

# MAJOR PROJECTS HOUSING DEMAND & LEVY POLICY

## SCOPE

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The Policy applies to all new major projects with a capital value in excess of \$50M that establish in the Banana Shire.

## LEGISLATION

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*Local Government Act 2009*

## OBJECTIVE

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To ensure that major projects contribute to meeting the permanent residential housing demand generated by their activity in a way that does not unduly disrupt the Shire's housing market supply or value.

## DEFINITIONS

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Capital value	The value of all costs necessary to establish a project to the point of commencement of operations. This includes purchase/leasing of land, design and construction of buildings, structures, associated infrastructure and fixed or mobile plant and equipment, but excludes GST.
Council	Banana Shire Council.
GST	Goods and Services Tax as defined in the <i>A New Tax System (Goods and Services Tax) Act 1999 (Cwlth)</i> .
Major projects	A private-sector funded project, in whole or in part, for renewable energy generation or electricity storage that contributes significantly to economic growth or activity, innovation and/or employment and upskilling and involves a multi-phase approval process across more than two jurisdictions.
Permanent residential housing	Accommodation for workers that hold full-time permanent employment and reside permanently in the Banana Shire area.
Urban location	A settlement that includes areas designated in the General Residential Zone or included in the Township Zone as defined in the Banana Shire Council Planning Scheme 2021, where there are developed vacant lots available for sale.

## POLICY

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### Overview

Banana Shire is experiencing significant increase in major project investment as renewable energy generation and/or electricity storage investors exploit the locational advantages available in the Shire. Based on information available, it is anticipated this investment cycle will continue for a minimum of five to ten years.

This increase in capital investment can create an unexpected increase in demand for residential housing, both short and long term. Existing short-term accommodation supply in Banana Shire has a limited ability to meet the anticipated increase in demand driven by investment in the sector. This forces temporary workforces to compete for permanent residential housing, creating additional demand on limited supply and adding to the housing crisis.

The Principal Contractors contract agreement for each project needs to include a requirement that the contractor is responsible to book accommodation for entire construction workforce (includes sub-contractors). Major project developers engage in advance with Council and local accommodation providers and commit to bookings (12 months prior to anticipated construction start date). This will help local accommodation providers and developers plan strategies to meet short-term demand. The development of a centralised temporary workforce accommodation booking model would allow major project developers opportunity to plan their demand to minimise impact on demand for short-term accommodation.

The risk in the long term is that an immediate response to the increase in demand for residential housing sees investors chasing opportunity in the short-term by increasing supply while creating a long-term over-supply as demand ebbs after the investment peak, creating a volatile market. Prices increase initially but collapse because of the oversupply, often leaving investors with empty houses that are worth less than their mortgaged value.

It is critical that Council engage with major project developers to implement a solution that provides a positive response that maintains stability in the residential housing supply and value.

### Response

Council requires that all major projects with a capital value in excess of \$50M that establish in the Banana Shire contribute to the responsible management of short-term housing demand and long-term housing supply.

Major project investment includes an allocation equivalent to 0.7% of the total capital value of the project or \$650,000, whichever is the greater, towards the cost of providing permanent housing in the nearest urban location to the project site. Funds are to be released on the first day of the project's construction, including any external infrastructure works.

The supplied housing remains the property of the major project developer for supply or sale to their operational workforce to attract full-time employees to relocate to the Shire or alternatively made available for sale to the public, with priority given to service workers living in or attracted to the Shire; i.e., those employed in the health, education, retail or community services sector.

Council will lobby the State Government to have this policy adopted as a State-wide requirement for major projects.

## PROCEDURE

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Procedures as approved and issued by the Chief Executive Officer, and subject to further revision, amendment and issue under the authority of the Chief Executive Officer.

## CERTIFICATION

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**CHIEF EXECUTIVE OFFICER**  
**BANANA SHIRE COUNCIL**

28/11/2023

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**DATE**