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Directions 2031 Public Submission
Western Australian Planning Commission
469 Wellington Street
Perth WA 6000

By email: corporate@planning.wa.gov.au

To whom it may concern

Directions 2031 Draft Spatial Framework for Perth and Peel

The Urban Development Institute of Australia (WA Division) is the key representative body of the land development industry in Western Australia. UDIA is engaged with the Department of Planning (DP) in progressing development of *Directions 2031* and this document provides written feedback on key points previously raised in discussion with DP.

In general, UDIA supports the intent of *Directions 2031* and is pleased that WAPC has attempted to develop a spatial framework for Perth and Peel. UDIA is also ready to support the introduction of the Urban Development Program (UDP) which will be used to inform and update land supply data through the Urban Growth Monitor. However, we question a number of the assumptions and conclusions *Directions 2031* draws, particularly in relation to population data, achievable densities and the quantum of urban zoned land required in the Perth metropolitan region. The need for performance based assessment in areas that could accommodate rural to urban rezoning is also addressed in this submission and forms part of ongoing discussion with DP.

Population projections

UDIA is of the opinion that the population projections presented in *Directions 2031* are underestimated and consequently the number of projected dwelling units falls short of what will actually be required. This has implications for the amount of urban zoned required to accommodate future development.

There appear to be discrepancies between the forecasts in *Western Australia Tomorrow* (WAPC 2005) which provides population projections for WA's planning regions 2004 to 2031 and local government areas 2004 to 2021 with those developed independently by local governments or other government agencies. For example, it is possible to find three different projections for the Peel Region in the year 2031:

- 158,400 (*WA Tomorrow*, WAPC)
- 188,400 (Department of Local Government and Regional Development)
- 133,000 (*Directions 2031*, WAPC)

Directions 2031 must more closely define population projections and where there are variations, identify the reason(s) for the variation. UDIA anticipates that population growth projections and dwelling units over 5 year timeframes will be articulated in the Urban Growth Monitor; we strongly support continuous monitoring and review of the projections over the life of the framework to ensure they reflect conditions current at the time. This will allow industry to be responsive to changes in the market and to adjust their development programs accordingly.

Dwelling requirements

Dwelling requirements also differ between agencies and appear to be underestimated. DP dwelling forecasts should be updated in line with population forecasts and a sound methodology established to facilitate this happening at regular intervals of time.

Adequacy of future land supply required for Perth and Peel

A critical issue for UDIA is the underestimation of future urban land requirements proposed in *Directions 2031*. The methodology *Directions 2031* has used to calculate urban land is unacceptable and must be reviewed. The document requires a significantly finer level of analysis particularly in relation to it informing sub-regional structure plans.

It is industry's view that at least 30 years' zoned land supply and a 50 year time horizon is required to preclude the possibility of another land supply crisis as occurred in 2006. The fact that the recent land supply crisis came just ten years after Metroplan allowed for 33,000ha of urban zoned land is instructive and highlights how the amount of land available for development is diminished significantly by a range of impacts including environmental constraints, public open space requirements, road buffers, schools, community facilities, employment areas and shopping centres. Some zoned urban land will not be developed in the short to medium term due to developer intentions, infrastructure limitations, local objections and other constraints.

Decreasing yields due to the increased demands of approval authorities, such as the Federal Department of Environment Water Heritage and the Arts (DEWHA) under the EPBC Act should also be factored into future requirements. Delays in securing environmental approvals from the State and Federal government for the Rockingham waste water treatment plant are holding up rezoning for 3,000 lots in one of Perth's growth corridors and is a current example of development targets can be stymied by factors beyond the control of DP.

Speculation and vacant residential properties also impact on the market's ability to meet demand for land and housing although developers tried to address this issue during the last boom by requiring dwelling construction within two years. If there is insufficient appropriately zoned land capable of being developed in the short term in response to the cyclical nature of the market, the risk of a land supply shortage increases significantly. The vulnerability of the market and the rapid changes that can occur within it are highlighted in the following case study.

Gorgon fuelled Super Boom

There is concern that the advent of Gorgon and the other major works in the North West could trigger a super boom with the Chamber of Commerce and Industry predicting a 6% growth rate for WA by 2010/11. The following illustrates the vulnerability of land supply to a sudden hike in demand.

Land Supply Shortage 2006/07

In the months preceding the 2006/07 land supply shortage UDIA's Urban Development Index reported 2,615 land sales in the March 2006 quarter.

In June 2006 Perth had the lowest number of lots on the market (337) for over a decade and 1,715 lots sold that quarter. Twelve months prior (June 2005) Perth had 2,266 lots on the market and production in the 12 months to June 2007 (as forecast in June 2006) was 5,778 lots.

The figures show how quickly demand can outstrip supply and developers are simply not able to get lots on the ground quickly enough.

In June 2009, with the approval of Gorgon looming Perth has:

- 1,725 lots on the market (on the way down) from high point in May 2008 (2,212 lots on market)
- 3,065 lots under construction for release in next 12 months. This level of construction activity is significantly lower than previous years)
- 1,757 lots sold which is comparable to June 2006

In the current financial climate access to capital is limited which is delaying new projects and subsequent stages of established projects. There is latent demand in the middle (upgrader) market which has been dormant for some time. Access to civil contractors is likely to contract with a mining/oil/gas fueled boom and this will have a severe negative impact on the market's ability to produce sufficient number of lots to meet an increase in demand.

The market and consumers are better served by having more rather than less urban zoned land available for development. A larger amount of urban zoned land supports affordability and reduces the potential of a land supply shortage and rapid price increases when there is a sudden spike in demand. The geographic spread of the metropolitan region is immaterial; the critical factor is how well it functions in relation to affordability, access to jobs and services, travel times and costs, and protection of key environmental assets. In addition, a larger amount of urban zoned land provides developers with the security and certainty they need to invest and to demonstrate the suitability of land for development. The focus should be on developing performance criteria which can support the identification and zoning of sufficient land to accommodate future growth. UDIA and DP are collaborating on developing performance criteria for this purpose.

It is UDIA's view that the 18,600ha of zoned land currently available to develop is inadequate and offers no buffer to the threat of a land supply crisis should demand increase suddenly, particularly in the context of an approvals process that has not yet substantially improved. Land supply is best served by allowing flexibility in the zoning of urban land to accommodate uncertainties in infill yields and gross densities.

The following graph illustrates how housing needs would exceed zoned land relatively quickly and at densities below that aspired to in *Directions 2031*. The graph clearly illustrates the need for WAPC to reconsider the capacity of 18.600ha zoned land to meet requirements for future growth without running the risk of a land supply shortage. The approach articulated in *Directions 2031* suggests 18,600 ha is sufficient where growth is constrained at the fringes through higher rates of infill and increased density yields however UDIA challenges this assumption in the following sections.

Forecast urban land requirements at different infill rates and gross densities (2031) for 328,000 dwellings

		% Infill Housing				
%		30	35	40	45	47
No.		229,600	213,200	196,800	180,400	173,800
Gross Density (du/ha)	10	22,960	21,320	19,680	18,040	17,380
	11	20,870	19,380	17,890	16,400	15,800
	12	19,130	17,770	16,400	15,030	14,480
	13	17,660	16,400	15,140	13,880	13,370
	14	16,400	15,230	14,060	12,890	12,410
	15	15,310	14,210	13,120	12,030	11,590

Note: Current urban land supply for new dwellings 18,600ha. Shaded area indicates housing needs would exceed zoned land. (Graph courtesy of Ray Stokes, Satterley Property Group)

Rate of infill is overestimated

Directions 2031 proposes that 53% of new development will occur in greenfields areas and 47% in infill areas which are significant variations from the existing pattern of development. The consensus view of UDIA members is the infill target is ambitious and unlikely to be achieved as it represents a 27% lift in current performance. The target is brought sharply into focus when industry's view is that the majority of easy to develop infill, where land has been consolidated, has already been brought to the market and even then the 47% rate of infill was not achieved. It is unlikely to be easier in the future.

There are a number of constraints to achieving a 47% rate of infill including the capacity of infrastructure to support increased densities in established areas, specifically waste water treatment plants that are already operating at capacity. Water Corporation has indicated that Subiaco waster water treatment plant has no capacity to expand because of buffer constraints and is operating at capacity.

The potential for good urban outcomes from consolidation are seriously undermined in the absence of a strategy for land amalgamation and the coordination of development, in the model of the redevelopment authorities which have had real gains from infill. The fact that a number of Local Government Authorities in central and middle ring suburbs are currently reducing their density codings also conspires against higher rates of infill being achieved. Even if zonings are lifted, without a strong government strategy, battle axe blocks are a likely outcome which is a poor urban planning outcome.

Cost of infrastructure for urban infill

Lack of capacity is not the only constraint to achieving higher rates of infill development; there is a need for research on the comparative costs of providing infrastructure in infill versus greenfields areas and an understanding of how this impacts on affordability. While the policy reasons for promoting infill development are understood, *Directions 2031* assumes subdivision in established areas with no supporting land consolidation strategy. While the document refers to the need for, and expectation of, consolidation UDIA questions whether the WAPC can undertake any of the required work within the confines of their existing resources which casts doubt over the Commission's ability to provide the necessary strategies and "a stronger set of planning implementation mechanisms" (page 63) and therefore the ability to deliver on the 47% infill requirement.

Gross density yields are overestimated

It is UDIA's view that the gross density yields of 15du/ha in new development areas in *Directions 2031* are overstated and difficult to achieve in the context of the amount of land that is 'lost' to increasing demands for non-residential uses (buffers of various kinds, employment areas, on-site drainage to name just a few) which diminish the amount of developable land, thus reducing density yields.

Work undertaken by Chappell Lambert Everett (CLE) indicates that densities on a per site hectare basis¹ that meet or exceed the Liveable Neighbourhoods targets of 20du/site ha can be achieved across a district structure plan area. However the densities achieved per gross urban hectare are reduced to 10 to 12 dwelling units per gross urban hectare as a result of the large proportion of non-residential land uses within urban zoned areas.² *Directions 2031* must take into account the disparity between densities achieved per gross urban hectare as opposed to per site hectare and adjust the target densities accordingly.

Directions 2031 must recognise that the density applied for land supply forecasting purposes reflects a realistic target to deliver sufficient urban land. This is a very different objective to the density targets applied by Liveable Neighbourhoods to structure plan assessment, which are an aspirational target to promote consolidation, housing density and diversity.

Research done by Satterley Property Group and also endorsed by UDIA reflects the findings above and indicates that 12du/ha is a realistic target. Examples provided by Satterley indicate:

- 12du/ha achieved in Brighton
- 10du/ha achieved at Austin Cove
- 10.9 du/ha achieved in Wandl

The research suggests a buffer of 25% be allowed for additional non-residential uses be allowed for in the calculation of future urban land requirements as the 15du/ha gross density target is not being achieved in Perth's inner suburbs Vincent and Subiaco. A realistic gross density yield is required so that sufficient zoned land is available for development to prevent a future land supply shortage.

¹ Site area: pure residential area, excluding non-residential land uses, roads and open space as defined by Liveable Neighbourhoods

² For more detail, refer to separate submission by Chappell Lambert Everett

Provision of affordable housing

Directions 2031 makes no provision for affordable housing. While the message from the Minister refers to affordable accommodation in the outer suburbs and “and adequate supply of affordable housing” is a stated objective under the banner of ‘Equity’, the document fails to detail how this is to be achieved. The document should include an affordable housing strategy, negotiated with local government and industry that allocates targets for affordable housing in fringe and established areas.

Affordable housing in infill areas will be difficult to achieve given the relatively high land cost and high construction costs for development over three storeys. The market preference for detached housing prevails and is unlikely to undergo a wholesale change to a preference for multistorey living particularly where prices are comparable to detached housing in a similar location.

One model for WAPC’s consideration is the land lease model proposed by a UDIA member with a primary interest in lifestyle villages. The proposal is that the lifestyle village land lease model offers an alternative built form suitable to urban, urban deferred and rural zones and provides affordable housing for the WA market. It is promoted as an interim land use in urban fringe areas until such time as urban development reaches rural zoned land, and it enables government to address housing affordability issue in the short term and reduce the likelihood of subdivision “leap frog” in areas that might otherwise be premature.

Conflict with other WAPC Policies

UDIA remains concerned that *Directions 2031* is in conflict with other WAPC policies. Most recently the proposed “Street Trees” policy which would see a 0.9m loss on every lot as the Commission seems to believe that such “land slop” is preferable to strong leadership and coordination of the major infrastructure providers. This is simply not acceptable.

Alternative Service Provision

Whilst at this time connection to the water and power grid is a requirement for development, alternative technologies are being mainstreamed sufficiently rapidly that it should be recognised that the “orderly roll out” by government of “connected” infrastructure provision may not be relevant by 2031. Telecommunications may radically change employment, education and socialisation in the near future. Performance based standards, as discussed below, are a more valid approach for the 21st Century and allow for far greater flexibility than previous models.

Performance Based assessment

The ‘Compact City’ and ‘Connected City’ scenarios described in *Directions 2031* assume sufficient urban zoned land for future growth under the Metropolitan and Peel Region Schemes. The document also assumes no further rezoning from Rural to Urban will be required or considered, particularly in the Peel region. UDIA does not support this view and proposes that rezoning should be permitted where performance based assessment based on sustainability criteria are met. UDIA is in discussion with DP on this approach and is considering the NSW criteria for rezoning which includes:

- **Strategic Framework** – proposal is in accordance with approved metropolitan plans and sub-regional growth strategies
- **Infrastructure Provision** – mechanisms in place to ensure utilities, transport, open space and communication are provided in a timely and efficient way

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- **Access** – accessible transport options for efficient and sustainable travel between homes, jobs, services and recreation to be existing or provided
- **Housing Diversity / Supply** – provide a range of housing choices to ensure a broad population can be housed
- **Employment Lands** – provide regional / local employment opportunities
- **Avoidance of Risk** – land use conflicts and risk to human health and life avoided
- **Natural Resources** – natural resource limits not exceeded / environmental footprint minimised
- **Environmental Protection** – protect and enhance biodiversity, air quality, heritage and waterway health
- **Quality and Equity in Services** – quality health, education, recreational, cultural

UDIA looks forward to working with DP further in developing the sustainable approach to rezoning.

Summary

UDIA has serious reservations about the adequacy of urban zoned land provided for in *Directions 2031*. The document needs to:

- Review population projections and housing demand with a methodology that can be updated readily as time progresses
- Review urban land requirements particularly in relation to achievable rates of infill and dwelling density yields
- Learn from the 2006 land supply crisis and reconsider the amount of urban zoned land required to eliminate the potential for this to recur
- Consider a longer planning horizon to support a larger allocation of urban zoned land and to facilitate the coordination of infrastructure planning to support future development
- Articulate how affordable housing is to be facilitated in both greenfield and infill areas
- Champion the performance based approach to development to ensure good development outcomes in areas that are sensitive or beyond the urban fringe

We trust that you will give these comments due consideration and UDIA looks forward to working closely with DP and WAPC to further develop spatial framework.

Yours sincerely



Debra Goostrey
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