



AFFORDABLE HOUSING STRATEGY

SHIRE OF AUGUSTA MARGARET RIVER

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Executive Summary

Like many jurisdictions locally and nationally, the Shire of Augusta Margaret River faces a real and present housing affordability challenge. A secure and affordable house plays an integral role in the productive and happy lives of its inhabitants making it a basic human right.

Key elements of the Shire of Augusta Margaret River housing affordability picture are:

- There are an alarming number of people who reside within the Shire who are homeless.
- A significant number of renters are suffering 'housing stress'. This is explained by the high cost of housing relative to incomes.
- The cost of housing has risen disproportionately compared to income levels.
- There is a need for emergency accommodation to be provided and retained specifically for that purpose.
- The cost of purchasing a house is significantly higher in the Shire of AMR than elsewhere in the SW Regional and throughout regional WA generally.
- The private housing market does not adequately deliver appropriate product for households earning low to middle incomes.
- There is a wide variety of factors which contribute to the high cost of housing relative to incomes, however many of those factors are not within the Shire's sphere of influence.
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This Strategy makes a series of recommendations aimed at:

- Encouraging better utilisation of land owned by the Department of Housing, to increase the availability of social housing.
- Providing landowners with the opportunity to further develop single residential properties with small purpose built dwellings to increase the supply of affordable rent/buy dwellings.
- Utilising the land rezoning process to establish agreements with private land developers regarding the provision of affordable housing (or land for such) in developments of a defined size.
- Incorporating affordable components in any Shire land development.
- Raising awareness regarding adaptations to housing which improves the cost of running and maintaining a house.
- Monitoring the release of land for sale by the private sector to determine whether there is a sufficient supply.
- Working with the WAPC and WALGA to support legislative change to enable the mandatory provision of a component of affordable housing within new housing developments.
- Advocating for emergency accommodation.

1. Introduction

The Margaret River region boasts an enviable mix of scenic coastline, Mediterranean climate, majestic forests and productive agricultural lands. It's attractiveness as a place to live and visit has shaped the 'Margaret River brand' which espouses *"top-notch wining and dining, boutique shopping and artisan experiences galore"* and promises a place where *"sophistication and country charm are perfect partners"* ⁽¹⁾.

To most, the perception is that Margaret River is a wealthy, vibrant, thriving place and not one which would be in need of assistance in the area of affordable housing. However, closer inspection reveals that there are significant contradictions between perception and reality. Indeed it could be said that there is a proportion of the permanent population whose assets, education and personal income descriptors convey a picture of disadvantage ⁽²⁾.

Adequate and secure housing is widely regarded as being central to a safe, healthy and meaningful life for its inhabitants. However its cost can be impossible for some to meet and put others in significant 'housing stress'.

This strategy explores the unique set of economic factors which prevail in Margaret River and which have led to the issue of affordable housing being embedded in the Shire's corporate and community plans as being one of considerable significance and requiring attention.

The Strategy makes recommendations as to measures which can be implemented by the Shire to address the affordability of housing, whilst recognising the complexity of the issue demands involvement by all levels of government and the private sector.



2. Definitions and objectives

What is affordable housing?

The term 'affordable housing' is often and widely used but its meaning varies dependant on the context within which it is used. For the purposes of this Strategy, affordable housing is housing which is affordable for households in lower or middle parts of the income scale. This housing also must be reasonably adequate in its standard and location for these households and *"does not cost so much that such a household is unlikely to be able to meet other basic living costs on a sustainable basis"*⁽³⁾. Affordable housing refers to housing available for both purchase and rental and can be provided by the public, community or private sectors.

Housing Stress

When the total burden of unaffordable housing is combined with the other financial commitments of a household, the inhabitants can be said to be in 'housing stress'. This can occur when low and moderate income households are required to spend a disproportionate amount of their income on housing costs (for example rent and mortgage payments).

The generally accepted measure of housing stress is the '30/40 rule': When a household in the bottom 40% of the income distribution spends more than 30% of its gross income on housing costs. *"Higher income households who choose to allocate more than 30% of their income on housing costs are not in housing stress. They may have a high housing cost to income ratio but they will still have sufficient income left for life's necessities"*⁽⁴⁾.

What is an affordable housing strategy?

An affordable housing strategy is a means of identifying the need for and availability of affordable housing, and setting out a series of measures aimed at assisting with the delivery of affordable housing of a type and quantity sufficient to meet with the defined demand.

Importantly, this Strategy will focus only on outcomes which can feasibly be delivered by the Shire of Augusta Margaret River, acknowledging that the challenge is multi-faceted and requires involvement by all levels of government and the private sector.

Objectives

The objectives of this Strategy are to achieve:

- A better understanding of the need for affordable housing in Augusta Margaret River by the Shire, Council and the community;
- Improved connections between the Shire and other stakeholders involved with the facilitation and provision of affordable housing; and
- A set of achievable recommendations which can be actioned by the Shire to generate a greater supply of affordable housing.



Figure 1: The affordable housing continuum. Source: Department of Planning

CHAPTER 1 – Explaining the issue

3. Housing affordability in the Augusta Margaret River Shire

Housing Affordability – A Global Issue

The rising cost of owner occupied housing is an issue experienced across the developed world. Updated quarterly, the International Monetary Fund (IMF) publishes data for OECD countries on a range of housing indicators, the latest showing that Australia ranks highly amongst countries where the cost of housing is accelerating well ahead of incomes as identified in Figure 2.

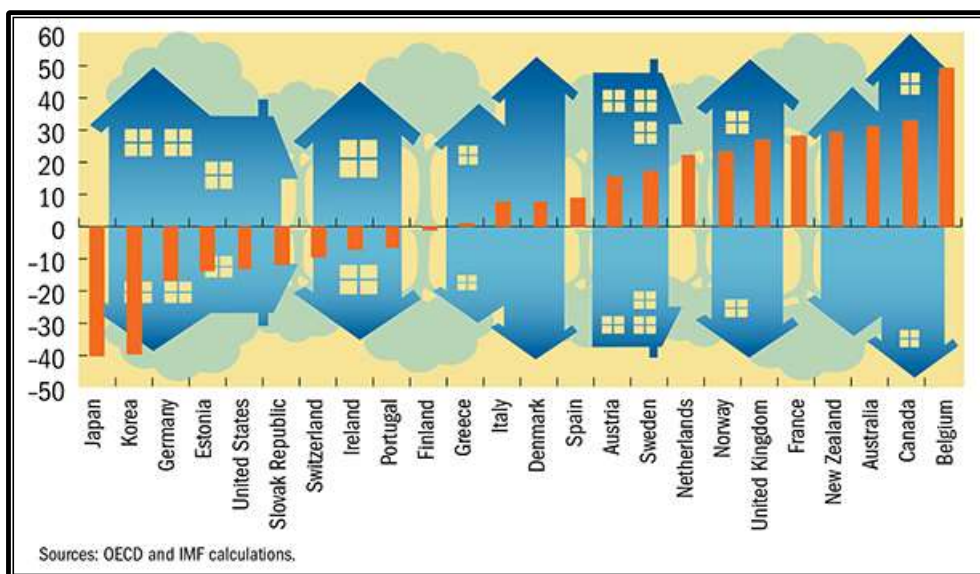


Figure 2 - House price to income ratio – deviation from historical average in %.

A simple but critically accepted measure of housing affordability is the price to income index, which is determined by dividing the median house price in any given study area by the median income for the same locality, the resultant value being the ‘median multiple’. A median multiple of up to 3 is regarded as being affordable (three times the median salary) with multiples over 5 representing severely unaffordable housing (see figure 3).

Housing Affordability Rating Categories	
Rating	Median Multiple
Severely Unaffordable	5.1 & Over
Seriously Unaffordable	4.1 to 5.0
Moderately Unaffordable	3.1 to 4.0
Affordable	3.0 & Under

Figure 3 - Demographia International housing survey – median multiples explained.

Housing in Australia – Most unaffordable in the world?

A ten year ongoing international study of the price to income ratios of cities and towns includes many locations in Australia (5). As shown at Figure 4 the Australian locations surveyed ranked as being seriously to severely unaffordable. The average price to income ratio of Australian localities surveyed is 5.5.

Market	Median Multiple	Market	Median Multiple
Sydney	9.0	Bendigo	6.0
Melbourne	8.4	Brisbane	5.8
Port Macquarie	8.1	Albury-Wodonga	5.8
Sunshine Coast	8.0	Bundaberg	5.7
Gold Coast	7.7	Cairns	5.5
Geelong	7.3	Ballarat	5.5
Coff's Harbour	7.1	Toowoomba	5.4
Wollongong	6.9	Hobart	5.4
Mandurah	6.8	Wagga Wagga	5.3
Fraser Coast	6.8	Geraldton	5.3
Darwin	6.5	Canberra	5.3
Adelaide	6.3	Port Hedland	5.0
Perth	6.0	Bathurst	5.0
Newcastle-Maitland	6.0		

Figure 4 - Demographia International housing survey – 2013 (3rd quarter) results.

Augusta Margaret River – Severely unaffordable

It is illustrative to compare the price to income ratio of the Shire of Augusta Margaret River with other Australian centres. As Figure 5 shows, the AMR Shire has a median multiple of 8.4, which is equivalent to the severely unaffordable ranking of Melbourne, Australia's second most unaffordable city.

When compared with the rest of the South West Region of WA Augusta Margaret River displays a median multiple twice that applicable to other centres and significantly higher than Regional WA generally.

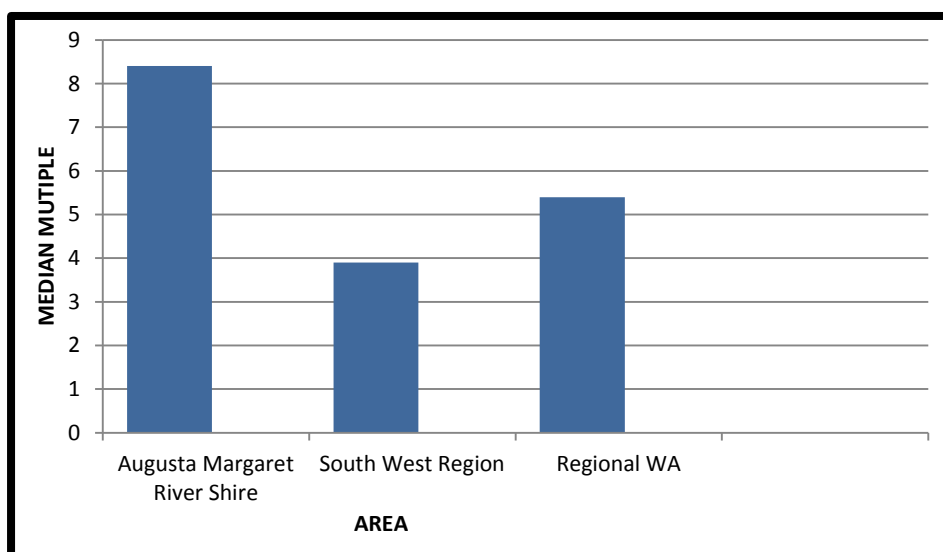


Figure 5 - Median Price to income ratio 2008/2009 Source AEC Group

4. Issues affecting affordability

As Figure 6 shows, there are a multitude of factors which influence the price of housing. Some of the most significant factors are discussed here.

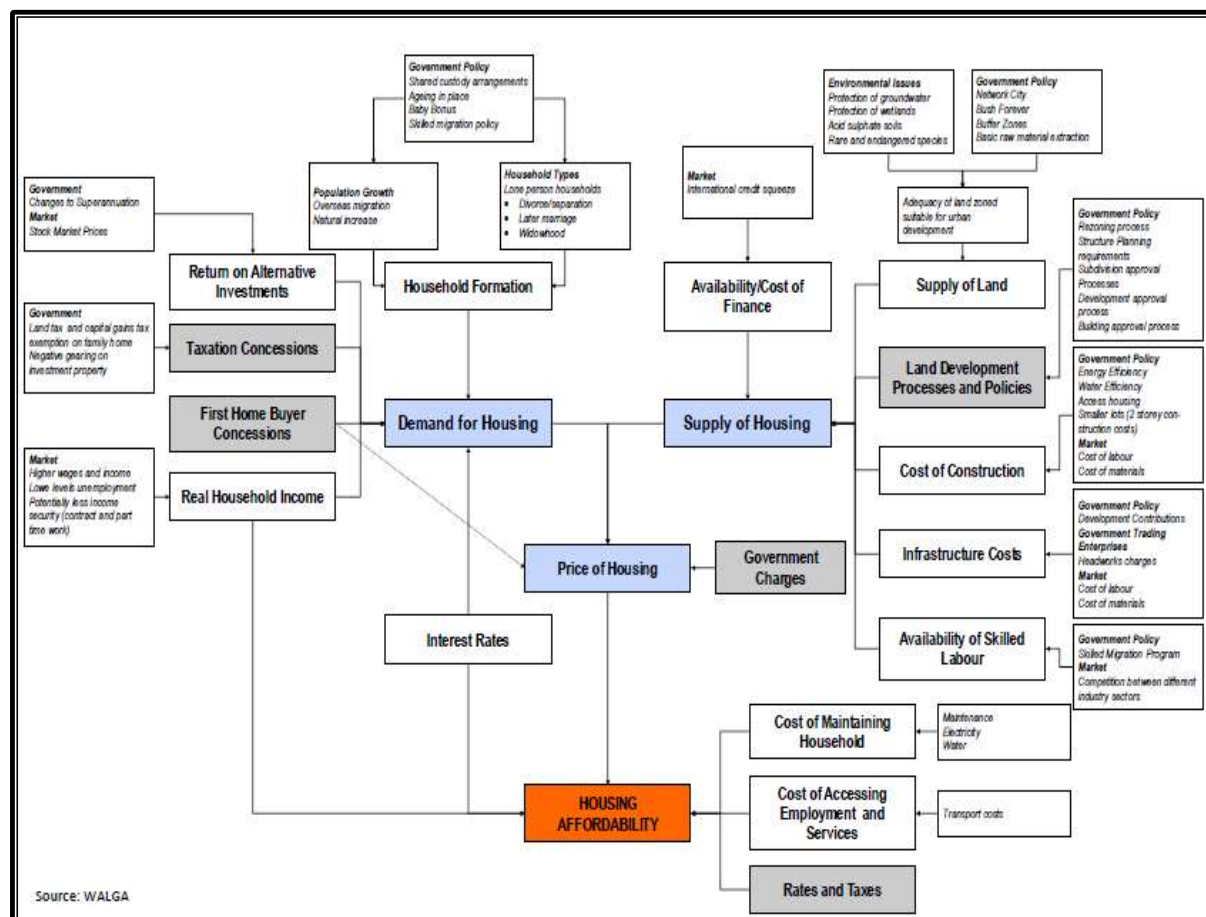


Figure 6 – Issues affecting housing affordability

Federal tax system

The Federal tax system promotes the purchase of second homes for rental and investment purposes through the tax deductions allowable on related expenses. It is possible for an owner to claim items associated with a rental property such as interest on loans, repairs, insurance etc, against their rental and other income. Such a rental property is often 'negatively geared'. "A rental property is negatively geared if it is purchased with the assistance of borrowed funds and the net rental income, after deducting other expenses, is less than the interest on the borrowings" (6).

In order to maximise the deductions made available through negative gearing, owners often opt to borrow 100% of the investment properties cost via an interest only loan. Negative gearing places upward pressure on house prices by introducing additional capital into the market place, but also creates a disparity between first home owners who often have a limited capacity to borrow funds, against investors who can utilise equity in other properties to borrow greater amounts. It is estimated that negative gearing currently adds 9% to the value of a typical Australian home.

Proponents of negative gearing assert that the scheme increases the dwellings available in the market place by incentivising new home building, however, data shows that over 90% of negatively geared properties are established homes.

Interest Rates

The cost of obtaining finance is a critical consideration for people looking to purchase a home. Presently, interest rates are at their lowest since 1959, being 5.53% (standard variable). Loan repayments to service a \$300,000 loan over 25 years are \$857 compared with repayments of \$1209 to service the same loan in 2008 when interest rates were at 9.45%, a difference of \$352 a fortnight (7).

Whilst current low interest rates are having a positive effect on new loans for owner occupier housing, they are also fuelling investor participation in the market. This in turn is putting upward pressure on property prices as clearly illustrated at figure 7. This trend is of concern to the Reserve Bank of Australia who point out that *“a broader risk remains that additional speculative demand can amplify the property price cycle and increase the potential for prices to fall later..”* The RBA is clearly concerned about a potential ‘property price bubble’ when property prices rise sharply and become ‘overpriced’ only to subsequently fall dramatically.



Figure 7 – Investor lending and housing prices

Availability of Finance

The occurrence of boom and bust in the property market runs counter to fundamental economic principles. “Theory asserts that house prices, rents, and incomes should move in tandem over the long run. If house prices and rents get way out of line, people would switch between buying and renting, eventually bringing the two in alignment. Similarly, in the long run, the price of houses cannot stray too far from people’s ability to afford them, that is, from their income” (8). Why then, has the price to income ratio of Australian property risen so sharply? The answer appears not to be a steep rise in incomes but in the availability of finance.

The availability of finance has significantly boosted home buyers capacity to purchase housing, and thus the cost of housing has risen accordingly. In particular, investors have greater access to finance as they are able to borrow against the value of other properties which they own. The availability of finance is primarily influenced by the lending practices of banks and financial institutions through such considerations as loan to valuation ratio’s.

Cost of Production

The cost of house and land production by private sector developers is not a matter of public record and would vary from site to site. However, information made available to WALGA by the developer of a 100 lot subdivision in metropolitan Perth (Wellard – see Appendix 1), is generally illustrative of the proportion of the overall costs which associated items contribute ⁽⁹⁾.

As the Wellard example shows, the largest cost by a considerable margin is the construction of the dwelling, followed by purchase of the land and construction of the subdivision. The extent to which these costs inhibit the delivery of a more affordable housing product, and the role in which the Shire plays in contributing to these costs, is one of the matters examined in this strategy. It should be noted that the construction of housing in Augusta Margaret River is considerably higher (25%) than in the Perth metropolitan area (including Wellard).



5. Housing Needs Assessment

The following is an investigation of demographic factors affecting the need for and type of housing required in the Shire into the future. The capacity of inhabitants to pay for housing is compared to housing costs to determine the extent of the housing affordability issue with a particular focus upon residents with low to moderate incomes.

5.1 Demographic Profile

Population and Population Growth

The Shire of Augusta Margaret River's population has grown by 2.9% per annum (an average of approximately 341 additional residents each year) since 2006⁽¹⁰⁾. As at the census year of 2011, the population of the Shire of Augusta Margaret River was 12,228 persons. This growth resulted in a specific increase to the population of the town of Margaret River from 4,943 to 5,925 residents over the period, the town therefore equating to 48.4% of the Shire's population.

It is predicted that the population of the Shire will grow by 8,000 persons over the next 16 years to 21,000 in 2031, representing an annual growth rate of 2.75%. The majority of growth will continue to be in the Margaret River townsite as depicted at figure 8.

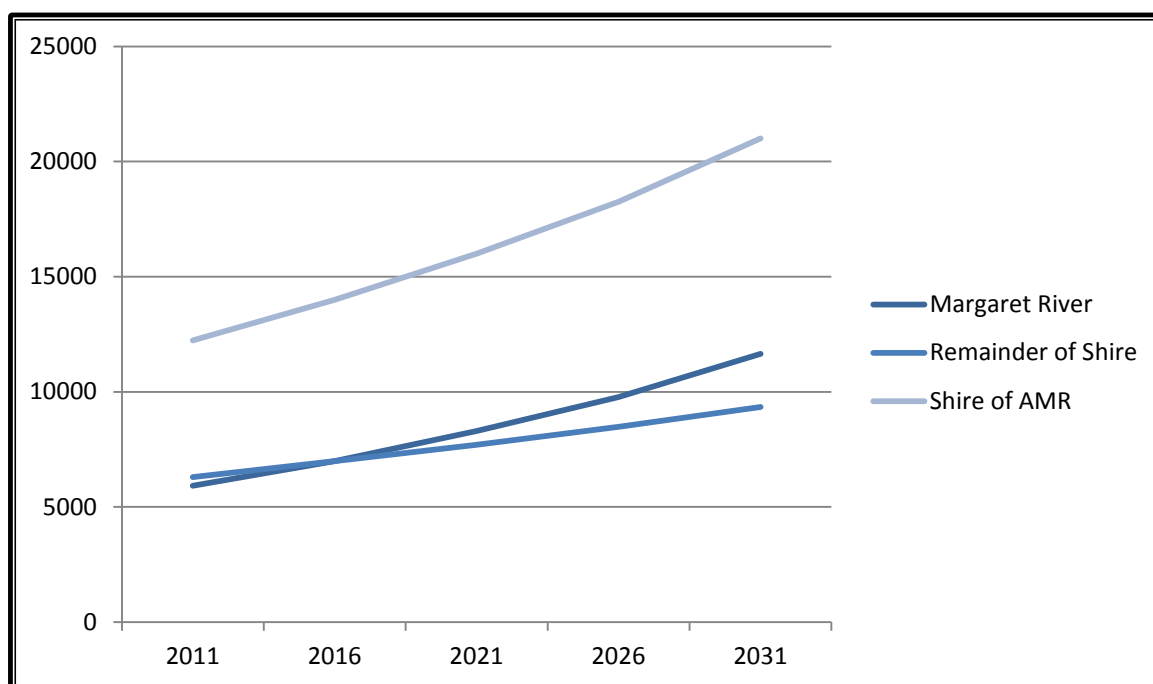


Figure 8 – Population Projections. Source: ABS, AEC.

Household Composition

The majority of households in the Shire can be described as consisting of families, as is the case throughout the state and nationally. A total of 23.5% of households are occupied by lone persons.

When only the dwellings occupied on census night are included, the average household occupancy in the Shire is 2.5 persons per dwelling.

Figure 9 provides a breakdown of the age of the population, which is generally consistent with State and National figures. By far the most populated age group is the 25-49 year olds. This age group generally has the largest family size and have bought or are seeking to buy a home to occupy ⁽¹¹⁾. As the table shows, population in the 0-4 age group is slightly higher, which may reflect the attractiveness of the area to young families.

	Median Age	Age Group					
		0-4	5-14	15-24	25-49	50-64	65+
Shire of AMR	39	7.4%	13.6%	9.1%	36.8%	20.6%	12.5%
WA	36	6.8%	12.9%	13.7%	36.2%	18.1%	12.3%
Australia	37	6.6%	12.7%	13.3%	35.1%	18.3%	14%

Figure 9 – Age distribution. Source: ABS 2011

A further breakdown of the age of the population in the Shire's primary centres is provided at figure 10. Notable here is that 33.5% of Augusta's population at 2011 was over 65, compared with 8-9% in other local centres and 12.3% at the State level.

	Median Age	Age Group			
		0-19	20-49	Middle-age 50-64	Seniors 65+
Margaret River	35	29.1%	45.2%	16.8%	8.9%
Cowaramup	35	33.5%	45.6%	12.7%	8.2%
Augusta	56	15.55%	24.1%	26.85%	33.5%
Shire of AMR	39	26.5%	40.4%	20.6%	12.5%

Figure 10 – Generational profile of localities. Source: ABS 2011

Labour Force and Incomes

A higher percentage of the Margaret River population has Certificate level qualifications than that which occurs at the National level. This is reflected in the occupation of Margaret River residents with a greater percentage of the population working as technicians, tradespeople or labourers than occurs nationally (see figures 11 and 12).

	Margaret River	Shire of AMR	Australia
Certificate	37.3%	36.9%	32.3%
Diploma	14.2%	15.3%	14.4%
Bachelor	22.1%	22.0%	24.1%
Graduate Diploma	3.4%	3.0%	3.1%
Post-graduate degree	2.8%	2.5%	6.5%
Not stated/ inadequately described	20.1%	20.2%	19.6%

Figure 11 – Post school level of education. Source: ABS 2011

Another notable characteristic of the Margaret River labour force is the greater percentage of persons working part time than occurs at the National level being 34.9% as opposed to 28.7% Australia wide.

	Margaret River	Shire of AMR	Australia
Technicians/trades workers	19.5%	17.8%	14.2%
Labourers	15.4%	14.6%	9.4%
Machinery operators	5.3%	4.2%	6.6%
Professionals	14.4%	14.0%	21.3%
Managers	13.0%	18.0%	12.9%
Admin. workers	10.6%	10.0%	14.7%
Sales workers	10.8%	9.6%	9.4%
Community/personal service workers	10.3%	9.7%	9.7%

Figure 12 – Occupation. Source: ABS 2011

The median income of households in the Shire as at 2011 was \$1,096 per week. However, over 25% of residents' earned below \$600 per week, being a higher proportion than that recorded for the nation as a whole. Conversely, the proportion of Shire residents earning high incomes was significantly less than that recorded for WA and Australia wide (see figure 13).

Household Income	Augusta Margaret River Shire %	Western Australia %	Australia %
Less than \$600 gross weekly income	25.2	21.1	23.7
More than \$3,000 gross weekly income	6.0	14.1	11.2

Figure 13 – Comparison of high/low income brackets. Source ABS 2011.

Homelessness

Homelessness is not just a housing problem. It has many drivers and causes, including the shortage of affordable housing, long term unemployment, mental health issues, substance abuse and family and relationship breakdown. Among women, domestic and family violence is the main reason for seeking help from specialist homelessness services⁽¹²⁾.

The widely utilised definition of homelessness in Australia and that used by the ABS in measuring the rate of homelessness, includes all those without conventional accommodation “sleeping rough” but also those without stable and suitable accommodation such as those moving from one temporary residence to the next.

The ABS records that in 2011 there were 12 homeless people in Augusta and 25 persons in Margaret River. Data collected by the Margaret River Community Resource Centre during the Emergency Relief Programme 2014/15 suggests that the number of homeless people in Margaret River has since risen to 43 with 12 others residing in caravan parks and backpackers accommodation.

The causes of homelessness are many and varied as depicted by Figure 14, however causes can be broken into two categories being either ‘structural’ or social in their nature. The scope of this strategy requires that its focus is upon the structural issues associated with homelessness noting that social causes require a much wider multi disciplinary approach.

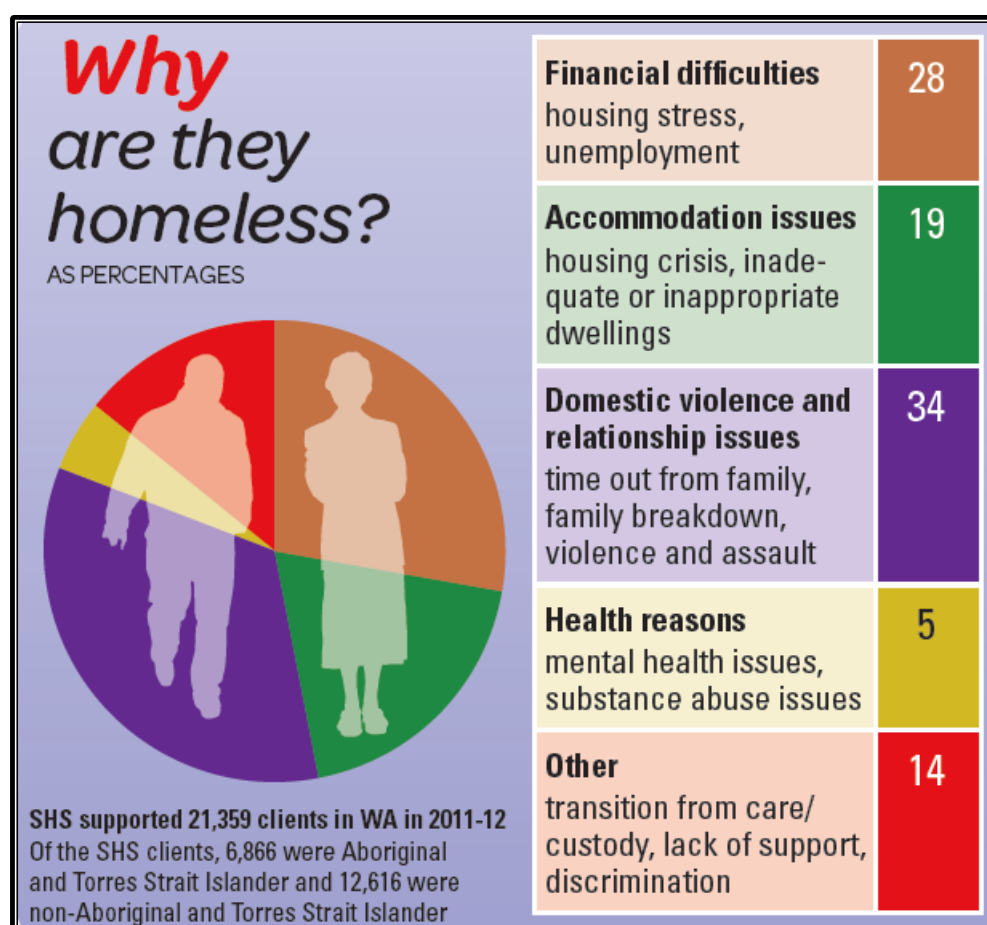


Figure 14: Causes of homelessness in WA. Source Homelessness Australia

5.2 Housing and Land

The most prevalent form of housing in the Augusta Margaret River Shire as at 2011 was detached houses of 3 bedrooms or more.

Housing Type

Dwelling Type	Augusta Margaret River Shire	%	Western Australia	%	Australia	%
Occupied Private Dwellings						
Separate House	3,866	91.8	638,768	80.4	5,864,574	75.6
Semi-detached, row or terrace house/townhouse	205	4.9	84,333	10.6	765,980	9.9
Flat, unit or apartment	56	1.3	62,990	7.9	1,056,237	13.6
Other dwelling	79	1.9	7,380	0.9	66,666	0.9

Figure 15 – Housing types. Source: ABS 2011

Housing Tenure

An equivalent amount of all dwellings in the Shire are fully owned, mortgaged and rented.

	2006	2011	% change
Fully owned	1259	1303	+3.5
Mortgaged	1174	1378	+17.4
Rented	1268	1390	+9.6

Figure 16 – Housing tenure. Source: ABS 2011

A notable feature of the Augusta Margaret River housing environment is that there were a significantly higher number of unoccupied dwellings on census night when compared with WA and Australia as a whole (see figure 17). This is likely to be due to the popularity of the Shire as a holiday destination, and therefore the number of dwellings utilised solely for the purposes of providing holiday accommodation.

Dwelling Type	Augusta Margaret River Shire	%	Western Australia	%	Australia	%
Occupied Private Dwellings	4,210	66.8	794,159	87.9	7,760,320	89.3
Unoccupied Private Dwellings	2,089	33.2	109,328	12.1	934,470	10.7

Figure 17 – Dwelling occupation. Source: ABS 2011

Lot Sizes

The majority of residential lots in the Margaret River urban area are between 1000m² and 2,000m² in size. These lots are typically located in the 'older' parts of the town, close to the town centre. A total of 18% of all lots are between 580m² and 800m², and these are typically found in parts of East Margaret River developed over the last 15 years. Medium density lots of between 300m² and 500m² make up just 10% of all lots.

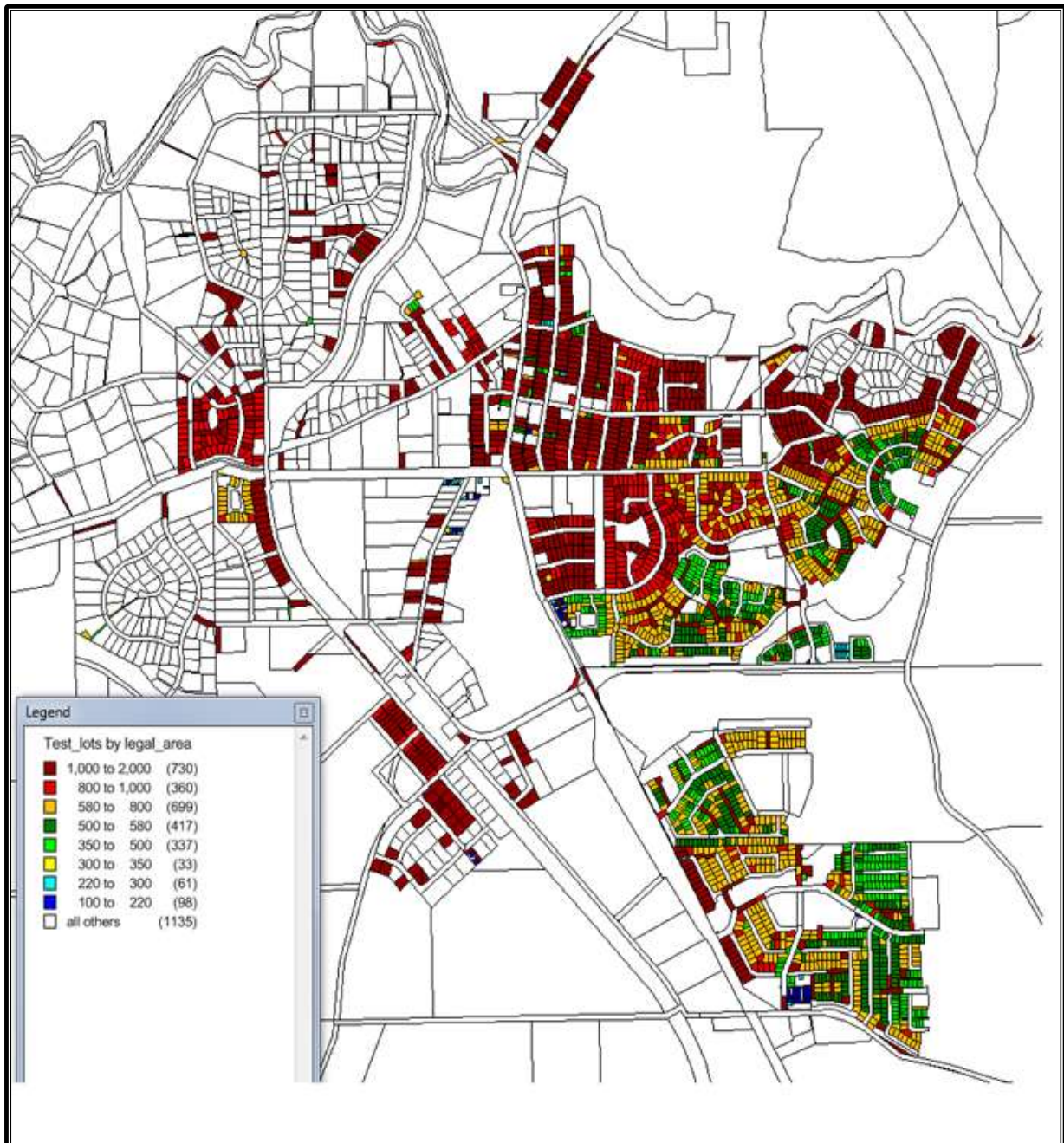


Figure 18 - Lot sizes in Margaret River

Supply of Land for Housing

If the population of the Shire reaches a predicted 21,000 by 2031, 3,200 new residential lots will need to be constructed over the next 17 years. The Shire of Augusta Margaret River does not lack a sufficient supply of raw land identified for future housing. However, there remains a tension between supply and demand which maintains the price of land at consistent levels. This is because land developers stage the production of lots to match (as far as is foreseeable) the estimated demand. The ability for developers to dictate prices is reduced when there are multiple companies competing for the same sales. In this regard, there are a number of competitors in the Margaret River land development sphere which if it were not the case might warrant some intervention by the Shire to establish alternative 'development fronts'.

The Western Australia Planning Commission recommends that Local Authorities provide for a 15 year supply of land for housing in their strategic planning documents, and primarily, within Local Planning Strategies. This 15 year horizon can be broken into:

- 5 years supply ready for subdivision or in the final stages of detailed planning (structure planning);
- A further 5 years supply zoned, but requiring structure planning; and
- A final 5 years supply, identified as suitable for future development, but requiring rezoning and structure planning.

The Shire's Local Planning Strategy (2010) identifies that overall, there is the potential for 16,700 new residential lots to be created in the future. Those projects which could reasonably be expected to be implemented over the next 15 years are outlined at Appendix 2.

In order to create and sell titles to new residential lots, developers must have a subdivision approval in place. It is not necessary however, for all the lots issued with an approval in a given year, to be created immediately. It is common place for developers to only create lots for sale which have been 'pre-sold' or for which a reasonable demand is predicted. This avoids developers expending capital to construct a product which cannot be immediately sold and avoids paying rates and charges on new lots prior to their sale. Figure 19 shows the number of lots issued with approval and the number of approved lots which were subsequently constructed and titles created for sale.

Year	No. of lots issued with Subdivision Approval	No of Lots Created
2013/14	349	115
2012/13	278	68
2011/12	173	58
2010/11	202	102
2009/10	54	457
2008/09	145	234
2007/08	395	557
7 year average	228	227

Figure 19 – Subdivision approvals.

As at December 2014, there were 1156 conditionally approved lots awaiting creation by developers.

Supply of Housing by the Private Market

Some commentators seek to explain Australia's high property prices by asserting that "Australia fundamentally doesn't produce enough houses to meet demand,"⁽¹³⁾. If this is correct then it is not applicable to the Margaret River context.

The number of building permits issued by the Shire has remained constant over recent times remaining at approximately 250 per year (see figure 20). This is more than that required to accommodate the expected population growth of 470 persons per year at 2.5 persons per dwelling. The favoured size of dwellings is for 3 bedrooms or more which constitute 80% of all dwellings. This is despite the fact that 23.5% of all households consist of only 1 person.

Year	Class 1A Approvals issued (Dwellings)
2013/14	267
2012/13	209
2011/12	214
2010/11	212
2009/10	302
2008/09	255
2007/08	189
7 year average	235

Figure 20 – Dwelling approvals. Source AMR Shire

Supply and Demand for Social Housing

The Department of Housing currently own and manage 69 lots developed with 112 dwellings in the Shire of Augusta Margaret River for the purposes of providing low cost housing. The dwellings consist of 55 houses, 49 units and 8 duplex halves. The majority of the dwellings are located in Margaret River with 17 located in Augusta.

Notably, 21 dwellings and 2 vacant properties or approximately 25% of all of the dwellings controlled by the Department of Housing in Margaret River are located in a small area centred around Henning Avenue. The dispersion of public housing in this area does not conform to current DoH guidelines which advocate a 1 in 10 ratio.

The Department of Housing refer to income 'bands' which dictate whether or not applicants for social housing meet eligibility criteria and if so, what form of housing assistance is appropriate (see figure 21). Information provided by the Department of Housing confirms that of all private renters on census night 2011, 220 households earn't less than the maximum threshold for public housing and may have occupied a public rental if available. This was the 9th highest level of 'demand' for public housing in the State. A total of 240 'affordable' houses, for those within the low-moderate income range were also found to be required.

At present there are no known housing facilities reserved for the specific purpose of providing crisis or emergency accomodation. Emergency relief administed by the Community Resource Centre is limited (by budget constraints) to food, medications, fuel to attend appointments and one nights accomodation. The closest womens refuge is located in Busselton, which assists clients from a wide area including the Shire of AMR.

Group	Characteristics	Primary Need	% of AMR population as at 2011
Band A	People with very low incomes (less than \$36,000 p.a. at August 2010) and other physical or social disadvantages (e.g. disability, homelessness) that impede their ability to secure private housing.	Suitable Social Housing (rents below 30% of income)	31%
Band B	People with low incomes (\$36,000-\$57,000 p.a. as at August 2010) but who are not otherwise disadvantaged.	Affordable Private Rentals (rents 20% below market levels)	10%
Band C	People on moderate incomes (\$57,000-\$86,000 p.a. as at August 2010) who are unable to access affordable housing in the standard housing market.	Affordable Private Rentals and/or Home Ownership	18%

Figure 21: Low and middle income bands and their respective housing needs. Source DoH/ABS.

5.3 Housing Stress and Affordability

Cost of Housing

The median cost to purchase an established property in Margaret River has remained fairly constant since 2006 and as at the first quarter of 2015 was \$455,000.

	2006	2011	2014	2015	% change
Median House price	\$475,000	\$480,000	\$461,000	455,000	-4%

Figure 22: Median house price over time. Source ABS/REIWA

Whilst the median mortgage repayment in the Shire was slightly less than the National median, the number of people directing more than 30% of their income towards their mortgage was higher at 11.1%.

As at 2011	Augusta Margaret River	Western Australia	Australia
Median Mortgage repayment	\$1733	\$1950	\$1800
Households where mortgage repayments are above 30% of income	11.1%	10.2%	9.9%

Figure 23: Mortgage stress. Source: ABS

Gross household income (\$)	Indicative affordable house price (\$)
100,000	360,000
110,000	396,000
120,000	432,000
130,000	468,000

Figure 24: Income required to affordably access owner occupier housing. Adapted from Shelter WA

In order to afford the current median house without spending more than 30% of income on mortgage repayments, households would require an income of approximately \$2430 per week (\$126,360 per annum). As at the 2011 census, only 25% of households in the Shire could affordably purchase their own home.

Cost of Land

The cost of purchasing a residential lot has declined somewhat since 2006, and as at the first quarter of 2015 was \$150,000. The Rawlinson's construction cost guide for 2014, puts the cost of building a project dwelling in Margaret River at \$1118-\$1206 per m² for a brick veneer house of a medium standard. This equates to a total build cost of approximately \$230,000 for a 190m² house. The cost to build a new dwelling in Augusta Margaret River is 25% more than in the Perth Metropolitan area.

In order to build a typical house on the median priced lot, one would expect to pay approximately \$380,000 based on the example given.

	2006	2011	2014	2015	% change
Median land price	179,250	139,000	159,000	150,000	-16%

Figure 25: Median land price over time. Source: REIWA

Gross household income (\$)	Indicative affordable build price (\$)
100,000	360,000
110,000	396,000
120,000	432,000
130,000	468,000

Figure 26: Income required to affordably build owner occupier housing. Source: Adapted from Shelter WA

In order to afford the project in the example given without spending more than 30% of income on mortgage repayments, households would require an income of approximately \$2029 per week (\$105,555 per annum). As at the 2011 census, only 32% of households in the Shire could affordably build their own home.



Rental Costs

The median rental cost in Margaret River is, as at the first quarter of 2015, \$370. The cost of renting has risen dramatically over time, increasing by 44.4% between 2006 and 2011, well ahead of median incomes (see figure 27).

	2006	2011	%
Median weekly rent	\$180	\$260	+44.4
Median household income	\$922	\$1096	+18.9

Figure 27: change in housing costs compared to income

Of the 1352 private rental households in Augusta Margaret River on census night 2011, 539 or 39.9% could not afford the median rent of \$370 per week without putting themselves in rental stress, based upon the guidance provided by Shelter WA (see figure 28). A further 11% were very close to the 30% housing cost cut off. Only 36.7% of renters could sufficiently afford the median rent without suffering housing stress.

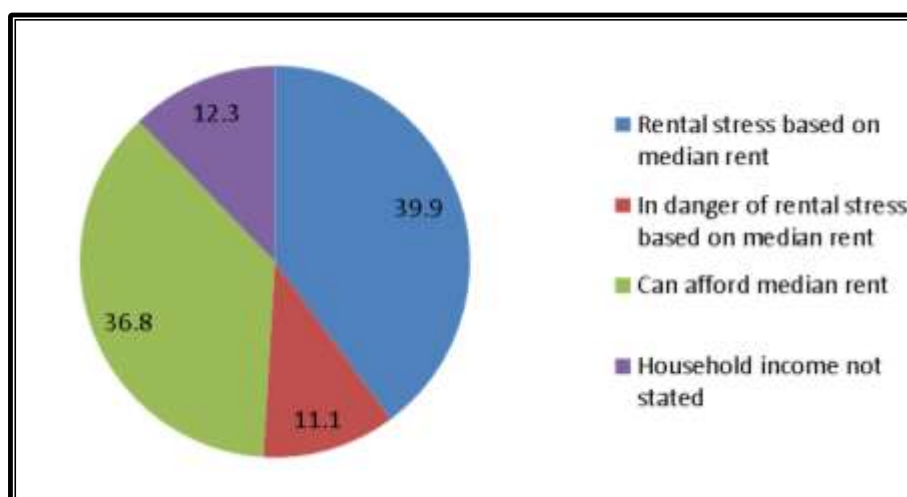


Figure 28: Rental stress based on median rent.

Gross household income (\$)	Indicative affordable rent (\$)
60,000	346
65,000	375
70,000	404
75,000	433

Figure 29: Income required to affordably access private rental housing. Source: Adapted from Shelter WA

In order to afford the median rent without spending more than 30% of income on rental costs, households would require an income of approximately \$1442 per week (\$65,000 per annum). As at the 2011 census, only 44% of households in the Shire could affordably pay the median rent.

5.4 What is affordable housing in the Margaret River context?

As is inherent in the definition utilised as a basis for this Strategy, affordable housing is that which specifically meets the needs of households in the lower or middle parts of the income scale. Using the DoH 'income bands' approximately 65% of those households who reported their income at the 2011 census fell into the lower or middle income range.

In terms of renters in the private rental market, 40% of those households in 2011 would have found paying the \$260 median rent 'unaffordable'. The DoH suggests that affordable private rentals should be targeted at those earning \$36,000 - \$57,000 (as at 2010) which would need to be 20% below the market rate. This would put the median 'affordable' rental at \$208 (2011) or \$320 as at 2014. This is considerably less than the current median rent (\$370).

If the proportion of households able to affordably purchase a home in 2011 remain consistent today, only 25% of the population could affordably purchase the median home (435,000) as at 2015. For housing to be affordable to those earning \$57,000-\$86,000 p.a. in 2010 (DoH band 'c') for whom home ownership is recommended as being a reasonable expectation, housing would need to have been available at 40% less than the median cost. In today's terms this would mean that an affordable house would cost approximately \$261,000.

For the purpose of arriving at recommendations which seek to improve the affordability of housing in the Shire, housing outcomes must be affordable to the lowest 40% of the income distribution of the Shire with the following acting as a guide:

- Rent 20% below the median market rate; or
- Land price of approximately \$100,000 (as at 2015); and
- Per sq. m build cost of approximately \$1,000 (as at 2015); or
- House and land price 40% below the median market rate (\$261,000 as at 2015).

5.5 Key issues affecting the Shire of Augusta Margaret River

- The Shire's population will grow steadily over the next 15 years with most of the growth occurring in Margaret River.
- Sufficient land for housing is identified for development to meet the needs of the population.
- There are an alarming number of people who reside within the Shire who are homeless.
- The new dwellings built in the Shire typically contain a higher number of bedrooms than necessary to accommodate their permanent inhabitants.
- A significant number of renters are suffering 'housing stress'. This is explained by the high cost of housing relative to incomes.
- The cost of housing has risen disproportionately compared to income levels.
- There is a need for emergency accommodation to be provided and retained specifically for that purpose.
- The cost of purchasing a house is significantly higher in the Shire of AMR than elsewhere in the SW Regional and throughout regional WA generally.
- The private housing market does not adequately deliver appropriate product for households earning low to middle incomes.
- There is a wide variety of factors which contribute to the high cost of housing relative to incomes, however many of those factors are not within the Shire's sphere of influence.

Chapter 2 – Formulating a response

6. How has affordability been addressed in other jurisdictions

International Approaches to Housing Affordability

The role of providing affordable housing in the UK has historically been filled by Local Authorities who have assumed the role of land developer and 'council house' provider. Construction of council housing estates commenced in the late 19th century and by the beginning of World War II, Britain had over a million council units, constituting 10 percent of the entire housing stock. In the two decades after WWII, local authorities produced a further 2.9 million units, proudly referred to initially as 'homes for (war) heroes' ⁽¹⁴⁾.

During the past 30 years, the proportion of social housing has fallen from over 30 per cent to just below 20 per cent of total English households, mainly as a result of granting the 'right to buy' to sitting tenants in 1980. Changes to the Housing and Planning Act in 1986 gave Local Authorities the option of transferring all or part of their housing to another landlord, such as a registered social landlord, and further cemented council housing's decline. By the beginning of the 21st century, the legislation of the 1980s had led to a near halving of the proportion of homes owned by local authorities.

Housing associations expanded rapidly after the Housing Act 1974 which provided generous public grants to build new social housing provided associations registered with the Housing Corporation. Today, there are over 1700 English housing associations which have become the dominant provider of English social housing, having taken on management of a substantial number of Council houses. A total of 56% of all rental housing continues to be social housing owned and managed by local authorities and housing associations ⁽¹⁵⁾.

Approaches to housing affordability in the US have historically been focussed on the private sector as the dominant provider and this approach continues today. Government intervention has been targeted at tenant based and owner based subsidies rather than at building owning and managing 'social housing' which forms a much smaller percentage of affordable housing in the US than in the UK.

The housing choice voucher is one such federal government subsidy which works by providing eligible families a voucher which entitles them to choose their own preferred type of housing where the owner agrees to rent under the program. Housing choice vouchers are administered locally by Public Housing Commissions (PHCs). The PHCs receive federal funds from the U.S. Government to administer the voucher program. A housing subsidy is paid to the landlord directly by the PHC on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidised by the program.

The central tenant of the US planning system is the zoning of land, which sets out in a reasonable amount of detail what uses can be accommodated upon any given parcel of land. By its nature, zoning is an exclusionary mechanism because it prohibits certain uses on land dependant on its zoning. In some areas, this has led to agglomerations of high density, small attached housing which given its size and level of amenity is more affordable and conversely, areas of low density, large housing is unattainable to all but wealthy families. Opponents of any change to exclusionary zoning ordinances argue that zoning 'protects property values'.

Inclusionary zoning is a land-use policy intended to enable some lower and moderate income households to live in middle and upper income communities. Inclusionary zoning policies either mandate or encourage developers to incorporate into their market-rate developments a proportion of homes (e.g. 15% of all dwellings) that are sold or rented at below-market prices. In exchange 'bonus' development rights or zoning variances are

provided which for example, increase the otherwise allowable dwelling yield. There is some debate about whether inclusionary zoning is effective on the basis that the cost to the developer of providing lower cost housing can be recouped by increasing the sale price of the balance of housing.

The Australian Federal Government's Response

The Federal Government initiated NRAS in 2008. Its objectives are to increase the supply of affordable rental housing, reduce the rental costs for low to moderate income households and encourage the large-scale investment and innovative delivery of affordable rental housing. It operates by subsidising the development of new housing, constructed by private developers or eligible not for profit organisations. A typical subsidy amounts to approximately \$10,000. Receipt of the subsidy is dependent on the housing provider entering into commitments to rent the housing over an agreed period for 20% less than the market rent. To date the program has facilitated construction of 14,000 dwellings.

The Federal Government announced in the 2014 budget that it is not proceeding with a further round of NRAS. It is uncertain as to whether the program will continue in the future.

State Government Responses

Most Australian jurisdictions have introduced specific planning initiatives to deliver affordable housing since 2008. Approaches to planning for affordable housing appear to be most advanced in Queensland, South Australia and New South Wales:

In Queensland, the state government's Urban Land Development Authority applies a combination of land supply, barrier reduction, affordable housing incentivisation and inclusionary zoning to large renewal sites in Brisbane.

In South Australia, a 15 per cent affordable housing requirement is now mandated for all new state significant developments and is increasingly being applied to urban renewal projects.

In New South Wales, the 2009 State Environmental Planning Policy (Affordable Rental Housing) introduced measures to encourage affordable housing development, including density bonuses and a streamlined planning process.

Western Australian State Government

Opening Doors is the State Government's Affordable Housing Strategy for the period 2010-2020. One of its primary aims is the construction of 20,000 new affordable homes in WA by 2020. A variety of mechanisms will be utilised in order to achieve this target such as:

- A 15% affordable housing quota on government land and housing developments including those in partnership with the private sector;
- Department of Housing affordable land subdivisions to provide lots at 80% below the median land price;
- Grow the community based social and affordable housing sector; and
- Reform town planning and approvals processes to be more efficient.

The strategy is summarised and illustrated at Figure 30.

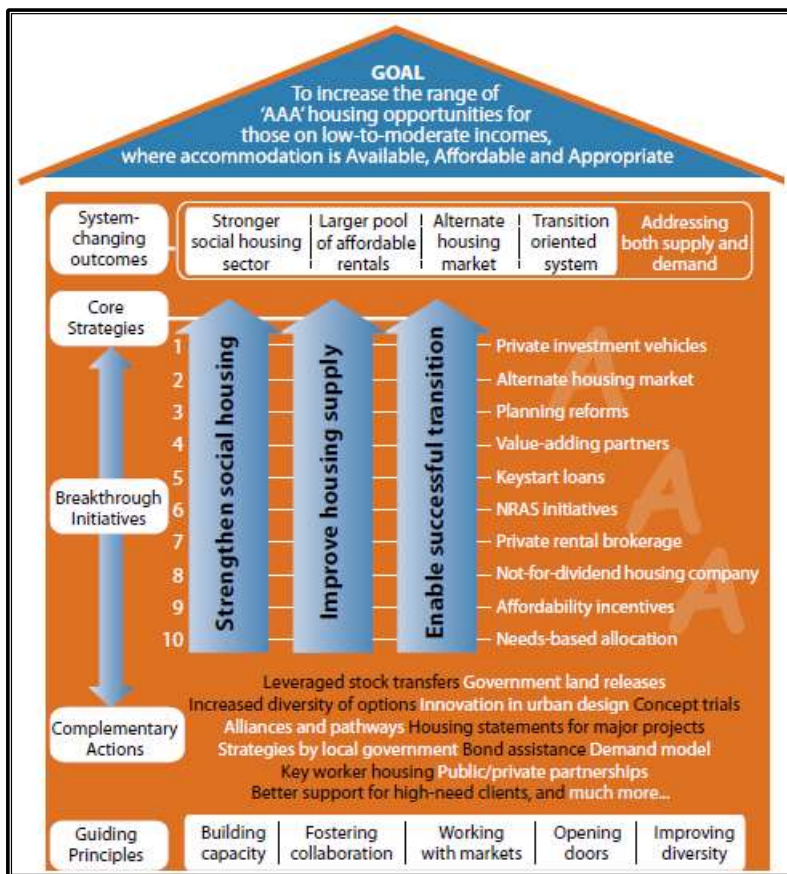


Figure 30 – Opening doors summary - DoH

Of particular relevance to the Shire, the Opening Doors Strategy sets out the following ways that Local governments can assist with the provision of affordable housing. It states:

“Local government authorities also have the opportunity to participate in new partnerships and ventures with the State Government, the private sector and no-government organisations to deliver more affordable housing. Projects may include trialling affordable living options, and innovative building designs, materials and tenures.

Local government authorities are particularly encouraged to ensure that their planning and approval processes actively support an increase in the supply and diversity of affordable housing across Western Australia.”

South West Affordable Housing Action Plan 2015–2019

The South West Development Commission is currently in the process of preparing an affordable housing action plan for the south west region of Western Australia. Close collaboration between the Shire and SWDC during the development of the plan will ensure that its recommendations are complimentary to this strategy.

Town planning measures

The Western Australian Planning Commission (WAPC) released a discussion paper entitled ‘Planning Provisions for Affordable Housing’ in October 2013⁽¹⁶⁾. The paper puts forward 4 potential options for future implementation in WA which seek to increase the provision of affordable housing through changes to the land use planning system. The four options are explained below:

Option 1 – diversity is used as a proxy for affordability

This option is effectively a continuation of current planning practice, which is to seek to achieve a wide variety of lot sizes which can then accommodate various types of built form, including housing of a type which is more affordable.

Option 2 – Allow voluntary incentives

This option would allow the introduction of incentives (for example density bonuses) into Local Planning Schemes to encourage but not require the provision of affordable housing by developers.

Option 3 - Allow mandatory provisions in selected areas

Similar to option 2 however mandatory provision of affordable housing by developers would be required in selected areas identified as having a significant need. This option would require legislative change.

Option 4 – Allow mandatory provisions in all areas.

Similar to option 3 however mandatory provisions could be utilised in all areas where the size of a development reached a certain threshold.

In November 2014 the WAPC announced that its preferred approach was 'option 2' which, in order to be implemented, requires some changes to the WA planning system and therefore it could be some time before the measures take effect. Notwithstanding, measures outlined by the WAPC are included in the full range of planning and non planning options considered by this Strategy for implementation in the Shire.

7. Addressing housing affordability in the Margaret River Shire

The following is a range of options which are available to the Shire, together with their respective merits and their suitability for use.

The Shire acts as developer

Perhaps the highest degree of intervention into the housing market available to Local Government is to build and sell or rent housing according to agreed affordability benchmarks. Land for this option could be sourced from the State Government, ceded free of cost by developers or bought in freehold on the private market. The construction of housing could be sourced from local builders and the resultant dwellings either sold, managed by the Shire for long term secure and affordable rental, or managed by a not for profit affordable housing manager.

The benefits of this option are that the local government would assume the highest level of input into the design and quality of housing, and controls the timing and extent of housing delivery. However it necessarily requires the Shire to dedicate significant amounts of capital and in the case of rental accommodation, staff resources for the ongoing tenant and housing management. To be sustainable in the long term this option would require that some dwellings be sold, and this raises the prospect that whilst the first purchaser may buy the house for an affordable rate (from the Shire), the next purchaser may not. It would not be in the Shire's interests to deliver a 'win fall' gain to some but not others.

It is for these reasons that there has been a trend away from local government in WA getting involved in this level of housing intervention. It is therefore recommended that this option not be pursued. The Department of Housing and a range of not for profit organisations already operate in the community housing 'space' and it would be more efficient for the Shire to work with these existing providers to achieve the same outcomes. This does not rule out the possibility of the Shire facilitating the transfer of land towards affordable housing projects

which would be built and managed by others. It is recommended that the Shire undertake a scan of available land which could be put to this purpose.

Small lot/housing size as a proxy for affordability

Whilst this is a measure which is promoted by the WAPC, it is not considered to be a useful tool in the Margaret River context. In some circumstances, small lots may be able to be delivered and sold more cheaply than larger lots in the same area. However their cost per sq. m. is often more than a larger lot and in some instances so too is their overall cost, owing to treatments such as retaining, fencing and rear laneways associated with small lot developments. Small lots are also often located near areas of high amenity such as locations with attractive views, adjacent parkland or bushland. These areas often command a premium price.

It is recommended that the Shire continue to use the planning process as a way of delivering a variety of lot and housing types to suit differing family and lifestyle choices; however this mechanism should not be relied upon to make significant impacts to housing affordability.

Alternative Building Materials

The range of building materials and methods available to construct a residential dwelling is large and continually growing. Despite this, the predominant dwelling style in the Shire is a conventional brick or timber frame with tile or tin roof. Other materials such as straw, rammed earth and mudbrick are represented but not often used. Modular housing and the use of prefabricated / prefinished panels are available but appear not to have been embraced in the Shire. It would appear that as yet, non-conventional methods are not available at a sufficient discount to traditional methods to encourage their widespread use.

Importantly, there are no inhibiting requirements of the planning or building framework which would prevent the use of alternative building materials and methods, subject to compliance with the Building Code of Australia and generic planning requirements. As such, there is no further role for the Shire to play in altering the legislative conditions to cater for alternative building measures which are or could in the future provide a more affordable means of constructing housing.

Planning Measures

All three options considered by the WAPC which utilise incentives/requirements for the provision of affordable housing by private developers, would require legislative change. The Commission notes that even where affordable housing is provided on a voluntary basis the Planning and Development Act (2005) would need to *“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.”*

The time required for the State Government to effect the necessary legislative change could be significant and may not occur in time for affordable housing to be properly considered as it relates to significant new residential development projects envisioned for the Shire. As such it is recommended that the Shire take a proactive approach to embedding provisions into LPS1 as they relate to the development of Development Investigation Areas, and large (greater than 50 lots) greenfield development proposals. The provisions would have the effect of ensuring that developers put forward, together with all other supporting information, a strategy for the voluntary provision of affordable housing within the development. Such provisions would still require the approval of the WAPC and Minister for Planning, however the Shire's strong commitment to the issue, coupled with the justification provided by this Strategy, would warrant positive consideration.

There are examples of where Council has resolved to support Scheme Amendments which include a requirement to provide affordable housing. The Witchcliffe Eco-village is one such example; however it should be noted that the Amendment has not been finalised at this point. In the Witchcliffe case, the proposed Scheme provision requires the developer to prepare, together with other supporting documentation including a Structure Plan, an affordable housing strategy.

In terms of the types of measures which might be agreed between a land developer and the Shire, all should be tailored to be affordable to households in the lowest 40% of the income distribution by meeting the affordability criteria outlined by the Strategy. Where land is to be provided by the developer for future development as affordable rental housing, the land should be reserved for that specific purpose to protect it from other forms of development in the long term.

In order to support developers in taking a positive approach to affordable housing, it is recommended that the Shire refrain from charging 'developer contributions' for lots or dwellings provided as part of a developers voluntary affordable housing plan. Developer contributions are collected by the Shire for expenditure on community infrastructure necessary to support new residential growth. The contribution is made by the developer on creation of a lot or construction of a dwelling. The societal benefits of affordable housing are considered to be sufficiently great in and of themselves so as not to warrant additional contributions towards community infrastructure.

Land Release and Rates

A critical factor in land price and therefore housing affordability is not the amount of land available for development but rather the rate at which land is released onto the market. In the Margaret River context the 'roll out' of major greenfield subdivisions is undertaken by a relatively small group of development companies.

The unsubdivided portion of a greenfield subdivision is often referred to as a balance lot. It is land which is zoned and (structure) planned for development but which has not yet been divided into saleable lots. Rates are payable by the developer on balance lots, calculated by ascertaining the market value of the land, the gross rental value (5% of the market value) and multiplying by 10.5664 cents in every resultant dollar. The rates on balance lots are marginally higher than on subdivided and developed land.

Whilst it is within Council's powers to use the rating system to increase the rate in the dollar charged against balance lots in order to promote more timely release of land for housing, the effectiveness of this measure in achieving the Shire's affordable housing goals is unlikely to be significant. It is therefore recommended that this measure not be implemented at this time. The timely release of land however should be closely monitored, so that intervention can be considered by the Shire if needed.

Partnership with the Department of Housing

The Department of Housing recognises the need for additional public and affordable housing in the Shire of Augusta-Margaret River. One way to achieve additional accommodation in the area is through the DoH housing redevelopment programme which is a \$130 million project to be implemented over 3 years to 2017. Its objective is to deliver 500 dwellings on under-utilised land currently owned by DoH. Fifty per cent of the new homes will be sold through the State Government's Shared Equity program and 50 per cent sold on the open market.

Discussions have begun with DoH regarding potential DoH sites in Margaret River which are vacant or which are under-developed, for example where one house exists on a large lot, which would otherwise have the potential for 4 or more dwellings such as is the case in the Henning Ave. Precinct. Redevelopment of areas fitting this description would:

- Increase the amount of affordable housing available in Margaret River
- Provide an opportunity for DoH to update an ageing development stock

- Increase housing density in close proximity to the town centre in accordance with the applicable density code
- Reduce the concentration of public housing in one small area in line with current DoH policy
- Create the potential for DoH to sell some of the resultant dwellings as affordable housing thus releasing capital to be reinvested in DoH rental accommodation in other areas of the town.
- Lift the amenity and sustainability of areas currently characterised by older and inefficient housing.
- Provide a critical mass of redevelopment necessary to resolve servicing issues.

Affordable Housing for Aged Persons (Augusta)

The high proportion of elderly people residing in Augusta requires special attention in regards to ensuring that there is affordable and purpose built housing available for this age group. A community study undertaken by the Shire in 2009 found that elderly people living in Augusta considered the lack of affordable housing to be of major concern⁽¹⁷⁾. In response the Shire is currently progressing a proposal to develop aged persons accommodation on a Crown Reserve (Reserve 20761) on Allnut Terrace in Augusta. A Feasibility Study and Business Case have been completed and the Department of Lands have given in principle support to granting Conditional Title to the land to allow the development to proceed.

In this instance, the land will be the Shire's contribution towards a joint venture partnership with a government agency or not for profit organisation that would develop and manage the accommodation. To date, discussions have been held with organisations who may be willing to develop the land. Grant funding will be required in order to pay for the servicing of the land which requires an extension to the sewer line estimated to cost \$400,000. Subject to the land being serviced, expressions of interest will be sought from other not for profit housing providers. The project provides an excellent opportunity to achieve an 'affordable housing' component within the overall development.

Affordable living

For housing to be truly affordable it should be located and designed to minimise the ongoing cost of living. Traditionally, affordable housing has only considered the cost of paying rent or a mortgage as an indication of affordability. Other expenses which should be taken into account 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. *"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"* ⁽¹⁶⁾.

In regard to the location of housing, the Shire should use its influence to ensure public/affordable housing is located as close to amenities as is practical notwithstanding that in many cases, land which is remote from facilities can be cheaper to acquire.

The energy efficiency of all new homes is assessed at the building licence stage to ensure the dwelling meets the Building Code '6 star' standards. However, measures which go beyond those necessary to achieve compliance with the building code should be advocated for by the Shire and negotiated with proponents, particularly in respect to housing which is being purpose built for low income tenants. Such measures could include:

- North facing glazing
- Minimal/shaded west facing glazing
- Openable window oriented to the south west breeze
- Light weight external cladding
- Internal 'mass' (sealed concrete/tiled floors, masonry walls, reverse brick veneer)
- Approved grey water reuse systems
- Water tanks plumbed to toilet/laundry/irrigation.

Ancillary/ Single Bedrooms and Aged and Dependant Persons Dwellings

The Residential Design Codes (R-Codes) currently provide an incentive for owners to provide complimentary accommodation additional to a house, in the form of a 70m² ancillary dwelling, commonly referred to as a granny flat. The R-Codes require that ancillary dwellings be built on lots no less than 450m². Previously, the R-Codes had sought to limit such dwellings for use by members of the family occupying the primary dwelling only. The Codes have since been amended so that such dwellings can be rented to persons of the owners choosing. This measure was specifically implemented to provide an opportunity for the provision of additional affordable rental accommodation.

Given that the secondary dwelling must be 'ancillary' to the primary dwelling, there is no opportunity to subdivide the land so that the ancillary dwelling could be sold and thus this measure does not assist with the provision of 'owner occupier' housing at the affordable end of the spectrum. Ancillary dwellings can only be constructed upon lots with a minimum area of 450m².

Similar to ancillary dwellings, single bedroom dwellings are limited in their size to 70m². However, the land upon which they are constructed can be subdivided so that the dwelling may be sold to an owner occupier. A one-third reduction to the minimum and average lot size otherwise required for conventional dwellings is provided by the R-Codes, explained as follows:

"...under the R20 Code, each dwelling requires a site area of 450m². Application of the density concession may reduce this down to 300m². In the case of a 1,200m² site with an R20 density code designation this could potentially allow four single bedroom dwelling units. The density concession does not mean that the coding of a lot is amended, with consequences for other requirements. For example, application of the density concession to a lot with an R-Code of R20 does not mean that the coding is increased to R30, or that the street setback or open space requirements of the R20 code are replaced by those of R40."

Aged and Dependant Persons Dwellings receive an identical relaxation to the required site area requirements of the R-Codes to that of single bedroom dwellings. They can however be larger in their size, up to 100m². They may also be subdivided from the parent title so can be useful in providing both affordable rental and/or affordable owner occupier housing.

Aged and dependant persons dwellings must be built to incorporate specified requirements of AS4299 'Adaptable Housing' and can only be occupied by physically dependant persons or persons over the age of 55. Importantly, the 'Deemed to Comply' provisions of the R-Codes limit the application of the relaxed site area requirements for this type of development to proposals which include a minimum number of 5 dwellings. It is likely that this restriction has limited the uptake of this development option in the AMR Shire, given that interested landowners generally do not have the required land area to support 5 dwellings. The Shire has the opportunity to vary from this requirement subject to a proposal complying with the applicable 'Performance Criteria' which amongst other things, requires that a development respond to a demonstrated need for aged or dependant persons accommodation as set out in the applicable local planning framework, which would include then contents of this Strategy. Care is needed to ensure that this opportunity is limited in its geographical application, to ensure that the resultant development is indeed able to be provided 'affordably'. This is not likely to include high value coastal areas of the Shire and therefore should be limited to Augusta and Margaret River only at this time. A policy should be prepared to provide guidance in this regard.

Crisis Accommodation

Crisis accommodation is short term accommodation for people experiencing homelessness. The main purpose of crisis accommodation is to help people resolve a crisis situation and assist in obtaining appropriate long-term housing when the crisis is resolved. Crisis accommodation is also referred to as emergency accommodation⁽¹⁸⁾.

By its nature, crisis accommodation is generally only accessed for short periods of time during which other more permanent arrangements can be explored. Some crisis accommodation caters for individuals with a specific need – e.g. women escaping from domestic violence. The accommodation is generally offered by not for profit organisations, at an affordable cost.

There is no known crisis accommodation available in the Shire of Augusta Margaret River. Local emergency service providers confirm that caravans and cars are often utilised in lieu of more secure forms of accommodation. Accessing crisis accommodation in other parts of the South West requires dislocation from employment and support such as family and friends. There appears to be a pressing need to introduce crisis accommodation into the Augusta Margaret River affordable housing mix.

Key worker accommodation

Enterprises such as the wine and tourism industries attract a high number of low paid seasonal workers to the Shire, who are essential to the sustainability of those businesses. Accommodation options accessed by these individuals include, share houses, caravans parks and backpacker accommodation.

Currently, agricultural businesses employing a number of workers can construct 'rural workers accommodation' to accommodate their workforce on their properties, subject to Shire approval.

The Shire has adopted an amendment to the Local Planning Scheme to broaden the nature and application of rural accommodation, by making 'caravan parks' a discretionary land use in the rural zones. This means that all rural land owners (even those that do not directly employ rural workers) can potentially develop caravan parks on their properties. This has the potential to assist in providing affordable accommodation to a wide range of short term (less than 3 months) residents, not only those that are employed in the agricultural industry.

The amendment is currently with the Western Australian Planning Commission awaiting final approval by the Minister for Planning.

Advocacy

The complexity and scope of the housing affordability challenge requires attention from a range of stakeholders including community service providers, the Shire and importantly, the State Government. Whilst the preparation of this Strategy is one way of drawing attention to the issue and the Shire's role in addressing it, real impact requires a sustained effort by all stakeholders, preferably working together.

The Margaret River Community Resource Centre, Professional Social Work Collective and Soup Kitchen are but some of the local not for profit community service providers who have identified themselves as taking a strong interest in affordable housing. Establishing better relationships with these groups could lead to stronger and more robust representations to the State Government for funding and support to grow the social housing presence in the Shire.

It is recommended that the Shire identify opportunities for joint advocacy with local not for profit groups.

8. Recommendations

As has been discussed, not all of the possible factors which influence the cost of housing are within the Shire's area of responsibility. It is essential that any measures recommended by this strategy are readily achievable and within the Shire's statutory powers.

Short term

1. Continue the partnership established with the Department of Housing as a result of the preparation of this Strategy to grow the amount of social housing available in the Shire. This would logically include the redevelopment of the 'Henning Avenue Precinct', where the Shire has increased the residential density code to facilitate increased dwelling yields. Redevelopment would have the intention of:
 - Developing vacant sites held by DoH
 - Achieving a mix of affordable owner occupier and rental accommodation which is consistent with DoH policy; and
 - Reinvesting any capital achieved through the sale of dwellings in additional social housing in other areas of the Shire.
2. Prepare a planning policy which will guide applications for 'aged and dependant persons dwellings' which do not comply with deemed to comply standard 5.5.2 C2.1(ii) requiring a minimum of 5 dwellings, such that they can be considered against the performance criteria at 5.5.5 P2. The policy is to ensure that the density bonus is targeted to specific and suitable areas in the Margaret River and Augusta localities where land is coded R15 and above.
3. Continue to establish voluntary agreements with land developers to embed commitments towards affordable housing in the applicable planning framework where developments yield over 50 lots. Negotiations should ideally occur prior to initiation of Scheme amendments to rezone the land (where necessary) and agreements secured through Scheme provisions. For the purpose of conducting negotiations, 'affordable housing' should be defined as housing which is affordable to the lowest 40% of the income distribution of the Shire with the following acting as a guide:
 - Rent 20% below the median market rate; or
 - Land price of approximately \$100,000 (as at 2015); and
 - Per sq. m build cost of approximately \$1,000 (as at 2015); or
 - House and land price 40% below the median market rate (\$261,000 as at 2015).Preference will be given to affordable housing commitments which result in suitable land parcels being transferred to the Shire or other suitable affordable housing provider. Developer contributions will not be charged by the Shire for lots/dwellings provided for affordable housing.
4. Establish an ongoing relationship with local not for profit groups interested in affordable housing, and identify opportunities for joint advocacy on affordable housing related funding/policy matters. As a matter of first priority, identify possible options for the provision of crisis accommodation.
5. Advocate for the prioritisation of emergency accommodation/women's refuge in the Shire in discussions/negotiations with social housing providers.

6. Identify and make application for suitable grant funding (e.g Royalties for Regions) which could be put towards a joint venture emergency accommodation project, to be run by a suitable housing provider.
7. Work collaboratively with the development community to discourage the application of estate covenants that mandate forms of development that increase the cost of housing.
8. The potential for an affordable housing joint venture project between the Shire and Department of Housing (or other affordable housing provider) be explored and the outcomes presented to Council as part of the 2015/16 review of the Land Asset Management Plan.

Medium term

9. Require that the Augusta retirement village project and any other future housing projects whereby the Shire is a project partner include an affordable housing component of at least 10% of the dwelling units.
10. Continue to engage with the community through programmes associated with the Local Energy Action Plan to raise awareness of mechanisms to minimise energy and water use in the home and thus reduce the cost of living.
11. Undertake an assessment through the Land Asset Management Plan (LAMP) of all land which could potentially be available to the Shire for affordable housing purposes and once identified, liaise with relevant authorities (e.g Department of Lands) to secure a suitable tenure which would allow its future development for affordable housing purposes.

Long term

12. Monitor the release of land for sale by the private sector to determine whether there is a need for the Shire to intervene to facilitate its early release.
13. Work with the WAPC and WALGA to support legislative change to enable the mandatory provision of a component of affordable housing within new housing developments.

9. Conclusion

As set out by this Strategy, there are a wide range of factors which influence the cost of housing in Augusta Margaret River. When the cost of housing rises, the impact is most acutely felt by households in the lower and middle income demographic. It is this sector of the community which the recommendations of the Affordable Housing Strategy seek to assist. Whilst an efficient and properly administered planning framework and plentiful land available for housing will mitigate against 'spikes' in housing prices, it will do nothing for those who are unable to enter the private housing market. Clearly some greater form of intervention is required.

As has been discussed, not all of the possible factors which influence the cost of housing are within the Shire's area of responsibility. It is essential that any measures recommended by this strategy are readily achievable and within the Shire's statutory powers. The recommendations set out recognise that the Shire is not a housing provider, but can influence housing outcomes which will continue to primarily be delivered by private industry and to a lesser but important extent, the State Government and not for profit sectors.

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11. Appendices

Development: Greenfield Region: Wellard Number of Dwellings: 100			
Revenue	Total	Per dwelling	
<i>Total Sales Revenue</i>	40,233,300	402,333	
<i>Less Selling Costs</i>	1,609,333	16,093	
<i>Legal Fees</i>	201,167	2,012	
<i>Marketing Fees</i>	201,167	2,012	
<i>Sales Commission</i>	1,206,999	12,070	
Net Sale Proceeds	38,623,967	386,240	
<i>Total Revenue (before GST paid)</i>	38,623,967	386,240	
<i>Less GST Paid</i>	3,657,573	36,576	
Total Revenue (after GST paid)	34,966,394	349,664	
Costs			
Land Purchase Costs	4,222,301	42,223	14.3%
<i>Land Purchase</i>	3,838,455	38,385	13.0%
<i>GST on Land Purchase</i>	383,846	3,838	1.3%
Land Transaction Costs	210,788	2,108	0.7%
<i>Stamp Duty</i>	191,595	1,916	0.7%
<i>Due Diligence and Legal</i>	17,448	174	0.1%
<i>GST on Due Diligence and Legal</i>	1,745	17	0.0%
Construction	21,541,400	215,414	73.1%
<i>Subdivision Construction Costs</i>	3,818,727	38,187	13.0%
<i>GST on Subdivision Construction Costs</i>	381,873	3,819	1.3%
<i>House Construction Costs</i>	15,764,364	157,644	53.5%
<i>GST on House Construction Costs</i>	1,576,436	15,764	5.3%
Professional Fees	1,690,582	16,906	5.7%
<i>Subdivision Fee</i>	343,727	3,437	1.2%
<i>GST on Subdivision Fee</i>	34,373	344	0.1%
<i>Professional Fee</i>	945,818	9,458	3.2%
<i>GST on Professional Fee</i>	94,582	946	0.3%
<i>Development Manager</i>	272,082	2,721	0.9%
Statutory Fees	2,210,310	22,103	7.5%
<i>Building License</i>	75,395	754	0.3%
<i>Council Application</i>	31,350	314	0.1%
<i>Subdivision Fees</i>	3,565	36	0.0%
<i>Infrastructure Charges</i>	1,580,000	15,800	5.4%
<i>Water and Sewerage Headworks</i>	520,000	5,200	1.8%
Land Holding Costs	77,779	778	0.3%
<i>Land Tax</i>	41,280	413	0.1%
<i>Metropolitan Regional Improvement Tax</i>	8,618	86	0.0%
<i>Council Rates</i>	21,205	212	0.1%
<i>Water and Sewerage</i>	6,676	67	0.0%
Finance Charges	15,007	150	0.1%
<i>Loan 1 Application Fee</i>	1,267	13	0.0%
<i>Loan 2 Application Fee</i>	13,740	137	0.0%
Interest Expense	1,980,820	19,808	6.7%
<i>Interest on Loan 1</i>	456,467	4,565	1.5%
<i>Interest on Loan 2</i>	1,524,353	15,244	5.2%
Total Costs (before GST reclaimed)	31,948,986	319,490	
<i>Less GST Reclaimed</i>	2,472,854	24,729	
Total Costs (after GST reclaimed)	29,476,132	294,761	
Net Development Profit	5,490,262	54,903	
Total Cost to End User			
<i>Dwelling Purchase Price</i>		402,333	
<i>Stamp Duty</i>		13,129	
<i>Transfer Fee</i>		225	
<i>Professional & Other</i>		1,500	
TOTAL COSTS		417,187	

Appendix 1 – Indicative land/housing construction costs.

Period	Number of lots	Location	Planning Phase	Type
Short Term	763 vacant lots	All areas	Ready for development	Various
	310	Rapids Landing	Subdivision approved	Residential
	200 lots	Witchcliffe	Structure Plans approved	Includes larger residential lots to 2000m ²
	300 lots	Cowaramup	Structure Plans approved.	Residential
	81	South East Riverslea	Subdivision approval issued.	Residential
	112	West of Bussell Hwy	Structure Plan and rezoning under consideration	Medium density residential
Short Term total	1766	Land Supply (years) @ notional 300 lots per year		6
Medium term	300	Witchcliffe	Rezoning near to commencement.	Eco village
	420	East Margaret River DIA 4	In principle support for rezoning	Residential
	389	East Brookfield	Draft Structure Plan	Residential – predominantly R20
Medium term total	1109	Land Supply (years) @ notional 300 lots per year		4 years
Long term	1080	East Margaret River DIA's	District Structure Planning commenced	Greenfields residential – range of lot sizes.
	500	Witchcliffe		
	828	West Margaret River DIA's	No planning commenced	Greenfields residential
	Long term total	2408	Land Supply (years) @ notional 300 lots per year	
Overall total	4655	Total land supply		20 years

Appendix 2 Shire of Augusta Margaret River Land Supply.