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Submission to *Network City: Community Planning Strategy for Perth and Peel*

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Background

Shelter WA is an independent, community based peak body that promotes affordable, accessible, appropriate and secure housing for people on low incomes. Since 1979, has worked towards the elimination of homelessness and housing related poverty, focusing particularly on people who have low incomes or who are otherwise disadvantaged in the housing market.

The aim of Shelter WA is the realisation of a housing system that ensures:

- Every person has access to affordable, appropriate, safe and secure housing;
- Housing provision free from all forms of discrimination; and
- Housing that enhances people's health, dignity and life opportunities.

In order to coordinate and represent community sector views on housing related issues, Shelter WA regularly seeks input from housing consumers and community groups. Apart from face to face meetings with community members and representatives, Shelter WA uses consultation and information forums and surveys as consultation mechanisms.

Shelter WA produces quarterly newsletters and information sheets, and prepares submissions, reviews, papers and reports on housing related matters. National Shelter, our national affiliate, regularly produces journals and research publications on housing. Both Shelter WA and National Shelter publications are a forum for the views of housing consumers, community groups and policy makers. Many of Shelter WA's publications are also available on the Internet at www.shelterwa.org.au. In addition, Shelter WA is an active member of the Housing Advisory Committee (HAC) that advises the Minister for Housing and the Department of Housing and Works on housing policy and practice and chairs all three of its Standing Committees.

Shelter WA has been a part of the *Dialogue with the City* process, and welcomes the opportunity to provide further input into the draft *Network City* document. This submission raises a number of points Shelter WA feels strongly about and comprises of two sections. The first section raises some general comments regarding the draft strategy as a whole, while the second section highlights a number of specific points that Shelter WA feels strongly about.

It should be noted that because of limited resources, Shelter WA has chosen to focus on its area of expertise, housing. Where particular strategies or actions have not been addressed this should not be read to imply that Shelter WA necessarily agrees with the proposed course of action.

General Comments

Network City accurately identifies a number of key themes that need addressing in terms of planning for urban growth in the coming decades. These themes include:

- increasing community resistance against urban sprawl due to its environmental and social impact,
- increasing cost to Government of developing physical and social infrastructure for new developments on the urban fringe,
- the need for higher density development if the metropolitan area is to house an additional 760,000 people and 370,000 homes by 2031, and
- a trend towards population growth in the outer areas of the city, with job growth concentrated around central Perth, resulting in increased travel associated with work.

Housing is central to many of the key themes. One example is the recent large increases in housing prices has reduced affordability in middle and central parts of the city, exacerbating the push towards the outer suburbs and increasing pressure for greenfields development. Another example is that the dominant 'four-by-two' house with a big backyard is becoming unsuitable for an increasing proportion of households. Despite the obvious demographic necessity, however, the momentum continues to be towards increasing dwelling sizes on smaller blocks, exacerbating Perth's mismatch between housing stock and household requirements.

Shelter WA therefore strongly agrees with the underlying principles of *Network City*, including particularly the need to enhance the efficiency of urban land use and infrastructure. In addition, Shelter WA commends the WA Planning Commission on, for the first time, including the provision of affordable housing as one of the eight headline statements in an urban planning strategy.

Whilst Shelter WA is supportive of the general direction of *Network City*, it has identified several areas of concern. Many of these concerns stem from the fact that *Network City* appears to have some difficulty reconciling the relatively narrow scope of planning levers with the broad key objectives of the strategy. The result is a tendency in *Network City* to recommend non-binding actions such as the development of handbooks, registers, demonstration projects and advice, instead of binding incentives or regulation.

This choice is illustrated on page 42 of *Network City*, where it recognises that there "are limitations on the extent to which a fundamentally land use and development-based planning system can be used to redress social inequities." The paper then goes on to state a view of the planning system as a factor that "should not exacerbate existing differences" rather than actively seek to provide structural solutions to such inequities.

To the extent that *Network City* reflects the political necessities of the day, opting for non-binding actions may be viewed as a pragmatic way of avoiding 'rocking the boat'. However, *Network City* is first and foremost a planning document whose aim is to guide decision making on urban planning over the next two or three decades. It would be naïve to expect that the strategy would be able to address the problems it so clearly defines unless it formulates some binding solutions.

Specific Comments

Strategy 1-1(c): [Foster land use and transport integration to form a network city, by] encouraging mixed-use development in activity centres, including higher density residential developments and employment generators, especially where centres are well served by public transport and have high amenity, walkable environments.

Action 1-1 (c): Through partnership arrangements (see Strategy 2-7) undertake and facilitate demonstration projects in activity centres to promote transit oriented development, mixed use and higher density residential projects and to demonstrate best practice in design and implementation.

Shelter WA strongly supports the chapter's emphasis on the need for extending the range of housing types in response to changing household structures, and its focus on creating links between transport, work and housing. Shelter WA also strongly supports the concept of accommodating urban growth within a *Network City* pattern, emphasising mixed use in vibrant communities. Finally, Shelter WA strongly supports the concept of transit oriented development.

However, Shelter WA believes that Strategy 1-1(c) and the associated Action are extremely unlikely to achieve their intended aim. Transit oriented development, mixed use and higher residential densities are unlikely to become widespread through the metropolitan area if planning simply 'encourages' this type of development by giving positive examples through demonstration projects.

Active encouragement, or a carrot and stick approach, is required to achieve this type of development on a broader scale. On the one hand, active encouragement should include a range of financial and planning incentives for land developers and local governments to include transit oriented development, mixed use and higher residential densities in all developments. Such incentives could include density bonuses, as well as stamp duty exemptions or concessions.

On the other hand, active encouragement should also include a range of regulatory measures. For instance, *Network City* might include a minimum density requirement for any development within a certain distance from transport nodes along the future Mandurah railway line.

Recommendation 1: That a system of regulations and incentives be designed as part of *Network City*, with the aim to actively encourage transit oriented development, mixed use and higher residential densities in activity centres.

Strategy 1-2: Using land resources efficiently, make fuller use of existing urban land by supporting additional residential development within existing urban areas, so that 60 per cent of all new dwellings are being constructed in this area as soon as possible. The remaining 40 per cent of dwellings are to be in new growth areas. Once the initial target is reached, continuously review and monitor the 60-40 target.

Shelter WA supports the 60-40 target as a practical way of reducing urban sprawl. Shelter WA strongly supports the underlying action of setting of housing targets at the sub regional and local government levels. One issue in this regard is that there appears to be an implicit assumption in *Network City* that the 222,000 new dwellings that are to be located within existing areas will be spread reasonably evenly around the urban area. However, Shelter WA notes that local resistance against higher densities may make such an even spread difficult to achieve on a purely voluntary basis.

Again, the solution lies in actively encouraging higher densities at the sub-regional and local government levels by designing a system of appropriate incentives and regulations. Incentives could include financial bonuses for local governments that achieve a minimum average density or a minimum density in new developments. The regulatory approach could include setting minimum targets for population or housing growth at the sub-regional level, or restricting the number of parking bays available per dwelling.

Recommendation 2: That a system of regulations and incentives be designed as part of *Network City*, with the aim to actively encourage higher residential densities spread relatively evenly across the existing urban area.

Strategy 1-3: Manage urban growth to limit urban sprawl through a development staging strategy and other complementary techniques.

Shelter WA supports the aim to limit urban sprawl but is disappointed that *Network City* has abandoned the original measure of an urban growth boundary. Such a boundary was strongly supported at the *Dialogue with the City* consultation in Fremantle. Shelter WA continues to support an urban growth boundary.

In particular, Shelter WA disagrees with the analysis in Appendix B to *Network City* regarding the advantages and disadvantages of an urban growth boundary. While Shelter WA is extremely concerned with the limited availability of affordable housing in the Perth metropolitan area, it does not believe that developing cheaper land at the urban fringe provides an appropriate solution for low to middle income households. Shelter WA believes that *Network City* should take five key issues into account:

Firstly, it is not good social policy to locate low and middle income households away from jobs and services. Any savings first home purchasers at the urban fringe might make are often lost due to high transport costs, limited availability of services and non-existent community support networks. In some cases, marginal home purchasers would have been significantly better off continuing renting in more central locations.

Secondly, the current high housing prices are a result of the interaction of a range of supply and demand factors. The impact of a single factor on affordability depends on elasticities of supply, demand and incomes. In the case of the urban growth boundary, sufficient land appears to be available for development to accommodate Perth's population and household growth requirements for at least the next 30 years. This suggests that elasticities in the short to medium term are likely to be very low. An urban growth boundary is therefore not likely to have any significant effect on housing prices in the short to medium term, say the next 15 to 20 years.

Thirdly, *Network City* proposes to introduce statutory controls aimed at slowing, rather than stopping, the spread of the urban area. Even slow growth of the urban area would continue urban sprawl over time, but at the same time it would, arguably, have much the same impact on housing affordability as an urban growth boundary.

Fourthly, most new developments at the urban fringe consist of the traditional family house on a large block. However, there are clear indications of a growing mismatch between households and dwelling types in Perth. For instance, the 2001 Census shows that more than half of Perth's housing stock is either under-occupied or overcrowded. The bulk of the underoccupancy occurs where singles and couples live in three and four bedroom houses.¹

Housing Strategy WA also identifies a mismatch between Perth's housing needs and its housing stock, with a surplus of family houses and a shortage of accommodation appropriate for singles and couples predicted into the future.² While it is possible to provide such accommodation at the urban fringe, this is often more appropriately located close to transport and other services in existing centres.

Finally, the analysis glosses over the high cost of infrastructure development at the urban fringe. Such costs currently consume limited Government resources that could be used better elsewhere, for instance to improve public services in existing urban areas or to introduce subsidies designed to improve housing affordability.

¹ Australian Bureau of Statistics, *2001 Census of Population and Housing, Indigenous Profile Perth (AREG 20)*, Table I25 shows that 48% of dwellings in the Perth ATSI region were under-occupied, and 3% were overcrowded at the time of the last census.

² For instance, see Office of Policy and Planning, *Housing Strategy WA Trend Paper: Population Outlook and Housing Requirements*, Department of Housing and Works, August 2002

Shelter WA supports the inclusion of a clearly delimited urban growth boundary in *Network City* as the most practical way of providing incentives for the development of smaller dwellings that are close to transport and services. Shelter WA does not believe that a staged development approach, as proposed in *Network City*, will deliver such a clear incentive.

Recommendation 3: That *Network City* include a clearly delimited urban growth boundary.

- Strategy 3-8: Develop initiatives to increase the availability of affordable housing, including Homeswest and community housing, in locations with high accessibility to facilities and services, including public transport.*
- Action 3-8(a): Develop strategies to ensure that an adequate proportion of affordable housing is maintained throughout the metropolitan area...*
- Action 3-8(b): Maintain and enhance current policies to ensure that an adequate proportion of Homeswest and community housing is maintained throughout the metropolitan area.*
- Action 3-8(e): ...undertake further research into housing affordability and investigate additional policy and fiscal measures to promote and deliver affordable housing. Consolidate this into a Statement of Planning Policy for affordable private, public and community housing.*

Shelter WA strongly supports increasing affordable and social housing in locations with good access to transport and other services. Recent research by Shelter WA has identified an increasing shortage of such housing across the metropolitan area, across all tenures (home ownership, private rental and social housing). However, Shelter WA has a number of concerns regarding Strategy 3-8 and the associated actions.

Firstly, the definition of 'affordable housing' contained in the Glossary is highly deficient in the following respects:

- The definition does not contain any reference to housing cost.
- It is unclear whether the definition refers to household income or individual income.
- The definition refers to the second income quartile, rather than the standard second income quintile.
- Even so, the quoted figure of \$540 per week is substantially lower than the \$632 second household income quintile cutoff.
- The definition refers to 'entry level home purchase' rather than mortgage payments. The former is a measure of accessibility, ie. the cost of entering home ownership or private rental accommodation, while the latter is a measure of affordability, ie. the ongoing cost of housing in relation to income.

This definitional confusion is somewhat surprising, as the 1991 National Housing Strategy introduced a definition of housing affordability that has since been widely adopted in Australia. This definition uses a benchmark of 30% of household income paid in housing costs (ie. mortgage repayments or rent), for households with incomes in the bottom two quintiles (ie. the lower 40% of the income distribution range).

Recommendation 4: That Network City adopt the following definition of affordable housing:

Affordable housing is housing where households in the lowest 40 percent of the income distribution range pay less than 30 percent of household income on housing costs.

Secondly, Actions 3-8(a), (b) and (e) are insufficiently detailed. Over the last few years, substantial research has been conducted into ways of delivering affordable housing in the private, public and community sectors. This includes planning measures such as density bonuses, innovative ideas of attracting private funds to community housing, increased Government investment in public housing and shared equity arrangements.

A number of initiatives aimed at increasing the supply of affordable housing are already in various states of development in Western Australia; some of these are described in Shelter WA's *State of Affordable Housing in Western Australia, 2004* and National Shelter's 2004 Election Platform.

Recommendation 5: That *Network City* specify a number of existing and proposed measures to increase the supply of affordable and social housing.

However, Shelter WA strongly supports the notion of consolidating some of these measures into a Statement of Planning Policy for affordable, private, public and community housing. This would be an appropriate way of consolidating some of the existing proposals into a more wide ranging effort to increase the amount of affordable housing across the metropolitan area.

Strategy 3-9: Promote and facilitate increased housing diversity to match the changing housing needs of the Perth population, in locations which provide equitable access and lifestyle opportunities.

Action 3-9(b): ...encourage investment in housing diversity, through measures such as 'location efficient mortgages' and the development and promotion of improved designs for small lots.

Shelter WA strongly supports increasing housing diversity in view of demographic changes in Perth. In addition, Shelter WA strongly supports the introduction of location efficient mortgages as a means of actively encouraging home purchasers to move into areas that do not require Government investment in infrastructure to “provide equitable access and lifestyle opportunities”.

However, Shelter WA is disappointed that *Network City* fails to make the connection between changing demographics and housing size. As noted above, changing demographics mean that household sizes are falling, and are likely to continue to fall over the coming decades.³ At the same time, however, Perth continues to be dominated by larger family homes, albeit on falling block sizes.⁴

The result is an increasing mismatch between Perth’s housing stock and the requirements of its population. While a range of factors impact on this issue, it should not be ignored in a document that is to guide Perth’s planning and development decisions over the next thirty years. As a practical measure, Shelter WA recommends that *Network City* include a range of incentives for developers and builders to provide smaller, better designed dwellings and precincts, to better fit declining household sizes. These could include lower stamp duties as well as lower local government and water rates and charges.

Recommendation 6: That *Network City* include incentives for developers and home builders to provide smaller, better designed dwellings and precincts, to better fit declining household sizes. Examples of such incentives include reduced stamp duties, reduced local government rates and reduced water rates and charges for smaller dwellings.

³ For instance, see Office of Policy and Planning, *Housing Strategy WA Trend Paper: Population Outlook and Housing Requirements*, Department of Housing and Works, August 2002

⁴ For instance, see Office of Policy and Planning, *Housing Strategy WA Trend Paper: Existing Housing Stock and its Utilisation*, Department of Housing and Works, August 2002