

POSITION STATEMENT

URBAN DENSITY



Context

Achieving higher residential density is a significant issue in strategic land use planning across Australia. The prevailing paradigm of metropolitan planning strategies is to promote urban consolidation to produce a more compact city form and to concentrate development that is well located for public transport and services within existing urban footprints. The gains are reduced energy consumption and greenhouse gas emissions through smaller house sizes and reduced car travel, enhanced liveability and urban amenity.

The objectives are understood and supported by the development industry. Quality outcomes for higher density residential development will be achieved where there is the right mix of well designed housing catering for a diversity of households and where there is access to public open spaces and good local amenity so that higher density living becomes a lifestyle choice for a wide variety of households. The public acceptability of density increases will likely be linked to the availability of high quality public realm and an evidence base of good design.

Achieving increased urban density

A more compact urban form will be challenging to deliver and there are a number of fundamental barriers that can only be overcome by leadership and a whole-of-government response. The provision of higher density in infill areas identified in *Directions 2031 and Beyond* relies on cross agency planning and cooperation to develop strategies to successfully deliver the energy, water, waste water and transport infrastructure required to support higher densities and to manage growth. The government must also consider planning incentives such as density bonuses for the delivery of affordable infill developments and tax incentives to encourage the development industry to undertake urban infill projects. Achieving higher urban densities in greenfield areas is impacted by the pressure on urban zoned land for non-residential uses and is a critical consideration for establishing the amount of urban land required for future growth.

The lack of a government infrastructure investment plan, combined with a lack of analysis of the impact of infrastructure investment in both infill and greenfield developments, has resulted in underinvestment in infrastructure. *Directions 2031 and Beyond* details potential capital works projects to support current planned projects, however there is no analysis to determine future growth areas and no financial commitment from Treasury or from the infrastructure providers themselves to support this growth. The Infrastructure Coordinating Committee of the Western Australian Planning Commission must take control and be accountable for the provision of infrastructure to support higher densities.

The cost to retrofit infrastructure to cope with increased density in infill areas is prohibitive. The existing waste water treatment plants in Perth are at capacity with no physical space for additional buffers. The Water Corporation has expressed concern that there are pinchpoints in the pipes for water and waste water reticulation that cannot cope with increased demand from higher density living. The existing power provision of 2 -3 kVA per household was designed in the 1960's and does not meet demand for higher household power consumption of 5 kVA or higher. The lack of a funded transport plan which includes light rail, heavy rail, rapid transit buses, freight and passenger transport routes is impacting on effective urban development planning and the objective of a more compact urban form for Perth will remain elusive in the absence of suitable infrastructure to support this outcome. Treasury should undertake a cost-benefit analysis of *Directions 2031* in order that the State's capital investment program for service infrastructure be set against timeframes and priorities and that these support the framework to deliver the stated targets.

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Medium and high density developments have proven to be more expensive, and are higher risk, than low density greenfield development which makes the delivery of affordable infill housing difficult. The construction costs in Table 1 are conservative however the data show that construction costs per square metre escalate rapidly with distance from the ground. Whilst the land area per dwelling is less in infill areas the raw land cost is significantly higher due to the proximity to desired levels of amenity such as the CBD, transport, the river and coast or entertainment areas.

Table 1: Comparison of Construction Costs of Single and Multi-Storey Dwellings

Type of Dwelling	Construction Cost	Price per m2	Dwelling size
Single Storey	\$ 250,000	\$ 800	313 m2
Double Storey	\$ 250,000	\$ 1,200	208 m2
3 Storey Walk up	\$ 250,000	\$ 2,600	96 m2
10 Storey Apartments	\$ 250,000	\$ 4,000	63 m2
Over 10 Storey Apartments	\$ 250,000	\$ 6,000	42 m2

Source: UDIA

The government is reluctant to take on debt and relies on new home purchasers to carry the burden of infrastructure costs, however it is incumbent on the government to develop a more equitable approach to infrastructure funding.

The government should consider tax incentives for purchasers such as reducing or removing the stamp duty payable for 'off the plan' medium and high density development where stamp duty is paid on the land and building as opposed to house and land packages where stamp duty is payable only for the land component. Other forms of incentives are density bonuses which may render projects more viable and reduce risk. Government policies across a range of agencies should be aligned to support *Directions 2031* and any disincentives or barriers to more compact development be removed.

Government policy framework

The spatial framework for Perth and Peel, laid out in *Directions 2031 and Beyond* (August 2010), promotes a more dense urban form offering greater diversity in housing and is designed to accommodate a population of 3.5 million by 2050. *Directions 2031* sets a target of 47% or 154,000 of the 328,000 dwellings as infill development. This is an ambitious target given the current infill rate of 30%-35% and will be difficult to achieve in the absence of identified strategies to facilitate higher density development. *Directions 2031* is not a statutory plan and more detailed policies and programs will be required at the local level in order to meet the infill targets.

The focus for future infill falls in the central metropolitan sub-region which is expected to deliver an additional 121,000 dwellings in inner and middle ring areas by 2031. The sub-regional strategy is silent on energy provision to support more intense development and fails to demonstrate how the barriers of fragmented land ownership or community resistance will be addressed. Development Assessment Panels (DAPs) are expected to bring improved outcomes however as their interest relates only to development applications it is possible that local

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authorities which are not supportive of density in particular locations will still have the opportunity to stymie the rezoning and subdivision process.

There is an opportunity for the proposed Metropolitan Redevelopment Authority, through collaboration, to identify and take control of key locations which have the potential for redevelopment and intensification.

In greenfield areas *Directions 2031* applies a density of 15 dwelling units per zoned hectare to forecast urban land supply requirements. There is increasing pressures on urban zoned land for non-residential uses that are beyond the control of industry which makes the target highly aspirational and difficult to achieve. The application of too high a density target will grossly underestimate the amount of urban land required for future growth. *Directions 2031* and the sub-regional structure plan appear to be firmly based on the eventuation of this single development scenario however if 15 dwelling units per zoned hectare is not realised the result will be a land supply shortage. Industry needs greater clarity about how the density target will be applied and how it will be imposed.

The residential density codes detailed in *State Planning Policy 3.1 – Residential Design Codes* are used to control residential development in Western Australia and recent changes to the codes in the form of the Multi-Unit Housing Code (MUHC), should encourage greater housing diversity, affordability and flexibility. The new provisions respond to contemporary planning needs through the use of performance criteria to assess multiple dwellings in areas of R-30 and over. The MUHC is expected to have a positive impact on housing affordability by facilitating the development of smaller dwelling units in a multiple dwelling development and provide greater diversity of housing. This responds to the housing needs of a growing proportion of the population, provides for improved affordability and will support development in activity centres and mixed use zones which are targeted for higher density development.

The design and assessment of structure plans and subdivision for large urban infill sites are guided by *Liveable Neighbourhoods Community Design Code* which seeks to achieve density targets and lot diversity particularly around activity centres and public transport nodes. It is critical that local planning policies are consistent with state policies and priorities in order that the density targets of the metropolitan planning framework can be achieved.

UDIA policy position

It is the policy of UDIA to:

- Advocate for a whole-of-government approach to achieve the densities identified in *Directions 2031 and Beyond*;
- Advocate for a State Infrastructure Plan supported by a State Infrastructure Investment Plan to support the infill targets identified in *Directions 2031 and Beyond*;
- Advocate for the release of the State Transport Plan to identify opportunities for infill development based on public transport nodes and transport infrastructure;
- Advocate for Treasury to undertake a cost-benefit analysis of *Directions 2031* in order that the State's capital investment program for service infrastructure be set against timeframes and priorities to support infill targets;
- Advocate for the WAPC through the Infrastructure Coordinating Committee to take control and be accountable for the provision of infrastructure to support higher densities;

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- Support the metropolitan redevelopment authority model with the legislative power to implement the necessary planning and development projects required to deliver high density development in appropriate locations;
- Advocate for state and local planning policies to be aligned to eliminate conflict between policies that stand in the way of achieving higher densities in appropriate locations;
- Support the introduction of Development Assessment Panels to deliver improved outcomes for higher density development;
- Support planning incentives such as density bonuses for the delivery of affordable infill housing.

This Position Statement articulates UDIA's current policy position and supersedes any other UDIA policy statement.

Committee Review	Endorsed by Council	Policy Review
	July 2011	