

19th October 2020

West Australian Planning Commission
Locked Bag 2506
Perth WA 6001
Via email: infrastructure@dplh.wa.gov.au

Dear Sir/Madam,

Draft Operational Policy 2.4 – Planning for school sites

Thank you for the opportunity to provide comment on the Draft Operational Policy 2.4 – Planning for school sites.

The Urban Development Institute of Australia (UDIA) WA is the peak body representing the property development industry in Western Australia. UDIA is a membership-based organisation with members drawn from the residential, commercial and industrial property development sectors. UDIA members include both private and public sector organisations. Our industry represents approximately 12.7% of Western Australia's Gross State Product, contributing \$31.7 billion annually to the Western Australian economy and \$264.98 billion nationally. A large proportion of this investment is in the provision of infrastructure that ensures that Perth is one of the most liveable cities in the world. As well as helping to create sustainable and liveable communities, the industry employs a total of 215,100 Western Australians and 2.044 million Australians across the country.

General Comment

UDIA welcomes the review of 1998 Development Control Policy 2.4, School Sites (DC 2.4) and the intent to improve strategic school site planning and provide greater clarity and transparency regarding the provision of schools. Schools provide critical infrastructure and are often the focal point of our communities. Therefore, to enable our communities to prosper, it is essential that the planning for school sites policy is effective and supported by the timely delivery of schools by the Department of Education (DoE).

Whilst recognising the critical importance of schools to our communities, the Institute is concerned that the amendments to the policy do not achieve the objective of providing greater clarity and that the proposed arrangements concerning the developer contribution scheme lack transparency. UDIA is also concerned that the proposed amendments introduce significant and additional development costs that will undermine housing affordability.

Consistency with other planning policy documents and requirements

Many of the provisions contained within the draft policy relate to matters that are dealt with by the current Liveable Neighbourhoods (Element 8). As the opening section of the current 1998 DC2.4 School Sites policy explains, the DC policy was introduced at the time when Liveable Neighbourhoods was a trial policy.

It is assumed that the provisions of Element 8 of Liveable Neighbourhoods will be retained by the emerging SPP7.1 Neighbourhood Design. As such, the separation and repeat of policy requirements in different policy documents, causes unnecessary duplication and needlessly adds complexity. This duplication of policy is contrary to the broader planning reform program which seeks to streamline, consolidate and simplify the planning framework.

Given the higher order status of the proposed Neighbourhood Design SPP, together with the more comprehensive nature of the policy and guidance that the SPP provides, UDIA recommends that the provisions of the draft operational policy are incorporated into the SPP and the existing DC /draft OP be withdrawn.

Lack of transparency and reporting of financial contributions

As well as replicating Liveable Neighbourhoods requirements, the draft Operational Policy introduces 'developer contribution' requirements. These requirements should be incorporated into SPP3.6 Infrastructure Contributions, which is a higher order policy that provides more comprehensive advice and guidance.

Nevertheless, it is important to recognise that even under the current SPP3.6 framework, there are issues regarding the reporting and management of funds collected from development contribution schemes. Therefore, UDIA is particularly concerned that the draft operational policy does not include any governance arrangements at all to ensure that cash in lieu contributions for school sites are managed appropriately in a transparent, efficient and effective manner.

The low, 6 lot threshold at which development contributions are sought, together with the wide application of the policy (to all region scheme and structure plan areas) means that the policy will generate significant funds for government. It is imperative that these are managed in an appropriate and transparent manner. As an absolute minimum, annual reporting of school site contributions and balances should be published. However, a more effective approach would be to include school site contributions within the emerging SPP3.6. This would help ensure that the framework for managing financial contributions is transparent and does not unreasonably affect housing affordability. The policy also needs to improve transparency to ensure that funds collected within a catchment area are used on relevant costs within that catchment area (satisfying the need and nexus principles of SPP3.6).

Similarly, a key issue with the current provision of schools is the lack of certainty regarding the delivery and opening of a school. Examples exist of schools awaiting delivery more than 10 years since the land was gifted to DoE. For many people, the proximity of a home to a school is a key home purchasing consideration. Delays in the delivery of schools and the lack of certainty regarding openings has meant that developers are frequently required to manage complaints from new residents. Similarly, local governments often manage complaints regarding the maintenance of these vacant sites. To help resolve uncertainty, the school sites policy should include a requirement that DoE provide a program for the estimated delivery of primary and high schools, with this information provided at the time of endorsement of a school site in a structure plan or strategic planning document. The delivery timeframe of a school should also be consistent with draft SPP3.6 and not be beyond a 10-year time horizon.

Impact on housing affordability

The draft operational policy introduces significant additional development costs that includes specific school site construction cost and requirements such as site clearing, preparation, service connections that will increase the cost of providing school sites. In addition, the policy contains specific requirements for road carriageways, and infrastructure to manage school generated traffic such as drop-off points, on-street parking bays, bus bays, raised pedestrian crossings etc. However, whilst the policy sets out these very specific requirements, the cost of preparing sites and providing the prescribed infrastructure to support schools are not shared equally between the developer where the school site is located, the DoE and other developers within the catchment area.

These development costs will solely be borne by the purchasers of new homes and disproportionately, by those land estates where school sites are located. Furthermore, where a school site is located on land with a development capacity below 1,500 dwellings, the cost of per lot of providing a school site and its supporting infrastructure will be unequally higher (as compensation is not available for land preparation, roads and road infrastructure).

These additional infrastructure costs are significant. A 4ha primary school site will generate a least 700m of direct frontage roads requiring an expanded minimum width to cater for buses, embayed parking and additional paths to provide adequate accessibility and permeability for people and vehicles etc. adding a total \$1m of direct development costs (NB: value of half the cost of construction of the reserve).

Both the current and draft SPP 3.6 Infrastructure Contributions are founded upon the principles of 'need and nexus', with the need for the infrastructure created by the development, and 'equity' with equitable contributions from all within a contribution-catchment area. In accordance with these principles, developers should be compensated for the additional infrastructure that school sites generate with the cost of providing these items included in the contribution calculations. Sharing the cost of providing land, land construction and supporting infrastructure costs would ensure that the costs of providing schools are equitable.

UDIA suggests that as the developer contribution is based on land valuation only the DoE should be liable for all additional servicing and infrastructure costs attributed to the school site. Alternatively, more equitable reimbursement arrangements should be established to enable geotechnical and other site work costs to be recovered by the landowner encumbered by a school site. This would support the delivery of enhanced outcomes for all stakeholders involved. This would also help avoid inefficiencies which often occur with the delivery of schools such as the relocation of interface works, relocation of light poles and other infrastructure, and the reconstruction of footpaths etc.

UDIA reiterates its recommendation that the draft operational policy is incorporated into SPP3.6 to ensure the application of the 'need and nexus' and 'equity' principles. Alternatively, the draft operational policy should be amended, made consistent with SPP3.6 and expanded to include site construction and infrastructure costs. A worked example should also be provided, providing guidance to demonstrate how details of all costs are apportioned across all affected parties and how the principles of SPP 3.6, specifically accountability, transparency and 'need and nexus' are to be satisfied.

Acquisition of secondary school sites

The policy is silent on arrangements for the acquisition of public high school sites. The process for the identification and acquisition of these sites should be identical to that for primary schools. The policy should provide clarity that the DoE will acquire high school sites at the time of subdivision in the same way that owner/subdividers are required to cede land for primary school sites at the time of subdivision. This would avoid the delayed acquisition of sites by the DoE unreasonably affecting housing affordability. Currently, sites identified and set aside for the provision of a school are liable for land tax, as a result, the delayed transfer of such land adds considerable cost to development undermining housing affordability.

Recommendations:

- 1. The provisions of the draft operational policy should be incorporated into the draft SPP Neighbourhood Design and the school site contribution requirements included in the emerging SPP3.6 Infrastructure Contributions.**
- 2. DoE are liable for the additional servicing and infrastructure costs prescribed by the policy, or alternative and more equitable funding arrangements are established to cover site construction and infrastructure costs.**
- 3. A worked example/case study should be provided to provide guidance detailing of how all costs are shared across all affected parties and funds will be managed and reported in accordance with the principles of SPP3.6.**
- 4. The Department of Education provide the estimated delivery of primary and high schools at the time of endorsement of a school site in a structure plan or strategic planning document.**
- 5. Clarity is provided that the DoE will acquire high school sites at the time of subdivision in the same way that developers are required to cede land for primary school sites at this development stage.**

Specific comments

3.1 Consultation

Section 3.1.3 requires all structure plan proposals to seek formal comment from the Department of Education. The Institute queries whether this extends to precinct plans and activity centre plans in infill locations?

3.2 The demand for school sites

The draft policy introduces a new ratio of one primary school site per 1,500 dwellings replacing the previous range of 1,500-1,800 dwellings. The also policy notes that *“non-government school providers now account for a significant proportion of student (primary and secondary) enrolments in the State”*. According to the DoE’s website, there are 536 primary schools in Western Australia, this equates to one primary school per 1,998 dwellings (ABS census 2016). As such, the Institute queries why the new threshold has been introduced, which coupled with the revised contribution threshold of 6 or more lots, means the policy will generate significant revenues for the State government.

This section goes on to state that in exceptional circumstances, *“the Commission, on advice of the Department of Education may require primary school site provisioning at numbers below these levels”*.

This creates uncertainty and unreasonably places the burden of providing schools solely on new homeowners. It is concerning that no policy guidance is provided to determine when it may be appropriate for the DoE to lower contribution thresholds, or to ensure that alternative options are considered alongside increasing school site contribution requirements. UDIA suggests that the provision to increase the ratio of dwellings per school is removed, or alternatively, the policy provisions are expanded to ensure that alternative options to increasing the capacity of schools are considered.

3.4 Physical site requirements, servicing and access

Section 3.4.1 c) states that land for schools should *“not require any clearing of native vegetation and/or need State or Australian Government environmental approvals or offsets”*. Not only is this becoming increasingly difficult to achieve, it is likely to be preferential to retain some native vegetation and/or tree canopy cover on site to provide improved social and environmental outcomes. Furthermore, as the timing of the development of a school is not guaranteed, retaining vegetation on site is important to maintaining community amenity and helping to minimise ‘planning blight’.

The requirement for a primary school site to ‘generally be located centrally to the neighbourhood it is intended to serve’ (3.4.7) is inconsistent with the current requirements of Liveable Neighbourhoods and will jeopardise the delivery of higher density development. UDIA suggests that school sites are more appropriate on the edge of walkable catchments, which would also help prevent any conflict with any adjacent undesirable land uses from arising.

To provide consistency across all planning policy requirements, UDIA reiterates its recommendation that the operational policy is included in the emerging SPP 7.1 Neighbourhood Design rather than as a standalone document.

3.5 Movement network and road safety

Section 3.5.3 states that *“road carriageways and traffic management devices are the responsibility of the subdivider and should be provided at the time of subdivision to the satisfaction of the local government, and the Department of Education.”* As previously highlighted, without the availability of appropriate compensation, the cost of providing this infrastructure will be unfairly borne by new home purchasers in estates where schools are located.

Further, without the provision of appropriate compensation and/or agreement, the responsibility for determining these items should not be delegated to the Department of Education, rather, street designs and layouts should be consistent with Liveable Neighbourhoods/Neighbourhood Design and be to the satisfaction of the WAPC.

3.7 Additional or supplementary services

Where the DoE requires additional land for supplementary education services, the acquisition of this land should occur at the time of subdivision.

3.8 Approvals and adaptive re-use

Further guidance is needed to explain what ‘adaptive re-use’ means, and under what circumstances can this be supported by decision makers. The draft policy removes the provisions relating to the use of interim school buildings such as schools-in-shops and schools-in-houses, which appears to have been replaced by section 3.8 approvals and adaptive re-use. No reasoning or justification for this amendment is included on the Departments website. However, UDIA suggests that to minimise the need for the adaptive reuse of school sites, it is important that accurate school demand modelling is undertaken, rather than a generic, flat ratio of one primary school per 1,500 dwellings.

3.9 Developer contributions for Government (public) primary schools

The contribution area is defined as any subdivision creating more than five lots within any area within a region planning scheme or structure plan area. This is a broad definition that will capture a significant proportion of all new development. As such, it is not clear if contributions are required in areas already served by established schools with appropriate levels of capacity. In recent years, a number of former school sites within Metropolitan Perth have been redeveloped for housing, this raises the question as to whether or not the redevelopment of these sites triggers financial contributions.

Whilst the policy trigger is broad, it is not equitable. According the 2020 Urban Growth Monitor, *“between 2011 and 2018, infill developments yielding one dwelling per lot made up half of all infill development”*. The development of single dwellings and 2 to 5 dwellings accounted for 67% of all infill development. The proposed development contribution thresholds mean that the majority of development would be exempt from providing a school site contribution and just 33% of development would be required to provide 100% of the contribution for a school site. UDIA recommends that the contribution thresholds are reconsidered to ensure the more equitable application of the policy’s requirements.

In addition to concerns regarding the equitable application of the policy, the replacement of the 1,500-1,800 dwelling catchment range with a set ratio of 1,500 dwellings raises legitimate concerns regarding transparency and whether funds collected will remain within a school catchment.

Assuming an underlying land value of \$1 million per hectare, shared between 1,500 lots, the provision of a 4ha school site requires a contribution of \$2,666 per lot. However, if in practice the catchment area contains 1,800 lots, as the policy does not allow the contribution rate to amended accordingly, DoE will collect \$800,000 in excess funds. In such a case, there is no disclosure or transparency regarding what will happen to these surplus funds. Using these funds on additional servicing and infrastructure is beyond the contribution scope, which is limited to land valuation only. Meanwhile reallocating these funds outside of the catchment fails the need and nexus tests. UDIA reiterates the need for full disclosure and reporting to provide clarity and transparency.

In closing, the UDIA contends that broadening the funding arrangements to include the cost of land preparation and the provision of infrastructure in addition to the cost of providing land for schools, together with the establishment of transparent governance arrangements, will ensure that the policy delivers optimal outcomes for stakeholders.

Thank you again for the opportunity to provide comment on the draft Policy. Should the Department require any assistance or further information on the advice provided in this submission, the UDIA would be delighted to assist, please do hesitate to contact Chris Green, Director Policy and Research at cgreen@udiawa.com.au or 9215 3400.

Yours sincerely



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