The Property Council of Australia welcomes the opportunity to comment on the Western Australian Planning Commission’s Directions 2031 Draft Spatial Framework for Perth and Peel. The Property Council has consulted widely in preparing these comments, including discussions with members and at public forums.

The Property Council supports the structural elements of the Draft Spatial Framework, including the creation of an activity centres network; a movement network; and a green network. The Property Council also supports the Connected city scenario for future urban growth, including a more balanced distribution of infill and greenfields development.

However the Property Council of Australia has noted concerns in the property sector with the transition to the preferred Connected city model, particularly the rapid move to a much higher target for housing infill and a higher dwelling density in Greenfield developments.

The Property Council has reviewed these elements and we made a number of recommendations to ensure the final Framework better reflects the current dynamics in the property market and the capacity for the sector to meet the targets in the Framework, including:

**Recommendation 1:** Recognise that the 47% housing infill and 15 dwellings per hectare targets are medium to long-term aspirations and they are not immediately achievable. If the 47% infill target is aggressively pursued over the short-term there is a risk that Western Australia will experience another land shortage induced housing affordability crisis similar to 2003-2006.

**Recommendation 2:** Implement the Framework in two stages; a short-term stage to 2016 with a lower infill target around 30% to accommodate the extremely high population growth associated with the rapid growth in the State economy; and a long-term stage from 2016 to 2031 with higher infill targets to accommodate more normal population growth rates and to coincide with a changed community attitudes to higher density living.

**Recommendation 3:** Commence a serious community consultation program about higher density housing and potential areas suited for higher density housing.
**Recommendation 4:** Fast track the multi-unit code R-Code system based around outcome performance based assessments. This is an important step in a more seamless adoption of higher density housing in middle-ring suburbs and in Activity centres.

**Recommendation 5:** Designate boundaries for Activity centres and introduce separate housing density targets both within and adjoining activity centres.

**Recommendation 6:** Introduce Development Assessment Panels to facilitate the creation of fully formed Activity centres and overcome local authority resistance to the redevelopment of middle-ring suburbs.

**Recommendation 7:** Integrate urban development infrastructure requirements into the proposed new State infrastructure strategy and link the funding to the State Budget.

**Recommendation 8:** Compel local authorities to initiate and review centre plans; and allow private interests to initiate centre plans in appropriate circumstances, as outlined in the Property Council’s earlier submission to the review of the Model Scheme Text.

**Recommendation 9:** Introduce annual reporting of key elements of the framework, including higher density housing build-up around activity centres.

More information about the recommendations is provided below.

**Background**

The Property Council of Australia is the peak industry group for owners, developers and managers of property. The sectors covered by the membership include commercial offices, retail, industrial, hotels and residential property. The Property Council has a strong interest in the development of cities and we support the creation of a National Urban Policy, which amongst other objectives includes the challenge to develop cities in a balanced and sustainable manner.

The Property Council recognises that Directions 2031 Draft Spatial Framework is a high level strategic plan and vision for the future growth for Perth and Peel. The Framework provides much needed clarity for the Network City strategy.

The Property Council supports the long term vision for a more sustainable and balanced distribution of infill and greenfields development in the Perth and Peel region, as outlined in the Framework. However the Framework should also evolve as base line assumptions change like population and economic growth scenarios. Our recommendations in large part address these matters as well as important regulatory reforms.

**Housing infill and Greenfield development**

The Framework is predicated on average annual population growth of 1.4% between 2009 and 2031, however the current population growth rate is between 2.5% - 3.0% and this is expected to be maintained for the duration of the current rapid expansion in the State economy driven by the resources sector.
Between 2003 and 2006 housing costs in Perth escalated rapidly to become the most expensive in Australia. This was caused by an unexpected surge in demand for housing driven mainly from new migrants enjoying rewarding employment opportunities in WA’s rapidly growing economy. At the same time there was an underlying shortage of vacant land for new housing due to earlier State planning scenarios that were based on much lower growth scenarios for Perth. The ensuing period was characterised by severe shortages in infrastructure investment to support the urban expansion required to house the population growth.

Many of the economic fundamentals that existed in 2003 – 2006 are likely to continue operating in WA, including very high population growth rates and a resilient State economy that is expected to continue to be supported by a buoyant mining sector for the foreseeable future.

There is a high level of concern in the property sector that requiring almost 50% of new housing in the short-term to be located in inner suburban areas of the city will effectively create an urban development boundary. This will divert infrastructure investment away from outer areas that provide much needed affordable housing.

Recommendation 1: Recognise that the 47% housing infill and 15 dwellings per hectare targets are medium to long-term aspirations and they are not immediately achievable. If the 47% infill target is aggressively pursued over the short-term there is a risk that Western Australia will experience another land shortage induced housing affordability crisis similar to 2003-2006.

Recommendation 2: Implement the Framework in two stages; a short-term stage to 2016 with a lower infill target around 30% to accommodate the extremely high population grow associated with the rapid growth in the State economy; and a long-term stage from 2016 to 2031 with higher infill targets to accommodate more normal population growth rates and to coincide with a changed community attitudes to higher density living.

Changing attitudes to higher density housing

There are mixed attitudes to higher density higher in the community, particularly in the middle-ring suburbs, which often restricts development. In order for the main elements of the 2031 Framework to succeed the ‘not in my back yard’ reaction to higher density development must be addressed in the community. The State Government and local governments are best placed to commence a balanced community discussion about the necessity and the forms of higher density housing.

It is generally accepted that the Residential Design Codes (R-Codes) are more effective in promoting lower density housing by prescribing minimum site areas for dwellings, and less effective in promoting higher density outcomes, particularly multi-level developments.

Minimum site area requirements create a significant disincentive to multiple dwelling developments by limiting the number of dwellings allowable within a development. Whilst it is considered that the density controls are still relevant for grouped dwellings, taken together with minimum frontage controls and plot ratio, the minimum site area controls are overly restrictive.
The Property Council is aware of progress towards the creation of new Multi-Unit Housing Codes that rely on performance criteria for assessment rather than minimum site areas.

**Recommendation 3:** Commence a serious community consultation program about higher density housing and potential areas suited for higher density housing.

**Recommendation 4:** Fast track the multi-unit R-Code system based around outcome performance based assessments. This is an important step in a more seamless adoption of higher density housing in middle-ring suburbs and in Activity centres.

**Activity centres**

The Property Council recognises and endorses the importance of the Activity centre as a key structural element of the 2031 Framework. The Draft State Planning Policy - Activity Centres for Perth and Peel represents a significant improvement on the current centres policy. The key improvements are the recognition of variability in activity, including employment and housing in centres which are not dominated by a retail function (e.g. Curtin University Precinct and Subiaco).

The dynamics of urban areas and activity centres was not reflected in the previous policy which sought a highly standardised approach for all activity centres and heavily relied on standard formulae to determine the amount of retail floor space within an activity centre. Activity centres provide the ideal locations for a more rapid shift to higher density, including multi-level, housing. Community attitudes towards higher density housing are more favourable in Activity centres and the opportunity to prepare new centre plans offer local authorities the chance to be more adventurous in promoting high density multi-level housing. This is evident in community consultations by the Stirling Alliance, which is facilitating a new centre plan for the proposed Stirling City.

**Recommendation 5:** Designate boundaries for Activity centres and introduce separate housing density targets both within and adjoining activity centres.

**Planning reforms**

The success of the 2031 Framework’s implementation strategy is dependent on the implementation of key planning reforms identified in the draft policy and regular monitoring of the progress of the policy. Key planning reforms include the creation of development assessment panels and encouraging local authorities to initiate and review centre plans.

The provision of infrastructure investment to support the creation of dynamic Activity centres will contribute in large measure to the success of the 2031 Framework policy. The Property Council is aware of the State Government’s commitment to developing a new State Infrastructure Strategy. The infrastructure investment required for the successful implementation of the 2031 Framework must be recognised in the State Infrastructure Strategy and properly funded through the State Budget.
Recommendation 6: Introduce Development Assessment Panels to facilitate the creation of fully formed Activity centres and overcome local authority resistance to the redevelopment of middle-ring suburbs.

Recommendation 7: Integrate urban development infrastructure requirements into the proposed new State infrastructure strategy and link the funding to the State Budget.

Recommendation 8: Compel local authorities to initiate and review centre plans; and allow private interests to initiate centre plans in appropriate circumstances, as outlined in the Property Council’s earlier submission to the review of the Model Scheme Text.

Recommendation 9: Introduce annual reporting of key elements of the framework, including higher density housing build-up around activity centres.

Conclusion

The Property Council supports the structural elements of the Draft Spatial Framework, including the creation of an activity centres network; a movement network; and a green network. The Property Council also supports a more balanced distribution of infill and greenfields development.

However there are concerns in the property sector with the transition to the higher targets for housing infill development and a higher dwelling density in Greenfield developments. In reviewing these elements we made a number of recommendations to ensure the final Framework better reflects the current dynamics in the property market and the capacity for the sector to meet the targets in the Framework. We believe that these recommendations will reinforce the structural elements that underpin the 2031 Framework.

Thank you for the opportunity to comment on the Directions 2031 Draft Spatial Framework for Perth and Peel. The Property Council is an active participant in the stakeholder reference group that is assisting the review and formulation of the final Activity centres policy, which is integral with the 2031 Framework. The Property Council looks forward to continuing the important process of planning reform in WA and we welcome further consultations in the stakeholder process.

Yours sincerely

Joe Lenzo
Executive Director