



Department of
Planning

Planning Provisions for Affordable Housing

Discussion Paper

October 2013



Contents



1. Executive summary	3	6. Approaches to affordable housing	23
Policy context and the current situation	3	Broad policy approach	23
Potential approaches	4	Implementation mechanisms	23
Options	4	7. Interstate examples	27
2. Introduction	5	8. Potential options for Western Australia	29
3. Background	6	Option 1: Diversity is used as a proxy for affordability	30
The role of planning	7	Option 2: Allow voluntary incentives	31
Objectives	7	Option 3: Allow mandatory provisions in selected areas	33
Project stages	8	Option 4: Allow mandatory provisions in all areas	35
Definitions	8	9. Discussion points for feedback	36
Context	9	10. Next steps	38
4. Policy context	12	Appendix 1: Interstate examples	39
State Affordable Housing Strategy	12	Appendix 2: Comment form	44
Draft State Planning Strategy	13		
Directions 2031	14		
Draft Central Metropolitan Perth Sub-regional Strategy	14		
5. The current situation	16		
Diversity measures	16		
Multi-Unit Housing Code	16		
Ancillary dwellings	17		
Incentives for small dwellings	17		
Affordable housing measures	17		
Active scheme provisions or policies	18		
Local government studies or proposals	20		
Implementation	20		
Summary	22		

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1. Executive summary



In the past decade housing affordability and the supply of affordable housing has become a major issue for Western Australia. The rapid increase of house prices and rents has left many people on low and moderate incomes struggling to find housing that is both affordable and appropriate for their needs.

In 2011, the State Government released its response to this challenge through the State Affordable Housing Strategy 2010-2020: Opening Doors to Affordable Housing. The Strategy outlines a multi-faceted and coordinated approach to improve the supply of affordable housing and the effectiveness of the housing system in a way that responds to people's needs.

The Strategy recognises the wide range of factors that affect the supply of affordable housing. One of these factors is the planning and approval process that governs new development. At a broad level, an effective planning and approvals system will encourage the efficient supply of land and housing types that meet the needs of Western Australia's diverse and growing population. The Western Australian Planning Commission (WAPC) and Department of Planning have implemented - and are continuing to pursue - reforms to make improvements in this area.

The Strategy also calls for the State Government to develop model planning policies and provisions for affordable housing. Unlike systemic improvements that improve the overall supply (and affordability) of housing, these provisions would seek to facilitate the development of dedicated affordable housing, in particular land or housing developments. This discussion paper has arisen from this specific commitment and seeks feedback on a range of potential options that could be used to respond to it.

Policy context and the current situation

A number of strategic documents including the *State Affordable Housing Strategy*, *Directions 2031 and beyond: metropolitan planning beyond the horizon* and the draft *State Planning Strategy* refer to the potential for the planning system to use development control measures that encourage or facilitate affordable housing; however, they do not approach the issue in the same way. Some support a planning approach that focuses on the physical characteristics of dwellings and looks to dedicated affordable housing providers to deliver any affordability outcomes after construction is complete while others indicate a potential role for planning to deliver dedicated affordable housing through the development approvals process.

To date, neither the WAPC nor the State Government have clarified which approach is preferred. As a result, some inconsistency is evolving between different local governments that have introduced, or are seeking to introduce, affordable housing provisions into their local planning schemes and policies. One of the purposes of this discussion paper is to inform the development of a clear policy position from the State Government, so as to remove this inconsistency and provide certainty to local governments, the development industry, affordable housing providers and local communities.



Potential approaches

This paper identifies three broad policy approaches to the use of planning to facilitate the development of affordable housing. These are:

1. Encourage the development of affordable housing through measures that promote the efficient supply of well-located diverse housing;
2. Promote the development of affordable housing with specific incentives for affordable housing enabled through planning schemes and policies; or
3. Require the development of affordable housing with the use of mandatory provisions in appropriate locations.

These approaches can be applied separately or together and will ultimately inform the policy framework that governs the way planning schemes or policies respond to affordable housing.

A range of implementation mechanisms can be adopted in planning schemes or policies to facilitate the development of affordable housing. These include protective mechanisms (used to prevent or mitigate the loss of affordable housing), planning incentives (that improve the profitability of a development in return for the provision of affordable housing) and mandatory provisions (that require the provision of affordable housing as a condition of development). The effectiveness of each mechanism can vary considerably, depending on the desired outcomes, characteristics of the housing market and type of development that is occurring. Some of the benefits, costs and challenges of these mechanisms are explored further in Section 6.

Options

Four implementation options are presented in Section 8, which span the range of broad policy approaches. Each option includes different implementation mechanisms as well as the likely legislative, statutory and policy measures required to accompany their adoption. The options are summarised in the table below.

Stakeholder feedback is sought on each of the options, including the likely effectiveness, benefits and challenges associated with each. Comments are also sought to identify any practical issues that may be associated with implementation of each option. Feedback will be considered by the WAPC, and used to inform the development of a clear policy position that will guide the way that planning schemes and policies can be used to address affordable housing.

	Approach			Supporting legislative, statutory or policy mechanisms		
	No specific provisions for affordability	Voluntary incentive provisions	Mandatory provisions on private land	Legislation	SPP	Guidelines with toolbox
Option 1	•					
Option 2		•		•		•
Option 3		•	Only in selected areas	•	•	•
Option 4		•	•	•	•	•

Table 1: Summary of implementation options

2. Introduction



This discussion paper is primarily a response to the *State Affordable Housing Strategy*, which commits the State Government to explore opportunities for the planning system to facilitate the development of affordable housing.

The paper begins by outlining the broader issue of affordable housing in Western Australia, and the State and national policy context. It then identifies measures that are being used to address affordability, either directly or indirectly, through different parts of the planning system in Western Australia. Finally, it presents four possible options that could be introduced to facilitate the supply of new affordable housing through the planning system. Each option is accompanied by potential implementation measures, benefits and challenges. Specific discussion points are also included to help focus stakeholder responses and inform the State Government's consideration of the issue.

There are many factors that influence affordability, including construction costs, the availability of finance and the overall efficiency of land and housing supply. While acknowledging that these factors exist, the purpose of this paper is not to explore them in detail or to seek comment on how they may be resolved. Rather, it focuses quite specifically on exploring legislative, statutory and policy measures within the planning system that relate to development control, and which could be used to facilitate the development of affordable housing.

Figure 1 outlines the focus of this paper within the context of other factors that influence affordability. Stakeholders should read the discussion paper and provide any feedback with this specific purpose in mind.

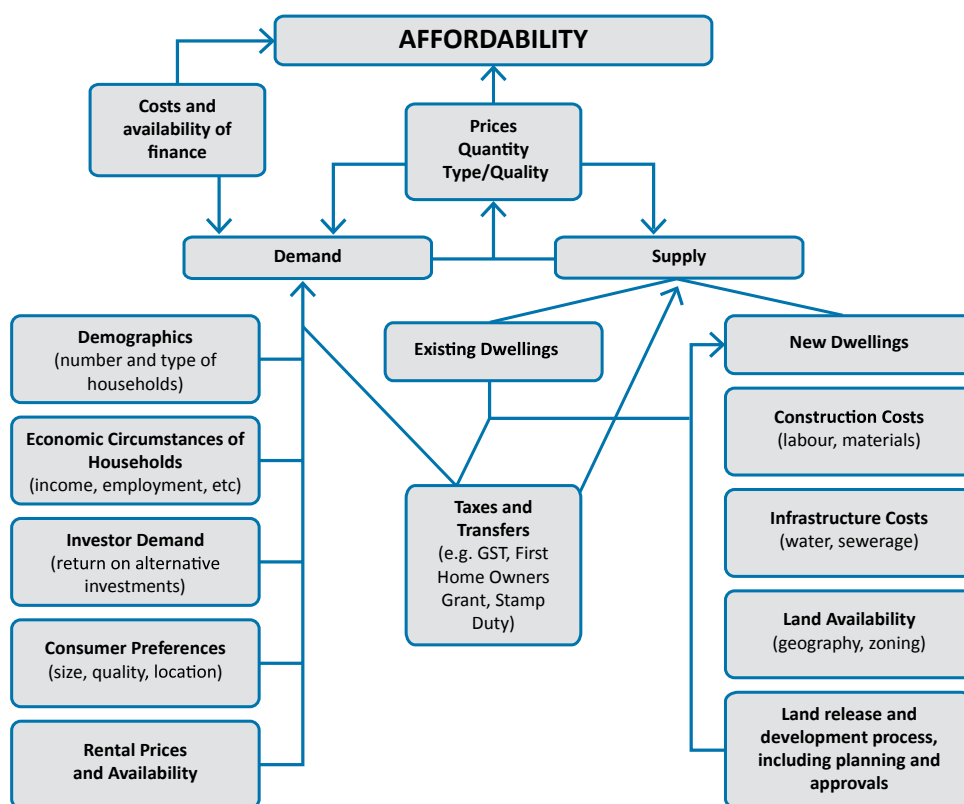


Figure 1: Factors influencing housing supply, demand and affordability ¹

¹ Adapted from the National Housing Supply Council, 2nd State of Supply Report, 2010

3. Background



Housing affordability is now widely recognised as a significant issue for many parts of Western Australia. Over the past decade house prices have increased rapidly and many households on low to moderate incomes now struggle to find a home that is affordable, appropriate and accessible to them.

A shortage of affordable housing can have significant consequences for individuals and the wider community. People who cannot find appropriate and affordable housing can face financial stress, be forced to live in accommodation that is inappropriate, or become homeless. Communities that do not have enough affordable housing can struggle to attract and retain workers that support the local economy, including those in key industries such as education, health, childcare and retail. They also risk excluding some people – including long term residents. As people move through different stages of their lives, their circumstances and housing needs can change. Without enough appropriate, affordable housing, young adults leaving the family home or older people looking to downsize may be forced to leave a community that they have lived in for a long time.

With these and other outcomes in mind, governments at both Federal and State level have recognised the importance of addressing shortages of affordable housing across different parts of the country.

Housing and homelessness is one of the Council of Australian Governments' (COAG) key reform areas, and multi-lateral agreements between the Commonwealth and States explicitly focus on meeting overall housing supply targets, improving housing affordability and improving the supply of dedicated affordable housing.

In Western Australia the State Government has released the *Affordable Housing Strategy 2010-2020: Opening Doors to Affordable Housing*, which identifies the importance of the issue and outlines a coordinated, cross-agency response for the next decade. The planning system is recognised by both COAG and the *State Affordable Housing Strategy* as one of the key factors that has an influence on housing supply and, consequently, affordability.

A number of local governments in Western Australia have also recognised the importance of affordable housing to their communities, and that planning can have a role in addressing the issue. A small number have actually introduced affordable housing provisions into their local planning schemes, while others have indicated that they intend to do so in the near future.

To date, neither the State Government nor the WAPC have adopted a formal policy position in regard to planning and affordable housing, nor do they offer any formal guidance to local governments on the matter. Instead, local governments seeking to introduce affordable housing provisions into their local planning schemes and policies have done so without the benefit of any formal guidance or an overarching policy framework. This situation carries the risk of inconsistent scheme provisions being applied across the State, adding time, cost and uncertainty to the planning and development process.

Within this context, this discussion paper is responding to two separate drivers. The first is the 'top down' direction from the State Government. One of the key strategies of the *State Affordable Housing Strategy* focuses on planning reforms, including the introduction of model planning policies for the provision of affordable housing. Other strategic documents also indicate the State Government's desire for the planning system to play an active role in facilitating the development of affordable housing. The second driver is a 'bottom up' demand from local governments, some of which are seeking to incorporate affordable housing provisions into their local planning schemes, but are doing so without any policy guidance from the State Government or WAPC.

The role of planning

It is important to understand the points in the development process where planning does (and does not) have an influence. Broadly speaking, planning can influence or control development outcomes by rezoning land (e.g. from rural to urban), or by placing conditions on the approval of the subdivision of land and the development of housing. However as Figure 2 shows, planning's role largely ends once development is complete (provided it is in accordance with the development conditions). It has very little (if any) role in monitoring the price of the home or the circumstances of the occupants, which are the two things that have the greatest influence on affordability.

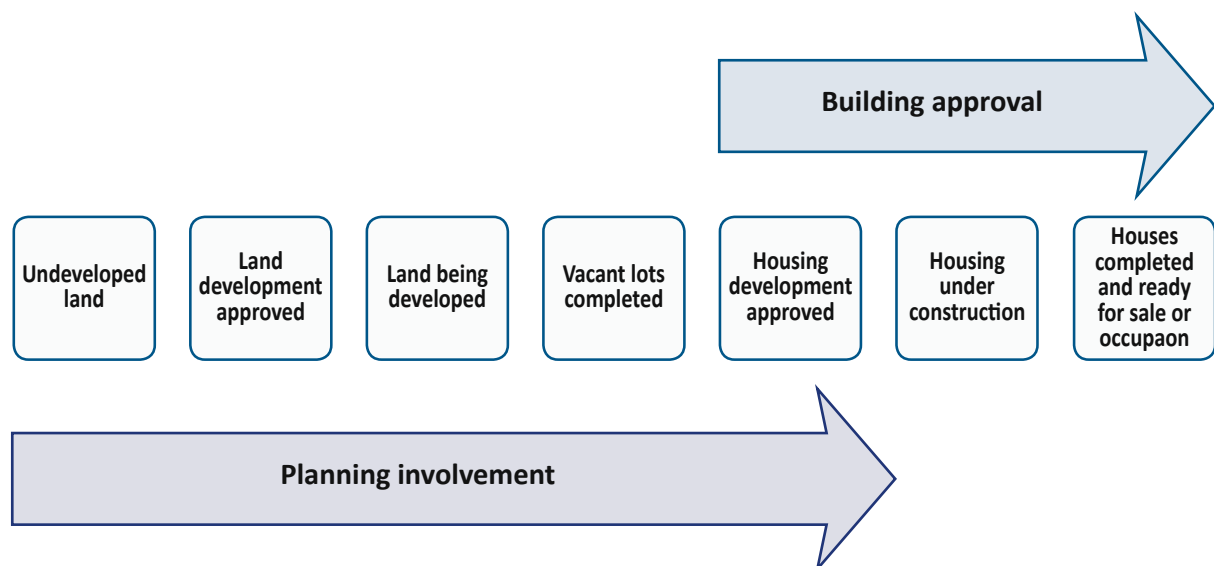


Figure 2: Planning's role in the development process

As a result, any changes to the planning system will need to be accompanied by changes to the housing system, which will need to provide the means to implement, measure and monitor affordable land or housing once it has been built and planning's role has concluded.

Objectives

Changes to the planning system have the potential to affect a range of stakeholders. In this case (changes related to affordable housing), stakeholders include local communities, local governments, the development industry and affordable housing providers. This discussion paper is designed to give those and other stakeholders the opportunity to inform the Western Australian Government's approach to this important issue. It has two broad objectives:

1. Outline a range of approaches that the planning system could use to engage with affordable housing, including whether it should encourage, actively promote or mandate the provision of affordable housing; and
2. Drawing on these approaches, present a range of implementation options, seeking feedback from key stakeholders on the implications of each, and determine which is most appropriate for Western Australia.

Project stages

This paper represents the first stage of a wider project to consider the introduction of affordable housing as a key objective and consideration of the Western Australian planning system. The stages of the project are likely to be:

1. Release of this discussion paper identifying different approaches and options for using the planning system to deliver affordable housing;
2. Identify a preferred approach taking into account stakeholder feedback;
3. Consult with key stakeholders to inform the development of an implementation framework based on the preferred approach, including statutory and policy provisions, and delivery models; and
4. Develop a final package of planning provisions for approval by the WAPC and State Government for implementation through the WAPC and local government planning instruments.

Definitions

Housing affordability

Housing affordability is a term that refers to the relationship between housing costs (rent, mortgage repayments) and a household's total income. It can be applied at the individual dwelling level, but often refers to the conditions of an overall housing market.

A commonly used method of measuring housing affordability is the '30/40 rule' which states that a house is unaffordable if the rent or mortgage is more than 30 per cent of the total household income, and the household is in the lowest 40 per cent of the income distribution. A household in this situation is said to be experiencing 'housing stress'. Other measures apply the 30 per cent rule to households earning up to 120 per cent of the median income. While this measure does have some shortcomings, it remains the most commonly used rule of thumb for assessing affordability.

There are also a number of other, less commonly used, housing affordability measures. Some assess the amount of residual income remaining after housing costs are paid to see whether the basic costs of living can be met. Some simply divide house prices by household incomes to provide a house price to income ratio, which can be used to compare different locations. More complex measures seek to identify broader living costs (such as transport or maintenance), or to identify underlying housing issues such as overcrowding or inappropriate dwelling types.

Affordable housing

Affordable housing, particularly within the context of this discussion paper, is different to housing affordability. The *State Affordable Housing Strategy 2010-2020* defines affordable housing as follows:

"Affordable Housing refers to dwellings which households on low-to-moderate incomes can afford, while meeting other essential living costs. It includes public housing, not-for-profit housing, other subsidised housing under the National Rental Affordability Scheme together with private rental and home ownership options for those immediately outside the subsidised social housing system."

Drawing from this definition, affordable housing refers to individual dwellings that are sold or rented to a low to moderate income household at a rate that they can afford. In many cases, the dwelling will be sold or rented through a government or not-for-profit program that offers a subsidy to the owner or tenant, however in some instances low cost housing in the private market (both rental and purchase) will be affordable without any subsidy.

Affordable living

The concept of affordable living recognises that direct rental or mortgage payments are not the only cost that households incur. Other expenses include the consumption of water, gas and electricity, property fees and taxes, the cost of transport (to work, education and shopping) and the price of food. Affordable living provides a framework that considers all of these costs together. In some cases, the additional costs of living in a low quality or poorly located dwelling (through transport, energy and water costs etc.) can outweigh the benefits of lower mortgage or rental payments, or vice versa.

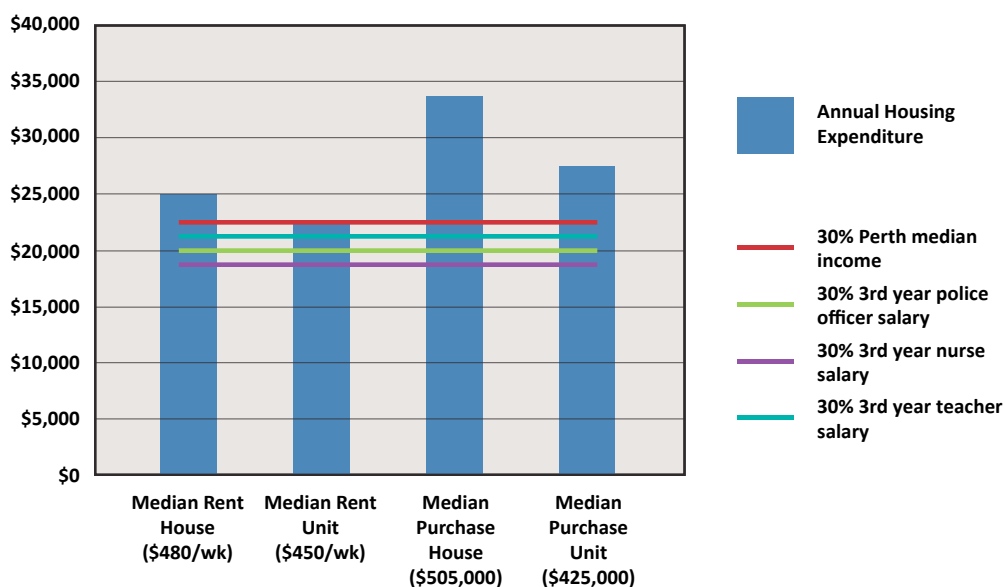
The planning system in Western Australia currently seeks to influence housing costs through the promotion of smaller dwellings, and to address these other expenses through planning controls that govern factors such as size, location, orientation and design.

Context

Declining affordability

Until the early 2000s, housing affordability was not generally considered to be a major strategic issue for Western Australia. The cost of purchasing a home was relatively modest compared to average incomes. In the year 2000 a median priced home in Perth cost 3.9 times the median family income. However, over the course of the decade this situation changed as house prices rose much faster than incomes. By 2010, the value of a median priced home was 6.5 times the median family income – an increase of 66 per cent in relative terms in just ten years. Whilst there are a number of reasons for such a dramatic shift, the rapid increase in relative house prices and rents has meant that many low and moderate income households now find it difficult to buy or rent a house that meets their needs while also meeting their other costs of living.

Figure 3 illustrates this point by showing the annual rental or mortgage repayment costs of a median priced home in Perth and comparing it to the 30 per cent 'housing stress' benchmark for a number of key worker occupations. None of the key workers are able to rent or buy a median priced house in Perth without exceeding the 30 per cent benchmark. A household earning the median income for Perth can afford to rent, but cannot meet the mortgage repayments to purchase either a house or unit without encountering housing stress. While 30 per cent is not an absolute indicator of housing stress, the graph does show that affordability pressures exist for many average households.



Sources: REIWA, ABS, Reserve Bank of Australia

Figure 3: Annual housing costs: Perth metropolitan area – March 2013

The housing continuum

The housing continuum is a concept used by the *State Affordable Housing Strategy* to describe the affordable housing system in Western Australia. It presents the range of housing options available to different households on a continuum with crisis accommodation (for people at risk of homelessness) at one end and unsubsidised home ownership at the other end.

Ideally, most households move towards the right hand side of the continuum and eventually settle in non-subsidised housing in the private rental or ownership markets. However, not all will be able to do so. Some households will always require subsidised housing, while others may need it for a short period of time due to short term hardship caused by a change in their personal circumstances and/or housing needs. An effective housing system will encourage and enable households to move towards non-subsidised housing, while allowing them to access subsidised options when required.

The challenge in Western Australia is that the rising cost of housing has led to blockages at various points of the continuum, which create imbalances between supply and demand for different types of housing. For example, many aspiring home owners who cannot afford to buy are forced to remain in rental housing, which increases the overall demand for rental stock. The resultant increase in rental costs and competition for available homes affects renters on lower incomes, who are then more likely to seek assistance from social housing, leading to growth in the waiting list.



Figure 4: Affordable housing continuum

Housing diversity and housing affordability

To date, the planning system in Western Australia has largely focused on promoting housing diversity as a proxy for affordability. In particular, it has sought to encourage the development of smaller dwellings, which are generally cheaper to buy or rent than larger dwellings in the same market. It has done this within the context of an affordable living approach, which considers all costs of living (including transport, energy and water use) for a household, rather than just the cost of housing.

This approach reflects planning's role in the broader development process, which focuses on regulation of the physical aspects of urban development such as lot orientation, built form and the proximity of housing to amenities and transport routes. These factors can be readily controlled through the strategic and statutory approval processes – allowing planning authorities to make a decision at a single point in time (development assessment) and limiting any need to monitor the ongoing use of the dwelling after construction, until such time as it is physically changed through redevelopment or demolition.

Unlike diversity, affordability is not a physical attribute of a dwelling and has characteristics that require a different approach from a planning perspective. For example:

- it requires an assessment of both the likely cost of the dwelling and the prospective household's income at the time of development assessment;
- both housing costs and incomes fluctuate, meaning that the affordability of a dwelling relative to a household's income is likely to change after planning approval is given; and

- a delivery framework alongside (but separate to) the planning system is required to govern the sale, lease and monitoring of affordable dwellings that are created as a result of planning provisions. Such a framework would need to include approved housing programs or types (e.g. shared equity, social housing), housing providers (e.g. Department of Housing, not-for-profit organisations) and controls that would guarantee that the dwellings remain affordable in the long term (e.g. caveats on title, restrictive covenants), rather than providing a windfall gain to the first tenant or purchaser.

These issues highlight just some of the challenges that will need to be resolved if the planning system is to be used effectively to facilitate the delivery of affordable housing.



4. Policy context



In Western Australia, the State Government has identified housing affordability as a key strategic issue in a range of policy documents, of which the *State Affordable Housing Strategy 2010-2020* is the most prominent. Others include the WAPC's draft *State Planning Strategy* and *Directions 2031*.

These documents all recognise planning as one, though by no means the only, lever that can be used to improve general housing affordability, particularly through the efficient supply of housing that meets the needs of communities. However, they suggest different potential approaches to addressing the issue.

At one end of the spectrum, documents such as *Directions 2031* promote housing diversity as a proxy for affordability, and rely on housing providers (such as the Department of Housing and not-for-profit organisations) to deliver dedicated affordable dwellings within the broader housing market.

At the other end the *State Affordable Housing Strategy* takes a more active stance and explicitly refers to the use of the planning system (including voluntary incentives and requirements) to facilitate the development of affordable housing, although it rules out inclusionary zoning² (except on Government-owned land). The draft *State Planning Strategy* also foreshadows the introduction of incentives and requirements for affordable housing in the planning system.

From a statutory perspective, the *Planning and Development Act 2005* does not include any reference to housing at all, whilst key State planning policies do include explicit references to the provision of land for diverse and affordable housing.

The different content and approach of some key strategic and statutory documents is outlined in more detail below.

State Affordable Housing Strategy

The *State Affordable Housing Strategy 2010-2020* focuses on opening doors to affordable, accessible and appropriate housing for those on low to moderate incomes. It includes an overall aim to provide 20,000 affordable housing opportunities between 2010 and 2020. It does this by identifying actions that will address the decline in affordable entry points, boost the supply and diversity of housing options, and strengthen the social housing system.

Stage two of the Strategy is focused on improving housing supply including actions to reform the planning system, so that it can more efficiently facilitate the development of land and housing, including diverse and affordable housing. The following actions specifically relate to the use of the planning system to facilitate the development of affordable housing:

- Housing strategies will be developed by local government authorities and regional bodies to identify current and future housing needs. This will require local planning schemes to include provisions that facilitate the development of affordable housing to meet the current and future needs of communities. Local governments will be encouraged to incorporate requirements and voluntary incentives for developers to include wider affordable housing components in developments above a specified size, offset by appropriate concessions and/or plot ratio bonuses. Formal inclusionary zoning will not be supported.

² Inclusionary zoning measures require a percentage of dwellings in any new development to be provided for affordable housing.

- *The Departments of Planning and Housing will collectively develop model planning policies for the provision of affordable housing in major developments. These will include model provisions for incorporating innovative affordable housing solutions supported by project-specific or holistic development incentives and offsets, considered as part of the intended review of the Residential Design Codes. The proposed policies will be used by local government authorities and State agencies in areas of high need, transit-oriented locations or other strategic applications. The Affordable and Diverse Housing Policy maintained by East Perth Redevelopment Authority (EPRA)³ provides an example of how such policies may look.*

In addition to the planning reforms outlined above, the Strategy also requires residential developments on government owned or government sold land to clearly define their affordable housing objectives and dedicate at least 15 per cent of project yield to affordable land and housing supply for those on low-to-moderate incomes.

Draft State Planning Strategy

The draft *State Planning Strategy* was released on 19 December 2012. One of its strategic directions is focused on social infrastructure, of which affordable living is a key element. The Strategy notes that affordable living encompasses a range of factors, one of which is the cost of housing:

Affordable living is an important contributor to social wellbeing and economic growth. It includes not only the cost of housing but also the basic household running costs of utilities such as water and energy as well as the transport costs associated with travelling to work, education, shopping and community facilities. Affordable living also includes the financial cost of living such as the price of food, transport, shelter and the level of rental and mortgage stress.⁴

One element of the Strategy's approach to addressing affordable living is focused on housing diversity. It includes an objective for Western Australia to have communities that provide diverse housing opportunities for different income levels, lifestyle choices and household types by 2050. The aspirations for achieving this objective are:

- all development provides a variety of housing styles, types and sizes to accommodate changes in demographics and market demand;
- incentives and requirements for affordable housing are enabled through the planning system; and
- innovative housing tenures such as housing cooperatives and community titling are introduced into the market.⁵

While the focus of the Strategy remains very much on achieving affordability through diversity of housing, these aspirations suggest using the planning system to both promote and require the development of affordable housing. This approach is broadly consistent with the *State Affordable Housing Strategy*, but does not reflect the focus of other strategic planning documents.

³ Now a part of the Metropolitan Redevelopment Authority

⁴ WAPC, *State Planning Strategy: Draft for Public Comment*, p69 - <http://planning.wa.gov.au/publications/6561.asp>

⁵ Ibid, p70

Directions 2031

Directions 2031 and beyond: metropolitan planning beyond the horizon is a high level spatial framework and strategic plan that establishes a vision for future growth of the metropolitan Perth and Peel region. It provides a framework to guide the detailed planning and delivery of housing, infrastructure and services necessary to accommodate a growing population. One of the five strategic themes for *Directions 2031* is liveability, which includes (among other outcomes) housing diversity and affordability.⁶

A key strategy in *Directions 2031* is to promote and increase housing diversity, adaptability, affordability and choice. The strategy suggests that planning controls should be used to facilitate a variety of housing types and sizes, provide housing choice in different locations and cater for a range of household incomes.⁷

Directions 2031 also commits the Department of Planning to work with local governments, the Department of Housing, non-profit housing organisations and developers to provide more affordable housing in redevelopment areas, as part of a strategy to increase the diversity and affordability of housing in activity centres.⁸

Through this, *Directions 2031* focuses on using the planning system to encourage housing diversity, in particular the development of smaller, well located dwellings. It suggests that the responsibility for delivering dedicated affordable housing should rest with affordable housing providers (through the purchase and management of market housing), rather than the planning system itself. This focus is different to the *State Affordable Housing Strategy* and the draft *State Planning Strategy*, both of which suggest a more active role for planning in the delivery of affordable housing.

Draft Central Metropolitan Perth Sub-regional Strategy

The draft *Central Metropolitan Perth Sub-regional Strategy* supports the implementation of *Directions 2031* within the inner and middle sectors of the Perth metropolitan area. Like *Directions 2031*, it notes that planning's role is to "encourage a range of housing so that people have greater choice of both housing form and cost."⁹

It promotes the development of smaller, well located dwellings as a means to providing affordable housing types, rather than affordable housing per se:

*Delivering more affordable housing types requires planning systems that enable a timely and adequate supply of land, provide efficient approval processes, facilitate a mix of housing types including lower-cost dwellings, and have an appropriate level of development control to minimise housing construction costs.*¹⁰

Actions in the strategy also focus specifically on the use of the planning system to facilitate diverse and affordable forms of housing:¹¹

⁶ WAPC, *Directions 2031 and beyond: metropolitan planning beyond the horizon*, p22 - www.planning.wa.gov.au/publications/826.asp

⁷ Ibid, p46

⁸ Ibid, p46

⁹ WAPC, draft *Central Metropolitan Perth and Peel Sub-regional Strategy*, p68 - www.planning.wa.gov.au/publications/762.asp

¹⁰ Ibid, p46

¹¹ Ibid, p18

Strategy 2 – Promote and increase housing diversity, adaptability, affordability and choice

Introduce incentives such as:

- diversity bonuses to increase provision of affordable housing; or
- density bonuses to promote higher density developments that include diverse and affordable forms of housing, and which meet performance criteria.

Similar to Directions 2031, these actions focus on the use of planning provisions that encourage housing diversity to create dwellings that cost less to build and purchase, rather than providing for dedicated affordable housing.

The Planning and Development Act (2005)

Despite the fact that a number of strategic documents have a strong focus on housing diversity and, to a lesser extent, affordability, there is no reference to either of these terms in the *Planning and Development Act (2005)*.

The purposes of the Act (s3) refer only to “*provid[ing] for an efficient and effective land use planning system in the State*” and “*promot[ing] the sustainable use and development of land in the State.*” There is no explicit reference to housing in Schedule 7 of the Act in (Matters which may be dealt with by planning scheme).

Analysis conducted on behalf of the WAPC and other local authorities suggests that the Act does not currently provide a sufficiently clear head of power for a local planning scheme to require consideration or delivery of affordable housing as a condition of development approval.¹²

Statement of Planning Policy No 1: State Planning Framework Policy

Statement of Planning Policy No 1 does not explicitly identify the provision of affordable housing as an objective of the planning system in Western Australia. However, it does include a reference to housing choice and the provision of land for affordable housing in the general principles for land use planning and development.

Planning should recognise the need for and, as far as practicable, contribute towards more sustainable communities by:

- i) accommodating future population growth and providing housing choice and diversity to suit the needs of different households, including specialist housing needs, and the services they require;
- ii) providing land for a range of accessible community resources, including affordable housing, places of employment, open space, education, health, cultural and community services.

Statement of Planning Policy No 3: Urban Growth and Settlement

The introduction and background to the Statement of Planning Policy No 3 includes a reference to affordable housing, noting that:

Affordability of housing is a key issue. There is a need to maintain a supply of affordable land for housing and affordable housing products for all in the community including those with special needs. The majority of new affordable housing land is in the outlying suburbs, reinforcing the need for medium and higher density housing in inner and middle suburbs for low to middle income households as well as in the growth corridors.

¹² Judith Stubbs & Associates, 2009, *City of Perth Affordable Housing Mapping & Incentives Project, Background Report*, p45.

5. The current situation

Diversity measures

To date, the focus of planning in Western Australia has been on the promotion of housing diversity to support affordability, particularly through smaller dwellings, which usually cost less than larger dwellings. This approach is particularly relevant in Western Australia, where more than 80 per cent of homes are single dwellings, and many new homes are built with floor areas of more than 200m² – in some cases because of restrictive covenants that impose minimum floor sizes in new estates.

A range of diversity measures have been introduced into the planning system in recent years to help facilitate the outcome of lower-cost housing.

Multi-Unit Housing Code

The Code was introduced as part of the Residential Design Codes (R-Codes) in late 2010. It seeks to remove barriers or disincentives that discouraged the development of multiple dwellings in favour of grouped dwellings, particularly on land zoned for medium density development (R30-R60). The Code seeks to encourage housing diversity, affordability and flexibility through:

- expanding the permissible range of housing within individual residential codings to better meet the housing needs of the community;
- reducing the disincentive for smaller dwellings in favour of increased diversity of housing within a framework of form-based design guidance; and
- improving the standard of design for multi-unit housing and encouraging the development of housing with performance standards appropriate to form.



Ancillary dwellings

Changes to the R-Codes that took effect on 2 August 2013 removed barriers to the development of ancillary dwellings (previously called ancillary accommodation, and commonly referred to as granny flats) in established residential areas. Previously, the R-Codes required the occupant of any ancillary dwelling to be a family member of the occupiers of the main dwelling, whilst the maximum size of ancillary dwellings was restricted to 60 square metres. The changes removed the restriction on family occupancy and increased the maximum floor area to 70 square metres. A number of other requirements also apply.

These changes will encourage the development of more ancillary dwellings by providing greater opportunity for their provision and increase the level of amenity (through floor area) that they can offer to occupants.

Incentives for small dwellings

The R-Codes also contain incentives for the development of single bedroom dwellings or aged and dependent persons dwellings. The minimum site area for these dwelling types is one third lower than would otherwise be applied.¹³ In effect, this provision allows up to 50 per cent more dwellings to be provided on a site if they are single bedroom or aged and dependent persons' dwellings.

Changes to the R-Codes that took effect in August 2013 also include an increase of the maximum floor area of single bedroom dwellings from 60 square metres to 70 square metres. This will increase the potential amenity and design flexibility for single bedroom dwellings which, when combined with the site area concession, is likely to encourage the development of smaller dwellings.

The introduction of these diversity measures will help to improve the range of housing options available throughout Western Australia, which has a lower proportion of small (two bedrooms or less) dwellings than Australia as a whole.¹⁴ As smaller homes are generally cheaper than larger homes, this is also likely to improve overall affordability, particularly for smaller households such as single people or couples.

Diversity measures also facilitate the development of more housing near employment centres, local shops and public transport routes. By reducing transport costs, it can help to improve affordable living outcomes for a larger number of households.

However, an increase in the number of small dwellings will not necessarily help address the issue of housing affordability for larger households (such as families), who may need access to larger homes.

Affordable housing measures

In addition to the diversity measures outlined above, a number of regional or local planning documents already include affordable housing measures or targets. Some local governments are also considering options to introduce affordable housing measures in their schemes.

In the absence of a policy position from the State Government, these affordability measures have been largely developed independently from one another, without any clear direction or guidance. As a result, there is considerable variation between the measures that have been, or are proposed to be, implemented. Definitions of affordable housing vary, as do the provisions used to facilitate its development and delivery in different schemes and situations.

¹³ WAPC, *State Planning Policy 3.1: Residential Design Codes*, Section 5.1.1 - www.planning.wa.gov.au/dop_pub_pdf/State_Planning_Policy_3.1_-_Residential_Design_Codes.pdf.

¹⁴ ABS Census data for 2011 (Quickstats) shows that 17% of dwellings in WA contain two bedrooms or less, compared to 24.3% for Australia as a whole.

Cockburn Coast District Structure Plan

The *Cockburn Coast District Structure Plan* was approved by the WAPC and released in September 2009. It includes a 20 per cent target for affordable housing, and foreshadows the use of planning provisions to achieve it:

*“Intervention through a strong policy, and potentially statutory, response is required to ensure a proportion of affordable housing is provided. A minimum target of 20% affordable housing will be required in Cockburn coast. It is intended that this target will include dwellings for private purchase or rent, and social housing provision (those managed by Government or community housing providers)...”*¹⁵

*“...the specific mechanisms to achieve the target, beyond the district structure plan, will need to be established by the ultimate delivery agency or agencies.”*¹⁶

Potential delivery options outlined in the District Structure Plan to achieve the 20 per cent target include the use of inclusionary zoning, conditions of sale on government-owned, shared ownership and the sale of specific sites to social housing providers.

The Structure Plan defines affordable housing as “that which is accessible to low income households (the bottom 40 per cent of income distribution) without spending more than 30 per cent of the gross household income on housing costs.” This definition is inconsistent with the definition used in the *State Affordable Housing Strategy* (which it predates) and other local schemes or policies (see below).

After consultation with landowners and key stakeholders, LandCorp prepared local structure plans for the Robb Jetty and Embankment precincts at Cockburn Coast, drawing from the District Structure Plan. Both were released for public comment in late 2012 and included provisions specifically related to affordable housing. The provisions in the local structure plans are all based on voluntary development incentives, such as plot ratio bonuses. No mandatory requirements are included.

The two local structure plans will be assessed by the WAPC in due course.

Active scheme provisions or policies

Metropolitan Redevelopment Authority

The Metropolitan Redevelopment Authority (MRA), which operates under the *Metropolitan Redevelopment Authority Act 2011*, has substantial experience using planning to facilitate the development of affordable housing. The MRA’s *Affordable and Diverse Housing Policy* currently applies to all development in MRA’s Central Perth Redevelopment Area including the suburbs of East Perth, Northbridge and Perth. The Policy also applies with the MRA’s Subiaco Redevelopment Area however the affordable housing component is applicable to identified sites only. A review of the Policy is currently underway, which is considering whether it is appropriate to extend affordable housing provisions to other MRA precincts.

The current Policy includes the following provisions to promote housing diversity:

- For developments above 10 units, at least 20 per cent must be single bedroom.
- For developments of 20 dwellings or greater, at least 20 per cent must be three bedrooms or at least 10 per cent must be four bedrooms. These must be provided in addition to the 20 per cent single bedroom requirement.

¹⁵ WAPC, *Cockburn Coast District Structure Plan*, p38 - http://planning.wa.gov.au/dop_pub_pdf/cockburn_DSP_final_Sep09.pdf

¹⁶ Ibid, p39

The Policy mandates that developments with more than 10 units provide 12 per cent of dwellings to affordable housing programs. The majority of these units are delivered through a shared equity purchase program that is run in partnership with the Department of Housing and targeted at moderate income workers. A cash-in-lieu option is included in the Policy, although it is not yet being actively used.

The definition of affordable housing in the Policy is very specific and only includes dwellings that are purchased under the shared equity scheme, or social housing dwellings. This differs from the definition in the *State Affordable Housing Strategy* (which the Policy predates).

Outside of its planning policy, the MRA has used conditions of sale on MRA-owned land to achieve affordable housing outcomes. It has also sold a number of sites to the Department of Housing for use as social or affordable housing. To date, more than 250 affordable housing dwellings have been delivered in MRA locations.

City of Fremantle

The City of Fremantle's Local Planning Scheme 4 (Fremantle LPS4) has offered higher densities for developments of low income housing in selected areas for some time. It also contains diversity provisions that mandate a proportion of small dwellings in developments of ten or more dwellings in one of its Development Control Areas.

In 2011, the City relaxed restrictions on family occupation requirements for small secondary dwellings (which are similar to ancillary dwellings) to facilitate their development in appropriate locations. These measures predated the August 2013 changes to the R-Codes, which also relaxed occupation restrictions on ancillary dwellings. The changes to Fremantle LPS4 have a five year lifespan, after which time they will be superseded by the R-Codes.

The recently approved Amendment 49 to Fremantle LPS4 included voluntary incentives, which offer increased height limits¹⁷ on selected sites in the city centre, in exchange for (among other things) the provision of affordable housing.

Amendment 49 introduced a definition of affordable housing to Fremantle LPS4 that is consistent with the *State Affordable Housing Strategy*:

'Affordable housing' refers to dwellings which households on low-to-moderate incomes can afford, while meeting other essential living costs. It includes public housing, not-for-profit housing, other subsidised housing under the National Rental Affordability Scheme together with private rental and home ownership options for those immediately outside the subsidised social housing system.

Victoria Park

The Town of Victoria Park's Town Planning Scheme No. 1 includes planning provisions related to affordable housing in the development standards for the Causeway Precinct. These provisions allow the local government to negotiate development incentives with developers who provide affordable housing within their developments.

¹⁷ Additional height available varies for each site, but ranges from 5.7m to 14.4m.

Local government studies or proposals

In addition to the active provisions outlined above, a number of local governments have commissioned or undertaken studies that propose the adoption of planning measures to facilitate the development of affordable housing within their communities.

City of Perth

The City of Perth commissioned Judith Stubbs and Associates to conduct an *Affordable Housing: Mapping and Incentives Study* in 2009. The resulting study included 48 recommendations, many of which were focused on making changes to the City Planning Scheme that would provide incentives or remove barriers towards the provision of affordable housing.

The Council has endorsed the principles and philosophy of the recommendations and approved further investigation by the City into how incentives can be effectively incorporated into the City Planning Scheme.

In addition to its consideration of affordable housing measures, the City of Perth recently introduced plot ratio bonuses to encourage the development of residential housing in the inner city.

City of Mandurah

The City of Mandurah also recently commissioned a study by Judith Stubbs and Associates into affordable housing, which included a comprehensive needs analysis and recommendations for the introduction of affordable housing planning provisions into the local planning scheme. As of July 2013, the study and its recommendations had not been formally presented to the Council for consideration.

City of Swan

The *City of Swan Urban Housing Strategy* includes a number of initiatives to encourage the development of diverse and affordable housing.

Dual Residential Codes are proposed in some locations to encourage the amalgamation and redevelopment of existing single residential lots into grouped or multiple dwelling developments. In addition, where the higher R-code is used, all developments of more than four dwellings/lots must include at least one single bedroom, aged and dependent persons, or special needs dwelling. Special needs dwellings are defined as dwellings that are owned and/or managed by a government or not-for-profit housing provider for the purpose of affordable housing.

Implementation

The experience to date highlights a number of implementation challenges that need to be considered if affordable housing provisions are to be introduced into local or regional planning documents. These include:

- clearly defining affordable housing for purposes of development assessment;
- determining the length of time that homes should remain affordable before any controls on their use are removed;
- the difficulty of assessing compliance with affordable housing requirements when a subdivision or development application is submitted, as sale prices and the eligibility of purchasers cannot be confirmed until much later;

- determining responsibility for monitoring the ongoing affordability of homes and the eligibility of the people purchasing or renting them; and
- the current reliance on the Department of Housing and not-for-profit housing providers to manage the delivery of any affordable homes generated through planning provisions.

These challenges, as well as other broader considerations, reveal some important issues that need be considered if a more comprehensive response to affordable housing is to be introduced, such as:

- **Planning conditions need to be clear and easily understood** - this ensures that developers and planning authorities have a clear understanding of what is required to satisfy any conditions for the delivery of affordable housing. It also helps to minimise the administrative burden (red tape) on the development industry to comply with any requirements.
- **Planning's role should be restricted to development assessment** - any requirements for ongoing management and monitoring of the housing need to be established with other organisations that are willing and able to fulfil that task. These could include government or not-for-profit housing providers but are unlikely to include local governments, which are generally not willing to take responsibility for owning or managing affordable housing.
- **Housing delivery mechanisms must be in place before policies are implemented** - arrangements with housing providers to purchase, lease or manage affordable dwellings generated through the provisions must be in place before provisions are introduced. It is also critical that developers, the community and the relevant planning authority have a clear understanding of how any affordable housing will be delivered and managed before a development application is considered. This includes detail on the housing programs, dwelling types or price points that are acceptable.
- **Land subdivision and housing development present different challenges** - most new development in greenfield areas involves the subdivision of land into vacant lots, which people purchase before engaging a builder to construct their home. In these cases, planning's capacity to facilitate affordable housing ends when land subdivision is complete. It is very difficult to control the type (or cost) of a house that is built on the land, as this is a choice of the individual purchaser. The housing development process is different, as a planning assessment is required for the actual buildings that are going to be built (e.g. an apartment block). This means that there is more of an opportunity to influence the design and (by inference) final cost. In addition, land subdivision is assessed by the WAPC, while housing development is (usually) assessed by local government. These differences suggest that careful consideration needs to be given to each process, as well as the type of affordable housing provisions that could be used in each case.
- **The type of affordable housing that is appropriate will depend on the location and nature of the development** - developers and planning authorities will need to be aware of the types of housing programs that are likely to be successful in each development or location. Some programs may be more appropriate for incorporation into higher value or high density developments, while others may be better delivered in single residential or group housing sites. Consideration also needs to be given to whether individual affordable housing dwellings will be sprinkled throughout a development, or consolidated as group or multiple dwellings on a single site. This information should be identified as part of a comprehensive affordable housing needs assessment, which underpins any planning provisions.

Summary

The examples outlined in this section highlight the varied approaches being taken by different local governments and redevelopment authorities towards affordable housing and planning in Western Australia, as well as some of the implementation issues that are being experienced. Definitions of affordable housing are different, delivery models (where present) are different and the types of scheme or policy provisions being used are different. This situation emphasises the need for guidance from the State Government to introduce consistency, better achieve strategic outcomes, and reduce confusion and potential inefficiency among planning authorities, local governments and the development industry.

The current situation suggests that a response is required from State Government to:

- clarify its position on whether/how affordable housing should be dealt with through the planning system;
- respond to State Government directions through the State Affordable Housing Strategy and other strategic documents;
- ensure a consistent approach and outcomes across local governments throughout the State; and
- ensure that any measures introduced can be effectively implemented.



6. Approaches to affordable housing



Broad policy approach

The different approaches to the provision of affordable housing through planning can be broadly summarised as:

- encouraging the development of affordable housing through measures that promote the efficient supply of well-located diverse housing;
- promoting the development of affordable housing with specific incentives for affordable housing enabled through planning schemes and policies; or
- requiring the development of affordable housing with the use of mandatory provisions in appropriate locations.

These are not mutually exclusive, and can be most effective when used together. The first is largely consistent with the 'affordability through diversity' approach outlined in *Directions 2031*, while the *State Affordable Housing Strategy* and draft *State Planning Strategy* suggest an approach that incorporates all three.

The broad approach(es) adopted by the State Government will inform the types of provisions and mechanisms that are ultimately used in local planning schemes and policies.

Implementation mechanisms

Depending on the preferred policy approach, there are a wide range of implementation mechanisms that can be used to facilitate affordable housing in planning schemes, policies or structure plans. Various mechanisms focus on addressing different issues, are more effective in some locations and markets than others, and represent different levels of intervention in the local housing market. Broadly speaking these mechanisms fit into the following five categories:¹⁸

Barrier reduction strategies

Barrier reductions strategies seek to remove or reduce controls that may inhibit the development of affordable housing. These controls may include restrictions on the development of smaller dwelling types, minimum dwelling sizes, or restrictive covenants that require expensive finishes or materials on dwellings.

Protective mechanisms

Protective mechanisms or policies are generally used to retain low cost accommodation in an area, or to mitigate its loss during periods of redevelopment. They can include measures to prevent or mitigate the demolition, change of use or redevelopment of low cost housing.

¹⁸ Gurrin, N., 2008, *Affordable Housing National Leading Practice Guide and Tool Kit*, pp 111-120

Planning incentives

Planning incentives are voluntary provisions that aim to make development projects more profitable in exchange for the provision of affordable housing. Potential incentives include reducing the time or cost of development assessment, or the provision of bonuses that increase the overall yield of a development.

Voluntary negotiated agreements

Voluntary negotiated agreements are usually applied at the large scale, such as a major redevelopment projects or in a master planned community. They are negotiated between a developer and the local (or redevelopment) authority before development commences and can result in the alteration of standard planning conditions in exchange for the provision of affordable housing across the whole development. They usually occur at the point where a large area of land is rezoned to either allow urban development (e.g. from rural), or increase the development potential of the overall site (e.g. through higher R-Coding). In Western Australia, this could potentially occur during the development of a local structure plan.

Because the agreements are voluntary, there is more scope for the developer and local authority to agree on a mechanism that suits both parties. These agreements also have the advantage of being negotiated for one particular site, which means that mechanisms can be tailored to suit the individual circumstances of the development, rather than applying a more general rule that may not fit specific proposals.

Mandatory provisions

Mandatory provisions require developers to provide affordable housing as part of a development. They tend to relate to a fixed percentage or number of dwellings, depending on the type or size of the development. The most commonly understood mandatory provision in the Australian context is inclusionary zoning, which requires a percentage of dwellings in any new development to be provided for affordable housing. Other mandatory provisions include the collection of cash contributions, rather than the provision of land or dwellings.

As outlined earlier, the provisions that are ultimately used in Western Australia will depend on a range of factors, including the Government's broad policy position, the specific affordability issues that are being addressed, and the nature of the local housing market in which they are introduced.

Experience from other states and overseas suggests that the most effective way to deliver new affordable housing is through a combination of mandatory provisions and incentives. This approach ensures that affordable housing is actually provided, but offsets any additional cost to the developer with incentives.

Challenges with each mechanism

Each implementation mechanism comes with its own challenges to ensure that the right type of affordable housing is delivered in the right environment and in a way that does not compromise the feasibility of a development or broader planning objectives. These must all be carefully considered by the planning authority before a particular measure is introduced.

Restrictive covenants are often used to preserve a certain standard of development in new or existing communities. Any strategies targeted at removing restrictive covenants need to distinguish between those that are reasonable and those that unnecessarily inhibit affordability.

Protective mechanisms must be used very carefully to ensure that the conditions do not impose too great a barrier to any development, as this will have a negative effect on overall housing supply and/or may deter property owners from renovating existing housing stock.

Planning incentives need to offer a financial benefit to the developer for providing the affordable housing. Relaxed planning controls that increase the number or size of dwellings that can be provided on a particular site (e.g. height, plot ratio, density) can improve profitability in some cases, although their effectiveness depends on the nature of the local market. They must also be carefully applied to ensure that any changes to planning controls on one site do not have a negative impact on the amenity of the location for other residents.

In some cases, the most effective incentives may lie outside the planning system and relate to other factors that affect developments. For example, tax and the provision of infrastructure both represent significant costs to developers. Further consideration is required to determine whether it is possible or appropriate to use these or other non-planning incentives to encourage developers to provide affordable housing.

A further consideration for incentives is finding a way to prevent any financial benefit they offer from being capitalized into the underlying land value – which essentially provides a windfall gain to the landowner and removes any incentive for the developer.

Mandatory provisions are best introduced at the point in time when land is rezoned and significant value uplift is occurring. This ensures that any cost associated with providing affordable housing is offset by the larger value gain achieved through rezoning of the land. If mandatory provisions are introduced after this time, any additional development cost associated with providing affordable housing must either be absorbed by the developer (which may make any development unprofitable) or passed on to other end buyers.

With any new provisions, care needs to be taken to ensure that their implementation does not add unnecessary complexity or delays to the approvals process, as this may have the counterproductive effect of hindering overall housing supply.

Aside from these considerations, one of the most important issues for implementation is protecting the affordability of the dwelling in the long term, thereby ensuring that any subsidy or benefit remains with the dwelling (and subsequent occupants), rather than providing a windfall gain to the first tenant or purchaser.

This requires close management and/or ongoing monitoring of any affordable dwellings that are produced to ensure that tenants or purchasers meet income criteria, and that price points or rental arrangements remain consistent with the planning conditions under which they were created. As a rule, local governments do not want to be responsible for the monitoring or management of housing. It is therefore important to have an affordable housing system in place to operate alongside the planning system, which includes a range of housing programs and a network of affordable housing providers that are capable of taking control of dwellings that are produced.

Evidence base

Any provisions proposed for local planning schemes or policies need to be supported by evidence that identifies the need, nexus and rationale behind them. This information should be outlined in the local planning strategy, which provides the evidence base to support the revision of local planning schemes.

The Local Planning Manual currently outlines the information that should be included in a local planning strategy. It includes identifying the housing need for a community, as well as the current and future housing requirements by type, diversity, density and (if relevant) condition and character.

If local planning schemes were to incorporate provisions for affordable housing, evidence will need to be presented that clearly identifies affordable housing need in each community, and presents a clear rationale for the introduction of provisions to facilitate its development. It is likely that the Department of Planning, with the Department of Housing, will need to assist with developing a framework that will allow local governments to accurately and consistently identify affordable housing needs in their community.



7. Interstate examples



The experience of other states may provide some guidance on how the Western Australian planning system can be adapted to (directly or indirectly) facilitate the development of affordable housing.

In some states, affordable housing is enshrined as an objective in planning legislation and State policies, enabling a wide range of voluntary and mandatory provisions to be included in local planning schemes. In others, housing diversity and affordability are broader policy objectives that are not explicitly supported by legislation, policy or local planning schemes. In South Australia, State government policy requires 15 per cent of all new significant development to be dedicated for affordable housing and this objective is supported through planning legislation and policy.¹⁹ The *Development Act 1993* explicitly supports the incorporation of affordable housing in local planning schemes and allows for the use of mandatory requirements to achieve affordable housing targets.

South Australian planning legislation is complemented by legislation supporting the South Australian Housing Trust (the equivalent of the Housing Authority in Western Australia), which enables the Housing Trust to secure the affordable housing facilitated through local planning schemes with statutory covenants.

The New South Wales *Environmental Planning and Assessment Act 1979* currently includes a specific commitment to promote and retain affordable housing and enables local governments to use their planning schemes for those purposes. Legislation is supported by a suite of State environmental planning policies that explicitly or implicitly support the development and protection of affordable housing in local planning schemes. Mandatory requirements and developer contributions are enabled by State environmental planning policies in some locations.

In April 2013, the New South Wales Government released the *White Paper – a new planning system for NSW*. The *White Paper* proposes to remove the ability for local schemes to use the developer contributions system (administered through local schemes) to deliver affordable housing. It does, however, retain affordable housing as an object of the Act and as a purpose for which planning control provisions can be made in local planning schemes.

The *White Paper* suggests that affordable housing will be incorporated into the strategic planning system. Government objectives for housing will be outlined in a New South Wales Planning Policy, and must be given effect in regional growth plans, sub-regional delivery plans and local schemes, all of which will include housing needs assessments and numerical housing targets. The *White Paper* does not state specifically which planning mechanisms will be used to facilitate the delivery of affordable housing in each local government area.

Victoria and Queensland consider housing diversity as a key objective, which is enshrined in legislation and/or State planning policy. While these states have a strong strategic focus on affordability, their approaches through planning tend to focus on achieving it through the efficient supply of land and housing (to ease pressure on prices) and the development of smaller and/or lower cost housing types that are more affordable to lower income households. In these cases, delivery of affordable housing is largely left to dedicated housing providers (government or not-for-profit) that operate within the wider market.

A more detailed commentary on interstate examples is provided in Appendix 1.

¹⁹ "Significant" developments include areas subject to new structure plans, new transit-oriented developments, major rezonings that increase dwelling potential and Government surplus land.

Through the *State Affordable Housing Strategy*, the Western Australian State Government has made a commitment that sits somewhere between the approach of South Australia at one end, and Victoria and Queensland at the other. It calls for the use of local planning schemes to facilitate the development of affordable housing and the development of model planning policies for the provision of affordable housing in major developments. The exact detail of these provisions and policies is not specified in the Strategy, leaving the Government to determine how best to implement the commitment in a way that complements the existing planning framework and meets the broader objectives of government and the community.



8. Potential options for Western Australia



There are many potential options for the introduction of affordable housing provisions into the Western Australian planning system, ranging from the 'diversity as a proxy for affordability' approach at one end of the spectrum through to the introduction of mandatory requirements at the other. Each approach is likely to require a different combination of legislative, statutory, policy and other supportive mechanisms.

Four potential options are outlined below. They cover the spectrum of approaches and are intended to promote consideration and discussion by stakeholders. The key elements of each approach are outlined, together with statutory and policy changes that are likely to be required for implementation in each case. In addition, some of the pros and cons of each approach are provided to promote further consideration of each one's merits and challenges.

Stakeholders are invited to comment on the merits or challenges of one or all of the options, identify a preferred option, or suggest other alternatives.

Table 1 provides a summary of the four options, with further detail outlined below. The table reflects changes that would apply to areas controlled by the *Planning and Development Act 2005* and excludes redevelopment areas under the control of the Metropolitan Redevelopment Authority.

Option 1: diversity is used as a proxy for affordability

	Approach			Supporting legislative, statutory or policy mechanisms		
	No specific provisions for affordability	Voluntary incentive provisions	Mandatory provisions on private land	Legislation	SPP	Guidelines with toolbox
Option 1	•					
Option 2		•		•		•
Option 3		•	Only in selected areas	•	•	•
Option 4		•	•	•	•	•

Table 1: Summary of implementation options

Key element(s)	<p>Retain the current focus on the promotion of housing diversity as a proxy for affordability.</p> <p>No provisions related to affordable housing will be permitted in planning schemes or other planning documents, except in redevelopment areas covered by specific legislation.</p> <p>Limits placed on restrictive covenants that unnecessarily affect affordability or diversity.</p> <p>Mandatory affordable housing requirements will only apply to State Government-owned land as part of government policy (not planning requirements), and redevelopment areas covered by specific legislation.</p>
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This option would see a continuation of the promotion of housing diversity as a proxy for affordability through local planning schemes, using existing planning policies, structure plans and development controls. Planning's focus would remain on the physical characteristics of dwellings (including location, size, orientation etc.) and the promotion of well-located smaller dwellings through provisions in the R-Codes, in a manner consistent with *Directions 2031*. The overall cost of living, rather than the cost of housing, would be the key issue considered through planning.

This option would also see Government exploring opportunities to limit or prevent the use of restrictive covenants that unnecessarily inhibit affordability or diversity. Minimum floor areas, compulsory second storeys, façade treatments, or letterbox standards are some commonly used covenants that may fall into this category.

State Government-owned land would be subject to mandatory affordability requirements, reflecting Government (rather than planning) policy outlined in the *State Affordable Housing Strategy*. Land covered by the MRA (under its own legislation) could also be subject to mandatory requirements, in line with current practice.

Pros	<p>Consistent with the current approach in planning policy and Directions 2031.</p> <p>Consistent with the approach in some MRA areas.</p> <p>Supports increased supply of smaller dwellings, which supports greater affordability and choice for smaller households.</p> <p>Limits the use of restrictive covenants that unnecessarily hinder affordability and diversity.</p>
Cons	<p>Does not respond to State Government commitments in the State Affordable Housing Strategy or the direction outlined in the Draft State Planning Strategy.</p> <p>Does not facilitate the development of affordable housing outside of Government developments or areas governed by the MRA.</p> <p>Delivers a range of products in a given location, but does not ensure that they will be affordable to people on lower and moderate incomes.</p>

Option 2: Allow voluntary incentives

Key element(s)	<p>Voluntary incentives permitted.</p> <p>Mandatory affordable housing requirements will only apply to Government-owned land as part of government policy (not planning requirements), and redevelopment areas covered by specific legislation.</p> <p>Amend legislation so that it provides a clear head of power for schemes to address affordable housing.</p> <p>Introduce guidelines on the use of affordable housing provisions into the Local Planning Manual, including a toolbox of acceptable provisions in different circumstances.</p>
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Option 2 would allow the use of voluntary incentives (e.g. density bonuses) in local planning schemes and plans, to encourage the provision of affordable housing. As with Option 1, mandatory requirements for affordable housing would only apply to Government-owned land, except in areas controlled by the MRA.

The *Planning and Development Act (2005)* would be amended to remove any doubt about the ability of local planning schemes to address affordable housing and enable local governments to use their local planning scheme to encourage specific types of affordable housing development, without explicitly requiring them to do so. Any incentives would need to be supported by specific affordable housing needs analysis in a Local Planning Strategy, and the WAPC would still approve or reject specific provisions proposed as part of its review of local planning scheme changes.

Any legislative change could be supported by guidelines to assist local governments seeking to introduce affordable housing incentives and other provisions into their local planning schemes. These would include a toolbox of approved measures that could be used in different circumstances and standard definitions, depending on the local market. The toolbox would be developed by the WAPC in consultation with the development industry, local governments and relevant state government agencies.

Allowable measures would include incentives that seek to encourage and promote, rather than require, affordable housing (except on government projects). The guidelines would likely be incorporated into existing guidance documents, such as the WAPC's Local Planning Manual.

Key features of Option 1 would remain, including the promotion of diversity and the potential introduction of limits on the use of unnecessary restrictive covenants that inhibit affordability.

Pros	<p>The development of housing is explicitly recognised in legislation as an objective of the planning system.</p> <p>Legislation clarifies the ability of planning schemes to regulate and guide housing development, including diversity and affordability.</p> <p>Introduction of guidelines and toolbox into the Local Planning Manual would help to introduce consistency to the range of options available, while still providing flexibility to respond to local circumstances.</p> <p>Limits the use of restrictive covenants that unnecessarily affect affordability and diversity.</p> <p>Voluntary approach means that developers can 'opt in' but only if they choose to do so.</p>
Cons	<p>The approach only partially fulfils State Government commitments in the State Affordable Housing Strategy.</p> <p>Planning incentives alone are unlikely to be enough to deliver affordable housing in many developments.</p> <p>It may not be appropriate to have an explicit reference to housing in the Planning and Development Act without referring to other development types.</p>



Option 3: Allow mandatory provisions in selected areas

Key Element(s)	<p>Voluntary incentives permitted.</p> <p>Mandatory provisions apply to all Government land, and can be used on private land in selected strategic areas (outside MRA precincts).</p> <p>Amend legislation so that it provides a clear head of power for schemes to address affordable housing Incorporate affordable housing into an existing State Planning Policy.</p> <p>Introduce guidelines on the use of affordable housing provisions in the Local Planning Manual, including a toolbox of acceptable provisions in different circumstances.</p>
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Option 3 would be similar to Option 2 by allowing the use of voluntary incentives. However, it would also allow the use of mandatory provisions on private land – but only in selected strategic areas where a particular need had been identified. Criteria would be developed for identifying the areas where mandatory provisions could be introduced, as well as the authority(ies) responsible for selecting them.

Similar to Option 2, legislative change and guidelines are proposed. However, it is also likely that references to affordable housing would be introduced into a State Planning Policy (SPP) to provide statutory support for the introduction of mandatory provisions on private land. It is likely that these would be added to an existing SPP (such as SPP 3.1), rather than used to create a new, separate SPP.

This would be similar in scope to the approach used by South Australia and would clearly outline the circumstances in which affordable housing was to be broadly encouraged, facilitated through incentives, or required through mandatory provisions. It may also include model provisions for use in planning schemes, structure plans and other documents.

Similar to South Australia, it is likely that planning legislation would need to be amended to explicitly provide local planning schemes with the ability to require affordable housing (rather than just containing general references as outlined in previous options).

Mandatory provisions may need to be complemented by incentives, or linked to up-zoning of land, to offset costs (or lost revenue) borne by developers. Incentives may also need to include measures outside the planning system, such as taxes and infrastructure.

An additional consideration for the introduction of mandatory provisions is the extent to which they increase the complexity of the approvals process and affect overall housing supply.

The approach outlined in this option largely reflects current practice, as mandatory provisions are already used in the MRA's inner-city precincts. The significant change is creating the opportunity for similar provisions to be applied in other areas of the State.

Pros	<p>Responds to State Government commitments in the <i>State Affordable Housing Strategy</i>.</p> <p>SPP introduces a clear policy position with statutory weight.</p> <p>Clearly outlines in which locations and circumstances affordable housing can (or will) be required, and which incentives, provisions or contributions are needed.</p> <p>Introduction of guidelines and toolbox into the Local Planning Manual would help to introduce consistency to the range of options available, while still providing flexibility to respond to local circumstances.</p> <p>Legislation clarifies the ability of planning schemes to regulate and guide housing development, including diversity and affordability.</p> <p>Most closely reflects current situation in Western Australia.</p>
Cons	<p>Potential to go beyond the mandate of the <i>State Affordable Housing Strategy</i>, depending on which mandatory measures are ultimately used.</p> <p>Would require legislative change, which is likely to take some time to introduce.</p> <p>Has the potential to affect overall land and housing supply if measures compromise development feasibility, or result in excessive regulatory burden.</p> <p>May result in cross-subsidisation of affordable housing by other consumers if not applied carefully.</p>



Option 4: Allow mandatory provisions in all areas

Key Element(s)	<p>Voluntary incentives permitted in all development.</p> <p>Mandatory provisions apply to all Government land, and can also be used on private land in certain circumstances.</p> <p>Amend legislation so that it provides a clear head of power for schemes to address affordable housing Incorporate affordable housing into an existing State Planning Policy.</p> <p>Introduce guidelines on the use of affordable housing provisions in the Local Planning Manual, including a toolbox of acceptable provisions in different circumstances.</p>
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Option 4 includes the same elements as Option 3, but allows mandatory provisions to be used across most private land, rather than being restricted to selected strategic locations. It is likely that mandatory provisions would only apply in certain circumstances, such as when a development exceeded a certain size, rather than across the board.

The ability to introduce mandatory provisions would not, however, preclude the need for Local Governments to justify their introduction through needs analysis as part of their local planning strategy and local planning scheme. The WAPC would still need to approve any schemes that included these provisions.

Pros	<p>Responds to State Government commitments in the <i>State Affordable Housing Strategy</i>.</p> <p>SPP introduces a clear policy position from the WAPC with statutory weight.</p> <p>Clearly outlines in which locations and/or circumstances affordable housing can (or will) be required, and which incentives, provisions or contributions are needed.</p> <p>Introduction of guidelines and toolbox into the Local Planning Manual would help to introduce consistency to the range of options available, while still providing flexibility to respond to local circumstances.</p> <p>Legislation clarifies the ability of planning schemes to regulate and guide housing development, including diversity and affordability.</p>
Cons	<p>Potential to go beyond the mandate of the <i>State Affordable Housing Strategy</i>, depending on which mandatory measures are ultimately used.</p> <p>Would require legislative change, which is likely to take some time to introduce.</p> <p>Has the potential to affect overall land and housing supply if measures compromise development feasibility, or result in excessive regulatory burden.</p> <p>May result in cross-subsidisation of affordable housing by other consumers if not applied carefully.</p>

9. Discussion points for feedback



The Western Australian Planning Commission is seeking feedback from stakeholders to determine the most appropriate, effective and equitable way for the planning system to support the delivery of affordable housing. The four options outlined above are intended as a guide to stimulate discussion on the most effective overall approach, the mechanisms that may be used, and the legislative, statutory and policy instruments that may be required. They are not comprehensive and stakeholders may suggest alternative approaches or methods that they consider will be more appropriate or effective. Where alternatives are proposed, the impact, benefits and challenges of each should also be identified.

In addition to providing feedback on the options above (or their alternatives), stakeholders are also asked to focus on other issues relating to the potential use of planning provisions to deliver affordable housing. Some of these are outlined below, and are also included in the survey forms.

- Which level of government (State or local) should decide when and where affordable housing provisions (of any kind) are applied? How should this be determined?
- Which legislative, statutory or policy instruments (legislation, State planning policies, local planning schemes, etc) should include affordable housing references and provisions?
- Which planning incentives are likely to be most effective in encouraging developers to deliver affordable housing (e.g. density bonuses, relaxation of height controls, prioritised planning approvals)?
- Are there any non-planning incentives that would be effective in encouraging developers to provide affordable housing (e.g. infrastructure costs, tax incentives)?
- In which locations or property market conditions are different incentives likely to be most effective (or ineffective)?
- How can incentives be applied in a way that does not result in them being capitalised into land value (and therefore eroded)?
- What types of mandatory provisions are likely to be the most effective? Provision of land, housing or cash, for example?
- If mandatory provisions are introduced, at what scale of development should they take effect (e.g. 10, 50, 100 lots/dwellings)?
- Applications for land subdivision (WAPC) and building development (usually local government) are determined separately in WA. How would affordability measures be applied at each stage and how are the implementation issues likely to differ?
- Should affordable housing requirements relate to property value (rental or sale price), household income, or both?

- What evidence is needed to satisfy a planning authority that affordable housing conditions have been met at the time of subdivision or development assessment? For example:
 - How can you prove that a dwelling will be sold below a certain price?
 - How can you prove that the purchasers or future occupants of affordable dwellings will meet relevant eligibility criteria (e.g. income)?
 - What (if any) agreements need to be in place with housing providers to take affordable dwellings on when they are complete?
 - What (if any) controls are appropriate to ensure that the dwellings are used for affordable housing in the longer term?
- Is Western Australia's affordable housing sector (government, not-for-profit and private) sufficiently resourced to purchase affordable dwellings that are created as a result of planning provisions? In which circumstances are affordable housing providers likely to be willing (or unwilling) to participate?



10. Next steps



The Western Australian Planning Commission has released this discussion paper to seek comments and feedback from key stakeholders on the options presented, together with other implementation considerations. The Commission will consider all submissions and feedback received, to help inform the development of a preferred approach towards affordable housing and the planning system.

A comment form is provided in Appendix 2, with questions to guide stakeholder feedback. An online comment form is also accessible via the Department of Planning website. A number of public information sessions will be conducted to discuss the four options in more detail during the consultation period.

Information relating to the public consultation period, information sessions and feedback options are available in the Public Comment section of the PlanningWA website at www.planning.wa.gov.au.

Once a preferred approach is confirmed, the WAPC will consult further with key stakeholders as it develops an implementation framework for the State Government's consideration and approval.



Appendix 1: Interstate examples



New South Wales

Legislation

The overall objectives of the *Environmental Planning and Assessment Act 1979* include a commitment to promote and retain affordable housing.²⁰ The Act also states that local planning schemes may include arrangements for “providing, maintaining and retaining, and regulating any matter relating to, affordable housing.”²¹

As well as considering any relevant planning legislation, schemes or policies when assessing a development application, a planning authority must also consider “the likely impacts of that development, including environmental impacts on both the natural and built environments, and social and economic impacts in the locality.”²² This impact assessment can include the likelihood of the development to affect the availability of low cost housing in the area.

The Act includes provisions that allow planning authorities to enter into planning agreements with developers to collect developer contributions for any public purpose, which includes the provision of affordable housing.²³ It also makes specific provision for development conditions requiring contributions or land for affordable housing within the constraints established by state environmental planning policy.²⁴

State policy

State environmental planning policies (SEPPs) are similar to State planning policies (SPPs) in Western Australia. They may specify directions about the content of local plans (e.g. requiring certain areas to include housing-related provisions in their local plans) or they can contain directions about the way in which particular types of development are to be assessed (e.g. matters to be considered).

A number of State environmental planning policies have a direct or indirect effect on affordable housing. These include:

SEPP 65: Design Quality of Residential Flat Development

This has an overall objective to improve the design quality of apartment buildings. As part of the assessment process, planning authorities are required to consider whether the design “responds to the social context and needs of the local community in terms of lifestyles, affordability and access to social facilities.”

SEPP 70: Affordable Housing (Revised Schemes)

This amends local and regional planning instruments in a small number of specified areas to allow levying of development contributions for affordable housing.

²⁰ S5(a)(viii)

²¹ S26(d)

²² S79C

²³ S93F(2)(b)

²⁴ Gurran, 2008, pp19-20

Affordable Rental Housing SEPP

This provides incentives for the development of infill housing, boarding houses and secondary dwellings (granny flats), as well as for group homes and social housing. It also includes measures to protect and retain low cost rental accommodation. Key measures include:

- Allowing development of low-rise villas, townhouses and flats up to 8.5 metres high in areas that are otherwise classified as low density, provided that a proportion of floor space is dedicated for affordable rental housing for at least 10 years. Developments must meet other tests to comply including the design being in keeping with the area and the location being close to public key transport routes.
- Relaxing restrictions on the development of ancillary accommodation;
- Providing incentives for the development of boarding houses;
- Self-assessment for Housing NSW developments up to 20 units (subject to a number of other criteria); and
- Requiring consent to demolish, change use or alter low cost rental accommodation or boarding houses, or to strata subdivide low cost rental accommodation. Mitigation or contributions can be required when consent is granted.

Local planning

Local governments must undertake local housing market analysis to help guide their local environment plans (equivalent of local planning schemes). This analysis must include demographic change, household formation, housing affordability, development economics and feasibility and market trends.

Local governments can also use provisions within their local environment plans to offer incentives for the provision of affordable housing, or to protect existing affordable housing stock in keeping with the *Environmental Planning and Assessment Act*.

White paper

In April 2013, the NSW Government released the *White Paper – a new planning system for NSW*. The *White Paper* proposes to remove the ability for local schemes to use the developer contributions system (administered through local schemes) to deliver affordable housing. It does, however, retain affordable housing as an object of the Act and as a purpose for which planning control provisions can be made in local planning schemes.

The *White Paper* suggests that affordable housing will be incorporated into the strategic planning system. Government objectives for housing will be outlined in a NSW Planning Policy, and must be given effect in regional growth plans, sub-regional delivery plans and local schemes, all of which will include housing needs assessments and numerical housing targets. The NSW Government is still determining the merits of including affordable housing targets as part of the overall housing targets.

The *White Paper* does not state specifically which planning mechanisms can or will be used to facilitate the delivery of affordable housing in each local government area.

The public consultation period for the White Paper closed in late June 2013. A feedback report on comments received is expected to be released in August 2013, followed by the presentation of new legislation to the NSW Parliament in September 2013.

South Australia

Legislation

The South Australian *Development Act (1993)* includes an overall objective to promote or support initiatives to improve housing choice and access to affordable housing within the community. It includes specific references to affordable housing in the Objects of the Act and as an issue to be addressed within Development Plans, Strategic Direction Reports and by Strategic Planning and Development Committees. It also includes provisions that allow mandatory inclusionary zoning for affordable housing.

The South Australian *Housing Trust Act (1995)* governs the operation of the South Australian Housing Trust (equivalent of the Housing Authority in Western Australia). It has accompanying provisions that allow for statutory covenants between the South Australian Housing Trust and another party to secure affordable housing, registered on the land title.²⁵

A Gazettal under the South Australian *Housing Trust Regulations (1995)* describes the criteria for affordable housing, including price points, which are applicable to Development Plan policies and development applications under the *Development Act (1993)*. The Minister for Housing is given power to certify that a development meets the affordable housing criteria under Schedule 8 of the *Development Regulations 1993*.²⁶

State policy

The South Australian government has an overriding policy objective to provide 15 per cent affordable housing within all new significant new developments and growth areas, including 5 per cent 'high need' housing. It uses a combination of legislation and policy to achieve this goal. Areas affected by this requirement include:

- State significant areas;
- Areas subject to structure plans and precinct planning, in particular new transit-oriented developments and transit corridors;
- Rezoning that substantially increases the dwelling potential;
- Residential developments with 'Major Development' status; and
- Residential developments on government surplus land.

The State Planning Strategy includes targets and policies for density, net housing growth and affordable housing for Greater Adelaide and regional areas. For example, Greater Adelaide has an overall dwelling growth target of 258,000 in its 30 Year Plan, of which 15 per cent (38,700) must be affordable housing.²⁷

Local planning

Local governments prepare development plans that control development within their communities and are prepared in accordance with the *Development Act (1993)*. Among other things, development plans need to demonstrate that the local government has sufficient land capacity and adequate planning controls in place to deliver on the net dwelling targets and affordability targets outlined in the State Planning Policy.

Development plans can include a range of mechanisms to facilitate, encourage or require affordable housing, consistent with the powers granted to them under the *Development Act (1993)*.

²⁵ Housing SA, *Affordable Housing: SA Planning Framework & Policy* - www.sa.gov.au/upload/franchise/Housing,%20property%20and%20land/Housing%20SA/Affordable_Housing_Planning_Framework_and_Policy.pdf.

²⁶ Ibid

²⁷ Government of South Australia, *The 30-Year Plan for Greater Adelaide*, p98 - www.dplg.sa.gov.au/plan4adelaide/html/plan.cfm

Queensland

Legislation

The *Sustainable Planning Act (2009)* requires decision making processes to consider, among other things, “housing choice and diversity, and economic diversity.” There are, however, no specific provisions in the Act that either allow or require local planning schemes to consider housing affordability specifically.

S719 of the Act allows public housing to be considered an “exempt development” in certain circumstances, which means that it is not subject to assessment under the local planning scheme, but is subject to state planning regulatory provisions. S720 also exempts public housing development from paying state infrastructure charges.

State policy

State Planning Policy 1/07: Housing and Residential Development applies when local planning schemes are amended or a new scheme is introduced. The Outcome sought by the policy is that local governments conduct a housing needs assessment to ensure that their planning scheme “removes barriers and provides opportunity for a range of housing options that respond to the housing needs of the community.”²⁸ The housing needs assessment includes house/lot size, built form, density, tenure, cost, adaptability and location. The Department of Housing provides advice to local governments to assist with the housing needs analysis and the incorporation of provisions into the planning scheme that will achieve the outcomes identified in the housing needs assessment.

Local planning

Local planning schemes must address the housing needs identified in their housing needs assessment. A range of potential measures are identified in SPP 1/07 that can be incorporated into a scheme to achieve the housing outcomes being sought. However, these are very much focused on built form, density and diversity. There are no provisions specifically identified that related to affordable housing.

The Brisbane City Council’s *City Plan 2000* restricts the demolition of low cost or special needs housing in some areas, offers additional density for developers that provide low-cost housing and includes development principles that explicitly recognise the importance of caravan parks in achieving affordability in some areas.²⁹

28 Queensland Government, State Planning Policy 1/07: Housing and Residential Development - www.communities.qld.gov.au/resources/housing/design-development/planning-policy-guideline.pdf.

29 Costello et. al. 2011, *Research Synthesis: Housing affordability and planning mechanisms*, AHURI, p25.

Victoria

Legislation

There is no specific reference to affordable housing in Victoria's *Planning and Environment Act (1987)* however the objectives of the Act³⁰ include ensuring "explicit consideration of social and economic effects when decisions are made about the use and development of land." It also allows planning authorities to consider social and economic factors when preparing a planning scheme or amendment, and when assessing a development application.

The Act does establish the Growth Areas Authority, which is responsible for the development of five major growth areas in outer Melbourne, which are projected to accommodate 450,000 people by 2030. One of the objectives of the Growth Areas Authority outlined in the Act is "to promote housing diversity and affordability in growth areas,"³¹ although its focus is on achieving this through overall supply, rather than specific affordable housing provisions.

State policy

The Victorian State Planning Policy Framework includes explicit references to both housing diversity and affordability. Section 16 of the framework relates to housing and states that:

- *Planning should provide for housing diversity, and ensure the efficient provision of supporting infrastructure.*
- *New housing should have access to services and be planned for long term sustainability, including walkability to activity centres, public transport, schools and open space.*
- *Planning for housing should include providing land for affordable housing.*³²

Section 16.01-5 of the Framework is dedicated to housing affordability, and has an objective "to deliver more affordable housing closer to jobs, transport and services". Strategies to achieve this include "encouraging a significant proportion of new development, including development at activity centres and strategic redevelopment sites to be affordable for households on low to moderate incomes" and "facilitating a mix of private, affordable and social housing in activity centres and strategic redevelopment sites." Other strategies relate to land supply, diversity and urban design.³³

Delivery of government affordable housing objectives is largely achieved through the public housing, not-for-profit housing providers.

³⁰ S4(2)(d)

³¹ S46AR(d)

³² www.gaa.vic.gov.au/about/our-role/affordable-housing/

³³ <http://planningschemes.dpcd.vic.gov.au/vpps/>

Appendix 2: Comment form



If you would like to complete this form
as an online survey go to www.surveymonkey.com/s/FQ8BPWQ

Name: _____

Organisation: _____

Organisation type: _____

Location (where business occurs): _____

Contact email (not mandatory): _____

Contact address (not mandatory): _____

1. The role of planning in delivering affordable housing.

Do you think the planning system should play a role in helping to deliver affordable housing?

☐ Yes ☐ No ☐ Unsure

Please provide comments if you would like to explain your answer further.

2. Planning mechanisms to deliver affordable housing.

Please indicate how effective you think each of the different Implementation Mechanisms outlined in Section 6 are likely to be. Please also provide comments on the effectiveness, benefits and drawbacks of each mechanism.

Mechanism	Very	Somewhat	Not at all	Unsure
Barrier reduction strategies (e.g. limits on restrictive covenants)				
Protective mechanisms (e.g. prevent or mitigate demolition or loss of affordable housing)				
Planning incentives (e.g. density or height bonuses)				
Voluntary negotiated agreements (e.g. as part of broader rezoning process)				
Mandatory provisions (e.g. provide land, housing or cash for affordable housing in each development)				

Return to affordablehousing@planning.wa.gov.au by 9 December 2013

Comments on the effectiveness, benefits and drawbacks of each mechanism:

a) Barrier reduction strategies (e.g. limits on restrictive covenants)

--

b) Protective mechanisms (e.g. prevent or mitigate demolition or loss of affordable housing)

--

c) Planning incentives (e.g. density or height bonuses)

--

d) Voluntary negotiated agreements (e.g. as part of broader rezoning process)

--

e) Mandatory provisions
(e.g. provide land, housing or cash for affordable housing in each development)

--

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3. Preferred implementation options for Western Australia.

Four potential Implementation Options have been outlined in Section 8 and are summarised in the table below.

	Approach			Supporting legislative, statutory or policy mechanisms		
	No specific provisions for affordability	Voluntary incentive provisions	Mandatory provisions on private land	Legislation	SPP	Guidelines with toolbox
Option 1	•					
Option 2		•		•		•
Option 3		•	Only in selected areas	•	•	•
Option 4		•	•	•	•	•

Please identify any benefits, challenges or drawbacks associated with each Option.

Option 1 - Focus on diversity, with no specific provisions for affordable housing.

Option 2 - Allow incentives for affordable housing

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Option 3 - Allow incentives for affordable housing, with requirements only allowed in selected strategic areas

Option 4 - Allow incentives and requirements for affordable housing

With your previous answers in mind, which of the four Implementation Options do you think presents the most appropriate approach for the planning system to deliver affordable housing in Western Australia? If you have further comments explaining your choice, please provide them.

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4. Alternative implementation options for Western Australia.

Are there other implementation options that are likely to be more effective than the four above? If yes, please explain what they are and why they would be more effective.

5. Other issues for consideration.

Are there any implementation issues that the WAPC should consider when determining the best approach to using the planning system to facilitate the delivery of affordable housing? If so, what are they? The issues outlined in Section 9 (repeated overleaf) provide some examples to consider.

6. Other comments or suggestions.

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Other issues for consideration

- Should State or local government decide when and where affordable housing provisions, of any kind, are applied? How should this be determined?
- Which legislative, statutory or policy instruments (legislation, State planning policies, local planning schemes , etc) should include affordable housing references and provisions?
- Which planning incentives are likely to be most effective in encouraging developers to deliver affordable housing (e.g, density bonuses, relaxation of height controls, prioritised planning approvals)?
- Are there any non-planning incentives that would be effective in encouraging developers to provide affordable housing (e.g. infrastructure costs, tax incentives)?
- In which locations or property market conditions are different incentives likely to be most effective, or ineffective?
- How can incentives be applied in a way that does not result in them being capitalised into land value, and therefore eroded?
- What types of mandatory provisions are likely to be the most effective? Provision of land, housing, or cash? Others?
- If mandatory provisions are introduced, at what scale of development should they take effect (e.g. 10, 50, 100 lots/dwellings)?
- Applications for land subdivision (WAPC) and building development (usually local government) are determined separately in Western Australia. How would affordability measures be applied at each stage and how are the implementation issues likely to differ?
- Should affordable housing requirements relate to property value (rental or sale price), household income, or both?
- What evidence is needed to satisfy a planning authority that affordable housing conditions have been met at the time of subdivision or development assessment? For example:
 - How can you prove that a dwelling will be sold below a certain price?
 - How can you prove that the purchasers or future occupants of affordable dwellings will meet relevant eligibility criteria (e.g. income)?
 - What, if any, agreements need to be in place with housing providers to take affordable dwellings on when they are complete?
 - What, if any, controls are appropriate to ensure that the dwellings are used for affordable housing in the longer term?
- Is the Western Australian affordable housing sector (government, not-for-profit and private) sufficiently resourced to purchase affordable dwellings that are created as a result of planning provisions? In which circumstances are affordable housing providers likely to be willing, or unwilling, to participate?