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Incentives for innovative sustainable development through statutory planning and development regulation in a subtropical climate

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centre for
subtropical design

Response to

Brisbane City Council's

Sustainable Development Incentives Policy DRAFT

Quantifying and rewarding new sustainable multi-unit residential and
office development in Brisbane

Prepared by
The Centre for Subtropical Design
14 July 2006

Introduction

This document comments on the approach to providing incentives for sustainable development described by the Sustainable Development Incentives Policy Draft May 2006.

Our overall response is that, as a strategy for achieving projects that achieve better buildings than current practice produces, providing incentives is a welcome focus. The advent of the draft policy itself was accompanied by a wave of optimism amongst 'green building' enthusiasts and may yet prove to be an antidote to institutional and investor resistance to environmentally responsible development. However, we are less convinced that allocation and quantification of points for various elements is the best way to achieve sustainability.

The primary motivation to use incentives must be to stimulate outcomes which appropriately address local conditions and simultaneously engage with environmental practices. Sustainable development of the built environment is inextricably linked to the local/regional context. As a location's most endemic factor, climate provides a legitimate starting point in the endeavour to achieve environmental sustainability. Therefore in any discussion of incentives to encourage innovative sustainable development the prevailing climatic conditions of a locality are an essential consideration. Subtropical design **is** sustainable design in South East Queensland. This point is extremely diluted in the format of the draft policy and needs to be addressed.

We draw the Sustainability Team's attention to a report prepared for Brisbane City Council by the Centre for Subtropical Design dated June 2004 entitled *Incentives for Innovative Sustainable Development through Statutory Planning and Development Regulation in a Subtropical Climate* which provides most of the background for the comments in this response.

The Centre's 2004 report canvassed a range of incentives, but direct cash payment was not one of them. It is assumed that by offering direct financial incentives, rather than other types of incentives, the Council aims at offsetting perceived investor resistance to the 'cost' of sustainable development. Though it is becoming recognised that the upfront costs of sustainable development and construction may be higher, the gains to be made in the long term of adopting a 'business-not-as-usual' approach can be high. However, as developers are not 'in it' for the long term and usually on-sell as early as possible, the cash reward is aimed directly at them. This approach should be very short-lived if adopted at all, and should be replaced by incentives aimed at achieving much higher-level sustainable development goals.

The 2004 report identified six key requirements for an effective incentives program:

1. Ground rules for incentives need to be clear
2. Implementation need to be consistent, and to be seen to be consistent
3. Incentives need to be clearly dependent on the delivery of demonstrated sustainability outcomes
4. A review or post occupancy evaluation system need to be implemented as an integral part of any incentives program
5. The incentives program should include a sunset clause, after which certain sustainable development standards should be seen as mandatory rather than innovative
6. High level negotiation skills will be required for the effective administration of any incentives program

The Draft Policy is discussed in terms of these requirements in this submission.

Comments

1 Ground rules

- Office component is clearly linked to an accepted rating scheme which gives clear goals.
- Multi-residential component is less successful here. It is based on the fifteen sustainability principles developed by Council. However, the translation of these principles to strategies, or intents is inconsistent, and points are painfully offered for some almost capricious inclusions.
- Not all inclusions complement each other – so in the quest for maximum points that can be verified by checklist, developers may negate the positive effects of one element by using another inappropriately. For example, under the misnamed *Design for Subtropical Place* the intention “to provide cross ventilation to improve comfort and cooling” may be compromised by the design of insect screens, which are known to reduce air flow and deflect through breezes.
- Does not define how benchmarks for energy consumption, water consumption, greenhouse gas emissions and so on will be objectively measured.

2 Consistent implementation

- Seeks to appeal to developers seeking market differentiation, and may ease some of the pressure surrounding the ‘high cost’ of sustainable development.
- The policy is not mandatory for office, multi-residential or mixed-use developments, so uneven development standards may result.
- Eligibility is arbitrary. How are those developments which are ‘setting very high benchmarks’ identified?
- Benchmarks – how are they set? How is performance measured against benchmarks?
- Surprisingly the incentive is offered as a cash payment to developments meeting random combinations of various criteria.

3 Demonstrated Sustainability Outcomes

Incentives need to be offered for much higher level approaches rather than as a selection/collection of points for inclusions to be verified by checklist.

The preoccupation with relatively minor technical details or components in the quest for offering flexibility to developers may cloud the real issues regarding sustainable development. The incentive program as it stands may reward good quality design and construction, but may not hit any real sustainability targets.

There seems to be a **missed opportunity** to integrate incentives with strategies to achieve Council’s goals in relation to the SEQ Regional Plan.

If incentives were to be applied in Council’s desired development areas which will be identified in its Local Growth Management Strategy, making it much easier for developers to build high-performance buildings in the right places such as the Centres, Activity Corridors, and Transit

Oriented Developments, their application would be linked to strategies to achieve the SEQ Regional Plan's vision of more compact, sustainable urban development.

Rather than a set of potentially mediocre actions – incentives should be aimed at encouraging big ideas and achieving major outcomes for example:

- Deliver a 100-year building, rather than a 40-year building.
- Development that significantly adds to the compact densification of urban areas, for example, incentives could guide large employers to build within desired development areas as these can have a significant impact on long term growth patterns in the form of both within their specific project and in the surrounding area, as new residences, commercial and retail services and other related businesses follow. Development outcomes would be characterised by reduction in private car dependency, sharing of infrastructure, co-generation of power and water supply and so on.
- Developments that demonstrate exceptional new benchmarks for energy consumption and greenhouse gas emissions, water consumption etc. or which actually become energy/water positive.
- Developments that reduce the local 'heat island effect' by utilising hybrid passive/active heating cooling and ventilation systems to reduce air-conditioning use
- Developments that significantly reduce water consumption from municipal supply by using water harvesting and water conserving technology and sharing water with public facilities such as urban parklands.

4 Post Occupancy Evaluation

- Checking and certifying at post-occupation stage is flagged, yet the payment of incentive is intended to be made when the project is ready for occupancy.
- Does this mean that if the project fails to meet requirements at the post-occupation stage, the applicant must reimburse all incentive funding?
- For the principle *Inform the End Owner and User* - A Building User Guide should be an essential element.

5 When innovative standards become mainstream

What encouragement is there for developers to exceed sustainability guidelines?

- A time limit or trial period on the availability of incentives is recommended to allow for review and reflection followed by introduction of a refined model – based on the expectation that developers will find loopholes that only become apparent in retrospect.
- Also be prepared to review and revise the program if unintended **impacts** appear through developers conforming to the letter, but not the spirit of sustainable development.

Alternative incentives which could be considered rather than large sums of cash are suggested in the Centre's 2004 Report including :

- 100% 'Feebate' on the current charges for DA, and purchasers of residential developments which fall into the 'excellent performance' category will also receive an incentive in the form of a rebate (or %) on the first year's rates;
- Site-specific development incentives such as greater height in return for reduced car parking and zero parking in developed near retail and transport.
- Public investment in streets or streetscape improvements.

6 Administration of incentives program

- Fraught with pitfalls
- Expertise required for assessing and certifying applications at each stage is a potential pitfall. Presupposes considerable knowledge on the part of the assessors/planners? Serious implications to be considered such as minimum 2700mm ceilings – this may actually mean a greater volume of space to heat or cool, also has implications in areas where height restrictions apply.
- Complexities between different legislation, guidelines, grant programs and incentives available from different levels of government.

Concluding remarks

The intention to provide incentives for sustainable development is worth pursuing. However the method proposed may not produce the desired outcomes. As Australia's largest local authority, in the nation's fastest growing region, Brisbane City Council is ideally placed to become the leading Council in implementing systems to encourage innovative sustainable urban development, and should take advantage of this opportunity.

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14 July 2006.

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O'Hare D, Bajracharya B, Miller A, Kennedy R (2004) *Incentives for Innovative Sustainable Development through Statutory Planning and Development Regulation in a Subtropical Climate*. Centre for Subtropical Design. July.



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