PROPERTY COUNCIL of Australia

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Mr Eric Lumsden PSM
Chair
Western Australian Planning Commission
Locked Bag 2506
Perth WA 6001

Dear Eric,

State Planning Policy 3.1: Existing Retirement Village 100% R-Code Bonus – the third tier

As the peak industry body for the property development and retirement living sectors in WA – Property Council of Australia would like to propose a key reform to be considered by the Western Australian Planning Commission as part of the current review of the R – Codes.

The proposal is to introduce a third tier in the R – Codes to enable increased seniors housing through the redevelopment of parts of existing retirement villages to complement the current bonus for aged person dwellings.

While industry welcomes the reduction of the trigger to receive a plot ratio bonus for aged and dependent person dwellings from five (5) to two (2) units - this does not support retirement villages.

In addition, the current 33% density bonus for aged persons dwellings has no practical use for existing retirement villages which could, potentially, provide substantially more seniors' housing.

In WA, 13% of the state's population is aged 65 and over and almost 80% of those people live in Greater Perth. The number of people aged 65 and over needing accommodation in the retirement living industry is predicted to grow from 24,500 in 2016 to 35,600 by 2026. By 2026, there will be a demand for 22,600 to 27,400 retirement dwellings. As a result, in WA the likely housing shortfall for seniors in WA over the next two years would be in the range of 1700 – 2500 units[1].

There is a limited supply of land in Greenfield areas to accommodate retirement living and the very nature of its use immediately reduces the price that a landowner will pay for land. As it is very difficult to find and finance new sites for retirement villages, a lot of "new" development will have to take the form of apartment developments on existing retirement village sites.

There is a widely-held and mistaken belief that the density bonus provision in part 5.1.1 of the R-Codes enables existing retirement villages to redevelop with increased density. Attachment 1 of this submission illustrates why this is often not the case.

The Property Council of Australia argues that it is already accepted that retirement villages should benefit from density bonuses because they are designated areas for higher density seniors housing. We therefore propose the inclusion in the R-Codes of a new density bonus specifically for retirement villages (which could be easily identified and defined as a developments which operate under the Retirement Villages Act).

We propose that the bonus should take the form of an effective or deemed increase in the R-Coding for the site on which a village sits so that, for instance, a site designated R30 would be given a 100% increase to R60. That would enable villages – and particularly older villages which are already fully built under their original zoning - to build higher density apartments on parts of their sites without having to go through a rezoning process for the entire site.

In WA there are approximately 250 retirement villages that due to the current planning limitations are either unable or just not considering options to redevelop to meet the contemporary needs of future retirees which includes both aged care services as well as greater amenity within a village. This proposed change as part of the current review of the R-Codes would enable the retirement living sector to redevelop ahead of the silver tsunami and at a time when the market is favorable to redevelopment.

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[1] **The Critical Need for Retirement Living in Western Australia, Property Council of Australia, 2015.**

The Property Council is appreciative of the opportunity to present our submission for the proposed minor amendments to *State Planning Policy 3.1 – Residential Design Codes.* We look forward to continuing our dialogue regarding the key points outlined in this submission.

Kind regards,

Lino Iacomella
Executive Director

c.c. Gail McGowan, Director General – Department of Planning

ATTACHMENT 1: A hypothetical retirement village redevelopment to illustrate how the 33% aged or dependent persons dwelling density bonus is of no use to existing retirement villages.

An old retirement village is built on a 3ha site with an R30 zoning, and has 100 dwelling units (with an average site area of 300m^2 per dwelling), so it is fully built-out to its density capacity. The old dwellings in the village may not comply with the aged persons dwelling requirements because it was built so long ago. As there are already 100 non-compliant units on the site there would be no capacity to build new units, other than by replacing existing units.

Utilising the aged/ dependent persons dwelling density bonus (33%) under part 5.1.1 of the R-Codes, a quarter of the site could be redeveloped to increase the total dwelling yield to 112 units (at 200m^2 per dwelling). If the bonus was increased to 50%, the total number of dwellings would be increased to only 125 units.

Retirement Village Site Area	Applicable Density Code	Min.average site area per dwelling (base coding)	Full build - out at base density	Portion of site available for redevelopment	Min.average site area per dwelling (using available density bonus)	Redevelopment portion yield	Total site yield after redevelopment
30,000m^2	R30	300m^2	100 dwelling units	7,500m^2 (25 of the 100 existing dwelling units)	200m^2 (33% bonus for aged persons dwellings)	37 dwelling units	75 existing + 37 new = 112 dwelling units (total uplift of 12 dwelling units)
					150m^2 (50% bonus for retirement villages)	50 dwelling units	75 existing + 50 new = 125 dwelling units (total uplift of 25 dwelling units)

Both cases demonstrate how the bonus is of no practical use to an existing retirement village. Even with a 50% bonus, the village would have to fund the purchase of the 25 existing dwellings and land, and the construction of the 50 new dwellings, from the proceeds of selling the 50 new dwellings - at a ratio of 2 new dwellings for every existing dwelling (2:1).

It would not be financially feasible and it is even less feasible under the current 33% bonus.

By way of practical example, RAAFA's Bullcreek Master Plan provides for the replacement groups of 12 units with 36 units (3:1), 12 units with 40 units (3.33:1) and 24 units with 60 units (2.5:1). Ocean Gardens' current apartment development is replacing 2 dwellings with 11 units (5.5:1).

While the existing aged or dependent persons dwelling density bonus does add value to greenfield sites, it is no use in existing villages – which provide the best opportunities for increasing seniors' housing.