

Planning Reform Phase 2

Submission to the Department of
Planning, Lands and Heritage

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About Shelter WA

Shelter WA is the independent peak body, based in Perth, Western Australia, that advocates for social and affordable housing and ending homelessness.

Our vision is that all people living in Western Australia have housing that enables them to thrive.

Shelter WA brings together a strong coalition committed to diverse and affordable housing choice for all. With a focus on housing outcomes for people on very low, through to moderate incomes and vulnerable groups that experience housing insecurity.

Shelter WA drives change by facilitating collaboration amongst those who have an impact on housing, providing evidence-based policy, advice, engagement, representation and strong advocacy for an effective housing system.

Housing unlocks opportunity, enhances health and well-being, provides access to education and employment options. It enables people to fully participate in the WA community and economy. Housing is a basic human right. Everybody has a right to a place to call home.

Executive Summary

Shelter WA welcomes the opportunity to provide a submission in response to Phase 2 of the state-wide Planning Reforms.

Shelter WA congratulates the planning reform team on the work being progressed to review Western Australia's planning system to improve its consistency and efficiency. We welcome the extensive consultation and community engagement that has taken place in the process of reforming and modernising the WA planning system.

In response to the question posed by the Department of Planning, Lands and Heritage (DPLH), "what should be next on the reform agenda?", Shelter WA calls for reforms that would improve the consistency and delivery of social and affordable, and climate-responsive housing as a priority.

Recommendations

1. Embed a clear, consistent and effective approach to facilitating social and affordable housing supply into the *Planning and Development Act 2005*, with minimum targets based on the inclusionary zoning mechanisms in South Australia.
2. Develop clear and consistent sustainability assessment tools for local governments that will enable a state-wide response to climate-related risk related to the built environment and align with the State Government's commitment to net zero by 2050.

Introduction

Many people on very low and low incomes live in housing stress and insecurity. In Western Australia, there is an average waiting time of 100 days to access social housing, with 17,320 households on the joint waiting list as of 31st July 2021.¹ In addition to this, the private rental market is unaffordable for low income households.²

A 2018 report by the UNSW City Futures Research Centre highlights an unmet need of 39,200 social and 19,300 affordable homes across Western Australia.³

On any given night, there are around 9,000 people experiencing homelessness across Western Australia⁴, while over 4,300 people are supported each day by specialist homelessness services.⁵

Furthermore, the Western Australian economy is facing housing pressures with housing supply not meeting demand. A lack of housing diversity across the cities and regions provides limited options for single person households, low income families, and older Western Australian's wanting to age-in-place.⁶

Housing issues have been further exacerbated by the COVID-19 global pandemic, with state-wide low vacancy rates pushing up the price of private rentals and leaving low income households vulnerable to housing insecurity and homelessness.

These challenges require a strong focus on increasing the supply of social and affordable dwellings across WA, including in metropolitan Perth and in the regions. The recently released draft State Infrastructure Strategy: Foundations for a Stronger Tomorrow recognises social and affordable housing as essential infrastructure for WA's future development and highlights the contributing role that land use planning policies play in shaping housing diversity, affordability, and cost of living. Recommendation 68 of the Strategy includes the preparation of regional housing plans which will necessarily examine the local planning settings which create barriers and constraints to delivering social and affordable housing supply. The current planning reform agenda presents a clear opportunity to be part of this important State Government agenda.

¹ Extract from Hansard, 12 August 2021, retrieved from [https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/bc0e0be2906c45ba4825873300192506/\\$FILE/C41+S1+20210812+p2736d-2736d.pdf](https://www.parliament.wa.gov.au/Hansard/hansard.nsf/0/bc0e0be2906c45ba4825873300192506/$FILE/C41+S1+20210812+p2736d-2736d.pdf)

² Anglicare WA. (2021). Rental Affordability Snapshot 2021.

³ UNSW City Futures Research Centre (2018). Estimating need and costs of social and affordable housing delivery.

⁴ ABS (2016). Census of Population and Housing: Estimating Homelessness 2016.

⁵ AIHW (2019). Specialist Homelessness Services Annual Report 2017-18.

⁶ Rowley, S. and James, A. (2017) Housing demand, diversity and affordability in *Perth's Infill Housing Future: delivering innovative and affordable housing*, Edited by Steven Rowley, Rachel Ong and Amity James, BCEC: Perth.

Planning is essential for increasing social and affordable housing

As Western Australia's population continues to grow, the planning system plays a key role in determining the outcomes of the built environment and is an essential mechanism for facilitating the development of diverse and inclusive communities and ensuring that there is the diverse affordable housing to meet current and future demand across metropolitan and regional WA.

Research shows that socio-economical homogenous areas create net community costs in terms of loss of diversity and broad social cohesion, intergenerational inequity, congestion costs to individuals and businesses, pollution costs to health and the environment and instability in local labour markets.⁷ For example, there is a cost to individuals and to society when key workers cannot afford to live close to where their work; when young people cannot find affordable housing near their families or where they study or work; when people from different cultural backgrounds cannot find the affordable, diverse housing stock that meets their cultural needs; or when people with disabilities cannot find appropriate, affordable housing within the community. As internationally renowned urban planner Rick Jacobus has concluded:

*“Unequal access to housing drives sprawling development patterns; worsens traffic congestion; pollutes air quality; increases taxpayer dollars spent on basic infrastructure; and decreases cultural and economic diversity”.*⁸

Therefore, prioritising social and affordable housing in a planning context is not only beneficial for individuals but also delivers economic productivity benefits and net public value.

Research indicates that the planning system can play an important role in facilitating housing affordability and can contribute to increasing the supply of social and affordable housing across the city and regions to meet the needs of all Western Australians.⁹

Increasing affordable housing delivery

A key objective of the Action Plan for Planning Reform is that 'planning creates great places for people'. As outlined above, this objective requires a planning system that generates social and affordable housing and socio-economic diversity across our cities and regions. Affordability appears to be absent in the Planning Reform Update, and Shelter WA argues it should be a focus in the second phase of actions.

⁷ AHURI (2017) *How can housing policies improve Australia's urban productivity?* Policy issue analysis retrieved from: <https://www.ahuri.edu.au/cities/policy-analysis/urban-productivity-growth>

⁸ Jacobus, R. (2019) *Inclusionary Housing: Creating and Maintaining Equitable Communities*, Lincoln Institute of Land Policy retrieved from: <https://www.lincolnst.edu/sites/default/files/pubfiles/inclusionary-housing-policy-brief.pdf>

⁹ Gurrán, N et al (2018) *Inquiry into increasing affordable housing supply: evidence-based principles and strategies for Australian policy and practice*, AHURI report retrieved from: https://www.ahuri.edu.au/_data/assets/pdf_file/0017/20483/Inquiry-into-increasing-affordable-housing-supply-Evidence-based-principles-and-strategies-for-Australian-policy-and-practice-Executive-Summary.pdf

Currently, social and affordable housing is generated via voluntary incentives and planning provisions at the local government level. Each local government sets out different conditions, however developers are commonly offered density bonuses, or where site conditions don't make affordable housing provision feasible, they may be able to pay cash-in-lieu so the housing can be provided elsewhere.

Another key approach for delivering affordable housing has been to increase the supply of diverse, smaller dwellings in high amenity inner city locations. This is in response to urban consolidation objectives for the Perth metropolitan region in the Directions 2031 urban growth strategy. This strategy sets out a 47 per cent infill target for each local government area to work towards and encourages diverse housing typologies as a mechanism for delivering broad urban housing affordability.

To achieve these targets, local government schemes commonly enable the provision of product diversity (specifically smaller dwellings) to be used as a proxy for delivering affordable housing. While product diversity and housing choice are important goals for urban efficiency and housing affordability, the delivery of housing diversity is not a meaningful proxy for affordability. Smaller housing products are not guaranteed to be affordable, especially in high value locations, and affordable housing must be delivered in multiple sizes, typologies and locations to meet the diverse needs of low-income households.

These voluntary and decentralised planning mechanisms currently provide an inconsistent and minimally effective framework for delivering affordable housing across WA and could be improved. Instead of these current approaches, the stated goal in the Planning Reform Action Plan of developing diverse and inclusive communities for people requires a specific policy mechanism for facilitating a pipeline of social and affordable housing products in a range of locations, especially in high-value transit-adjacent precincts.

Shelter WA proposes that the existing MRA Development Policy 9: Affordable and Diverse Housing could provide a useful starting point for developing a consistent and effective process for increasing the supply of social and affordable housing. The MRA policy is an example of inclusionary zoning that sets out a 12 per cent affordable housing target for major re-development projects led by the government land development agency Development WA.

This policy currently states that affordable housing can be either social housing or affordable owner-occupied housing as part of a shared equity scheme. To date, the policy has predominantly produced the owner-occupied housing.¹⁰ This policy would be enhanced by requiring at least a minimum 5 per cent for social housing and/ or for subsidised affordable rental to ensure that at least a small proportion of the supply is produced for those on low incomes and high needs populations.

With strengthened requirements to include specific social housing targets, Shelter WA argues that a similar policy could be broadened to apply to significant and large scale private development and not just in government precinct delivery. This would resemble the long-running inclusionary zoning policy

¹⁰ National Shelter (2019) *Inclusionary Zoning*, report retrieved from: <http://shelter.org.au/site/wp-content/uploads/190325-Inclusionary-Zoning-Report-V6-Final.pdf>

in South Australia that mandates that 15 per cent of new dwellings in significant development projects be affordable, including at least 5 per cent for high needs groups. Shelter WA recommends that these would be a minimum target.

It is recognised that place based approaches to planning are important and local government through their strategic planning processes are well placed to know the current and future aspirations of their local communities. While the specific pricing requirements of an inclusionary zoning policy could be adjusted to align with local government market realities, an overarching strategic approach to defining and facilitating affordable housing supply would ensure that the WA state planning system realises its goal of creating great places for all Western Australians.

Housing needs to be sustainable to be affordable

Local government planning frameworks do not currently provide robust or consistent requirements for assessing the sustainability of development applications. Feedback from the 2018 Green Paper on planning reform indicated broad support for enhancing the prominence and clarity of sustainability in WA's strategic planning. Despite this, sustainability does not appear to be a focus of the current or proposed planning reform actions. Given the findings of the latest Intergovernmental Panel on Climate Change (IPCC) 2021 Report¹¹ on the current state of the climate and the increasing risks associated with climate change impacts, it is argued that built form sustainability and resilience must be a priority in the second phase of the planning reforms.

Shelter WA is particularly concerned about the impact of climate change on the most vulnerable households in Western Australia. Climate change will exacerbate housing affordability challenges by increasing utilities required for heating and cooling homes, thereby impacting household costs and budgets. While this will be an issue for all Western Australians, it will disproportionately impact low income households who are commonly renting, often in older, poorly insulated building stock.

Housing remains the single largest cost for households in Western Australia. Households on the lowest incomes are disproportionately impacted by the increasing cost of energy, as they spend a much higher percentage of their disposable income on energy bills and have little if any capacity to absorb additional costs. Mounting unpaid bills and utility disconnections can have a significant impact on people's wellbeing, including the stress of trying to stretch their income as far as possible, and the difficult decisions they have to make as to what to prioritise, such as not eating or not cooling their homes during the heights of summer. These debts can also affect their ability to access affordable credit in future.¹²

Shelter WA argues for the right to well-designed, secure, safe and affordable housing to protect against heat, cold and extreme weather. Housing is a social determinant of health and the climate responsiveness of the home is an important factor contributing to either ill or good health of its inhabitants. Planning tools play a key role in determining these outcomes. For example, a lack of

¹¹ <https://www.ipcc.ch/assessment-report/ar6/>

¹² WA Council of Social Service, Cost of Living 2019

green infrastructure and poor design choices have left parts of Western Sydney exposed to extreme heat events that risk the health of residents, particular in vulnerable populations.¹³

To prevent similar outcomes in Western Australia, Shelter WA reiterates its support for proposal 1.2.1 of the Green Paper proposals to:

Develop an overarching State Planning Policy to be developed which:

- a) Provides a definition of sustainability for the planning system which reflects a balancing of economic development, environmental considerations, and social needs;*
- b) Reinforces sustainability as an essential element required to be taken into account in the making of any strategy or policy; and*
- c) Indicates the particular steps related to how economic, social and environmental factors are balanced.*

The refined definition of sustainability must align with the State Government's commitment to net zero emissions by 2050 and respond proportionately to the science around climate-related risk.

Conclusion

As Western Australia's population continues to grow across both metropolitan and regional areas, and household compositions change, the opportunity to consciously embrace a future built on affordable, inclusive, healthy and sustainable communities has never been more important.

Shelter WA welcomes the commitment to planning reform that increases consistency and strengthens a strategically-led approach to urban development. There are social, environmental and economic benefits that can be achieved via the development of more consistent guidelines for delivering truly diverse, affordable and climate resilient housing that meets the needs of diverse communities and people on all incomes. Shelter WA would welcome the opportunity to work with the DPLH to further develop these suggested reforms.

¹³ ABC News (2021) *Heatwaves may mean Sydney is too hot for people to live in 'within decades'*, retrieved from: <https://www.abc.net.au/news/science/2021-01-24/heatwaves-sydney-uninhabitable-climate-change-urban-planning/12993580>