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Department of Housing  
99 Plain Street  
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By email: [SPDfeedback@housing.wa.gov.au](mailto:SPDfeedback@housing.wa.gov.au)

Dear Julian

### **Social Housing Taskforce Report and Housing 2020: Future Directions for Affordable Housing**

The Urban Development Institute of Australia (UDIA WA) is pleased to provide comment on the *Social Housing Taskforce Final Report* (June 2009) and *Housing 2020: Future Directions for Affordable Housing* which we understand will inform development of the State Affordable Housing Strategy. UDIA supports the direction of the Final Report and acknowledges the need to improve access to social and affordable housing and to reduce housing stress for lower to middle income households.

The focus of this feedback is on the provision of affordable housing, specifically affordable home ownership which is a major concern of our membership and which members are continuously seeking to improve. It details the core issues that must be addressed to enable industry to deliver affordable housing.

#### **Response**

In response to the questions posed by the Department of Housing:

1. *Taskforce Recommendations* – Are there any aspects of the Report you feel are problematic or particularly important, and if so why?

Recommendation 34 seeks to increase the number of residential lots in the Perth metropolitan area. Land consolidation strategies which deliver larger development parcels will result in better urban outcomes particularly where the larger land parcel is located close to public transport, health, education and support services.

UDIA also strongly endorses Recommendations 50 and 51 and the continued funding for Keystart and shared equity loans which has enabled access to affordable home ownership for lower to middle income families. The success of the scheme has been amply demonstrated by the rapid uptake of Keystart and shared equity loans and the development industry is fully supportive of this type of assistance that allows lower income households to move into affordable homeownership.

2. *Proposed Future Directions Statement* – Are there any aspects of the Future Directions statement you feel are problematic or particularly important, and if so why?

UDIA does not support the proposed action included in *Reform Three – Increase Land and Housing Options* for the requirement for a proportion of affordable lots within all development, which implies inclusionary zoning. Industry is opposed to inclusionary zoning, it is inequitable and transfers the revenue lost on affordable lots or housing to the cost of housing for those purchasing at full market rate. A more productive approach is an incentive based approach such as density bonuses that support the economic viability of a project by permitting a greater number of dwelling units within a development with the sale of the larger number of units effectively subsidizing the provision of affordable product. Members report that the use of density bonuses has allowed projects with mandated provision of affordable product to actually be viable; without the density bonuses the projects would not have been delivered with negative implications for the provision of affordable housing units within the jurisdiction of a redevelopment authority.

3. *Other Issues and Solutions* – Do you feel there are other measures or practical proposals that should be considered to address the affordable housing challenge?

UDIA's key messages are:

- The successful delivery of affordable housing can only be achieved through a whole-of-government approach with the Department of Premier and Cabinet taking a lead role. It is our view that the role of the Land Release Coordinator should sit within the Department of Premier and Cabinet to ensure the government's commitment to improving housing affordability is acted upon by all government agencies. We are alarmed that the contract for this position has been allowed to lapse and we urge the government to address this as a matter of priority. Real change can only be brought about if the whole range of government agencies involved in the provision of housing understand, and resolve to improve, how their policies impact on affordability.
- The Western Australian Planning Commission must play a more visible and accountable role in supporting a whole-of-government, timely and integrated approvals process for urban land development. The strengthened Infrastructure Coordinating Committee has a key role to play in leading and coordinating infrastructure provision to ensure better outcomes. While a comprehensive review of the approvals process is under way there are few, if any, as yet measurable improvements to the system which is likely to have an impact on the Department of Housing delivering its target of 2600 additional housing units. At a broader scale, the capacity of the development industry to respond to a sudden surge in demand which could inevitably result in a surge in prices is compromised without this whole-of-government approach.
- The Commission needs to be more rigorous in vetting the appropriateness, practicality and cost benefit of conditions recommended by state referral agencies such as the Department of Environment and Conservation, service providers and Local Government. Members report that land development costs have increased by a factor of ten since 2003 while the cost of en globo land has increased by a factor of six. The inputs to the provision of affordable housing need to be reined in.

- The government needs to address cost shifting and what the consumer has to pay for upfront rather than what is charged over time. Upfront costs, for example treatment of acid sulfate soils or ongoing water quality monitoring requirements that exceed needs, are loaded onto land price. There are also examples of local government imposing developer contributions where they are not justified. A recent example is the Town of Kwinana including the cost of realigning Anketell Road in developer contributions at the cost of \$10,000 per lot where there was no capacity increase relevant to an increase in resident population. This is in direct conflict with government policy, specifically SPP 3.6. This has a strong negative impact on housing affordability.
- UDIA supports the introduction of the Multi Unit Housing Code which will have a positive impact on housing affordability by facilitating the development of smaller dwelling units in a multiple dwelling development and greater diversity of housing. This responds to the housing needs of a growing proportion of the population and provides for improved affordability.

UDIA looks forward to development of the State Affordable Housing Strategy, Regional and Local Housing Strategies recognizing that local authorities will need significant government support to achieve this. The comments in this submission highlight the key barriers to improved housing affordability and we trust you will find them instructive.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Debra Goostrey', with a stylized flourish at the end.

**Debra Goostrey**  
Chief Executive Officer