
Response to City of Stirling Local Planning Policy 2.12 – Affordable Housing

Summary of Submission

The Property Council welcomes the opportunity to comment on the City of Stirling's proposed Local Planning Policy on affordable housing. We recognise the City's aim to increase the availability of affordable housing within its municipal area. Housing plays a significant role in a community's social and economic prosperity. Lack of affordable housing can lead to homelessness, poor health and lower rates of employment and education. However, we do not believe that the mandated provision of affordable dwellings proposed by Local Planning Policy (LPP) 2.12 will achieve this outcome.

The Property Council does not support the Local Planning Policy 2.12 – Affordable Housing. The following submission outlines our reasons for opposing this LPP.

The Property Council of Australia

The Property Council of Australia is the peak industry body representing the whole of the property industry. In Australia, the property industry employs more than 1.4 million people and shapes the future of our communities and cities.

As industry leaders we support smarter planning, better infrastructure, sustainability, and globally competitive investment and tax settings which underpin the contribution our members make to the economic prosperity and social well-being of Australians.

The Property Council membership consists of more than 290 member companies. They are architects, urban designers, town planners, builders, investors and developers. Our members conceive of, invest in, design, build and manage the places that matter most – our homes, retirement living communities, shopping centres, office buildings, education, research and health precincts, tourism and hospitality venues.

This submission is informed by the Property Council's key member representatives and expert committee members.

Mandatory Inclusionary Zoning

The Property Council opposes mandatory inclusionary zoning on private land. Whilst the City of Stirling's LPP 2.12 is not described as inclusionary zoning, the principles of the policy will have similar impacts in operation.

We recognise that the provision of appropriate levels of affordable housing is reliant on several complex policy and market factors. It is not realistic to expect this issue to be solved by the property industry alone.

Mandatory inclusionary zoning effectively operates as a tax on at-market dwellings and can result in consequences that are counter to the policy objective to provide more affordable housing.

Mandatory affordable housing requirements in private developments poses significant commercial disadvantages to landowners who had purchased land at high prices, unencumbered by inclusionary zoning requirements. Mandatory inclusionary zoning effectively devalues sites currently held, with the consequence that either:

Sites may not be sold or developed, limiting housing supply and further hampering affordability; or

The additional costs will be borne by other purchasers in the development through increased purchase prices in order to maintain project economics and secure finance.

As such, the implementation of this policy is more likely to deter development altogether within the identified zones within the City of Stirling.

In addition, the City has not provided any evidence to support the policy need and has provided little detail around the following:

- An evidence base in the form of an affordable housing needs assessment to justify the LPP being required in both the Stirling City Centre and Herdsman Glendalough areas;
- Transparent construction cost methodology with consideration of secondary feasibility impacts and cashflow of projects;
- Demonstrated understanding of the financial parameters and funding constraints/conditions for developers;
- Understanding of the local housing need/demand in terms of dwelling types, configurations, locations and sizes;
- Clear processes and communication protocols between the City, the housing provider and developers;
- The process for the housing provider to approve and ultimately purchase the dwellings.

The Property Council believes that such a complex policy area requires a significant level of information in order to justify the policy need and the proposed response. This information is not present. Although the minutes from the Ordinary Meeting of the Council on the 14 June 2022 refer to a feasibility study being undertaken by Paxon Group, this has not been disclosed as part of the consultation, and therefore provides limited context and understanding regarding the financial model that has determined the policy.

Finally, the proposed cash-in-lieu provision is subject to an Affordable Housing Strategy which does not yet exist. It is fundamentally higher than the delivery model and provides no detail as to when the payment is made. The absolute discretion for the City to apply the Cash-in-Lieu option, in addition to the lack of transparency around where and how the funds will be spent, is unacceptable.

The Property Council is committed to effective policies to address Australia's growing affordability housing crisis. We are a core member of the National Affordable Housing Alliance (NAHA) whose membership includes the Australian Council of Trade Unions, the Australian Council of Social Service, the Community Housing Industry Association, Industry Super Australia, Homelessness Australia, the Housing Industry Association, Master Builders Australia, and National Shelter. A copy of NAHA's paper *'Increasing the Supply of Social and Affordable Housing at Scale and in Perpetuity: Policy Options'* is available at www.nationalaffordablehousingalliance.com.

Planning Concerns

The Property Council is also concerned about the scope of this planning measures proposed by the City of Stirling, and the precedent it would set should this LPP be approved.

The state government presides over the Planning & Development Act, and leads the Department of Planning, Lands and Heritage (DPLH). The state government, along with housing experts from DPLH

are now working through a State Budget announced policy to develop a density bonus incentive for developments that include at least five per cent social or community housing. Measures such as these should be given precedence over local government initiatives.

Whilst the City of Stirling's ambitions are well-intentioned, it does not have the same expertise as DPLH available to develop what will be a highly nuanced policy that requires a coordinated multi-agency response to implement. Local governments are best placed to ensure that implemented planning and building approval processes are transparent, efficient and fast, which will reduce holding costs and ensure houses are built as quickly as possible.

Finally, given the number of local governments that form the greater Perth Metropolitan area, and the resulting high amount of disparate LPPs, the risk posed by the implementation of such an impactful LPP is that it will lead to greater uncertainty from private landowners about the expected outcomes of their developments. Policy proposals of such great impact should only come from an authority like DPLH.

If you require further information or clarification, please contact Lindsay Duncan, WA Policy Advisor on 0404 450 881 or lduncan@propertycouncil.com.au.

Yours sincerely,



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