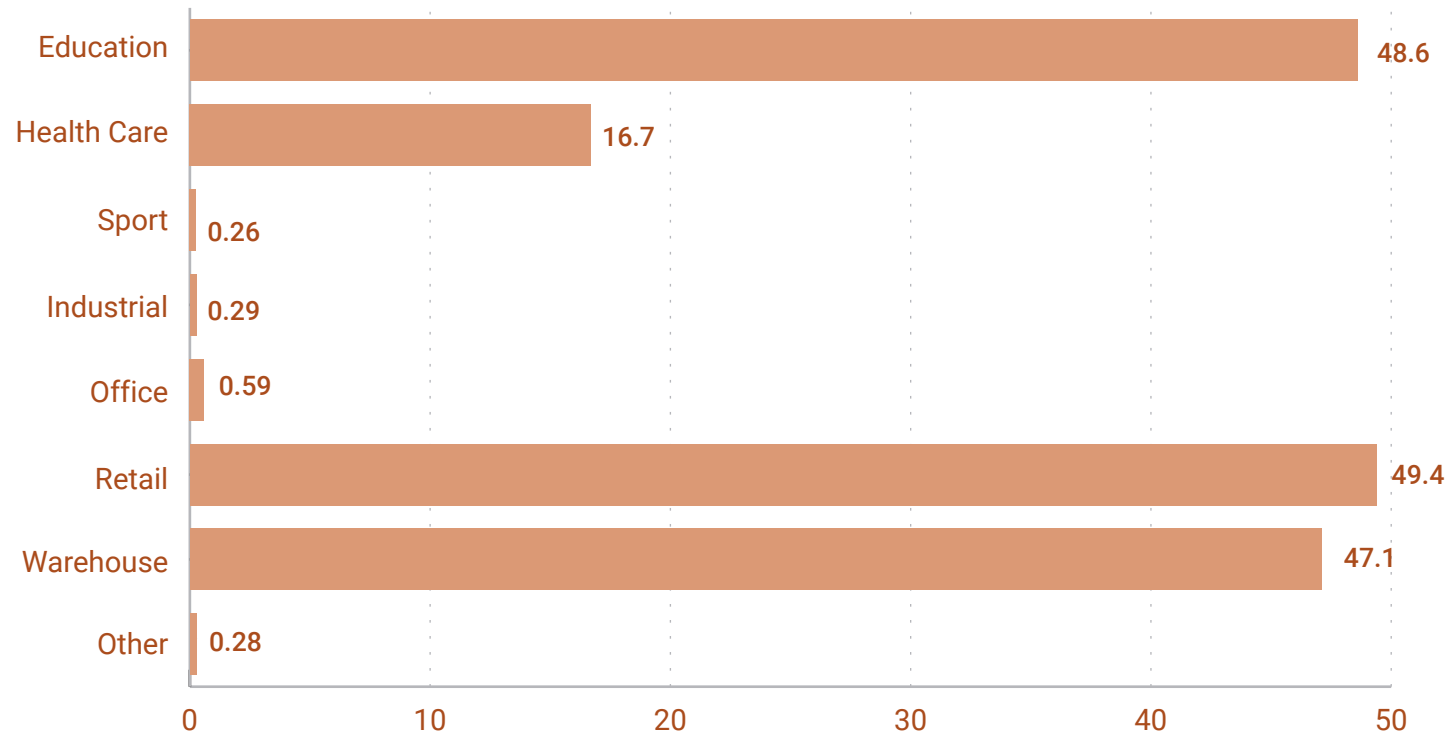


The Commercial Building data graphs above is derived from commercial building approvals lodged by Private Certifiers to council. Whilst these approvals may not necessarily translate to works on the ground, the data still provides a reliable reflection of the trends for new commercial building works.

The data reveals the volume of commercial building lodgements remains steady at an average of 66 lodgements per quarter over the entire data period.

4. Commercial development investment finalised during quarter

COMMERCIAL BUILDING APPROVALS NOW COMPLETED FOR QUARTER 1 OF 2022/2023 FINANCIAL YEAR
- COST OF WORKS - \$MILLION



The data above shows the level of investment for commercial development finalised during the quarter per activity type.

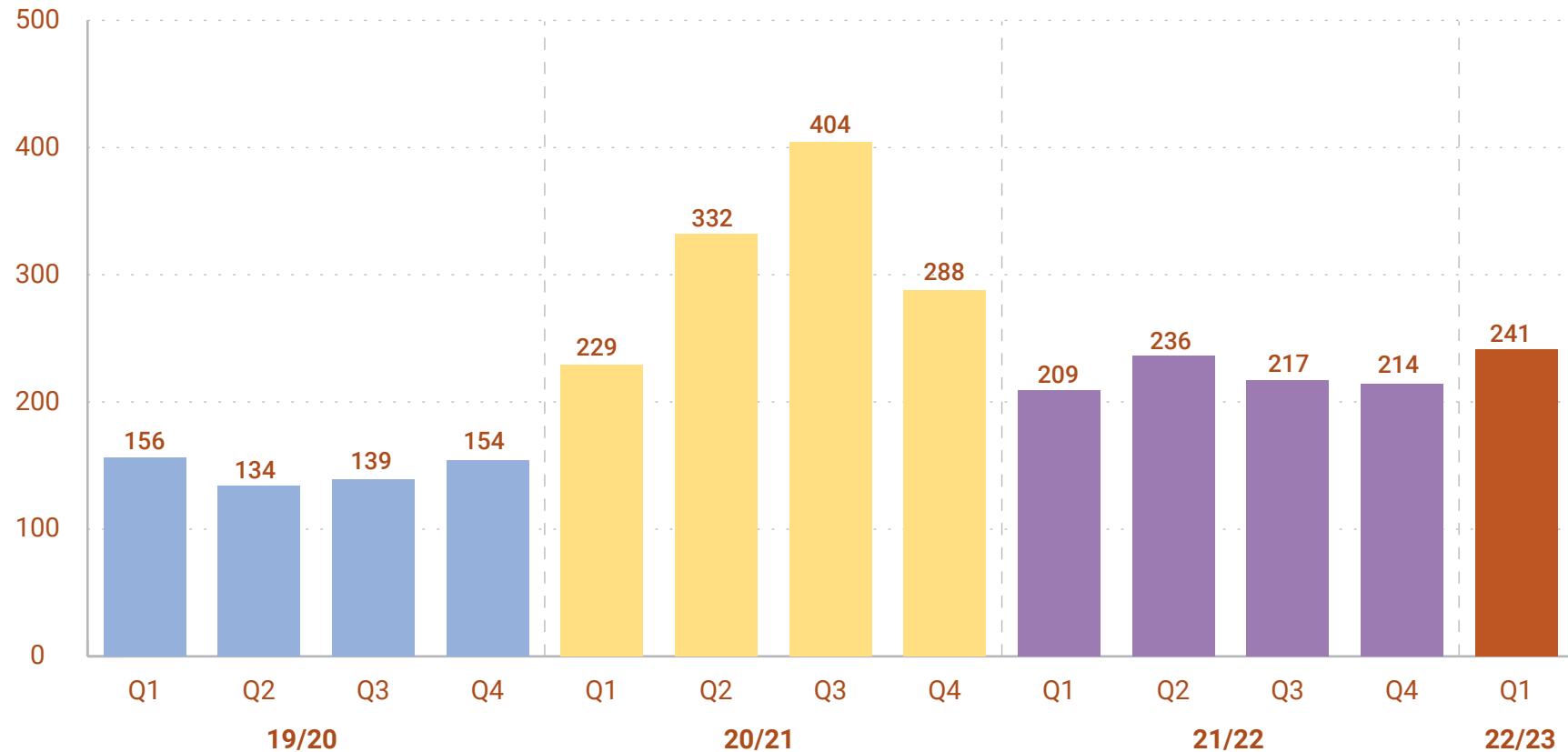
Irrespective of the conclusion of the Federal Government Home Builder Grant, the residential plumbing and drainage activity remains strong.

The data above shows the volume of residential plumbing and drainage

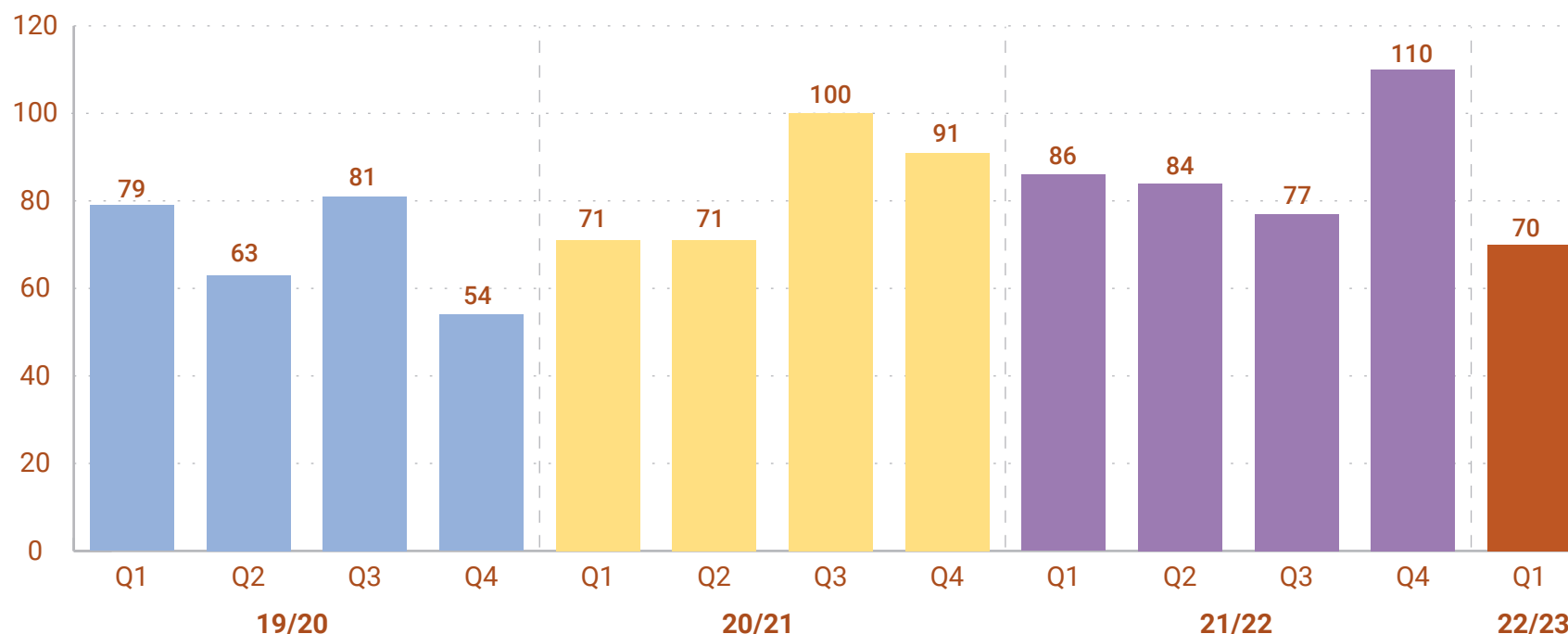
applications lodged. Of note is the 50% average quarterly percent increase in lodgements when comparing the 2019/2020 to the 2021/2022 financial years.

Plumbing and Drainage Data

1. Residential plumbing and drainage applications lodged



2. Commercial plumbing and drainage applications lodged



Demand for Plumbing and Drainage approvals remain solid.

The above data shows lodgement of residential and commercial plumbing and drainage applications from the 2019/2020 financial year to and including quarter 1 of the 2022/2023 financial year.

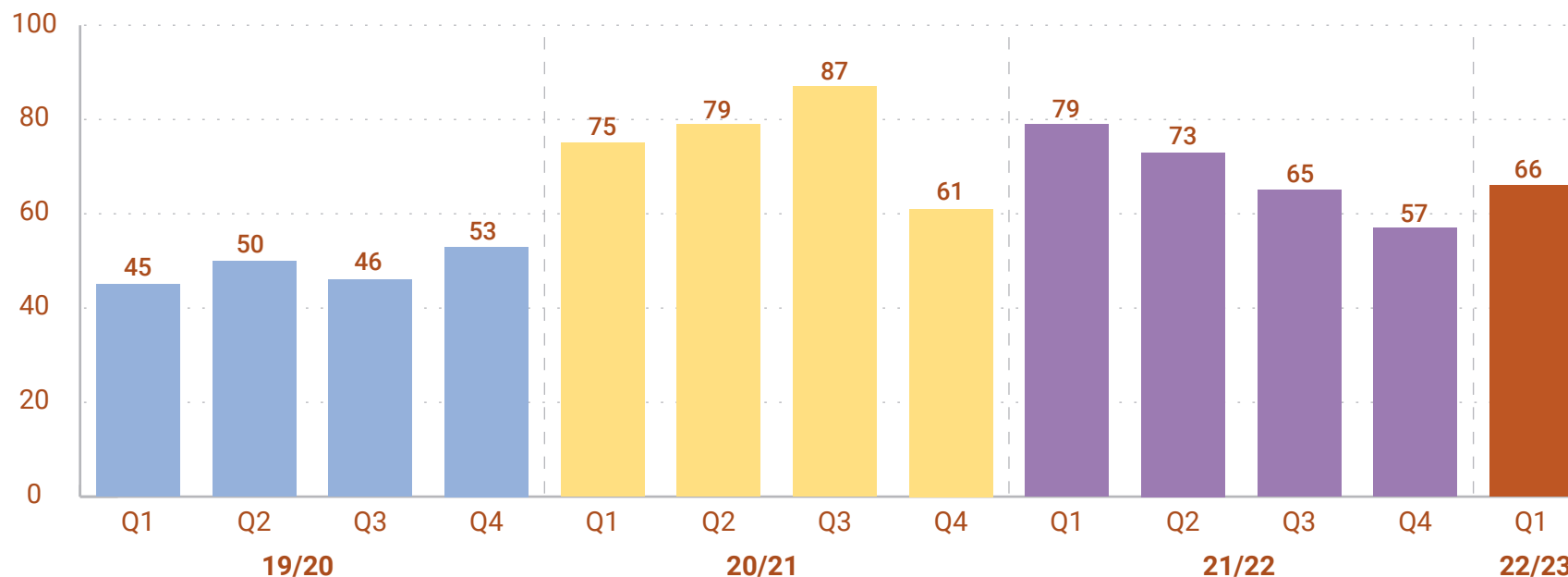
Interesting to note, residential application volumes over the last five quarters, is at a consistent level well in excess of the 2019/2020 financial year. Disregarding the high volumes of applications lodged during the 2020/2021 financial year in response to demand generated by the Federal Government Home Builder stimulus package, the data suggests the demand for residential plumbing and drainage remains firm even in an environment without any form of stimulus.

Data shows an average of 146 applications per quarter in 2019/2020 financial year to an average of 223 applications over the last 5 quarters. This equates to an 52% increase.

Commercial applications lodged show a 29% increase from the 2019/2020 to the 2021/2022 financial year. This shows a sound increase in commercial development activity over the course of the data.

Prelodgement Data

1. Prelodgement Meetings conducted



The data above shows the take-up rate of free Prelodgement meetings which allows external parties to discuss new developments, general guidance, and questions.

Prelodgement meetings are encouraged by council. The meetings serve to ensure applicants are aware of town planning and engineering requirements associated with a proposed development.

Prelodgement meetings have the benefit of assisting applicants to lodge a well-made application which will assist the overall assessment of the development and may reduce assessment timeframes.

The following is a summary of discussions topics:

- 36 Material Change of Use;
- 12 Reconfiguration of a Lot;
- 7 Operational Works; and
- 11 Others.

Assessment Timeframes

1. Development applications legislative assessment timeframes

Planning and Development are inviting applicants to join us in the improvement of the assessment of applications. The goal is to improve the turnaround timeframes of the assessment process.

As an aspirational change, Planning and Development is seeking to have collaborative relationships based on open dialogue and clear expectations. Planning and Development has already embarked on changes to our communication style by wherever feasible, discussing issues with the applicant rather than issuing correspondence and discussing issues as early as possible.

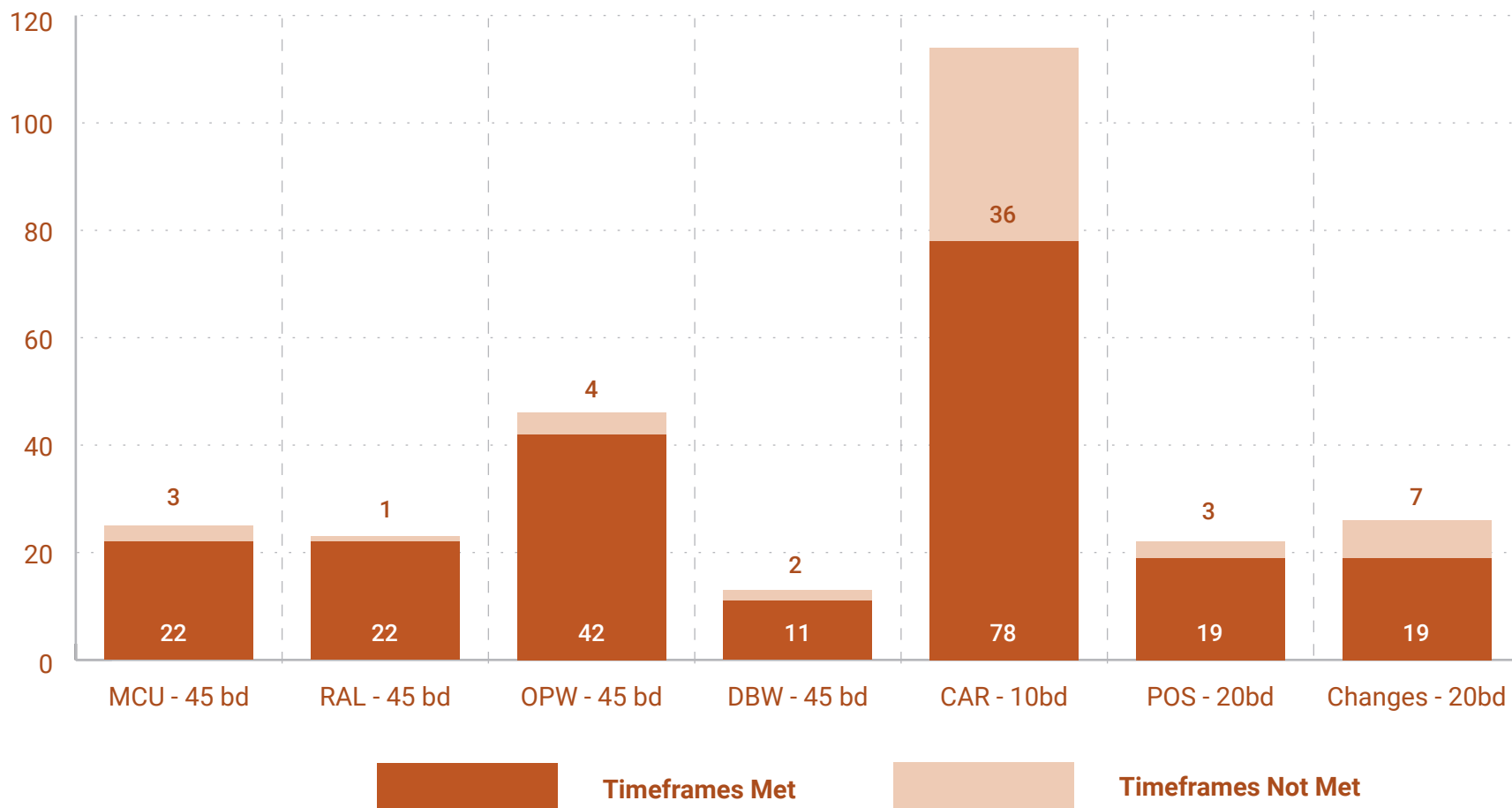
One such example is pre-empting the need to issue a request for further information notice (RFI) by discussing issues with the applicant before the RFI is required. This provides the applicant the earlier opportunity to lodge further information and speed up the assessment of the application.

The offer of free prelodgement meetings are a way of creating a relationship with the applicant, setting expectations in regard to required information, and allowing the opportunity of an open and frank discussion. Importantly, these discussions will assist the applicant to lodge an application that is well made by having all the required information, resulting in reduced assessment timeframes.

The assessment of applications is a partnership between the applicant and Planning and Development, and we are looking forward to enhancing the process with collaboration of the development industry.



LEGISLATIVE TIMEFRAMES - MET OR NOT MET



The previous data represents the number of applications that either have met or have not met the legislative timeframes related to the times taken to reach a decision.

The assessment timeframes are calculated from the date the application is properly made to the date of decision less any periods waiting for responses to formal RFIs, Referral Agent responses and periods of public notification (if applicable). The calculation also takes into consideration agreed extensions to assessment stages and where the applicant has requested the assessment clock be stopped.

Both agreed extensions and stopping of the assessment clock are tools to allow the parties to better respond to receipt of further information and negotiations.

Further analysis of the applications that did not comply with legislative timeframes, reveals a number of root causes for the non-compliance. These are:

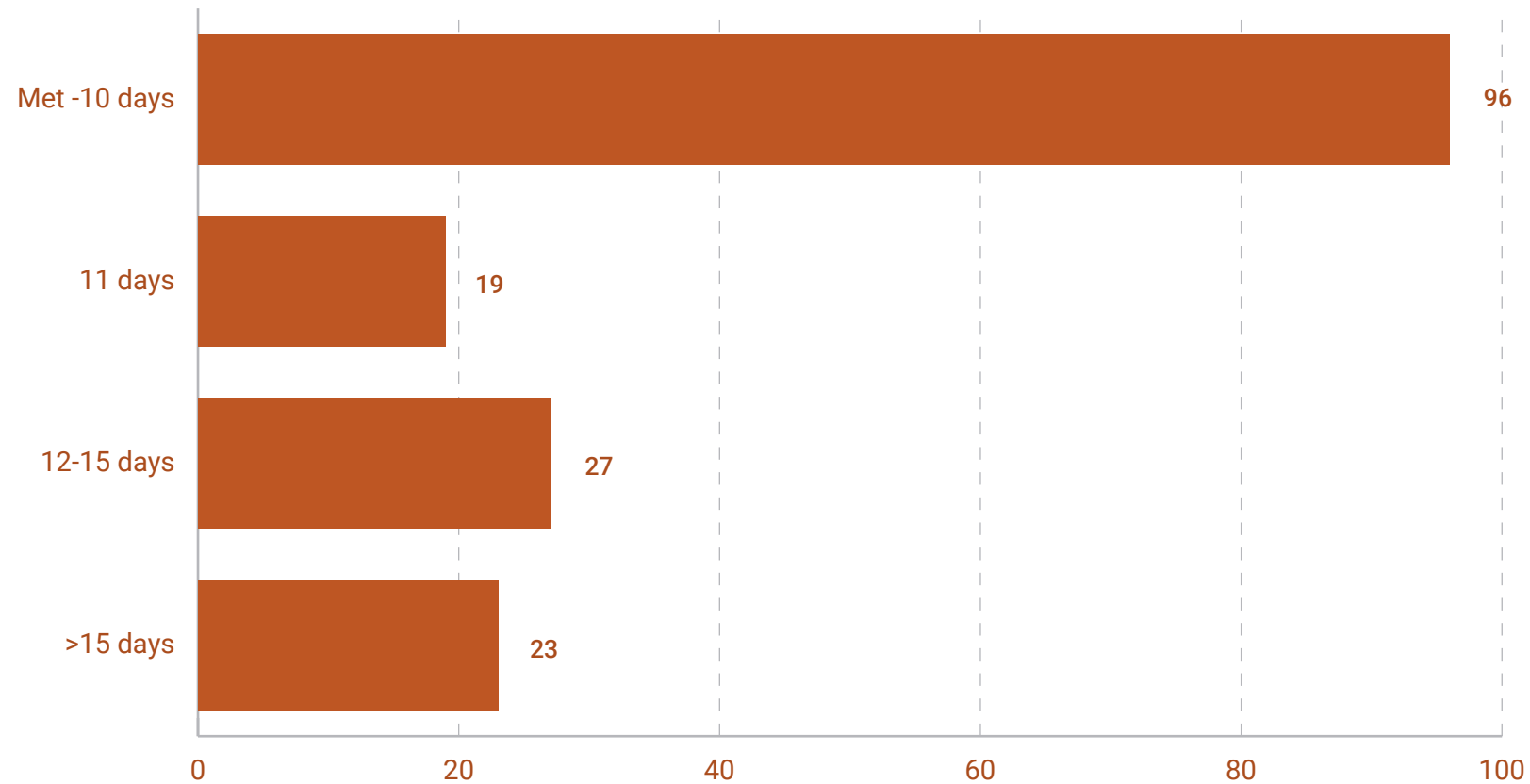
- Negotiations of development approval conditions - In some cases, to achieve an acceptable outcome for both parties, there is a need to have extended conversations in regard to Council's proposed conditions. In these cases, formal extensions to the decision making period may not be sought with negotiations continuing past the legislative decision date. Not only can this provide a better outcome for both parties, negotiating conditions can also lead to reduced incidents of post-approval representations for negotiated decisions.

- Some evidence exists that timeframes are under pressure during the delegated review and approval process particularly in relation to CAR applications. This will be reviewed to seek improvement in the times taken to sign off.
- Due to the CAR application short assessment timeframes of 10 business days, the preparation and issue of a request for further information can reduce further available assessment days. This process will be reviewed in an endeavour to reduce assessment days used at this stage.

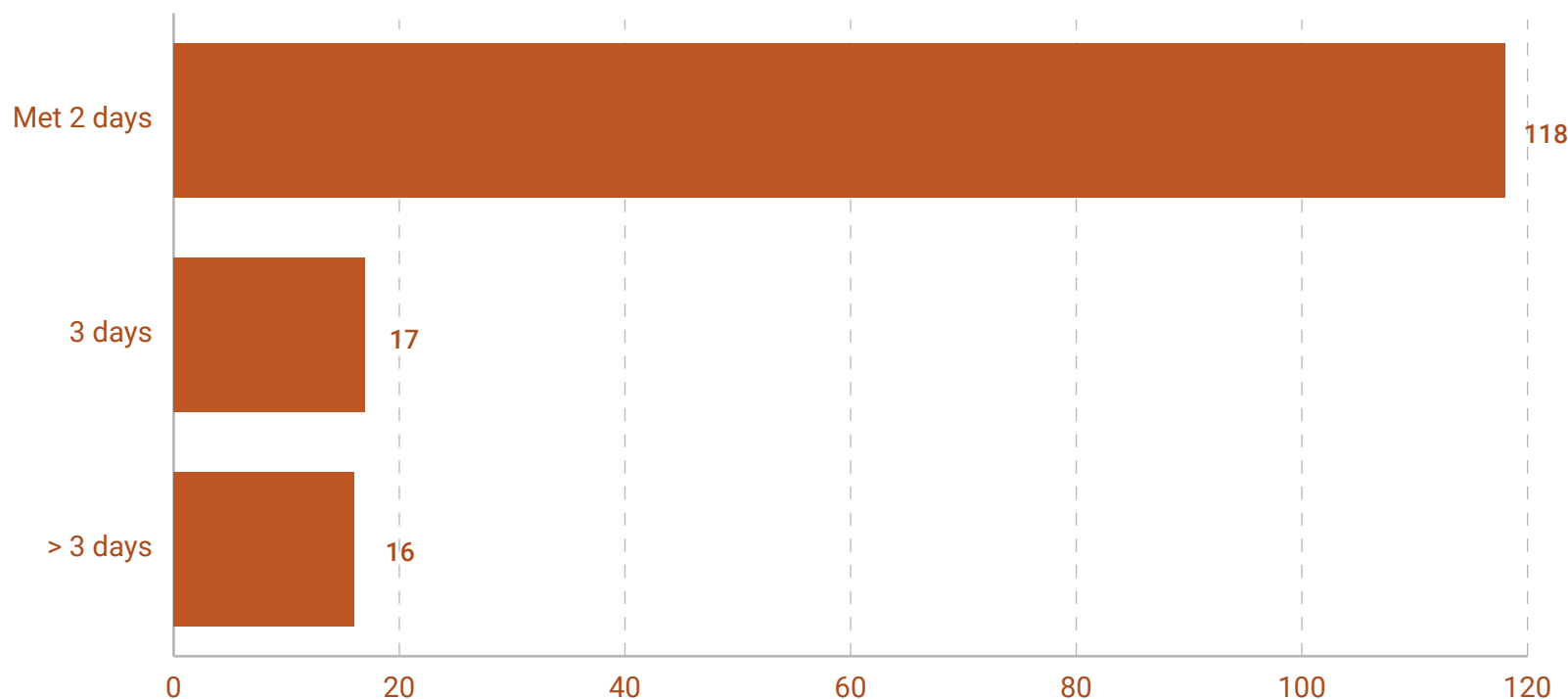
Further investigation will continue to be undertaken to examine all applications that do not meet legislative timeframes. This will provide an understanding of the cause and introduce mitigation actions.

2. Plumbing and Drainage – assessment timeframes

COMMERCIAL AND OTHER RESIDENTIAL - ASSESSMENT DAYS - 10 BUSINESS DAYS



FAST TRACK RESIDENTIAL ASSESSMENT DAYS 2 DAYS



The above data represents the number of plumbing and drainage applications that have met or not met the legislative timeframes. It further shows the differing legislative assessment timeframes for Fast Track residential applications versus other residential and commercial applications.

In terms of the other residential and commercial applications, a total of 58% of the applications met legislative timeframes of 10 business days, however 86% of the applications have been assessed within 15 business days.

In terms of the residential Fast Track applications a total of 78 % met the legislative timeframes of 2 business days, however 89% were processed within 3 business days.

During 2023, Planning and Development will be undertaking a complete review of the internal processes and current systems to ascertain ways of improving the turnaround of plumbing and drainage approvals and in particular commercial approvals.

Notes

Building approval data

State government development information is not required to be given to Council. Therefore, the building approval data only includes a small proportion of State government work, and this should be taken into consideration when analysing the information (i.e. the estimated value of works may not include developments such as works to schools, hospitals or defence). The number of building works for the most recent two months also needs to be used with some caution. While private building certifiers are required to provide the information to Council within five business days of the decision notice being issued, this does not always occur. Data is regularly reviewed for accuracy; however, minor representation errors may still occur.

Value of works data

The estimated value of works needs to be used with some caution. As this is provided at the planning stage of works, this may not accurately reflect the final cost of works.

Assessment timeframes for plan of survey

The assessment days for the release of Plans of Surveys are calculated from the date all required information is received by Council and all conditions of approval have been met.

Concurrence Agency response applications

Concurrence Agency applications in the context of this report represent two areas of assessment. Firstly, where residential development does not comply with the assessment guidelines of the Queensland Development Code (QDC).

The QDC prescribes amenity and design guidelines. These guidelines as an example dictate the sighting and height of structures on the lot. The Local Government Authority has the delegated rights from the State to assess applications where the property owner wishes to gain a relaxation of the codes.

Secondly the QDC prescribes guidelines in relation to structures built over or within the influence of a Council asset such as sewer infrastructure. It allows the Local Government Authority to assess the structure if it poses a risk to the infrastructure.

Glossary

OPW – Operational Work

In the context of day-to-day business, operational works commonly includes infrastructure works associated with development, such as sewerage, water, roads, and stormwater. This may also include excavating or filling, clearing vegetation, road works, and Advertising Devices.

DBW – Development Building Work

Assessment of proposed building works on lots that are located in zones such as Character Residential Zone.

RAL- Reconfiguring A Lot

The subdivision, amalgamation, and realignment/rearrangement of lot boundaries, creating an easement and agreements for Community Titles Scheme (CMS)

MCU - Material Change of Use

Required when commencing a new use on premises, re-establishing a use that has been abandoned or changing the intensity or scale of the use.

POS - Plan of Survey

POS lodgements are associated with the approval of a Plan of Survey. This allows newly created lot/s to be registered and introduced to market for sale.

Properly Made


An application must be properly made to allow assessment to proceed. Legislation prescribes the minimum requirements for an application to be properly made.

PlanRight Applications

PlanRight applications are those identified application types that are assessed by approved external consultants. Once lodged, Council issues the decision notice via an accelerated process.





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Townsville City Council acknowledges the Wulgurukaba of Gurambilbarra and Yunbenun, Bindal, Gugu Badhun and Nywaigi as the Traditional Owners of this land. We pay our respects to their cultures, their ancestors and their Elders, past and present - and all future generations.

Report modified: 7 December 2022