



Perth and Peel @ 3.5 Million

Property Council of Australia
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Executive Summary

Perth and Peel @ 3.5 million (PP3.5) is a laudable and overdue plan to guide the growth and development of Perth and Peel regions. The Property Council supports the ambitious objectives of PP3.5; including a more consolidated urban form, promotion of employment opportunities across the sub-regions, an efficient and effective movement network and ensuring the timely and efficient delivery of infrastructure.

From an industry perspective, PP3.5 presents a dilemma. Do developers gear-up now for a radical lift in the rate of infill development in Perth or should the industry expect another decade or so of business as usual and delay the big investment in meeting the infill challenge for later.

What the industry is looking for in the final version of PP3.5 is more guidance on the plan's objective to achieve 47% infill by 2050 and whether it will be a radical step up in the near future or an incremental move culminating in a more aggressive step up in infill development in latter years.

The industry would also like to see in PP3.5 more of the necessary practicable intervention required to deliver the plan's objectives for a more consolidated, connected and prosperous city.

The Property Council is concerned that, if PP3.5 is not quickly reinforced with implementation measures, it will be ill-equipped to guide the growth and development of the region. The mix of implementation measures needed to deliver the objectives of PP3.5 need to be cognisant of the practical challenges to implementation and that the hard decisions cannot be delayed any longer if the targets are to be met. The Property Council provides comment on the following chapters of PP3.5:

Growth Patterns- Our Choice

The connected city growth model with 47% infill development, the preferred model identified in *Perth and Peel @ 3.5 million*, is a sensible approach that has broad industry support. However, the industry is concerned with the lack of effective actions in *Perth and Peel @ 3.5 million* necessary to implement the plans objectives. This includes actions to deal with the current low rate of infill development, the absence of infrastructure provisioning, local government planning systems and the disaggregated greenfield development front.



Given the decline of urban infill to 28% in 2012, if infill development continues to follow a business as usual approach with an incremental increase in the rate of infill development, we will simply delay the hard work needed to eventually lift the infill rate. The effective infill rate will need to be more than 60% in ten years' time to meet the target by 2050.

The current local government planning system does not require respective councils to meet their infill targets and measures must be introduced to ensure that local councils are required to deliver on their respective infill targets.

Fundamental to the success of PP3.5 is improved planning, prioritising and delivery of infrastructure with an accountable independent body to support the rate of infill development.

Implementation measures to meet the infill targets must also include improved local government planning systems, community leadership strategy to explain the benefits of urban consolidation, acknowledgement of the role that precinct development could play in meeting the infill targets and the need to activate key transport routes into "multi-functional corridors". The plan must also recognise non-planning constraints to infill development such as the treatment of stamp duty on off-the-plan apartment sales.

The connected city growth model balances the infill target with new greenfield development, however, the greenfield opportunities identified in *Perth and Peel @ 3.5 million* lack the scale necessary to make greenfield development feasible.

People and Society

The Property Council endorses the PP3.5's anticipation of Perth's population growing to 3.5 million by 2050. The plan also correctly identifies the need to prepare for growing population diversity. Land use policy, however, is one of the single most powerful tools in supporting the development of retirement villages and the industry is concerned that the land use requirements to support the region's ageing population are not addressed PP3.5. In addition, it is difficult to provide informed feedback on the population projections in the absence of the projection assumptions and modelling.

Economy

The key tenet of PP3.5 is to create employment self-sufficiency to support growth, minimise congestion and drive urban consolidation. The property industry commends the recognition that land use planning has to consider employment opportunities when planning the future growth and development of the region. However, the industry is concerned that decentralisation will undermine the vibrancy of the Perth CBD. The Property Council believes that it is vital to release the assumptions and the modelling behind the employment projections prior to the release of the final plan so that the industry can make an informed comment on the feasibility of employment projections in the sub-region.

Urban Environment

Increasing housing diversity and focusing on activity centres to provide a variety of housing choices across the region is a strongly supported objective of PP3.5. However, there are practical implementation issues that need to be addressed including local government planning systems and prioritising the delivery of activity centres. The industry maintains that affordable housing can be improved by driving efficient supply of new housing. The connected city growth model also needs to be underpinned by a transport strategy and, given that PP3.5 is not partnered with the *Perth Transport Plan @ 3.5 million*, confidence that a cohesive land use and transport plan will be delivered is undermined.

Environmental Landscape

The property industry questions why the plan to guide the growth and development of the Perth and Peel region was released prior to the completion of the strategic environmental assessment process and how the discrepancies between these documents will be addressed.

Implementation

The implementation actions identified in *Perth and Peel @ 3.5 million* are high level and significant work is required before substantial implementation measures would have an impact on the growth and development of the region. The following table provides comment on the

Key Strategy	Action	Comment
Improve use of existing and proposed urban land supply	Only rezoning additional land when an unmet need can be shown and not in response to an individual landowner's request	<ul style="list-style-type: none"> This does not allow the market to respond in a timely manner to rapid upturns in demand, which could result in a housing crisis.
	Give priority to urban consolidation in areas with sufficient existing infrastructure capacity	<ul style="list-style-type: none"> Strongly support this commitment; This must be accompanied by an infrastructure plan identifying priority areas to inform the private sector; and Infrastructure agencies need to review their infrastructure provision processes as they are currently unable to adequately provision infrastructure to infill areas.
	Designate strategic urban consolidation areas to accommodate well-planned infill development.	<ul style="list-style-type: none"> Strongly support this commitment; These areas must be prioritised to ensure adequate infrastructure provision; and The opportunity to automatically increase the zonings of these areas must be investigated.

Key Strategy	Action	Comment
	Promote the benefits of higher density living	<ul style="list-style-type: none"> The promotional focus of the benefits of density living must target local councils, their elected members and residents of infill communities. The industry and purchasers are well aware of the benefits of higher density living.
Contribute to housing choice and availability	Increase the diversity of housing types within designated urban consolidation areas.	<ul style="list-style-type: none"> Support, however, the Government must ensure that it does not introduce unnecessary regulation that impacts the market's ability to supply a diversity of housing.
	Encourage the supply of affordable housing with a particular focus on alternative building methods.	<ul style="list-style-type: none"> The property development industry can ONLY increase the supply of affordable housing and/or innovative housing if the approvals process is efficient, predictable and timely. The focus must be on improving the approvals process NOT the developer.
	Remove barriers to adaptive reuse or existing housing stock and innovative use of redundant commercial spaces or vacant land	<ul style="list-style-type: none"> Support
Innovation in infrastructure to support economic development	<p>Replace life expired infrastructure with higher capacity assets.</p> <p>Explore innovative funding models and Public Private Partnerships to undertake infrastructure and development projects</p>	<ul style="list-style-type: none"> To achieve this would require either a reformed and strengthened Infrastructure Coordinating Committee with the commitment of Treasury or alternatively the formation of an independent infrastructure body to plan, prioritise and deliver infrastructure. The volume and value of infrastructure works required to deliver to the objectives of PP3.5 requires prioritisation so that infrastructure provision is predictable and certain. Failure to fulfil these actions will undermine the whole PP3.5 framework.
Reduce unnecessary regulation	Continue planning reform agenda to remove unnecessary barriers	<ul style="list-style-type: none"> Support the continued planning reform program. This reform program should be expanded to investigate how further improvements can be made such as expanding the role and function of Development Assessment Panels and mandating local government planning performance criteria to deliver to the PP3.5 targets. This action must also be broadened to encourage ALL government policy to be consistent with the objectives of PP3.5. For example, the treatment of

Key Strategy	Action	Comment
		stamp duty on off-the-plan apartments vs. house & land packages or the government's property and land disposal program and its role in supporting infill development.
Develop the movement network to improve accessibility	Improve public transport connectivity of employment and urban consolidation centres	<ul style="list-style-type: none"> • Strongly support. • This action should be of highest priority as it is fundamental to meeting the objectives of PP3.5.
Targeted application of education, regulation and technology initiatives	Encourage and require the development of energy efficient buildings through incentives, regulation and technology.	<ul style="list-style-type: none"> • The commercial sector already has a highly successful energy efficiency program in place and therefore it is not necessary for government involvement in this space. • The demands for energy efficient residential accommodation must, and have been, driven by the market.
Innovation energy generation	Encourage commercialisation and uptake of distributed energy storage and reduce peak pressure on power network	<ul style="list-style-type: none"> • Until the introduction of Community Titles in the Strata Title Reform • The opportunities for precinct scale sustainable infrastructure and the planning barriers preventing their implementation should be of higher priority.
Improve Government alignment	Enable closer integration between land use, water and transport planning	<ul style="list-style-type: none"> • Strongly support; • It is necessary to review the role of the Infrastructure Coordinating Committee to deliver on this commitment in the absence of an independent infrastructure body. • Recommend formally joining the Dept. of Planning and the Dept. of Transport to ensure better coordination. • Integration of utility bodies to support the development of infill is strongly required. • Investigate the opportunity for an infrastructure concierge service be introduced to ensure the coordinated delivery of infrastructure to prioritised infill sites.



The Property Council of Australia in Brief

The Property Council of Australia is the leading advocate for the property sector and champions a vision that enables the property sector to generate prosperity, jobs and strong communities. Our members include the broad spectrum of business that own and develop property, as well as, the businesses that provide services to the sector.

The Property Council is actively involved in public policy development and participates in a range of consultation processes across urban development, taxation, construction and sustainable development. As such, the development of a growth and development plan for Perth and Peel is a significant priority for our members as it required significant commitment and investment by the property industry to deliver to the *Perth and Peel @ 3.5 million* vision.



1. Opening Comments

The draft *Perth & Peel @ 3.5 million* (PP3.5) strategic land use plan is an overdue and necessary piece of strategic planning for the growth of the Perth region. The connected city growth model preferred in the plan is a sensible approach that has broad industry support. But unfortunately the plan lacks the actions required to deliver on its vision.

The draft PP3.5 anticipates the need for an additional 800,000 new dwellings to house Perth's population growth over the 40 years from 2010 to 2050. The plan also requires that 380,000 or 47% of the new dwellings are to be located in infill developments by 2050, mostly in established suburbs of Perth.

However in the first five years of the plan the rate of infill development has been at or below 30%. This means the required rate of infill development over the next 35 years to meet the 2050 target, is getting higher with every year that Perth registers a sub 47% result. Property Council research shows that on current trends Perth will require an effective rate of infill development over 50% in the next decade and over 60% in subsequent decades, in order to meet the 2050 target in PP3.5.

This presents Perth with two scenarios to choose from in order to meet the plan's 2050 development targets. We can act quickly to re-adjust our land use settings to radically lift the rate of infill development by aggressively rezoning land in Perth for infill and high density housing development.

Alternatively we can choose the business as usual approach and incrementally increase the rate of infill development, which means we delay the hard work needed to lift the infill rate. The problem with this approach is that by the time we get to the required rate of infill development it will be approaching 60% and more.

From an industry perspective this analysis presents a dilemma. Do developers gear-up now for a radical lift in the rate of infill development in Perth or should the industry expect another decade or so of business as usual and delay the big investment in meeting the infill challenge for later.

What the industry is looking for in the final version of PP3.5 is more guidance on the plan's objective to achieve 47% infill by 2050 and whether it will be a radical step up in the near future or an incremental move culminating in a more aggressive step up in infill development in later years.

The industry would also like to see in PP3.5 more of the necessary practicable intervention required to deliver the plan's objectives for a more consolidated, connected and prosperous city.

2. Growth Patterns- Our Choice

The PP3.5 strategic land use plan is an overdue and necessary piece of strategic planning for the growth of the Perth region. The connected city growth model with 47% infill development that is preferred in the plan is a sensible approach that has broad industry support. However, the industry is concerned about the lack of effective actions in Perth & Peel @ 3.5 million necessary to implement the plans objectives. This includes actions to deal with the current low rate of infill development, the absence infrastructure provisioning, a disaggregated greenfield development front.

2.1. Infill to Support Growth and Development

Given that the metropolitan region now stretches 150km down the coastline, it is imperative that better use of existing suburbs is made a priority to accommodate future growth and development.

The draft PP3.5 anticipates the need for an additional 800,000 new dwellings to house Perth's population growth over the 40 years from 2010 to 2050. The plan also requires that 380,000 or 47% of the new dwellings are to be located in infill developments by 2050, mostly in established suburbs of Perth.

The connected city model provides an acceptable balance between urban infill and fringe development. However, the challenge of meeting the target of 380,000 dwellings in strategic infill locations to fulfil a target of 47% is huge. PP3.5 needs to commit to making the difficult decisions needed to support infill development, which have not be done, and have been continually been put off since the launch of Directions 2031. What is needed is, sweeping and automatic rezoning of the identified activity centres, transport corridors and station precincts.

PP3.5 notes that the purpose of this document is not a statutory zoning plan and does not change any existing zonings. This is disappointing as these measures cannot afford to wait any longer. The longer these difficult implementation measures are delayed, the more unlikely the target will be met.

Given Perth's urban infill rate of 28% in 2012, if infill development continues to follow a business as usual approach and incrementally increase the rate of infill development, we will delay the hard work needed to lift the infill rate. The effective infill rate will need to be more than 60% in the next decade to meet the target by 2050. The property industry needs direction and clarity from the government as to when it intends for significant increases in the infill rate to occur.

If PP3.5 is to be successful at driving infill development than it is essential that the implementation challenges are addressed.

Local Government Planning Systems:

The current local government planning system does not require respective councils to meet their infill targets. If the target infill rate of 47% for the region by 2050 is to be reached then measures must be introduced to ensure that local councils are required to deliver on their respective infill targets:

- Integration of local government planning systems with state systems
 - Make planning rules simpler, consistent and enforceable by the senior authority;
 - Introduce more 'code-compliance' to fast-track planning approvals for uncomplicated development proposals (minor works) as well as those which conform to established local government criteria;
 - Align state local planning systems with state infrastructure provisioning; and
 - Maintain and broaden effective independent development assessment processes.

- Integration of local government and land-use planning and community planning
 - Streamline the number of local councils in urban centres in order to better resource them to effectively and efficiently perform their planning functions (this can also be accomplished by amalgamating council services across boundaries);
 - Introduce effective community engagement in earlier stages of planning approvals processes to minimise costly 'last-minute' public backlash to development;

- Regular reporting by local governments on meeting their land use planning objectives
 - Mandate local housing development targets with matching funding bonus' in city plans;
 - Mandate in state legislation for local governments to be accountable for their performance in planning control and require regular reporting of their performance (NCP for local council performance);
 - Introduce and maintain a 'performance-based' culture in local planning systems

Infrastructure Provision

The inter-dependence between land use planning, density and infrastructure provision cannot be stressed enough. Poor infrastructure provisioning increases private sector uncertainty, opportunity cost and adds holding costs. Significant infrastructure provision will be needed to meet the objectives of PP3.5 particularly as infrastructure agencies are not geared up to support infill development. The property industry is not confident that state and local planning strategies will be aligned with infrastructure provision.

Fundamental to the success of PP3.5 is improved planning, prioritising and delivery of infrastructure with an accountable independent body to drive the success of the program. Until an independent body is in place or the Infrastructure Coordinating Committing is significantly reformed, the industry is not confident that there will be any improvement to the provision of infrastructure.

Community and Local Government Attitudes to Infill

Implementation measures fundamental to meeting the 47% infill target must include a community leadership strategy to explain the benefits of urban consolidation. It is important to note that, if it had not been for the introduction of Development Assessment Panels, the rate of infill development would have been significantly lower since the launch of *Directions 2031*. The lack of infill acceptance from the community and inconsistent attitudes by local councils undermines the industry's ability to meet infill targets.

The benefits of urban consolidation must to be strongly communicated to the community and local councils. It is not solely the role of private developers to inform communities and local governments of the benefits of government policy. The very limited details around implementation of PP3.5 do not instil much confidence that any significant communications strategies will roll out to explain the benefits of infill.

Precincts and Government Asset Sales to Support Infill

It is disappointing that PP3.5 did not acknowledge the role that precinct development could play in meeting the infill targets. The WA property industry has demonstrated significant success in the delivery of precincts large government-led precinct developments like East Perth/Claisebrook, Subi-Centro and the major projects in the CBD. However the private sector could also lead in doing more precinct development to meet the infill target. It is very noticeable that the recent Government announcement to dispose of a raft of land and property sales that are prime for precinct development, such as the Princess Margaret Hospital and the East Perth Power Station, was not acknowledged as the prime, once-in-a lifetime opportunity to meet the infill targets.

The lack of acknowledgement of PP3.5 of the opportunities available for precinct development, particular on government sites, is a missed opportunity and demonstrates the lack of radical intervention required to deliver the plan's objectives for a more consolidated, connected and prosperous city.

Transport Corridors to Support Infill

The Property Council acknowledges that the infill strategy defined in PP3.5 recognises the need to activate key transport routes into "multi-functional corridors". The Property Council strongly supports this approach and has long advocated that transport corridors hold the key to meeting the 47% infill target. Property Council research has demonstrated that just seven of Perth's key transport corridors could accommodate 126,007 new dwellings at a moderate density of 80 dwellings per hectare. The *Transforming Perth* (2013) research further demonstrated that:

- At a medium- high density development (R100) Perth's key transport corridors could accommodate 126% (157,508 dwellings) of the *Directions 2031* infill target;
- The total developable land supply along seven main corridors is 1,575 hectare;
- At a medium density this translates into enough developable space to accommodate 327,618 people based on an assumed average household occupancy of 2.6 persons.

The focus on infill development along key transport corridors will make headway in addressing the concerns of some community members that infill development will erode the character and amenity of existing suburbs. Although the importance of transport corridors was acknowledged in *Directions 2031*, the lack of progress has been disappointing and reinforces the need for the government to review the implementation and delivery for a corridor implementation strategy.

Non-Planning Constraints to Infill Development

Infill development is not consistently supported in non-planning legislation. Notably, stamp duty has a role to play in encourage housing diversity by balancing the mix of infill and greenfield development. The current stamp duty on real estate purchases favours greenfield development which, in turn makes infill development less attractive.

The full stamp duty rate in WA is payable on off-the-plan purchases of new dwellings, which is the typical process for infill development in medium to high density scenarios. In contrast, stamp duty is only payable on the purchase of land in a typical house and land transaction in a greenfield development. Therefore stamp duty in WA is payable on off-the-plan purchases and established housing. Stamp duty acts as a penalty for off the plan purchasers and discourages infill development.

Stamp duties on property transfers are an area where government can positively influence the real estate market and realise the infill objectives of PP3.5. A successful programme of off-the-plan stamp duty concessions has bolstered Sydney and Melbourne’s inner city and facilitated a dramatic increase in high-density living. Stamp duty should be applied fairly to off-the-plan apartments when contracts are signed before construction has commenced and should be structured so that transfer duties are only paid on the land portion of the strata title.

2.2. Greenfield to Support Growth and Development

The creation of new suburbs has long been a fundamental component of the housing affordability equation as development on the urban fringe has been necessary in driving the supply of housing.

PP3.5 states that, if the 47% infill and greenfield density targets are achieved, then the current stock of land could extend as far as 2073. The calculation behind this statement may be sound, however, it over simplifies the complex economic variables that drive property development in greenfield areas.

Notably, it is not the total stock of land that drives property development decisions, but rather the ability to locate available land to accommodate scalable development. The greenfield opportunities identified in PP3.5 lack the scale necessary to make greenfield development feasible.

The land that has been identified for urban expansion and investigation in PP3.5 is highly fragmented. The total greenfield land stock could extend to 2073, however, highly fragmented land makes timely development sensitive due to the difficult nature of dealing with multiple land owners and aggregating land to provide meaningful scale. PP3.5 must enable developers to rezone rural land to urban under the metropolitan region scheme so that appropriate land scale can be achieved and the government will not be caught off-guard during the next boom in demand.



The Property Council would also question why sites that have been previously identified for urban expansion have been left out of the sub-regional plans. PP3.5 states that it will not address changes to existing zonings, which can only occur after an amendment to the relevant statutory region and local planning schemes during a process of refinement. However, if previously identified sites or current sites for urban expansion are not included in regional planning frameworks, then one would assume that developers will have to apply to have the zoning rectified, should PP3.5 take precedent during the sub-regional structure planning process. This would imply that the proponent will have to apply to rezone the land back into the current zoning. This would be a time consuming and costly process and could have the impact of significantly devaluing large swathes of previously identified land, with the result being that the landowners may be at risk of defaulting on their financial obligations in relation to the development of the property.

3. People and Society

The anticipated 2050 population of 3.5 million in the Perth and Peel region is strongly supported to consolidate the role of the region, accommodate an increasingly multicultural society and increase its population density. However, the industry is concerned that the land use requirements to support the region's ageing population are not adequately addressed in PP3.5. In addition, it is difficult to provide feedback on the population projections in the absence of the projection assumptions and modelling.

3.1. Demographic Diversity

PP3.5 references the ageing population where approximately 22% of the population will be aged over 65 by 2051. The Property Council is very concerned that, apart from this demographic observation, PP3.5 fails to deliver strategic planning opportunities for the retirement living sector.

Although PP3.5 is a high level spatial framework and strategic plan, it is still necessary to acknowledge the unique constraints around residential development for seniors when compared to standard residential development, for example competition for appropriately located sites. Land use policy is one of the single most powerful tools in supporting the development of retirement villages where they are most needed- from small to large, low density townhouses to multi storey apartments, all of the different built forms are in demand in inner and middle ring suburbs of our capital city as well as outer metropolitan areas. Given that retirement villages generate more than \$2.1 billion of health care savings to the national health system, it should not only be a strategic planning priority, but also a financial priority.

If the unique needs of WA's ageing population are not acknowledged in PP3.5 as a strategic plan to guide the growth and development of Perth and Peel to 2050, there is a very real concern that the planning framework will completely ignore the unique demands of the retirement living development sector.

3.2. Populations Density and Growth



The Property Council notes that the population projections for the various sub-regions, with the South Metropolitan Sub-Region experiencing the strongest population growth to 1.2 million people by 2050.

It is difficult to provide feedback on population projections due to the lack of detail around the modelling of the projections. The Property Council strongly urges the release of the modelling across the sub-regions so that the industry can provide informed feedback.

4. Economy

The key tenet of Perth and Peel @ 3.5 million is to create employment self-sufficiency to support growth, minimise congestion and drive urban consolidation. The property industry commends the recognition that land use planning has to consider employment opportunities when planning the future growth and development of the region. However, the industry is concerned that decentralisation will undermine the CBD economy and the substantial investments in urban infrastructure, workplaces, work places and entertainment precincts. As determined in the proposed Capital City Act, the vibrancy of the Perth CBD is paramount to its image. The Property Council believes that it is vital to release the assumptions and the modelling behind the employment projections prior to the release of the final plan so that the industry can make an informed comment on the feasibility of employment projections in the sub-region.

4.1. Employment Base

The Property Council notes the modelling of the projected number of worker jobs across the four sub-regions to 2050. The property industry is very concerned that the declining share of total jobs to 49.3% from 64% in 2011 will undermine the vibrancy of the CBD and will undermine its attraction as a destination for retail and commercial investment. The primacy of the CBD cannot be sacrificed in an effort to fulfil a decentralised agenda.

It is difficult to comment on the distribution of jobs throughout the sub-regions and the relative employment self-sufficiency without the assumptions behind the modelling. Given that redistribution of employment to the sub-regions is a driving principle behind PP3.5, the Property Council believes that it is vital to release the assumptions and the modelling behind the employment projections prior to the release of the final plan so that the industry can make an informed comment on the feasibility of employment projections in the sub-region.

4.2. Employment Land

PP3.5 million states that there is sufficient employment generating land to accommodate future demand, support jobs growth and to enhance sub-regional employment self-sufficiency through to 2050.

The Property Council, however, is concerned that land previously identified in the Economic and Employment Lands Strategy (EELS) has not been identified in PP3.5. The Property Council strongly urges that any discrepancies between the EELS and PP3.5 be detailed and communicated, as failure



to do so will significantly undermine confidence in the supply of industrial land and therefore employment creation.

Currently, the implementation and delivery of industrial land in Perth is slow, difficult and uncertain. The statutory approval process and conditions tied to approvals are expensive to implement and the overall supply process is simply not geared toward an efficient and timely roll out unlike the better resourced residential land supply. The approach to delivering industrial land to the market must be urgently addressed if the PP3.5 targets are to be met.

The supply of industrial land is ultimately underpinned by the delivery of infrastructure. The absence of a coordinated infrastructure plan to activate industrial land means that the lead time between site identification and delivery to market is further protracted and uncertain. Simply put, delays in the provision of infrastructure to industrial land translate into economic harm to the state. Given the employment growth and employment self-sufficiency forecasts in PP3.5, the coordinated delivery of infrastructure to industrial land should be of highest priority, not only to the infrastructure agencies involved in its delivery, but to the Government more broadly.

Given strong private sector investment demand for key infill industrial sites, failure to prioritise the planning approvals and infrastructure provision will not only undermine the Government's strategy, but sends a strong signal to national and international capital markets that Western Australian does not have investment-ready land.

4.3. Strategies

Given the quantum of employment creation underpinning the sub-regional frameworks, the Property Council would estimate that current land supply and statutory zoning are insufficient to encourage the level of employment self-sufficiency identified. First and foremost, the efficient and certain provision of infrastructure is fundamental to activating employment outside of the CBD, particularly in key industrial and activity centres. Secondly, a cross government implementation plan, or at the very least a state planning policy around employment, is needed to support and incentivise sustainable employment in the sub-regions. The absence of a long term infrastructure investment plan will short circuit any attempts to stimulate the scale of employment growth required to maintain the employment self-sufficiency identified in PP3.5.

5. Urban Environment

Increasing housing diversity and focusing on activity centres to provide a variety of housing choices across the region is a strongly supported objective of PP3.5. However, there are practical implementation issues that need to be addressed including local government planning systems and prioritising the delivery of activity centres. The industry maintains that affordable housing can be improved by driving efficient supply of new housing. The connected city growth model also needs to be underpinned by a transport strategy and, given that PP3.5 is not partnered with the *Perth Transport Plan @ 3.5 million*, confidence that a cohesive land use and transport plan will be delivered is undermined.

5.1. Housing Diversity

Encouraging a diverse supply of housing can provide more affordable living options in the Perth and Peel region. The demand for housing diversity; smaller dwelling such as townhouses, apartments and laneway housing, will enable the people to live, work and play in their preferred area. Research by the Property Council, Conservation Council and Psaros, *What Perth Wants* (2014), uncovered significant demand for housing diversity, particularly medium and higher density apartment-style developments. Leederville and Northbridge were identified as appropriate models of mid-sized apartments and town houses and South Perth identified as an appropriate model for a mix of high rise, town houses and parks.

It is important to note, however, that housing diversity only opens affordable living opportunities when the planning system does not add unnecessary costs to development. Planning requirements such as minimum size requirements, proportionately large balcony and storage requirements, numerous visitor parking bays or high minimum residential car parking requirements undermine any affordability gains that diversity may provide. Development innovation such as car sharing, micro-apartments and modular construction must be supported by the planning framework so that housing diversity can contribute to the stock of affordable living options.

Recent changes to planning regulations restricting multi-unit development in R-30 and R-35 areas demonstrate the Government's lack of commitment to housing diversity and confidence in current infill policies, which impacts housing affordability. Additional car bays add costs of \$30,000 to \$80,000 per bay and the arbitrary 800m radius from activity centres and train stations is a proven underestimate of actual walking distance. Furthermore, the reference to focusing multi-unit development in activity centres and transport corridors was not backed up by significant rezoning to permit more multi-unit development to offset the change to R-30 and R-35 areas. The lack of commitment to current policies and regulations speaks to the property sector's lack of confidence in the government's ability to implement measures to deliver PP3.5 million.

5.2. Affordable Housing Strategy

The Property Council strongly advocates that the planning system can contribute to the stock of affordable housing by driving efficient supply and encouraging diversity. Any changes to the State's planning system, to increase the supply of affordable housing, must only focus on voluntary incentives, planning reforms to improve supply and encouraging diversity. The industry does not support any form of mandatory provisions on private land as was proposed as an option in the Department of Planning's *Planning Provisions for Affordable Housing Discussion Paper*.

5.3. Activity Centres

The Property Council acknowledges that activity centres are a key feature of the economy in the provision of goods and services as well as overall economic output. The sub-regional frameworks all focus on increasing residential development in and around activity centres, which will also provide employment opportunities based on the concentration of commercial activity. The Property Council strongly supports the activity centre policy to guide the infrastructure provision to underpin growth and development of the Perth and Peel region.

The Property Council is concerned that planning for activity centres is not aligned with infrastructure provisioning. PP3.5 fails to prioritise the development pipeline of activity centres and does little to inform the long-term capital investment programs to provision much needed infrastructure.

In 2010, the State Government announced that the development of activity centres would be prioritised. Prioritisation of activity centres, based on this announcement, would subsequently fast-track the approvals and development of high priority centres. LandCorp was identified as the party responsible for navigating the planning and approvals phase through the WAPC and for undertaking the subsequent delivery of the general development phase of the work. The Property Council understands that, as of yet, the prioritisation of activity centres has not occurred.

Given that fifty activity centres have been identified in the central sub-region alone, there is an urgent need to prioritise the activity centres to inform timely and certain infrastructure provision. Furthermore, development prioritisation should also extend to given station precincts and transport corridors that have also been identified for growth. The Property Council very concerned that if the PP3.5 implementation strategies fail to address how and when activity centres will be prioritised, there will be little to no influence on the planning and delivery of infrastructure.

The Property Council has observed that local governments have had difficulty in consistently implementing the current state planning policy for activity centres. The Property Council strongly urges that the WA Planning Commission work with local councils to ensure that the operational efficiency of activity centre policy is improved so that the private sector can efficiently deliver to the activity centre targets in PP3.5.

In addition, it must be recognised that the scale of mixed use and density development in activity centres will be curtailed until the introduction of Community Title and broader Strata Title Reform. Until then, encouraging activity centres, larger precinct-style infill development, including mixed use



development around suburban centres and strategic infrastructure investments such as train stations will prove exceedingly difficult. It should be the priority of PP3.5 implementation strategies that all non-planning legislation supports the objectives.

5.4. Transport Infrastructure

The success of PP3.5 to achieve a consolidated urban form, decentralised employment opportunities and minimise congestion, will fundamentally depend on the provision of transport infrastructure. Land use planning and transport planning is intrinsically related. Given that the driving principles behind PP3.5 are to reduce congestion and distance of travel to work, it is fundamental that there is a strategy to deliver effective and efficient modes of transportation across the metropolitan area.

The Property Council understands that the Department of Transport is currently preparing the *Perth Transport Plan for 3.5 million* (PTP3.5). The Property Council questions why PP3.5 was released prior to the completion of PTP3.5. It is difficult to ascertain whether PP3.5 will guide the PTP3.5 or vice versa and as such, it is difficult to provide comment on the proposed transport strategies in advance of the PTP3.5.

Regardless, there must be a concerted effort to ensure that the two strategies are coordinated and prioritise the delivery of transport to key growth areas. Prioritisation would include the planning, staging and provision of transport infrastructure aligned to the prioritisation of activity centres. It is only then that the private sector can be confident in the Government's commitment to meet the objectives of PP3.5.

6. Environmental Landscape

The Property Council recognises the need to manage excessive pressure on the environment. However, given that the Strategic Assessment of Perth and Peel is yet to be completed, it is difficult to understand how consistent PP3.5 will be with the final Strategic Assessments.

The Property Council also notes that PP3.5 quarantines large swathes of land due to environmental issues impacting land use, but fails to provide detailed explanation or justification. It would be inappropriate for PP3.5 to permanently lock up land without putting forward solutions or processes for the private sector to address the environmental challenges and unlock the land.

7. Implementation

The Property Council supports the implementation actions identified, however, significant work is detailed is required before PP3.5 can demonstrate any progress:

Key Strategy	Action	Comment
Improve use of existing and proposed urban land supply	Only rezoning additional land when an unmet need can be shown and not in response to an individual landowner's request	<ul style="list-style-type: none"> This does not allow the market to respond in a timely manner to rapid upturns in demand, which could result in a housing crisis.
	Give priority to urban consolidation in areas with sufficient existing infrastructure capacity	<ul style="list-style-type: none"> Strongly support this commitment; This must be accompanied by an infrastructure plan identifying priority areas to inform the private sector; and Infrastructure agencies need to review their infrastructure provision processes as they are currently unable to adequately provision infrastructure to infill areas.
	Designate strategic urban consolidation areas to accommodate well-planned infill development.	<ul style="list-style-type: none"> Strongly support this commitment; These areas must be prioritised to ensure adequate infrastructure provision; and The opportunity to automatically increase the zonings of these areas must be investigated.

Key Strategy	Action	Comment
	Promote the benefits of higher density living	<ul style="list-style-type: none"> The promotional focus of the benefits of density living must target local councils, their elected members and residents of infill communities. The industry and purchasers are well aware of the benefits of higher density living.
Contribute to housing choice and availability	Increase the diversity of housing types within designated urban consolidation areas.	<ul style="list-style-type: none"> Support, however, the Government must ensure that it does not introduce unnecessary regulation that impacts the market's ability to supply a diversity of housing.
	Encourage the supply of affordable housing with a particular focus on alternative building methods.	<ul style="list-style-type: none"> The property development industry can ONLY increase the supply of affordable housing and/or innovative housing if the approvals process is efficient, predictable and timely. The focus must be on improving the approvals process NOT the developer.
	Remove barriers to adaptive reuse or existing housing stock and innovative use of redundant commercial spaces or vacant land	<ul style="list-style-type: none"> Support
Innovation in infrastructure to support economic development	<p>Replace life expired infrastructure with higher capacity assets.</p> <p>Explore innovative funding models and Public Private Partnerships to undertake infrastructure and development projects</p>	<ul style="list-style-type: none"> To achieve this would require either a reformed and strengthened Infrastructure Coordinating Committee with the commitment of Treasury or alternatively the formation of an independent infrastructure body to plan, prioritise and deliver infrastructure. The volume and value of infrastructure works required to deliver to the objectives of PP3.5 requires prioritisation so that infrastructure provision is predictable and certain. Failure to fulfil these actions will undermine the whole PP3.5 framework.
Reduce unnecessary regulation	Continue planning reform agenda to remove unnecessary barriers	<ul style="list-style-type: none"> Support the continued planning reform program. This reform program should be expanded to investigate how further improvements can be made such as expanding the role and function of Development Assessment Panels and mandating local government planning performance criteria to deliver to the PP3.5 targets. This action must also be broadened to encourage ALL government policy to be consistent with the objectives of PP3.5. For example, the treatment of

Key Strategy	Action	Comment
		stamp duty on off-the-plan apartments vs. house & land packages or the government's property and land disposal program and its role in supporting infill development.
Develop the movement network to improve accessibility	Improve public transport connectivity of employment and urban consolidation centres	<ul style="list-style-type: none"> • Strongly support. • This action should be of highest priority as it is fundamental to meeting the objectives of PP3.5.
Targeted application of education, regulation and technology initiatives	Encourage and require the development of energy efficient buildings through incentives, regulation and technology.	<ul style="list-style-type: none"> • The commercial sector already has a highly successful energy efficiency program in place and therefore it is not necessary for government involvement in this space. • The demands for energy efficient residential accommodation must, and have been, driven by the market.
Innovation energy generation	Encourage commercialisation and uptake of distributed energy storage and reduce peak pressure on power network	<ul style="list-style-type: none"> • Until the introduction of Community Titles in the Strata Title Reform • The opportunities for precinct scale sustainable infrastructure and the planning barriers preventing their implementation should be of higher priority.
Improve Government alignment	Enable closer integration between land use, water and transport planning	<ul style="list-style-type: none"> • Strongly support; • It is necessary to review the role of the Infrastructure Coordinating Committee to deliver on this commitment in the absence of an independent infrastructure body. • Recommend formally joining the Dept. of Planning and the Dept. of Transport to ensure better coordination. • Integration of utility bodies to support the development of infill is strongly required. • Investigate the opportunity for an infrastructure concierge service be introduced to ensure the coordinated delivery of infrastructure to prioritised infill sites.



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