



Improving the Subdivision Process for Residential Land

Policy Background

Most states have suffered from a housing supply shortage due to not enough land being available or “build ready” for those wishing to purchase a new home and build in a new area.

In the last 20 years much of the focus on planning reforms have related to housing approvals and speeding these up with state codes, private building approvals and the like. However, the blockage that now continues to slow down housing supply is access to ‘shovel ready’ land.

Reform in this area has proven more difficult and the process, when combined with rezoning, remains a decade long exercise. In the current regulatory framework it is simply impossible to bring land to market quickly.

This is generally due to the two-step process to ensure land is suitable for residential construction to occur (rezoning) and then the statutory processes to design and approve new allotments and physically construct them with the required utilities and services (subdivision).

Land is firstly designated for urban development. Secondly land is rezoned for a particular density of residential development. Finally, owners and developers who are subdividing their land are required to obtain a number of approvals for the subdivision design, construction and registration of the newly created residential lots.

This process can take anywhere between 2-10 years and underpins the delivery of “shovel ready” land to market. Delays in this process slow down the supply of land for new housing. As land supplies become scarce, housing affordability is negatively affected.

In the context of house prices, land continues to be the greater component of the sale price and is also subject to federal, state and local taxes which further inflate the price.

As land simply cannot be brought to market quickly and affordably based on the existing approval processes, more must be done to allow better and more efficient subdivision processes to be implemented and lots to be brought to market in a more timely manner and reduce holding costs for residential developers.

Relevant Stages of Subdivision

In most states and territories there are 4 stages in the land supply pipeline that relate to the subdivision process:

1. Subdivision Planning Approval
2. Subdivision Works Approval
3. Subdivision Completion Approval
4. Registration of Title

Both Stage 2 and 3 present opportunities for efficiencies to be created, due to the significant technical elements involved in their assessment and the significant level of costs associated with duplication of reports and studies following the rezoning stages.

These decisions are much more straightforward and could be considered for improving the timeliness of the subdivision process.

Policy Issues

- The price of land is a key component of the price of new homes.
- Poor approval processes and inconsistent processes for subdivision of land directly adds to the time and costs associated with the delivery of new 'shovel ready' land to the market place.
- The subdivision process is not nationally consistent and is generally implemented by local government based on state legislation.
- In NSW subdivision works approvals are permitted to be privately certified by accredited engineering and land surveying professionals.
- In Queensland, some councils are permitting subdivision works approvals to be certified by registered engineers.
- In Western Australia, the state government has responsibility for the subdivision planning approval, whilst councils are responsible for the other stages of approval.
- There is no consistent monitoring or public reporting by state or local governments of all stages in the land supply pipeline.

HIA's Policy Position on Improving the Subdivision Process of Residential Land

1. The timely supply of land for new housing is a fundamental element in supporting housing affordability objectives. All Governments should commit to reforms that provide:
 - a) Greater availability of land zoned for residential development;
 - b) A timely subdivision process following the zoning of land for residential development; and
 - c) Efficient administrative and decision making processes around proposals for the design and construction of residential subdivisions.
2. To improve the subdivision processes HIA supports:
 - a) All governments supplying appropriate infrastructure to support land subdivision and the delivery of new housing in both greenfield and infill locations;
 - b) Federal Government funding for state and local governments for urban growth projects (such as major rail and road projects) being tied to improving residential land supplies, including regular reporting of the key stages of the land supply pipeline;
 - c) State and Territory Governments:
 - i. Monitoring and regularly reporting on the number of allotments available at each stage of the subdivision process being:
 - Zoned land residential (prior to subdivision planning approval);
 - Subdivision (Planning) Approval;
 - Subdivision Works (Operational) Approval;
 - Subdivision Completion Approval;
 - Registration of Title.
 - ii. Liaising with local governments and industry to ensure the reported allotments are actually being delivered at each stage of the process.

3. HIA also supports:
 - a) Consistent and efficient rezoning of land for residential purposes. If land is zoned for urban growth and is being further zoned to allow for residential subdivision, the process should be straightforward.
 - b) The timely preparation of sub-regional, district and local structure plans, where required, so that new subdivision applications can easily and quickly be assessed against these overarching plans.
 - c) Implementation of separate streams for subdivision applications – weighting the assessment of larger subdivisions with greater resources as they contribute to the growth of our cities.
 - d) Decisions on applications for every stage of the subdivision process being made within statutory timeframes as set out in relevant regulatory frameworks. Statutory timeframes should be enforceable for all parties to an application process and have appropriate repercussions for non-compliance.
 - e) Consideration of public submissions and referral comments only for responses received during the statutory timeframes. Where comments have not been provided to the assessment body within the required statutory timeframes for the subdivision application, the assessment body should proceed to determine the application without that advice.
 - f) Any relevant studies, reports and decisions made during the rezoning of land should be relied upon during the subdivision application stage with no requirement for further studies or updated studies in relation to matters that have already been assessed and zoning granted.
 - g) Making decisions under delegation once the land has been rezoned for residential development. Subdivision approvals should be dealt with as a technical assessment.
 - h) Ensuring flexibility in the subdivision design process so that housing lots can be easily altered to be delivered in line with market expectations.
4. HIA supports governments implementing private certification processes in subdivision for:
 - a) Certifying technical compliance of subdivision design plans, particularly where there are clear technical or objective rules on a matter.
 - b) Overseeing and advising on construction compliance against approved design plans and relevant conditions e.g. engineering drawings and gathering of relevant state government agency referrals and approvals by infrastructure providers.
5. HIA also supports implementing processes to support private certification of subdivision. This includes:
 - a) Establishing an appropriate framework for management of engineering, planning and environmental professionals that require accreditation to undertake work via a relevant state body and an appropriate appeal mechanism so that any consultant not acceptable to a council could appeal that decision to either the State Planning Minister or the relevant Planning Appeals Tribunal.

ATTACHMENT

THE LAND SUPPLY PIPELINE & APPROVAL STAGES	
Designated for urban development	State planning agency has prepared a strategy document (of any type) that designates an area for future urban development. Provides a statutory mechanism to assist strategic planning, the coordination of major infrastructure and sets aside areas for regional open space and other community purposes. Usually covers more than 1 LGA. Detailed studies and designs may or may not have been completed. The land remains zoned <i>rural, rural residential, future urban, or the like</i> .
Zoned for Urban Development	State and/or Local Government approval has been given to zone the land residential. Local planning schemes set out the way land is to be used and developed, classify areas for land use and include provisions to coordinate infrastructure and development in a locality.
Subdivision Planning Approval (Stage 1)	Development (planning) approval issued by council or state planning authority for the concept subdivision design plans. Approval issued with conditions.
Subdivision Works Approval (Stage 2)	Approval of detailed engineering (civil) design by council or state authority (or private certifier in NSW) to allow subdivision works to commence construction. Clearances (approvals) from relevant utilities granted and relevant conditions of planning approval met.
Subdivision Completion Approval (Stage 3)	Subdivision works (construction) completed; services completed (installed or bonded) and local authority (State, council or private certifier) approves final plan of subdivision and relevant conditions of planning approval met. The final plan of subdivision will be lodged with state authority.
Registration of Title (Stage 4)	The final plan of subdivision is registered by the relevant state authority (land titles agency) who creates legal titles for all newly constructed allotments.
Lots sold to market	Sale transactions/ changes in ownership. Transfer of title registered by State land titles agency