

Realising planning potential



Phase 2 Planning Reform Submission

The need for Reform

UDIA WA welcomes the Government's continued focus on planning reform and ensuring that Western Australia benefits from an effective and efficient land use planning system, particularly as our economy and communities emerge from COVID-19.



The pandemic has underlined the importance of planning to our communities with people placing increased value on their connection to place and the quality of their neighbourhood. Planning will also be key to helping to coordinate the growth of our cities and regions and overcoming our future challenges, including climate change, with the places we create vital to supporting the resilience of our communities and economy.

In response to the economic effects of COVID-19, we were pleased that both the Federal and State Governments recognised the importance of the development industry to the broader economy, adopting stimulus measures to support jobs in the housing and construction industries. The underlying demand that these measures have stimulated has highlighted the need to ensure our planning system is efficient and that we maintain a sufficient supply of housing to avoid housing affordability pressures in both the immediate and longer-term.

In response to the current housing demand pressures, perhaps the most positive outcome of the pandemic has been the spirit of collaboration across different Government agencies and the development industry, that has enabled as many Western Australians as possible to benefit from the building grants. This collective approach has allowed WA to avoid the potentially devastating social and economic consequences of the virus and instead, chart a course of growth.

Similarly, short-term measures such as the 'State Development Assessment Unit' have enabled the delivery of better coordinated outcomes, whilst also providing greater recognition of the role the development industry plays in delivering the State Government's social and economic goals.

This approval pathway has also enabled more innovative development to be progressed, supported by a development assessment process

that fully assesses the merits of a proposal against broader criteria, rather than the existing development pathway which favours a business-as-usual, low-risk approach, leading to suboptimal outcomes.

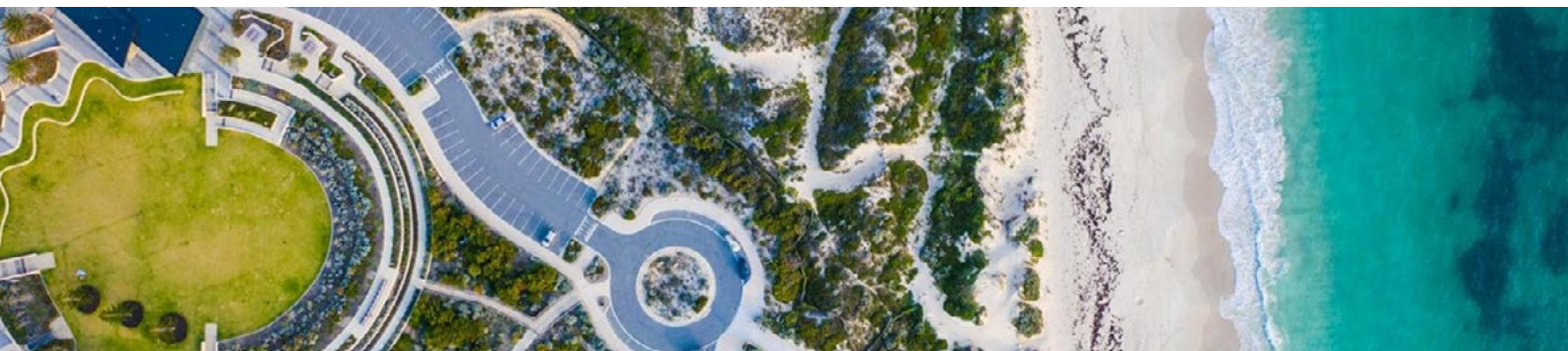
Combined with building a collaborative regulatory culture and better coordination of activity across the various government agencies involved in the planning and development approval process, Phase 2 of Planning Reform has the potential to make a significant impact.

It is important to note that although housing demand has been elevated above that of recent years, demand has been subdued by closed international borders with total dwelling commencements remaining consistent with longer-term averages. This, together with the largely effective handling of the virus by the Federal and State Governments, means that WA is likely to experience significant net-overseas and interstate migration as the international borders reopen placing adding housing pressures on an already strained market. Therefore, it is imperative that we build capacity within the planning system to be able to withstand our future housing and development pressures in the immediate and longer-term. System improvements to build this capacity will also help ensure the effective facilitation of the Government's aspirations for Perth as a city of 3.5 million, especially as we become more reliant on the delivery of infill development at scale.

A handwritten signature in black ink, appearing to read 'Tanya Steinbeck'.

Tanya Steinbeck







Chief Executive Officer



Summary of Reform Actions

UDIA supports the Government's continued focus on ensuring that Western Australia benefits from a contemporary, effective and efficient land use planning system. The current demand for housing highlights the need to ensure that our planning system is efficient. Delays and uncertainty in the planning approvals process adds risk and cost to development, jeopardising housing affordability. Meanwhile, development is becoming increasingly challenging as we strive to increase the intensity of development in both new and established suburbs, whilst also seeking to resolve a broader range of social and environmental challenges. Therefore, planning must be at the forefront of decision making, enabling the system to deliver effective outcomes through better infrastructure coordination, greater innovation and good design.

In response to COVID-19, the Government adopted a range of positive planning reform measures, however many of these reforms are time limited. Longer-term, permanent planning reform is needed to foster greater innovation and ensure that WA's planning system maximises its potential and is at the forefront of providing solutions to our evolving social, economic and environmental challenges. To ensure that the planning system enables development, creates jobs and adds to the vibrancy of our communities, UDIA offers 15 recommendations across six key areas of planning reform:

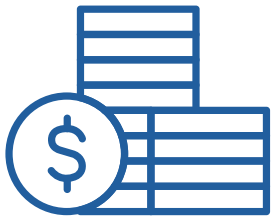
	Re-establish the primacy of planning	<ul style="list-style-type: none"> • Restructure the WA Planning Commission to re-establish the primacy of planning • Ensure that Government Departments/Agencies and service providers facilitate planning objectives • Establish an Environmental Planning Team within DPLH
	Establish a Housing Supply Advisory Group & a Growth Areas Team	<ul style="list-style-type: none"> • Establish a Housing Supply Advisory Group and a Growth Areas Team • Accurately monitor housing supply
	Leverage private sector investment and enable proponent-led solutions	<ul style="list-style-type: none"> • Establish a clear proponent-led pathway to deliver housing and development land in key strategic growth areas • Allow for concurrent amendment of various planning instruments • Establish an assessment pathway for proponent-led Local Planning Scheme amendments
	State Government administration of infrastructure schemes	<ul style="list-style-type: none"> • The State Government oversees the administration and operation of Development Contribution Schemes
	Continue to ensure that DAPs satisfy their original aim and objectives	<ul style="list-style-type: none"> • Ensure the DAP assessment pathway continues to satisfy its original objectives with decision making determined by independent experts • Enable the continuation of the 'SDAU' & provide the 'Special Matters DAP' with appropriate powers • Establish a clear link between the 'Market Led-Proposals' framework and the Special Matters DAP
	Provide Greater Certainty	<ul style="list-style-type: none"> • Foster greater early community engagement • Prepare a set of standard development conditions • Limit variation to the Model Subdivision Conditions

WA'S DEVELOPMENT INDUSTRY ECONOMIC IMPACT TO THE STATE



15.5%

of all employment in WA is in the property industry



\$28.2 billion

contributed by the property sector to GSP in 2019-20



208,460

people are directly and indirectly employed by the WA property industry



1.6x

the direct employment of the manufacturing industry and 1.1x the direct employment of the mining industry in WA



\$18.6 billion

in incomes are directly and indirectly derived from jobs in the property sector in WA



\$3.8 billion

in property taxes contributed to State Government revenue in 2019-20

The Solutions



Re-establish the primacy of planning

Acknowledging that greater collaboration is needed between the various agencies involved in the development process, it is vital that spatial outcomes are guided by planning objectives with all relevant considerations carefully balanced to deliver the best possible social, economic and environmental outcomes for our State. The WA Planning Commission/DPLH need to play a greater role in facilitating and negotiating the resolution of issues to achieve desired planning outcomes.

To re-establish the primacy of planning, reform of the WA Planning Commission is needed to better ensure that its decisions are made with the primary objective of achieving the best possible land use outcomes for the State. Membership of the WA Planning Commission is currently unbalanced, with over half of the current Commissioners representatives of State Government Departments. Only one Commissioner is appointed on the basis of their 'knowledge or practical experience in the fields of urban planning, property, business, engineering, surveying, transport or urban design'. The WAPC's membership structure should be reconsidered, with greater representation from practicing planners and/or as per the EPA board, independent representatives appointed to better balance inputs and decision making.

With the primacy of planning re-established, infrastructure providers and services agencies should seek to align their capital works and other investment programs to ensure the delivery of the Government's spatial and development objectives in a timely manner.

Recommendations:

- **Restructure the WA Planning Commission and restructure its membership to re-establish the primacy of planning.**
- **Ensure that Government Departments/Agencies and service providers strive to facilitate planning objectives including Perth and Peel @3.5 million and the Region Schemes.**
- **Establish an Environmental Planning Team within DPLH to provide a strategic approach to critical environmental issues that impact planning & development and delivers a critical conduit to the Department of Water & Environmental Regulation and the Environmental Protection Authority.**





Establish a Housing Supply Advisory Group and a Growth Areas Team to unlock development and support economic development and recovery

Large parcels of urban zoned land with workable development constraints and the capacity to provide a high volume of lots are becoming increasingly scarce. Similarly, delivering infill development at scale is complex and becoming increasingly challenged by land fragmentation and as pre-existing infrastructure reaches its capacity. To overcome these challenges, UDIA recommends that a Growth Areas Team is established to bring together key service agencies and local government together with the WA Planning Commission to respond to our growth challenges by aligning infrastructure delivery with strategic planning objectives. The Growth Areas Team should be given appropriate powers to prepare Local Planning Strategies and Schemes in strategic development areas, including infill precincts and urban expansion areas identified by the State. This Team should also oversee all referral advice to ensure a coordinated response balancing all relevant planning considerations. This will improve consistency, transparency and provide the necessary certainty for proponents to enable the coordinated delivery of the Government's infill and METRONET objectives.

To support the Growth Areas Team, a Housing Supply Advisory Group consisting of key government and development industry stakeholders should be created, to facilitate partnerships between government and industry. This would ensure that government and private sector investment is maximised by providing greater certainty and helping to foster the delivery of more innovative solutions to our infrastructure needs. This Stakeholder Group should be used to provide advice and data to assist and support the Growth Areas Team through the provision of coordinated advice to unpack the challenges affecting land supply, housing choice and affordability, land fragmentation, progressing development applications and facilitating essential urban infrastructure. Similarly, inputs from the Advisory Group should be used to provide more accurate information and data inputs, improving critical planning monitoring reports such as the Urban Growth Monitor.

Powers extended to the Growth Areas Team should include oversight of Local Development Plans which are often delayed awaiting approval by the WAPC's Statutory Planning Committee. Delegating the approval powers to the Growth Areas Team could help expediate this process.

Recommendations:

- **Establish a Housing Supply Advisory Group and a Growth Areas Team to unlock development and support economic development and recovery in strategic development areas identified by the State.**
- **Accurately monitor housing supply and the implications of policy changes against development demand forecasts.**





Leverage private sector investment and enable proponent-led solutions to deliver housing supply

UDIA fully supports the Perth and Peel @ 3.5 million frameworks and the plan to coordinate Perth's growth at a strategic level. However, the Frameworks have introduced a pseudo urban growth boundary that has restricted the market from responding efficiently to increased development demand with Government resource constraints hindering the delivery of land to the market.

A proponent-led development pathway, within strategic criteria, needs to be established to ensure that Perth maintains an appropriate supply of land to avoid housing affordability pressures. As land identified for development becomes more fragmented and constrained enabling proponents to lead technical studies will be essential to ensure that land is development ready within a timely manner.

Whilst we understand the WA Planning Commission is willing to accept proponent-led structure planning, a framework needs to be put in place to provide industry with the necessary certainty to pursue this pathway.

Similarly, there is no established assessment pathway for proponent-led LPS amendments. Although section 76 of the Planning and Development Act does provide the Minister with the authority to order a local government to prepare or adopt a scheme or amendment, this is a cumbersome process that provides little certainty of an outcome within a timely manner. A clear pathway should be established, with appropriate statutory timeframes, to enable proponent-led scheme amendments to progress, particularly where local governments have failed to demonstrate how their LPS will meet the housing and employment targets set out in Perth and Peel @3.5 million.

Recommendations:

- **Leverage private sector investment and establish a clear proponent-led pathway to deliver housing and development land in key strategic growth areas.**
- **Allow for concurrent amendment of various planning instruments, including scheme amendments, structure plan, local development plan and subdivision and/or development approvals.**
- **Establish an assessment pathway for proponent-led Local Planning Scheme amendments.**





State Government administration of infrastructure schemes

UDIA acknowledges the Government's commitment to adopting a revised State Planning Policy 3.6 Infrastructure Contributions to ensure that Development Contribution Plans (DCPs) do not jeopardise housing affordability. However, administering DCPs is highly complex, requiring specialist skill sets that many local governments do not possess. This, along with the conservative nature of local governments, has meant that the total net value of contributions collected by local government and yet to be spent on infrastructure within the Perth and Peel Region now stands at \$2 billion. This is a lost opportunity, with new home buyers deprived of the infrastructure they have paid for, and jobs have been lost by the lack of activity.

To ensure the better ongoing management and operation of schemes, UDIA WA propose that all DCPs are administered by a suitably qualified State agency with appropriately qualified staff provided with the training and support to effectively oversee implementation. This team can be supported with a governance structure that brings representation from the development and local government sectors together with the State to ensure ongoing compliance and prompt dispute resolution.

Recommendations:

- **The State Government oversees the administration and operation of Development Contribution Schemes.**





Continue to ensure that DAPs satisfy their original aim and objects

Development Assessment Panels (DAPs) have undoubtedly been one of the greatest successes of recent planning reforms. By fulfilling their intent, DAPs have 'improved the planning system by providing more transparency, consistency and reliability in decision making on complex development applications' with the involvement of independent experts in the decision making. Given this success, and the success of the recently appointed State Development Assessment Unit, we welcome and support the establishment of a 'Special Matters DAP'. However, it is imperative that this DAP is offered similar powers as the SDAU and afforded the ability to approve development applications beyond the provisions of local planning schemes that fulfil strategic and state significant criteria.

Whilst acknowledging that some process and administrative improvements to the DAP application process could be made, reform of the DAP process should not undermine its core principle of ensuring that decisions are based on the planning merits of an application, through the involvement of independent experts in decision making.

UDIA is concerned about the ability of appointed State Government representatives to maintain political independence as an appointee of Government. UDIA is also concerned about the ability of a limited number of appointees to manage the DAP application workload efficiently and effectively.

It is also imperative that the State Development Assessment Unit (SDAU) pathway and the benefits that it provides in coordinating referral agencies inputs continues. It is also important that an appropriate statutory approval framework is established to manage the clearing of conditions and others matters associated with SDAU approvals following the expiry of the SDAU's terms. UDIA suggests the proposed 'Special Matters DAP' should seek to replicate the SDAU and Queensland's ongoing State Assessment and Referral Agency (SARA) to manage the assessment of State significant development projects and ensure the responses of individual referral agencies are coordinated to align with strategic objectives. Further, the 'Special Matters DAP' could improve the current SDAU process through the inclusion of statutory timeframes to provide greater certainty of outcome and by the establishment of link to the 'Market Led-Proposals' assessment framework.

Recommendations:

- **Ensure the DAP assessment pathway continues to satisfy its original objectives with decision making determined by independent experts.**
- **Ensure the proposed 'Special Matters DAP' has sufficient (and appropriate transitional) powers to enable the continuation of the 'SDAU' development assessment pathway for matters of state significance and adopt statutory timeframes for determinations.**
- **Establish a link between the 'Market Led-Proposals' framework and the Special Matters DAP.**





Provide Greater Certainty

The benefits of providing the development industry with certainty should not be underestimated. Certainty of an outcome provides investors with the confidence to invest and reduces the amount of capital allocated to risk and delay, helping to reduce the cost of providing homes to the market.

As the Planning Reform Green Paper identified, individual development projects need to be placed in a broader strategic framework of planned urban and regional development. To improve certainty, the planning system should foster greater early community engagement via local planning strategies and schemes, focussing subsequent consultation on areas where developments deviate from the strategic vision. This will ensure that development outcomes are consistency with community expectations, whilst providing industry with the certainty that investment decisions require. This is a far more constructive approach than third party appeals, which if adopted would severely undermine investment into our communities whilst also failing to build community confidence in planning outcomes.

Alongside certainty, providing consistency across different local governments is also critical. Therefore, one of the strong points of the current planning framework is the WAPC's Model Subdivision Conditions, which help to ensure that subdivision conditions are consistent and importantly remain valid, applied only for a planning purpose, relevant to the development and are reasonable. However, there are currently no standard development application conditions. As we become more reliant on infill development, having a consistent set of development conditions will be increasingly important, providing both industry and the community with great confidence of outcomes.

Similarly, greater consistency should be provided by elevating the status of the (IPWEA) Local Government Guidelines for Subdivisional Development, and as per the WAPC's Model Subdivision Conditions, variation should only be permitted where local government provide adequate justification to the WAPC. The Guidelines follow a robust preparation and review process that encompasses current legislation and best practice minimum engineering standards based on peer review. However, local government application of the Guidelines is not enforced, instead, local governments are simply strongly encouraged to adopt the Guidelines, leaving them free to vary the requirements without providing any justification.

Recommendations:

- **Foster greater community engagement early in the planning process.**
- **The WAPC prepare a set of standard development conditions.**
- **The statutory status of the Model Subdivision Conditions is elevated with variation only permitted where local government can provide adequate justification.**





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