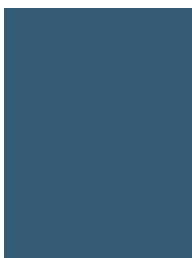


Western Australian Policy Priorities 2019

Developing great
places to live,
work and prosper



URBAN DEVELOPMENT INSTITUTE
OF AUSTRALIA (WA DIVISION)

FEBRUARY 2019

Recommended actions for government

1. Support affordable housing delivery
2. Streamline the system
3. Lead creation of housing choice
4. Invest in strategic infrastructure
5. Foster a liveable city
6. Improve environmental outcomes



STATE PRESIDENT'S MESSAGE



The UDIA WA State Council undertook a strategic planning session in February 2019 to identify and prioritise three key initiatives that the organisation will invest significant effort in over the next 12 months.

Taking into consideration our current political, social and economic environment and the key challenges currently facing our members, State Council resolved to prioritise:

1. Measuring the unintended consequences of government policy on housing affordability, and identifying solutions to avoid negatively impacting social and community outcomes
2. Driving a resolution to the poor management of developer contributions to ensure our communities benefit from the infrastructure they are promised
3. Building an evidence base to address the myth of abundant land supply over the medium term

Housing affordability in WA remains a significant challenge. Although housing prices have softened over the past few years, home ownership in Perth remains out of reach for those on low to moderate incomes.

The implications from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry on lending conditions hit the Perth market before the final report was released. Many buyers are struggling to secure finance with the increased level of scrutiny by the banks on household expenditure. Combined with valuations coming in lower than expected, it has become very difficult for the people of Perth to get into their own home.

Providing housing choice in every suburb is essential in order to tackle affordability. The State Government has recently demonstrated their willingness to drive the delivery of a range of

housing product throughout the metropolitan area, not just in those suburbs where it is less controversial. We support the State in showing leadership in creating diverse places live, work and play.

In creating and regenerating our communities, the timely delivery of infrastructure is critical to ensure the necessary amenity is on the ground for residents to experience a liveable, connected place to call home.

Hundreds of millions of dollars in developer contributions have sat idle for many years with various Local Government Authorities. That's money that could have been invested in delivering high quality community infrastructure, benefiting the families and children that have made the biggest investment of their lives.

The lack of transparency and accountability in the management of Developer Contributions continues to be a key concern for our industry. We look forward to the impending release of the revised State Planning Policy 3.6 for advertising in the first quarter of this year and trust that the industry's concerns have been addressed.

Whilst market conditions over the last few years have meant that we have adequate supply of housing product and zoned land over the short to medium term, the UDIA remains concerned that without reviewing Perth and Peel @ 3.5 million within the next three years we could see a return of land supply shortages when population growth picks up again.

Our three priorities will be supported by practical, deliverable actions for government and industry as outlined in this document to support Perth's smart, sustainable and liveable communities into the future.

Nick Allingame
UDIA WA PRESIDENT

“In creating and regenerating our communities, the timely delivery of infrastructure is critical to ensure the necessary amenity is on the ground for residents to experience a liveable, connected place to call home.”

RECOMMENDED ACTIONS FOR GOVERNMENT

1. SUPPORT AFFORDABLE HOUSING DELIVERY

2. STREAMLINE THE SYSTEM

3. LEAD CREATION OF HOUSING CHOICE

4. INVEST IN STRATEGIC INFRASTRUCTURE

5. FOSTER A LIVEABLE CITY

6. IMPROVE ENVIRONMENTAL OUTCOMES

1. SUPPORT AFFORDABLE HOUSING DELIVERY

Strategic Priorities

- review Perth and Peel @3.5m sub-regional planning frameworks immediately
- increase the threshold for Keystart loans by 25%
- introduce policy settings that facilitate more build to rent projects
- release the revised Development Contributions for Infrastructure Policy - SPP 3.6
- re-establish the Housing Affordability Taskforce to guide and inform the State Government's new Affordable Housing Strategy
- incorporate a Housing Affordability Impact Statement into all relevant Cabinet submissions to ensure cost impacts on consumers are minimised and addressed

Longer Term Goals

- abolish stamp duty and introduce a broad based land tax system to enable people to transition to more appropriate housing, e.g. downsizers
- introduce planning incentives such as density bonuses for projects that include provision of affordable housing
- review community consultation processes to ensure development projects that are generally consistent with policy are not unnecessarily delayed
- include a proponent led option in the Perth and Peel @3.5 million Frameworks to confirm that projects outside of the adopted footprint can be considered on their merit
- establish housing density strategies by local governments based on growth forecasts and capacity to deliver housing in areas that are well serviced by existing infrastructure to ensure local government is fulfilling its responsibility to accommodate population growth and ease affordability pressures
- prioritise the delivery of a pipeline of key urban renewal sites to unlock new housing opportunities

2. STREAMLINE THE SYSTEM

Strategic Priorities

- commit to planning reform and establish an industry working group to deliver positive change
- mandate that local government planning policies and requirements are consistent with State Government policies
- urgently finalise the introduction of State Planning Policies currently under review
- finalise the omnibus amendment to the Planning and Development (Local Planning Schemes) Regulations.

Longer Term Goals

- introduce statutory timeframes enforced by financial penalties for responsible and referral authorities driving unreasonable delays in the land delivery and development process
- continue to engage with the industry on priorities and strategies for regulatory reform as part of the Governments 'Streamline WA' initiative
- develop and implement a third - party planning certification system to alleviate pressure on responsible and referral authorities
- fully digitise the planning system to embrace innovation and technology and provide greater accountability and transparency
- empower the Western Australian Planning Commission with greater funding and decision making capability across all development settings
- introduce local government performance reporting

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3. LEAD CREATION OF HOUSING CHOICE

Strategic Priorities

- encourage investment in new housing supply and rental stock using appropriate housing taxation policies
- launch a public education campaign on the benefits of increased housing choice in every suburb
- adopt a medium density housing code

Longer Term Goals

- accurately plan to meet housing demand through improved and regularly updated population and demographics data and forecasting
- reward local government areas that fulfil their responsibility to accommodate population growth with increased funding towards infrastructure and amenities
- introduce a form based approach to planning in activity centres/ precincts and remove plot ratio limits for development assessment in specified areas/ precincts

4. INVEST IN STRATEGIC INFRASTRUCTURE

Strategic Priorities

- deliver an independent and transparent Infrastructure WA which is empowered to plan, manage and deliver infrastructure investment to support new communities in greenfield and urban renewal settings through proper and long term funding commitments
- rationalise and contain charges imposed through Developer Contribution Plans to ensure transparency and accountability of local government development contribution schemes

Longer Term Goals

- establish a strategic pipeline of priority infrastructure projects for each of WA's housing markets - infill, greenfield and regional – detailing cost, benefit, timing and funding
- increase 'City Deal' funding for Perth's growth areas through the development of additional coordinated, aggregated funding models for infrastructure
- investigate alternative funding mechanisms including Public Private Partnerships

5. FOSTER A LIVEABLE CITY

Strategic Priorities

- create an appealing 'brand Perth' to attract people to WA and support the development of our economy
- introduce incentives to encourage local governments to develop and achieve housing strategy density targets and reporting against them
- limit local government's ability to undermine the achievement of diversity and density by amending the Town Planning Regulations to require WAPC approval of local policies that are inconsistent with state policy
- review coastal hazards State Planning Policy to ensure that development appropriately balances the protection of community and leveraging our environmental assets

Longer Term Goals

- introduce precinct planning approach for priority district and local centres
- engage industry in the precinct planning for METRONET locations
- facilitate State Government led aggregation of lands in priority development areas
- introduce a performance/ form based approach to development in and around activity centres
- introduce regulations enforced by financial penalties for responsible and referral authorities that do not meet statutory timeframes and increase the end price of housing

6. IMPROVE ENVIRONMENTAL OUTCOMES

Strategic Priorities

- establish a joint industry/ government Ministerial Advisory Committee tasked with identifying ongoing issues and making recommendations for change on issues such as bushfire and threatened ecological communities
- introduce strategic assessment that streamlines the environmental approvals process, as per the original intent of the Strategic Assessment of Perth and Peel Regions

Longer Term Goals

- provide access to accurate and up to date environmental data
- take a balanced approach to environmental, social and economic assessment and recognition of the positive aspects that urban development can have on environmental outcomes udiawa.com.au

UDIA WA

UDIA is the peak membership organisation representing all aspects of the property development industry in Western Australia.

Our members operate in metropolitan and regional areas and work in all aspects of urban development including land, built form and infrastructure across residential, commercial and mixed uses.

We are the leading voice on property development in WA and work collaboratively with government and other industry bodies to represent our members and achieve a policy environment that enables the world's best practice in property development in our state.

UDIA promotes excellence and innovation in the creation of sustainable communities. We educate stakeholders about the value of city and town creation.

Our work is based on quality research and knowledge that addresses a range of policy issues and produces expert market commentary and information.

OUR VISION

is a strong urban development industry creating thriving, sustainable communities and economic prosperity for all.

OUR MISSION

is to be the leading voice on urban development, promoting and supporting the industry's pivotal role in creating smart, sustainable and liveable communities.



WESTERN AUSTRALIA'S DEVELOPMENT INDUSTRY

EMPLOYMENT

The property sector directly employed

130,600

total employees in 2017-18 (9.8% of WA total) and supported 84,500 total jobs through flow-on activity.

16.08%

of Western Australia's total employment.

These jobs directly provided approximately

\$13.8 billion

in incomes (wages and salaries), 13.0% of total WA employee compensation across all industries, and \$6.7 billion in incomes through flow-on activity.

TAX

Property taxes contributed about

\$3 billion

to Western Australian State Government revenues in 2016-17 (inclusive of land tax and stamp duties).

In total, this equates to

35%

of all WA State Government revenues received. This is prior to consideration of payroll tax contributions, GST and other non-direct sources of taxation revenues contributed by the development industry.

GSP

The property sector directly contributed

\$21 billion

to GSP in 2017-18 or 8.5% of the total contribution to GSP by all industries in Western Australia.

It is estimated to have contributed a further

\$10.5 billion

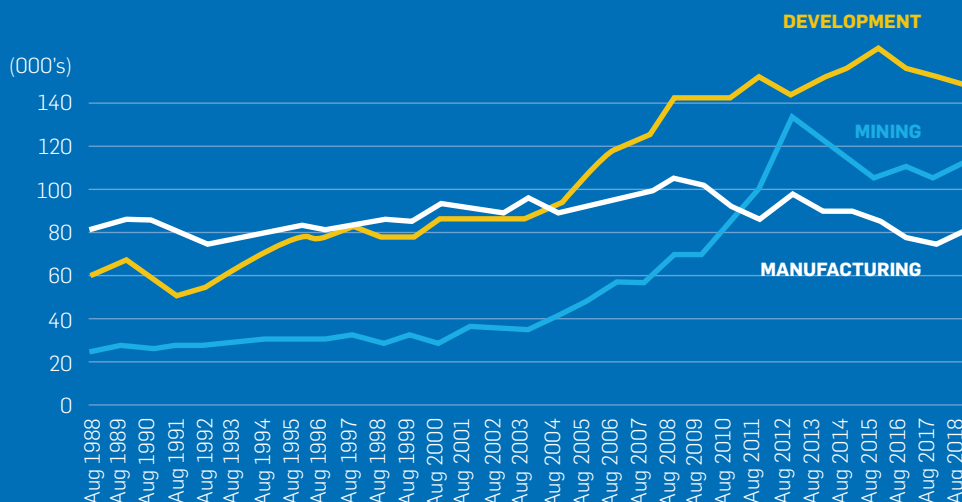
to Western Australian GSP through flow on demand for goods and services.

A total of

\$31.7 billion

in direct and indirect contributions to the Western Australian economy.

EMPLOYMENT BY INDUSTRY

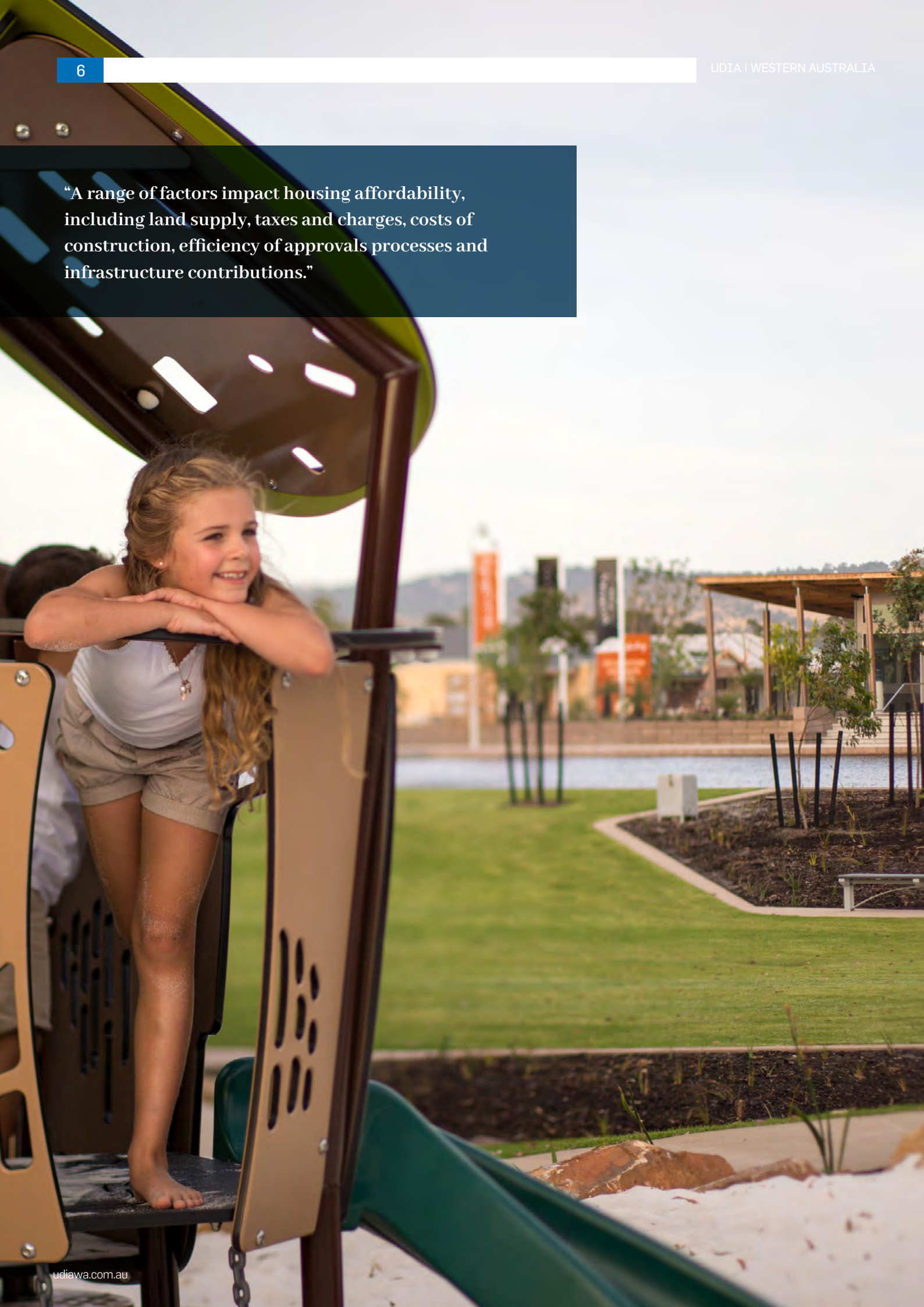


1.3X the employment of the mining industry and

1.6X the employment of manufacturing in Western Australia (as at 2017-18).

Source: UDIA WA; ABS 6291.0.55.003 Labour Force, Australia, Detailed, Quarterly, Nov 2018.

“A range of factors impact housing affordability, including land supply, taxes and charges, costs of construction, efficiency of approvals processes and infrastructure contributions.”



1. SUPPORT AFFORDABLE HOUSING DELIVERY

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3. LEAD CREATION OF HOUSING CHOICE

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1. SUPPORT AFFORDABLE HOUSING DELIVERY

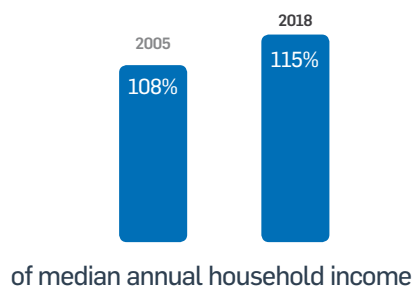
Affordable housing is an essential component of healthy communities and underpins the competitiveness of our economy. Although house prices have fallen modestly over the past few years, the preceding rapid price growth and restricted wage growth means that homes are more unaffordable than they were in the early 2000's. Out of 91 of the world's major housing markets, Perth is the 21st least affordable city.

A range of factors impact housing affordability, including land supply, taxes and charges, costs of construction, efficiency of approvals processes and infrastructure contributions.

AVERAGE HOUSE PRICE IN PERTH



20% DEPOSIT FOR A HOME EQUATES TO



PERTH'S AFFORDABILITY RANKING



Australia's five major capitals are all in the top 25 of the world's 'severely unaffordable' housing markets. Perth was 21st least affordable, Brisbane was 18th; Adelaide was 14th; and Melbourne and Sydney rank 4th and 3rd respectively.

(Source: Demographia International Housing Affordability Survey: 2019 & 2005)

UDIA RECOMMENDS THAT THE STATE GOVERNMENT:

Strategic Priorities

- review Perth and Peel @3.5m sub-regional planning frameworks immediately
- increase the threshold for Keystart loans by 25%
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Longer Term Goals

- abolish stamp duty and the introduce a broad based land tax system to enable people to transition to more appropriate housing, e.g. downsizers
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2. STREAMLINE THE SYSTEM

Government at all levels must ensure that policy and regulation is cognisant of the ability of the private sector to deliver affordable, efficient land and housing to meet people's needs while adding to the states revenue and providing employment opportunities.

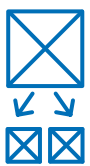
Modernising the planning system and environmental approvals to eliminate unnecessary costs and processes will ensure we can effectively drive the delivery of quality new housing as well as foster greater innovation and forward thinking.

It is essential that whilst improving regulation itself may be required, more often than not it is regulatory practice and administration that is the cause of delays and unnecessary cost impacts. Therefore it is an important component of regulatory reform that all levels of government shift the culture in public sector agencies to one of empowerment and flexibility.



146 local planning schemes in operation as at 2018, totalling 13,091 pages with 1,065 'general' zones and 1,365 'Special Use' zones.

Source: Modernising Western Australia's Planning System: Green paper concepts for a strategically-led system.



17% of subdivision applications are not determined within the statutory timeframe (1 in 5 subdivision applications), negatively impacting on the costs of development, and in turn the price of housing.



25% of development applications are not determined within the statutory timeframe (1 in 4 development applications).



23.5% (1.2 of 5) of DAP applications are not determined within the statutory timeframe.

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Longer Term Goals

- introduce statutory timeframes enforced by financial penalties for responsible and referral authorities driving unreasonable delays in the land delivery and development process
- continue to engage with the industry on priorities and strategies for regulatory reform as part of the Governments 'Streamline WA' initiative
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Source: DPLH Annual Report 2017-18

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3. LEAD CREATION OF HOUSING CHOICE

We need to increase the range of housing options available to the market to accommodate our growing population. This will also unlock more opportunities for renters and first home buyers, as well as the growing cohort of older Australians looking to find a suitable home.

A policy framework is required to foster increased housing choice in every suburb from apartments and small lot developments, medium density options through to more traditional, larger homes.

Incentives are needed to support stronger consumer demand for greater diversity in the housing stock. The 'aging of the population' and significant increase in the number of people aged over 65 necessitates the need to increase the supply of universally designed 'liveable' homes to support aging in place. Incentives such as stamp duty reform are needed to help overcome the financial barriers that currently prevent many seniors from downsizing.

UDIA RECOMMENDS THAT THE STATE GOVERNMENT

Strategic Priorities

- encourage investment in new housing supply and rental stock using appropriate housing taxation policies
- launch a public education campaign on the benefits of increased housing choice in every suburb
- adopt a medium density housing code

Longer Term Goals

- accurately plan to meet housing demand through improved and regularly updated population and demographics data and forecasting
- reward local government areas that fulfil their responsibility to accommodate population growth with increased funding towards infrastructure and amenities
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4. INVEST IN STRATEGIC INFRASTRUCTURE

Historically, there has been a lack of coherent, whole of government infrastructure investment planning and poor coordination between government agencies for infrastructure provision. This has led to significant under investment in infrastructure across the state.

The establishment of Infrastructure WA should improve this situation and also assist in increasing WA's share of federal infrastructure funding.

It is also critical that the lack of transparency and accountability in the management of Developer Contributions for community infrastructure is addressed. Tens of millions of dollars in developer contributions have sat idle for many years with various Local Government Authorities and that is money that could be invested in delivering high quality community infrastructure.



\$195 billion

of the federal government is expected to be spent on transport infrastructure out to 2026, just 3% will go to Perth projects.



Perth is expected to receive

19%

of Australia's population growth in the same period.

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Source: CBA, ABS



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5. FOSTER A LIVEABLE CITY

Achieving a liveable city includes fostering economic success, preserving cultural and aesthetic attributes and quality of life, as well as ensuring the ease with which people and goods can move around.

Key components of improving Perth's liveability include achieving active, connected urban centres, increased housing choice and taking a balanced approach in terms of greenfield and urban infill development.

UDIA would like to see a focus on developing a unique selling proposition and brand for Perth in order to attract more people and investment to WA.

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- introduce incentives to encourage local governments to develop and achieve housing strategy density targets and reporting against them
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6. IMPROVE ENVIRONMENTAL OUTCOMES

Urban development is moving into more environmentally challenging areas and can be subject to increasingly complex approvals processes with separate, and at times conflicting policy requirements.

Government must ensure environmental policy and processes are clear and develop an integrated state/ federal strategic assessment strategy to deliver both improved environmental outcomes and assessment processes.

Developers must also be provided with opportunities to 'push the envelope' in regard to implementing innovation and new technology within projects to ensure we are delivering communities for the future.

UDIA RECOMMENDS THAT THE STATE GOVERNMENT

Strategic Priorities

- establish a joint industry/ government Ministerial Advisory Committee tasked with identifying ongoing issues and making recommendations for change on issues such as bushfire and threatened ecological communities
- introduce strategic assessment that streamlines the environmental approvals process, as per the original intent of the Strategic Assessment of Perth and Peel Regions

Longer Term Goals

- provide access to accurate and up to date environmental data
- take a balanced approach to environmental, social and economic assessment and recognition of the positive aspects that urban development can have on environmental outcomes





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