



Draft

Local Government
Housing Strategy Guide

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Introduction

During the past decade, Western Australia has experienced rapid population and economic growth. In many areas, high housing demand coupled with limited supply has caused the cost of housing to increase dramatically. The high cost of housing is challenging for many with its effects detrimental to communities and economic productivity throughout the state. As well as these pressures, WA is on the cusp of experiencing substantial demographic change whereby the number of persons aged 65 and over will dramatically increase. Indeed, forecasts estimate that the number of persons aged over 65 will increase by some 50% between 2012 and 2022.

As a result of these challenges and at the request of WALGA members, the Association published a series of research papers examining the provision of both 'affordable' and 'aged' housing. The findings of these reports highlight the importance of fully understanding the issues and challenges affecting local housing needs in order to develop effective solutions concerning the supply of special needs housing. Further the Housing Authority has long held the recommendation that Local Government should develop housing strategies to guide appropriate land use planning responses and associated solutions.

This guide has been created to assist Local Governments developing housing strategies. The purpose of the guide is twofold, firstly it seeks to help Local Government better understand the housing needs of their communities and secondly help identify appropriate responses to meet these needs. The guide is based on the Local Government Housing Kit produced by the New South Wales Centre for Affordable Housing.

What is included in this guide

Whilst all tiers of government share responsibilities in shaping housing outcomes, this guide has been developed with a focus on delivering policy responses in those areas of Local Government influence. The guide consists of three parts;

- Part One Provides an outline of the importance and purpose of a housing strategy
- Part Two Provides guidance for developing a housing strategy and understanding the trends set out by the community and housing profile database.
- Part Three Examines possible land use planning and other Local Government solutions appropriate to the types of challenges faced.

The guide is accompanied by the 'Housing and Community Profile Database' which is available online at <http://walgapip.ning.com/PIPresources/housing-strategy-guide> The database contains a series of housing supply and demand data for each Local Government in WA.

1: The need for a Housing Strategy

Whilst the Planning and Development Act 2005 requires Local Government to prepare a Local Planning Strategy as part of the Local Planning Scheme adoption process, there is no regulatory requirement for Local Government to prepare a Local Housing Strategy. However, Local Governments are required to identify housing need within a Local Planning Strategy and the Housing Authority encourages Local Government to produce housing strategies to help inform their Local Planning Schemes. Meanwhile, there may be any one of a number of local issues and pressures that give rise to the need for a housing strategy. These issues and pressures are likely to include:

- Population and demographic change.
- Housing market demand and housing supply changes.
- The need to manage the co-ordination of council and community services more effectively.
- Built and natural environmental issues.
- Supporting economic and community development.

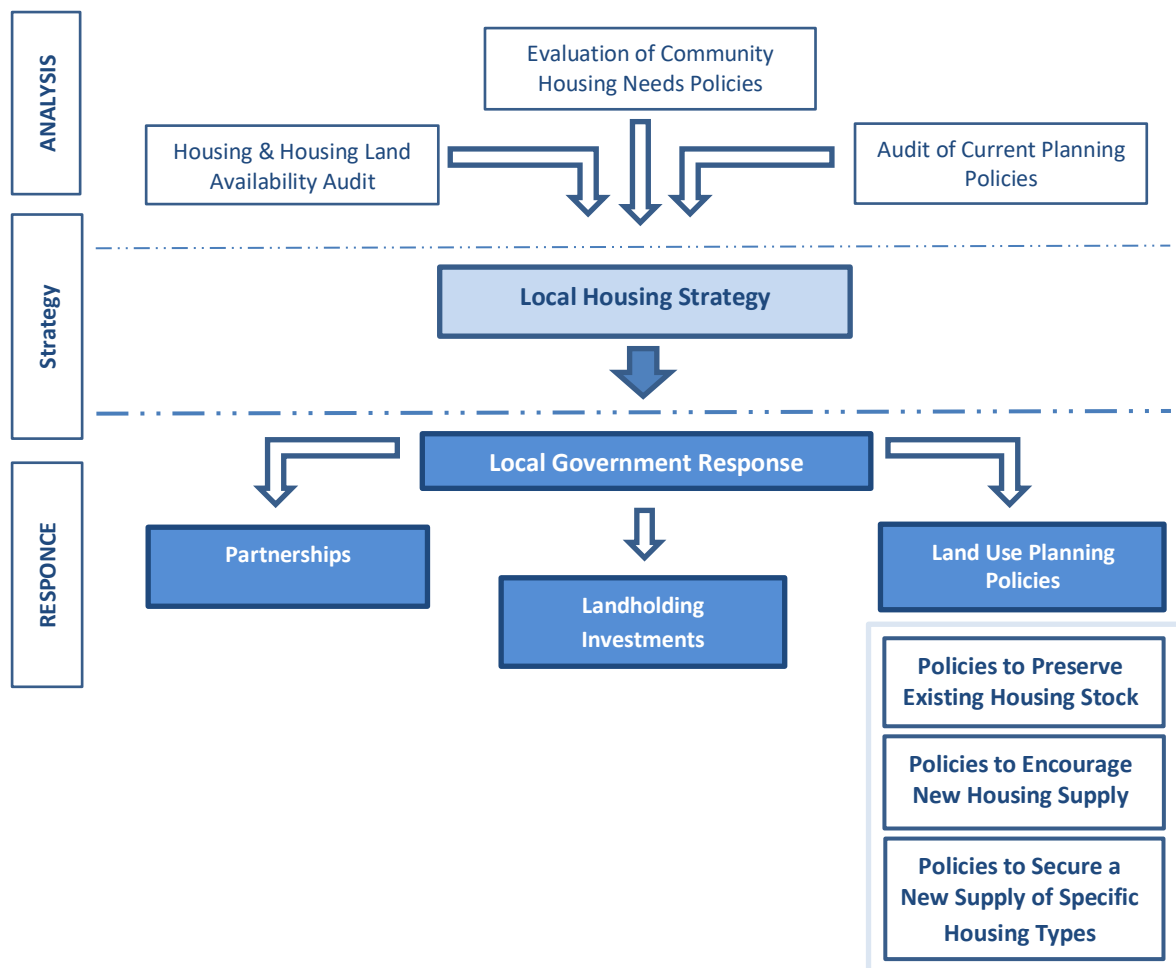
One of the primary purposes for a developing housing strategy is to ensure that the supply of housing meets the current and future needs of the community. A housing strategy can help achieve this by being able to better inform strategic planning documents, including a Local Planning Scheme. Local Government strategic planning instruments, in driving statutory planning functions can have a widespread impact upon local housing outcomes. Such land use planning controls can be used to promote a mix of housing types, or alternatively offer developers incentives which encourage the development of particular dwelling types.

Planning schemes that fail to properly consider housing issues are more likely to include policy responses that deliver unintended consequences. This may include excessive minimum standards (relating to issues such as car parking and street set-back distances) that either individually or when combined with other controls and standards may increase the cost of housing or result in housing forms not best suited to the needs of all members of the community.

One of the key benefits of a housing strategy is that it can be used to help inform developers, State Government and other agencies involved in the provision of housing with clear housing objectives for the locality, ensuring that their outcomes are better suited to the needs of the local community.

There are three basic components within a housing strategy, the first of these is likely to be analysis housing need and supply, which together with an audit of current policies establishes the context for policy responses and helps to establish any issues. The second component of a housing strategy is the establishment of an aim and set of objectives for the supply of housing. This is followed by the third and final component, a strategy to achieve the aim and objectives. This strategy is then used to guide Local Government responses and those of associated agencies in coordinating the delivery of the necessary housing outcomes.

Figure 1: The Housing Strategy Components and outcomes.



1.1 The Scope of a Housing Strategy

It is important that in addressing community housing needs, a housing strategy is not restricted to simply examining the supply and demand for housing. A housing strategy should also examine the housing mix. Consideration should be given to whether or not, the size and type of housing available is suitable to the needs of the community, including those with groups with their own special needs.

Whilst the breadth of issues that housing strategy may choose to examine is not limited, the range of responses available to a Local Government will be limited by the scale and nature of the challenges faced. For example there may be wider macro-economic issues at play beyond a Local Government's ability to resolve. Further, Local Governments may be limited by the level of community support for some of the possible options.

Before starting a housing strategy it is important that all stakeholders recognise that the provisions of the *Local Government Act 1995* and *Planning and Development Act 2005* limit the scope of options available to Local Government. However, the scope of a housing strategy does not necessarily need to be restricted to responses and activities directly undertaken by a Local Government. Strategies may also wish to consider the role played by other agencies and where appropriate, provide guidance to help ensure that these decisions are consistent with the needs of the community. Local Governments may consider exploring possible opportunities for collaboration and partnership with external

stakeholders to overcome some of these barriers. It is also important to recognise that Local Governments opportunities to respond are also limited by the fact that they are not the decision maker regarding subdivision proposals or for development applications determined by Development Assessment Panels. However having a housing strategy in place, and in particular one that is supported by local planning scheme provisions and local planning policies, can help to influence these decision makers.

In Western Australia, the overall land-use planning and housing framework is, in essence, a relatively simple framework. Planning decisions (and thus the supply of land) are set within a hierarchy in which the overall strategic direction is set by the State. Under this direction, Local Governments are responsible for planning their local communities and, *“ensuring appropriate planning controls exists for land use and development.”*¹

Whilst all Local Governments are required to identify local housing needs, to date, the State Government through the WA Planning Commission and Department of Planning has not offered any formal policy guidance in relation to the provision of special needs housing, such as affordable or aged housing. The Perth and Peel regions are the only regions in WA where housing supply targets have been set by the State Government, through the planning framework and *Perth and Peel at 3.5 million*. It is also important to note that the *Planning and Development Act 2005*, does not include any reference to housing at all. The Act (s.3b) states that its purpose is to *‘provide for an efficient and effective land use planning system in the State’*. On this basis that the WAPC have suggested 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”*.²

Local Government responses emanating from a housing strategy can be wider than land use planning controls. Local Government knowledge and resources mean that they are well placed to identify suitable sites, carry out feasibility studies and undertake negotiations with landowners and developers to bring forward the development of housing. Although these may appear relatively small contributions, they can make a significant difference and help make housing developments viable that may not otherwise be so. Alternatively such studies may highlight the suitability of sites to aged care and/or not-for-profit housing providers. Some Local Governments may have the resources available to go one stage further and provide funding or offer land to support the development of community housing.

1.2 Context

It is important that local housing strategies are aligned with other Local Government responsibilities and strategies. As such, a local housing strategy need not be a stand out document, it may be included within a local planning strategy for instance. Likewise, elements of a housing strategy may be embedded within other Local Government documents. For example, an environmental study in seeking to protect land of high environmental value may include an analysis of the capacity of existing housing land. Similarly, an economic strategy might consider housing needs in support of economic development and identify measures to support this. Clearly these approaches will depend on the circumstances of individual Local Governments. Accordingly, the appropriateness of including

¹ WAPC (2007) *An Introduction to the Western Australian Planning System*

² WAPC (2013) *Planning Provisions for Affordable Housing, Discussion Paper*

elements of a housing strategy in other planning documents will vary between Local Government. Nevertheless, it is important that any housing objective, whether contained in a housing strategy, or located independently in another policy document, can be readily identified, monitored and maintained regularly.

2: Developing a Housing Strategy

This section of the guide sets out a process for developing a Local Housing Strategy. The guidance contained in this section is designed for planning and other Local Government officers who are most likely to prepare a strategy, however elected members may also find this information helpful.

2.1 The Policy Formation Process

The individual circumstances of a Local Government is likely to mean that the process for developing a housing strategy will vary given the availability of resources and the nature and scope of other related strategic documents already available. Nevertheless, the process for developing policy will broadly remain consistent with the policy formation process set out in table 2.1 below.

Table 2.1: The Policy Formation Process

Stage	Comments
1. Establishing the Principles	Identify the values and principles that will guide the rest of the policy development process.
2. Identification of Issues	Opportunities & constraints affecting the local housing market
3. Establishing Aims & Objectives	The aims and objectives should respond the issues identified in alignment with the principles established.
4. Options Review	The effectiveness of options will depend both upon local market conditions and also what the aims and objectives are seeking to achieve. Examining the strengths and weaknesses of the options available is an important stage of the process.
5. Recommendation	Having reviewed the options available, recommendations should be put forward for endorsement.
6. Implementation	Careful consideration should be given to the implementation process, addressing roles and responsibilities, resources, and any programming requirements.
7. Monitor & Review	Any response should be continually monitored to ensure its effectiveness.

2.2 Establishing the Principles

The first stage any policy development process is to establish the principles and values that will guide the process and its outcomes. Principles may not always be obvious or clear. However, making them explicit at the outset not only provides clarity for everyone involved in the policy development process, but it also makes setting aims and objectives and testing options easier. Other Local Government policies and plans may be used to establish principles. Alternatively the process of establishing principles may highlight areas of conflict in Council policy that may need to be addressed.

Examples of principles that Local Governments may wish to consider in establishing a housing strategy include:

- **Engagement and Transparency:** Engaging all in the policy development as sharing information appropriately
- **Equity:** Sharing resources and benefits fairly amongst all stakeholders involved
- **Efficiency:** Using resources efficiency and in the most effective manner (this may include the administration cost pre and post implementation)
- **Sustainability:** Ensuring outcomes are not harmful in the long term to socially, economically and environmentally

Similarly the State Governments Housing Strategy is based upon the three principles of affordability, sustainability and equity.

2.3 Identification of Issues

Assessing the trends in both housing supply and demand is an important aspect of a housing strategy. Having a full and proper understanding of the issues and trends affecting the local community and the housing market is essential to delivering an appropriate policy response.

The guidance here, together with the information contained in the *Housing and Community Profile Database* is designed to help develop this understanding. In assessing the trends, it is important to consider local trends in the context of surrounding areas. In some areas, restricting analysis to Local Government boundaries may be misleading and not reflective of the issues affecting the local housing market. A restricted analysis may show the local housing market as being well balanced, however the reality may be that people are being forced out of an area in search of particular accommodation types and in effect the housing problems are being diverted to another area.

2.3.1 Defining the Housing Market

The very first stage in the process of identifying housing issues is to define the local housing market. In developing a housing strategy Local Governments will need to be mindful of the fact that the 'local housing market' will, in most instances, not align with Local Government boundaries and a functional housing market may overlap multiple Local Government areas. Whilst accurately defining the boundaries of housing markets is difficult, they are commonly defined using a combination of travel to work areas and migration patterns (founded upon the extents of areas within which households are willing to move to). Local factors such as 'fly in fly out' workings further add to the complexity of defining local housing markets. Nevertheless, the *Real Estate Institute of WA's* (REIWA) '[property market indicators](#)' highlight 14 housing market areas within WA, built around the State's regional

centres alongside the Perth Metropolitan region. These areas closely align with the WALGA's zone structure, therefore the information set out in the *Housing and Community Profile Database* shows information at both the Local Government and WALGA Zone level. This enables local and regional issues to be identified and also meaningful data comparisons to be undertaken.

2.3.2 The Policy and Strategic Context

An important starting point is to understand the wider policy context that any housing strategy sits within. In this context, reference should be given to State Government housing and planning policies in particular, although other strategies such as economic development may also be important to consider.

Whilst it is likely that the Local Government has a good sense of the factors affecting the local housing market and community, it is important to properly test them. Furthermore, it may also be prudent to examine issues beyond those that are immediately apparent as there may be other factors affecting the local housing market and community. To frame the research it may be beneficial to set out some research questions and parameters. Such research questions could include:

- Is there sufficient capacity for housing supply to satisfy demand?
- How does the current and future stock of housing relate to current and future needs of the community in terms of size, type and tenure?
- Are the drivers of housing demand (including economic) likely to change over the coming years?
- How will international, regional and sub-regional and other external factors impact upon the local housing market?
- How does the cost of housing relate to incomes?
- Are all in the community appropriately served by a supply of housing that is affordable to their level of income?

2.3.3 Audit of Existing Policy Settings and Land Use Planning Controls

As well as examining the broader policy context, Local Government should consider how their existing policy settings and land use planning controls are impacting upon the local housing market. Local Governments with long established land use planning controls may be inadvertently restricting opportunities for new and different forms of housing to those already in existence. As such, despite the changing composition of Australian households, there may be limited diversity in the local housing stock. Controls may also add significantly to the cost of development, or unintentionally be favouring a particular form of housing development than another. Alternatively, in other instances long established zoning and planning controls may have the effect of preserving the loss of low cost housing.

The audit of existing policies does not need to be overly complicated or extensive, however given the possible impact of land use planning controls, it is important for Local Government to consider how existing controls are performing. In undertaking this assessment, it is suggested that Local Government may consider consulting with the local development industry to gauge their feedback.

2.4 Housing and Community Profile Database

The *Housing and Community Profile Database* sets out a series of ABS census data and data released by the Department of Planning helping to identify factors affecting housing supply and community demands at the Local Government and sub-regional level. The database contains a total of 37 charts and accompanying tables relating to trends in housing supply. The full list of charts contained in the database is set out in the table below.

The charts and tables contained in the database compare Local Government data against that of the WALGA zone to provide context and offer a greater level of understanding of the underlining trends across the wider housing market. Furthermore, issues within the housing market maybe more readily identifiable at the broader, regional level than they may be locally.

Trends and findings which only give consideration to the local market, such as simply stating that *“within the Shire X percentage of homes are owner occupied”* provides very little insight or context. Instead, it is far more preferable to use benchmarks when making statements and describing trends. With this in mind, statements like the example given below are far more meaningful and should be sought:

“within the Shire, X percentage of homes are owner occupied which is above the regional average of Y% and whilst this percentage has fallen slightly over the last 10 years from Z %, the fall across the region has been far more dramatic, falling from A% - B%”.

Table 2: The Housing and Community Profile Database

Chart Number and Title
Demographic Trends
1 Population Pyramid 2001-2011: Local Government
2 Population Pyramid 2011: Local Government & the WALGA Zone
3 WA Tomorrow, Population Forecasts: Local Government
4 WA Tomorrow, Population Forecasts: WALGA Zone
5 WA Tomorrow, Population Forecast 2011-2026: Local Government
6 WA Tomorrow, Population Pyramid Forecast: Local Government
7 Overseas Born, Country of Birth 2001-2011: Local Government
8 Change in Birthplace 2006-11: Local Government & the WALGA Zone
9 Indigenous Population % 2011: Local Government, the WALGA Zone & WA
10 Dwelling Structure by Household Composition: Local Government
11 Household Composition 2001 - 2011: Local Government
12 Household Growth 2001-2011: Local Government
13 Annual Household Growth 2001-2011: Local Government & the WALGA Zone
Housing Stock Trends
14 Housing Stock 2011: Local Government & the WALGA Zone
15 Housing Stock Growth 2001-2011: Local Government & the WALGA Zone
16 Housing Tenure Breakdown 2011: Local Government
17 Housing Tenure Breakdown 2011: Local Government
18 Housing Tenure 2001-2011: Local Government
19 Housing Tenure Percentage Change 2001-2011 Local Government & the WALGA Zone
20 Dwelling Structure by Number of Persons Usually Resident 2011: Local Government

Chart Number and Title
21 Dwelling Structure by Number of Persons Usually Resident 2011: Local Government & the WALGA Zone
22 Household Growth 2001-2011: Local Government & the WALGA Zone
23 Dwelling Structure by Number of Bedrooms 2011: Local Government & the WALGA Zone
24 Dwelling Structure by Number of Bedrooms 2011: Local Government & the WALGA Zone
25 Dwelling Structure by Number of Bedrooms 2011: Local Government
Housing Market Trends
26 Weekly Rent and Landlord type, 2011: Local Government
27 Weekly Rent 2001-2011: Local Government & the WALGA Zone
28 Total Household Weekly Income by Weekly Rent 2011: Local Government
29 Total Household Weekly Income by Weekly Rent 2011: Local Government
30 Monthly Mortgage Repayments 2011: Local Government
31 Monthly Mortgage Repayments 2011: Local Government & the WALGA Zone
32 Total Weekly Household Income by Household Composition 2011: Local Government
33 Total Weekly Household Income 2011: Local Government & the WALGA Zone
34 Industry of Employment 2011: Local Government & the WALGA Zone
Economic Trends
35 Occupation 2011: Local Government & the WALGA Zone
36 Labour Force Status 2011: Local Government & the WALGA Zone
37 Smoothed Unemployment Rate (%): WALGA Zone

2.4.1 Demographic Trends

Demographic trends can greatly influence the level of housing need and housing demands. Clearly over-all population growth will drive greater demand and vice-versa. Nevertheless, it is important the dynamics within population trends are also understood. For example, there may be instances where population is growth is stable or even in decline, however homes are needed as a result of an 'aging of the population' and/or an increase in the number of smaller households amongst all age groups (with more people living on their own).

Issues to consider

- Age Structure

A population's age structure can have a dramatic influence on the type and level of housing needed within a community. Attention should be given to four main cohorts within the overall population who are likely to have a common characteristics and similar housing requirements whilst also having the biggest influence on housing demand. These include young households (aged 15-24) middle households (25-44), mature households (aged 45-64) and late households (aged 65 and over). Young households are generally characterised by students and those entering the workforce for the first time, accordingly these households tend to occupy shared rental accommodation and are very mobile households.

Middle households are those that tend to have children and as such have some of the largest average size households, mature households are often characterised by those whose children have left home and have higher percentage of outright home ownership. Late households are mostly occupied by one

or two people and have the highest level of home ownership. Households in this cohort often downsize or look to downsize and with age have a higher proportion of special needs housing.

- Population Projections

As well as understanding the current population structure, consideration should be given to how future population profiles are likely to look. This is important to ensure that strategies are place to ensure that the future supply of homes is appropriate and suitable to the future community profile.

The WAPC's *Western Australia Tomorrow*, provides a set of population forecasts, based on current fertility, mortality and migration trends. These forecasts are broken into five bands from low growth to high growth, A-E with the median band C, considered to be the most probable. These projections are set out in charts 3-6.

Population projections are a clear indicator of future housing demand. However, it is important to look deeply into the issue as factors such as age structure and household formation rates, working alongside population growth forecasts will greatly affect housing demand.

- Cultural Diversity and Indigenous Peoples

Ethnicity and cultural customs can have a strong influence on housing, affecting both the level of supply and type of homes demanded. Different cultural and ethnic groups may have different household structures and household formation rates. Therefore it is important to consider whether there are any of these groups within the community whose particular housing needs remain unsatisfied.

Aboriginal and Torres Strait Islander people are more likely to face greater housing challenges and be disadvantaged with regards to housing than non-indigenous households. These challenges can include discrimination in the private rental market, whilst lower incomes levels and the need for larger homes to cater for extended families pose severe housing affordability issues amongst many indigenous families.

The issues and challenges facing Aboriginal and Torres Strait Islander people can be very particular and more pronounced in some communities. It is estimated that in regional centres like Derby, up to 10 per cent of Aboriginal and Torres Strait Islander people are temporary residents, visiting family and government and social services such as health care from surrounding, remote communities. In response the Housing Authority has been developing short stay – visitor's accommodation in centres such as Derby and Kalgoorlie with expansion to other centres likely.

2.4.2 Housing Stock Trends

Issues to consider

- Housing Stock

Understanding the current housing stock provides an important baseline. From this, future demand for housing should be sought to be satisfied by ensuring the supply of new homes is appropriate to the overall future demand.

Charts 13 -24 provide details of the housing stock. The census information displayed in these charts is generally split into four main classifications, separate dwellings, semi-detached row or townhouse (etc), flat unit or apartment, and other dwellings. Other dwellings include; caravans, cabin houseboat, improvised homes (tent, sleepers out) and houses or flats attached to a shop, office, etc.

Dwellings are classified as either occupied or unoccupied, with unoccupied dwellings (vacant on census night) also including vacant holiday homes, butts and cabins. Accordingly in areas that experience high levels of tourist visitors it is important to consider this type of accommodation impacts upon the wider level of housing occupation.

Tracking residential trends is also important as it can highlight if there are likely to be any future shortages of any particular types of housing or how the community profile may change given the forthcoming supply of homes.

- Housing Tenure

Housing tenure is defined as *“the conditions under which land or buildings are held or occupied”*³ with the main forms of tenure being owned and rental.

Across Australia there has been a decline in the rate of home ownership driven by a range of economic factors and social trends. The decline in the number of marriages and tendency of people to get married later in life has arguably one of the strongest drivers of reduced home ownership rate, with married persons almost five times more likely to purchase their first home than single persons.⁴

Declining rates of home ownership, particularly among low and middle income earners, will have obvious implications for the financial security of a growing proportion of Australians. Although the management of these issues will be beyond the scope of Local Government, these considerations may form an essential component of a housing strategy. For example, these issues may be examined in areas where low cost rental housing is being replaced by new forms of development.

- Housing Land Supply

The availability of housing land can have a dramatic impact upon housing affordability and whether the current and future needs of the local community can be met. In assessing housing land supply, it may be useful to examine both the general availability of housing land, but also the amount of ‘serviced lots’ available. Examining the ‘planning status’ of the housing land available is important as it can help identify housing supply ‘bottle-necks’ and signpost areas for which the application of additional council resources would be effective. For example, in more established areas housing opportunities provided through redevelopment may be significant. Here, Local Government can play a significant role in developing strategies and undertaking feasibility assessments to bring forward the delivery of these redevelopment opportunities.

Many Local Government’s may have information concerning the amount of housing land and the number of undeveloped lots available locally, alternatively the WAPC’s [State Lot Activity](#) Report provides a breakdown of lot availability by Local Government.

³ Oxford Dictionaries www.oxforddictionaries.com

⁴ Australian Housing and Urban Research Institute 2005 Why is the rate of home ownership falling Australia?

- Housing Costs

Information on housing costs, prices and rents are available from a number of sources. Landgate and the Real Estate Institute of WA (REIWA) provide a range of up to date information relating to housing costs at the suburb level. The *Housing and Community Profile Database* provides census information detailing the level of mortgage repayments and rents. The database also provides information concerning rental prices between different landlord types. A range of housing data, including housing costs relating to both house prices and rents is available from the [Housing Industry Forecasting Group](#).

When assessing house prices, median sale price are widely accepted as being the most relevant source to use, as unlike averages, medians are not greatly affected by very high or very low values.

Greater fluidity in rental markets mean that rental prices are often one of the earliest indicators of housing market pressures. Nevertheless, when assessing rental prices, it is important to consider seasonal variations that in some areas, may have a significant impact on rental prices. For example, areas surrounding universities, or in areas where there is significant levels of seasonal work, rental prices are likely to fluctuate on a seasonal basis.

2.4.3 Economic Trends

It is useful to have a good understanding of the structure of the local economy and the industries and occupations that are prevalent amongst those in the local community. This is can be particularly relevant in some non-metropolitan areas where one or two industries and even companies may dominate the local economy. Clearly where this is the case, housing pressures may be subject to severe swings in demand. Accordingly, as a consequence of developing a housing strategy a Local Government may decide to target broader economic development opportunities.

Issues to consider

- Incomes

In examining housing affordability, household incomes are more relevant to examine than the income of individuals. This is because this measure reflects the ability of the entire household unit to pay for housing rather than that of individual persons within a household.

In examining income levels and housing affordability, some may wish to give consideration to a number of different cohorts and market segments. Table 3 identifies the three main market segments, as defined by income levels in WA.

Table 3 Housing market segments by household income

Term	Household incomes	WA Income Points (2011)
Very Low Income Households	Less than 50% of the median household income	less than \$36,790
Low Income Households	Incomes between 50% - 80% of the median	\$36,790 - \$58,864
Moderate Income Households	Between 80% - 120% of median household income	\$58,864 – \$88,296

Note: Based upon WA median weekly household income (\$1,415) 2011 Census ABS Quick Stats.

- Economic structure and employment trends

Many areas of the State and indeed WA as a whole have experienced rapid changing economic upswings and downturns associated with the health of certain sectors of the economy. Therefore it may be necessary to examine the structure of the local economy and give consideration to how structural changes in the economy may influence the local housing market. Tables 13-15 and charts 35-37 of the *Housing and Community Profile Database* provide details of the structure of the economy.

Other employment factors that may be relevant in the development of a housing strategy include occupation and occupation statuses, full time or part time. Across Australia there have been significant shifts in pattern employment with more people now working on a part-time or casual basis. As well as affecting earnings and rates of savings, this shifting employment pattern may reduce the ability of some households to access traditional mortgages with lenders cautious of uncertainties surrounding future incomes levels.

In conjunction with the structure of the economy consideration may also be given to unemployment figures. These figures are made available by the Department of Employment on a quarterly basis and are displayed by table 15 and chart 37 of the *Housing and Community Profile Database*. When considering the impact of unemployment trends it is important to take in account seasonal and cyclical employment patterns.

- Housing Affordability

Whilst there is some debate about the definition of housing affordability, it is widely regarded as costing no more than 30% of total household income. In accordance with this notion, lower-income households paying more than 30% of their income in rent or mortgage repayments are considered to be experiencing housing stress. Accordingly, given the definitions set out in table 3, very low income households paying more than \$212.25 per week in housing costs will be experiencing 'housing stress'.

A good way to help understand housing affordability and the challenges that it presents to the local community is through the use of examples. For example, instead of stating that housing rents or prices in the Local Government area cannot be afforded by those on low to moderate incomes, it may be better add meaning to such findings by stating that housing costs mean that for specific types of workers, such as teachers or nurses housing costs are unaffordable. An assessment of the affordability of housing within a local area can be derived by comparison of the weekly income verse rent payments. This information is set out by Table 9.1 of the *Housing and Community Profile Database*. Note that mortgage repayments may be less reliable and skewed by long held mortgages.

2.4.4 Local and Other Considerations

Local circumstances may mean that you decide to include an analysis of other issues prevalent to the local community. For example, in some areas of the state this may mean examining the impact of tourist and/or other forms of short-stay accommodation on the local housing market. Alternatively, there may be issues associated with the supply of homes for specific groups within the community, such as Government Regional Officer Housing (GROH) that you may wish to include within your housing strategy.

2.5 Preparing a Strategy

Having gathered and analysed the various information discussed above, you should have a clearer picture of the issues and challenges faced locally. If a clear picture of the local housing market has not emerged, it may be desirable to undertake further research and consultation.

2.5.1. Establishing Aims and Objectives

Having developed a clear understanding of the issues and challenges facing the local housing market and community aims and objectives can be set.

Aims / Goals

An aim is an aspiration or a broad statement of intent, focusing on what is to be achieved. Aims may respond to the addressing the problems faced or taking advantages of the opportunities available. Aims are sometimes broken down into a series of goals, or are often accompanied by goals, which whilst remaining broad, tend to define aspirations more specially.

The State Government's Affordable Housing Strategy sets out a goal to increase the range of available, affordable and appropriate housing opportunities for those on low-to-moderate incomes.

Housing Objectives

Good housing objectives reflect the wider linkages between housing and social and economic opportunities underpinning communities. Depending upon the issues challenges faced locally, housing objectives, typically fall into one of five types of objectives:

1. Increasing the supply of housing overall
2. Reducing to development barriers to particular development types (eg affordable or aged housing)
3. Preserving and offsetting the loss of particular forms of housing
4. Encouraging new forms of particular housing types
5. Securing new specific housing types and forms of tenure

With regards to the housing typologies, a local housing strategy may choose to set objectives relating to;

- Housing diversity – size, type and tenure.
- Housing that is appropriate to needs.
- Affordable to those on low and moderate incomes.
- Environmentally sustainable housing.
- Accessible to community infrastructure and services such as transport and employment opportunities.
- Adaptable to changing needs.
- Specific to local and community needs.

2.5.2. Strategic Options and Actions Review

Having established the issues affecting the local housing market and after developing a set of aims and objectives for dealing with these challenges, the next step is to undertake a review of the possible

strategies and actions available to achieve these objectives. When investigating possible strategies and actions, it is important to consider:

a) **Likely impact**

The specific housing needs of the community as identified by the housing market analysis and the scale of the impact of an approach in relation to aims and objectives.

b) **Resources**

The availability of resources and whether the approach maximises the use of these resources.

c) **Support**

Community, political and legislative/statutory support for an approach including whether (and if so how) can opposition to approaches be addressed appropriately.

d) **Consistency**

The consistency and alignment of an individual action with that of other identified actions, plans and strategies, including strategic plans at the local, regional and state level.

e) **Equity**

The appropriateness of proposal. Will it unfairly favour a particular group over another, or unfairly disadvantage particular groups? Does the approach align with the principles of the strategy?

f) **Sustainability**

Market dynamics and the viability of a particular approach given the local context;

g) **Consequence and risk**

Including any potential unintended consequences, for example could the viability of development be hindered?

Strategies and possible actions will generally fall into one of four strategy areas as identified in table 4:

Table 4 Strategic options

Strategic Options		Approach / mechanism
Advocacy		<ul style="list-style-type: none"> Promoting the housing strategy to all stakeholders in pursuit of achieving its aims and objectives. As well as traditional advocacy approaches, possible options can also include official openings, sponsorship, awards etc
Community Services & Community Development		<ul style="list-style-type: none"> Coordinating or contributing to support services to those with specialist needs – elderly persons, homeless, residents of residential parks etc Providing guidance and assistance for displaced residents
Financial Incentives		<ul style="list-style-type: none"> Differential rating strategies to encourage the release of vacant or under used land. Reduced fees and charges for desired forms of development
Partnerships		<ul style="list-style-type: none"> Working with government agencies and private land holders to identify and release surplus land Contributing land or resources towards special need housing projects Offering further support for not-for-profit housing providers’ projects to strengthen their capacity and capabilities locally
Land Use Planning	Increase housing supply	<ul style="list-style-type: none"> Audit of potential residential land and site identification Government dedication/acquisition of land Land development or renewal authority Land development incentives/penalties
	Reduce barriers to specific housing development	<ul style="list-style-type: none"> Audit existing planning controls; assess impact of proposed regulations on specific housing types (eg aged housing) Development controls permit diverse housing, in as many areas as possible Faster approvals for preferred development
	Preserving & offsetting the loss of low-cost & specific housing types	<ul style="list-style-type: none"> Preserving particular house types at risk Requiring social impact assessments
	Encouraging new forms of particular housing types	<ul style="list-style-type: none"> Consider changing zones or development controls to encourage development with appropriate lot and housing sizes, a supply of adaptable homes, and homes Graduated planning standards relating to building use and context (e.g. lodging/boarding houses near transport require less parking). Planning bonuses/concessions on development standards for designated special need housing creation or contribution Fast track approvals for special need housing that meets defined criteria Fee discounts for housing that meets defined criteria
	Securing new specific housing types and forms of tenure	<ul style="list-style-type: none"> Voluntary negotiated agreements for special need housing contribution Inclusionary zoning – mandatory contributions for all identified development in the zone to contribute to special need housing fund/supply Mixed tenure requirements – proportion of development in new release areas must be affordable Impact fees – mandatory contribution to offset impact of development on special need housing needs

Source: Australian Housing and Urban Research Institute Research & Policy Bulletin: 105

2.6 Public Involvement and Engagement

Public involvement and engagement is important at all stages of a housing strategy. The level of consultation and the participants targeted will vary depending upon the purpose and stage that the consultation is held in relation to the housing strategy. For some elements of a housing strategy may be subject to statutory consultation requirements, such as any land use planning action requiring scheme amendments. Clearly there is a wide range of consultation methods and tools are available to Local Governments. As such detailed consideration should be given to whether the method and tools adopted are effective and efficient. Not all issues will be significant to all stakeholders so in some instances targeted consultation may be more cost-effective than full scale consultation exercises.

Depending upon the nature and objective of the consultation, possible stakeholders could include:

- Local and State Government officers and elected members
- Local community groups and organisations
- Community housing providers and developers
- Local residents and rate payers
- Private sector entities (real estate agents, builders, property holders, employers etc)

2.7 Recommendations and Council Endorsement

Having examined the local housing issues and reviewed the possible options available, recommendations should be put forward for council endorsement. This can assist with resource allocation and help ensure that a local housing strategy is closely linked to other Council strategies.

The role that Local Government plays in helping to shape the local supply of housing should not be underestimated. However, in seeking to achieve positive outcomes, there may be challenges that need to be overcome. For example, some communities can be particularly strong and well organised in influencing development decisions. This may be challenging for councils to manage and may restrict opportunities for other forms of housing suited for other groups within the local community. Therefore having council endorse a local housing strategy and its recommendations can help to overcome such challenges.

2.8 Implementation

Action Plan

As with all strategies, it is useful to accompany a housing strategy with an action plan providing details of priority actions, targets and timeframes. An action plan should clarify the availability of resources, responsibility for delivering the action, together with timeframes and any sequencing for the implementation of actions.

The complexity of the individual action may mean that consideration should be given to establishing a multi-disciplinary team with officers assigned to deliver the project from different departments. In such cases, it may be wise to identify a lead project officer responsible for the coordination and delivery of the action. Likewise, the responsibility for delivering the overall housing strategy should ideally remain under a head project officer to lead the coordination of the strategy and monitor its progress towards its aims and objectives.

2.9 Monitoring and Review

Monitoring the implementation and performance of the housing strategy is critical to ensuring that it is a success. Monitoring and reporting against an action plan can help identify and overcome implementation issues such as delays and underestimate resource requirements.

There are two components to monitoring, the first is to check the implementation and progress of action and whilst the second assesses the impact of the action. Whilst monitoring the implementation of an action is relatively simple, assessing the impact of an action is far more challenging. Information and data required to assess impacts may not be readily available and even if this information is available, the effectiveness of the action may not be apparent until a much later date. It may also be difficult to accurately determine the impact of an individual action amongst other actions outlined in the strategy and changes in the wider housing environment.

3: Possible Housing Strategy Options & Actions

As table 4 shows in section 2.5.2, possible housing strategy options and actions are likely to fall into one of four broad strategic option areas available to Local Governments. These strategic options include, advocacy, community development, partnership building and land use planning responses. This section discusses in more detail some of the possible options available to Local Government in pursuit of housing strategy. The effectiveness of any action will vary greatly depending on the issues faced by a local government. As identified in section 2.5.2, when determining which options to undertake and with what priority, Local Government are encouraged to consider the seven themes;

- a) Likely impact
- b) Resources
- c) Support
- d) Consistency
- e) Equity
- f) Sustainability
- g) Consequence and risk

3.1 Advocacy & Promotion

Advocacy and the promotional activities by Local Government can play a significant role in helping to achieve the aims and objectives of a Local Housing Strategy. First of all, identifying local issues and challenges concerning housing needs can help assist State Government, community housing providers and developers when making investment decisions and drawing attention to specific local needs. Therefore Local Governments are encouraged to consider develop an advocacy plan to promote a Housing Strategy and highlight the housing needs within the local community.

Advocacy and promotion of the housing strategy can take a variety of forms from traditional forms such as media releases through to design competitions and the sponsoring of awards. It may be more efficient for Local Government to target advocacy towards specific groups, such as community housing providers or agencies such as Landcorp who may be able to deliver development tailored to local needs.

3.2 Partnerships Opportunities

A Local Government Housing Strategy might consider and identify partnership opportunities with other sectors to achieve particular aims and objectives. The community housing sector, State Government agencies and some specialist developers have a wide range of knowledge and expertise that could be utilised to provide aged specific, affordable, or other special needs housing.

Often, when working in such partnerships Local Governments may have released the land in order to facilitate the development of the housing. In reallocating land, it is important that Local Governments assess whether sites are suitable for the provision of special needs housing, and if so, whether this is the most appropriate use of the land. Guidance for undertaking such assessments is included in Appendix 1. Furthermore, any disposal of Local Government land will need to satisfy the requirements of the *Local Government Act 1995* and associated *Local Government (Functions and General) Regulations 1996*. In summary, to satisfy these requirements, a business plan outlining the effects of the proposal upon the Local Government will need to be prepared and advertised for public consultation.

3.2.1 Not for Profit Providers

Whilst most 'not for profit' sector partnerships have traditionally been formed with the Housing Authority, Local Governments have increasingly sought to engage with 'not for profit' providers to develop affordable housing and aged housing solutions in particular. For example the Shire of Capel, in transferring management responsibilities of land held by the Shire to Access Housing to support redevelopment, were able to deliver 17 over 55's homes. Likewise The City of Perth's 'Key Worker Housing Scheme' is another example of how successful partnerships can be forged with community housing providers through the leveraging of Local Government land for affordable housing development.

Where opportunities exist to deliver solutions similar to those achieved by the Shire of Capel and the City of Perth, Local Governments could investigate engaging with the not for profit sector. A list of 'registered community housing providers' can be found on the [Housing Authority's website](#).

3.2.2 State Government / LandCorp

The State Government through LandCorp have undertaken a range of regeneration and development projects working in partnership Local Government. The City of Fremantle provides one such example whereby a partnership was formed with Landcorp to help facilitate the redevelopment vacant and underused sites and deliver a diversity of housing types. The partnership was formalised with the signing of a memorandum of understanding (MOU). The City of Fremantle's role within the partnership has been to develop strategic planning and visioning guidance, a consultation framework and a regulatory role in assessing development proposals. The City's strategic planning role has included the development of a 'Diverse and Affordable Housing Policy' supporting the delivery of a diverse range of housing stock through the development projects. In return LandCorp have undertaken a

project/development management role and facilitated the involvement of the private sector. This partnership has given way to successful projects such as ‘Knutsford’ and ‘WGV’ which delivered a diverse range of housing styles and living options, including the ‘Gen Y Demonstration Housing Project’ at [WGV](#).

Similarly the City of Stirling entered into a ‘Public Private Community Partnership Agreement’ with a range of State Government organisations to deliver a range of redevelopment opportunities under the banner of the Stirling City Centre Alliance.

3.2.3 The Private Sector

Examples of public-private partnership, between the Local Government sector and developers in Western Australia are generally limited. However, a number of Local Governments have entered into a ‘major land transaction’ with developers, in order develop housing on land surplus to Local Government needs. Often these transaction have resulted in the development of aged housing, however Local Governments may also wish to consider such partnerships as mechanism for delivering special needs housing. In so doing, Local Government would need to carefully consider whether the release of land holdings for housing development is the most appropriate use of the land. Guidance for evaluating whether or not a land holding is suitable for special needs housing is included in Appendix 1.

3.3 Land Use Planning Policy Options and Actions

Land use planning policy responses and actions can play a significant role in helping to achieve the aims and objectives of a housing strategy. The possible policy options and actions discussed here relate to the provision of special need housing, such as affordable housing and aged housing, as delivering these outcomes will clearly be more challenging than simply providing housing in general.

When considering possible land use planning policy options, it is important to consider the broader context that Local Governments must operate within and the direction set by the State Government. With this in mind, it is important to note that mandatory affordable housing quotas are currently not supported by the State Government. Instead, the Housing Authority’s Affordable Housing Strategy encourages Local Governments to offer developers voluntary incentives to include wider affordable housing components. Furthermore, it is also important to consider how other planning objectives operate and indeed may compete against housing related objectives.

3.3.1 Reduce barriers to specific housing development

Ensuring a Sufficient Supply of Housing Land

In encouraging the development of special needs housing such as affordable housing, it is vital to ensure that there is a sufficient supply of housing land that is zoned at appropriate densities to encourage housing development. This is necessary to help to avoid supply constraints that are likely to drive up the cost of housing. Given the time taken to deliver housing development, it is important that a long term (10-15 years) supply of residential land is identified. Consideration should be given to how zoning and other planning controls are and can be applied to manipulate the form and type of housing provided and whether the supply of land is likely to facilitate the development of the types of homes needed. For instance this may mean a supply of larger or smaller homes, or adaptable housing.

In some Local Government areas, typically where there are multiple communities, consideration will need to be given to whether there are any differences in the level of supply between different geographic locations. This is particularly important consideration when a Local Government boundary contains multiple housing markets as a result of different travel to work areas. For example, one settlement may be constrained by limited supply whilst there is more than sufficient supply in other areas.

As well as considering supply, it is also important to ensure that the housing land supply is appropriately serviced by infrastructure. A lack of infrastructure can present a significant barrier to the release of land for development purposes. A study by the Commonwealth Government's National Housing Supply Council, found that infrastructure charges can be a significant factor in the cost of development and therefore the principle of 'user pays' underpinning infrastructure charges was detrimental to housing affordability.

In locations where the supply of land is constrained by limited rezoning opportunities, it may be necessary to seek more creative solutions such as having flexible planning provisions.

Flexible Planning Provisions

Perhaps one of the most simplistic considerations which is sometimes overlooked is to consider the extent to which development controls permit diverse housing options and whether or not planning provisions are flexible enough to promote housing opportunities. For instance, whether or not mixed use zones in and near employment and commercial centres provide opportunities for aged housing and more affordable housing development types. Likewise, attention should be drawn towards considering whether or not scheme provisions are flexible enough to allow the development of special need housing types such as boarding houses and ancillary dwellings in residential areas and encouraging mixed commercial / residential developments through floor space incentives.

Removal of Barriers to Special Needs Housing Development

In some instances, it may be appropriate to soften planning controls that limit or prevent the development of special needs housing. Sometimes planning scheme provisions setting out requirements additional to those included in the R-Codes, relating to lot sizes, car parking or the use of certain materials and infrastructure contribution requirements may present barriers to the development of special needs housing. This reiterates how critical the audit of existing planning controls and impact assessment, taken at the outset of a review is. Likewise, Local Government may consider establishing a process to assess the impact of any proposed planning scheme and policy amendments that has the potential to impact housing development.

As well as Local Government controls, covenants on titles can also act as barrier, preventing particular forms of development and limiting the use of a property. Often, developers involved in the creation of large residential subdivisions will include covenants on titles (restrictive covenants) to apply additional design controls and restrictive controls. The provisions of the *Local Planning Scheme Regulations 2015* extinguish or vary any covenant that would have the effect of limiting the number of residential dwellings to less than the number that could be constructed under the provisions of a scheme.

3.3.2 Planning Provisions to Preserve Existing Special Needs Housing

Specific Controls to Protect Particular Types of Accommodation

In all Local Government areas, there is likely to be a supply of housing that plays an important role in meeting the needs of particular segment of the community. In some cases this housing stock and the segment of the community that it serves may not be readily apparent as the purpose and use of these homes has evolved over time. For example, in areas such as outer suburban and coastal areas, caravan parks with long term residents may provide a valuable source of low cost housing. However these parks may come under pressure for redevelopment. Similarly, within inner and middle urban areas experiencing high levels of growth, low cost housing such as boarding houses and residential hotels are also likely to face similar redevelopment pressures.⁵ With this in mind, land use planning policy responses and specific controls to preserve particular types of housing stock under threat may be considered to be a possible solution. However, community desires and property market pressures are likely to make achieving a successful outcome particularly challenging.

In response to these types of pressures, the Brisbane City Plan 2000 includes a 'Demolition Code' that seeks to protect the supply of low cost and special needs housing. The codes performance assessment criteria states, "*demolishing the building must not substantially affect the stock of low cost and special needs accommodation*".⁶ Likewise, in New South Wales, Gosford City Council introduced specific controls to protect caravan parks from redevelopment that could reduce the supply of low costing housing.

The key issue with these such controls is knowing when it is appropriate to apply them. To help overcome this, it is essential to ensure that up-to-date and accurate housing stock information is available to decision makers when considering how development proposals will impact upon the local housing stock. Furthermore it vital to ensure that developers have access to this information and fully understand the planning consideration process and what it is attempting to achieve as they make their investment decisions.

Social Impact Assessments

In New South Wales, Port Macquarie-Hastings Council has a 'Social Impact Assessment' Policy⁷ which seeks to identify a range of social issues (both positive and negative) associated with new development and rezoning. The Council requires a Social Impact Assessment (SIA) for a range of development types including, affordable housing developments (and removal of affordable housing) and developments with the potential to displace or disadvantage local community groups. As well as for development applications, an SIA may also be required for other actions that may have significant social impacts, such as;

- A new strategic plan or major review of an existing strategic plan.
- An amendment to Council's 'Local Environmental Plan' (including rezoning proposals)

⁵ Gurrn, N et al (2008) 'New directions in planning for affordable housing: Australian and international evidence and implications' Australian Housing and Urban Research Institute Final Report No. 120

⁶ Brisbane City Council (2004) *Brisbane City Plan 2000*
www.brisbane.qld.gov.au/planning-building/planning-guidelines-and-tools/city-plan-zones-codes/city-plan-2000-document/index.htm

⁷ Port Macquarie-Hastings Council (2009) *Social Impact Assessment Policy*
<http://mail.hastings.nsw.gov.au/policy%20register.nsf> Accessed 1/10/2013

- A proposal for the re-classification of Council land from operational land to community land or vice versa; or
- An infrastructure proposal

The Council offers applicants detailed guidance on what should be included in a SIA's, which in summary, is expected to include details of how the proposal will impact upon the local area, both positively and negatively, and how any negative impacts will be neutralised in the interests of those affected.

Whilst the legislation in New South Wales differs to that in WA, the deemed provisions of the Planning and Development (Local Planning Schemes) Regulations 2015, cl.67 states that:

“Matters to be considered by local government

In considering an application for development approval the local government is to have due regard to the following matters to the extent that, in the opinion of the local government, those matters are relevant to the development the subject of the application —

(n) the amenity of the locality including the following —

(i) environmental impacts of the development;

(ii) the character of the locality;

(iii) social impacts of the development;”

3.3.3 Increasing Housing Supply

Local Governments may choose to adopt Local Planning Scheme and Policy Provisions that encourage the private sector to provide housing options that are more likely to satisfy the needs of those requiring special needs housing. Possible options include:

Identifying potential new housing opportunities

New development and redevelopment opportunities require the rezoning of land and those of a scale requiring the preparation of a 'structure plan' offer Local Government opportunities to seek special needs housing. These opportunities are likely to be further increased where these development opportunities involve government owned land.

Using scheme provisions, some Local Governments in New South Wales, take into consideration affordable housing when developing master plans. A similar approach could be developed by Local Governments within WA, particularly where redevelopment opportunities include areas of government held land. For example, the [Cockburn Coast District Structure Plan](#) includes a target of 20% affordable housing. The structure plan offers flexibility, stating that the target will include 'dwellings for private purchase or rent, and social housing provision (those managed by Government or community housing providers).' The Cockburn District Structure Plan does not set out how the mechanisms to be used to achieve the 20% target, which it says will need to be established by the delivery agency. Instead the Structure Plan offers a range of possible delivery mechanisms including,

inclusionary zoning targets, either on a mandatory or voluntary basis; conditions of sale of government land; land purchase by social housing providers; and shared equity/ownership schemes.

Other considerations could include development controls to encourage development with appropriate lot and housing sizes for the needs of the community or by ensuring that development delivers a supply of adaptable homes for example.

The Introduction of Housing Diversity Incentives and/or Requirements

Planning reforms to promote greater diversity and variety in the choice of housing options are supported by the State Government's Affordable Housing Strategy.⁸ A variety of planning instruments can be used to increase diversity, including scheme provisions, structure planning and local planning policies.

In 2011, the Shire of Serpentine Jarrahdale adopted a 'Housing Diversity Policy' Local Planning Policy. The Policy encourages higher density development on sites that are well located in relation to public transport and a diversity of dwelling types based on the needs of the local community. In addition, to promote diversity and integration of dwelling types, the Policy states that "affordable dwellings shall be integrated and appropriately dispersed throughout a development".⁹

Opportunities to produce new special needs housing include planning mechanisms that directly result in the construction of, or dedication of, funds or land for housing design to satisfy those needs. Other possible incentives that Local Governments may consider adopting include the 'fast-tracking' approvals for specific and clearly defined forms of development, such as aged housing or affordable housing proposals. Similarly, a Local Government may consider fee discounts for forms of housing development that satisfies specific criteria.

Density Bonuses

The State Government's Affordable Housing Strategy supports Local Government in offering density bonuses to developers for the provision of affordable housing. Indeed, a number of Local Governments within Western Australia already offer density bonus to help facilitate the development of smaller and therefore more affordable housing. Examples include City of Vincent which offers a 50% density bonus for single bedroom dwellings through a 33% reduction in the minimum site requirements for a single dwelling (as permitted by a clause 6.1.3 A3(i) of the R-Codes)¹⁰ whilst similar approaches have also been adopted by others including the City of Belmont and City of Fremantle. The success of these provisions was such that in August 2013, the Residential Design Codes¹¹ were amended to permit the development of an ancillary dwelling associated with a single house and on the same lot where amongst other conditions, the lot is of an area not less than 450m² and there is a maximum plot ratio area of 70m².

Mandatory Provisions

Despite the success of the mandatory planning provisions which require a contribution of affordable housing arising from new development, it is not known whether the WA State Government would be willing to support such amendments to Local Planning Schemes. Given the absence of a reference to

⁸ The Department of Housing (2010) *Opening Doors to Affordable Housing, Affordable Housing Strategy 2010-2020*

⁹ Shire of Serpentine Jarrahdale (2011) *Local Planning Policy No.57 Housing Diversity*

¹⁰ City of Vincent (2008) Planning and Building Policy Manual Residential Development Policy No: 3.4.7

¹¹ WAPC (2013) State Planning Policy 3.1 Residential Design Codes

housing standards within either the Planning and Development Act or Local Planning Scheme Regulations and as it has not been properly tested, it is difficult to predict if mandatory provisions would be supported by WAPC under the existing statutory legislation. As such, Local Governments may try to secure voluntary negotiated agreements for contribution to special needs housing with developers.

In instances where contributions can be secured, such as through the release of government land, the preference should be to seek to retain special needs housing contributions on site, rather than through a cash in-lieu payment. On-site provisions are preferable as they help achieve better social mix, whilst any cash in-lieu funding invested back into the market elsewhere may be inefficient by having to compete with private sector investment.

Nevertheless, in some cases, particularly where the scale of development is small, financial payments can be useful and collectively may amount to a sizeable contribution over time. Alternatively, where a site is particularly desirable with an exceptionally high land value, it may be preferential to seek cash in-lieu payments linked to the value of the development; on the proviso that the financial reinvestment can achieve a greater affordable housing return elsewhere within the local community.

3.4 Community Services & Community Development

In Western Australia Local Governments are required to develop community strategic plans as part of the Department of Local Governments and Communities [Integrated Planning Framework](#) (IPR¹²). The Framework requires Local Governments to engage with their community to establish a vision that will frame the priorities and objectives into the future. This is articulated in Strategic Community Plan which is reviewed biennially. The Corporate Business Plan details the services, operations and projects the Council will deliver and those which they can deliver in partnership with other government agencies or NFP providers.

Local Governments may wish to consider how community services and community development programs could support the delivery of the aims and objectives of housing strategy through the identification of partners in the neighbourhood and approaches to strength social capital. In this context Local Government needs to be adaptive and read to deliver policy and services which support community connectedness and a strong sense of belonging.

When talking about housing strategies, it's important apply community development principles to develop a long term vision. Community development is a conceptual approach to increase the connectedness, active engagement and partnerships among members of the community, community groups and organisations in order to enhance Council's community social, economic and environmental (natural and built) objectives. It is a blend of 'bottom up' action that is driven by community in partnership with 'top down' resourcing, facilitation and coordination by local government¹³.

¹² For further The [Integrated Planning and Reporting Framework and Guidelines](#) have been developed as part of the State Government's Local Government Reform Program. They reflect a nationally consistent approach to integrated planning as expressed by the Council of Australian Governments' Local Government Planning Ministers' Council.

¹³ City of Greater Shepparton, 2010, Community Development Framework, http://greater-shepparton.com.au/assets/files/documents/our_council/council_documents/Community_Development_Framework_August_2010.pdf

A community development approach is based on the belief that there is real and intrinsic value in having strong, resilient individuals, community groups and organisations as part of the decision making process. Community development build social capital. Many Local Governments adopt a strengths based approach like the Assets Based Community Development (ABCD) model to inform their Community Strategic Planning process. ABCD focuses on social relationships and mobilizing local resources to improve the community from the inside out. By treating relationships as assets, ABCD is a practical application of the concept of social capital that can add value to housing outcomes. For further information about ABCD and social capital www.nurturedevelopment.org.

Social capital, in its simplest terms is about ordinary actions of neighbours to know one another, help each other, and work to improve the neighbourhood and the broader community. The importance of social capital to the vitality and success of communities was originally applied by political scientist Robert Putnam in his study of Italian regional governments. His research demonstrated the key elements underlying the difference between Tuscany's successful regional government and Sicily's failed one was the degree of 'civic engagement.' Civic engagement does not refer simply to politics but should be understood as a 'sense of belonging' and participation in the community.¹⁴

As we have discussed earlier, Western Australian communities are changing. Today, WA is the State with the highest proportion of migrants in its resident population with around one in three born overseas.

Housing development designs should support the diversity of people different backgrounds and ensure their circumstances are appreciated and positively valued. There is a global trend towards community empowerment and increased participation to address local issues including housing and neighbourhood design.

3.5 Financial Incentives

3.5.1 Differential rating strategies

Despite ensuring that there is a plentiful supply of housing land, investors may not release this land to the market readily. As well as restricting supply, this in turn could lead to higher land prices preventing opportunities for special needs housing. WA's rating regime uses 'Gross Rental Valuation' (GRV) in urban areas and 'Unimproved Valuation' (UV) for rural areas. A key disadvantage of GRV is that it provides no incentive for capital improvements, as developing the land will increase the assessed GRV and therefore the associated rates bill. This can be a particular problem during periods when land prices are rising strongly and investors speculate in holding of land in anticipation of generating profits from future sales.

To overcome this, one possible mechanism available to Local Governments could be to levy higher rates on vacant land. Section 6.33 of The Local Government Act enables Local Governments, with the approval of the Minister, to impose differential rates whether or not the land is vacant. A 2013 study

¹⁴ Putnam, Robert D. 1993a. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.

by the Association found that 11 of the 30 Local Governments within the Perth Metropolitan Region used differential rating on vacant residential property.¹⁵

Alternatively, minimum payments could be used as an alternative rating strategy to encourage development. Minimum payments can be applied within the differential rating category for vacant land. Relative to higher value land holdings, this would provide more incentive to develop lower value land holdings, since a minimum payment would effectively mean a higher rate in the dollar for vacant properties.

As the cost of rates is relatively small compared to other costs of land ownership and development, the direct impact of rating based strategies may have limited, however when combined with other holding costs, it may be helpful in deterring land banking.

3.5.2 Reduced fees and charges for desired forms of development

There may be opportunities within large scale development to enter into a voluntary negotiated agreement with a development proponent to deliver a component of a desired housing component, perhaps with the incentive of a concession or reduction in planning application fees or associated charges. The advantage of voluntary negotiated agreements and possible concessions is that they can operate on a site by site basis with Local Governments able to choose when to apply them. Further, as any agreements are entered into on a voluntary basis, the approach is unlikely to generate resistance than that of a more inflexible approach. Equally however, there is no guarantee that desired housing outcomes will be realised. Meanwhile, the negotiation process will require a great deal of skill and a good level of understanding of development economics whilst recognising that land purchase decisions will have been made prior to any agreement.

¹⁵ WALGA (2013) Affordable Housing Opportunities for Local Government, Understanding the Local Context and Exploring the Solutions.

3.6 Checklist for designing and delivering special needs housing projects

When considering initiating or partnering in a special needs housing project, it is important that Local Governments take the following considerations into account:

1. Who are the target groups for whom the housing is intended?

Depending upon the needs of the local community, a housing project could be designed for a designated special needs group, specific workers important to the local economy and/or community, for low income households in general or for a mixture of income groups.

2. Who are the partners who could be engaged?

Potential partners will vary depending upon the target group and the makeup and design of the housing project. Consultation with a variety of possible partners should be sought from the outset and may include local employers, the local development industry, not for profit housing providers and other organisations.

3. What housing tenure types will be offered?

Typically, affordable housing projects provide rental housing, shared equity or discounted home purchase. Affordable housing should be of good quality, incorporate sustainable design features, be indistinguishable from other housing and should be dispersed throughout the local community.

4. How will rents be set?

There are several options for determining affordable rents, they can be related to the income of the tenant, to the costs of services provided, or set as a discount of local market rents.

5. How will prices be set for home buyers?

Setting the price for housing that is to be sold is a complex area where specialist and legal advice may be required. One possible method is to calculate the price of housing as the cost of production (plus any ongoing maintenance) plus a reasonable return, rather than the market price. Another option is for a sponsor to sell a share in the dwelling to the resident (say 50% or 75%) and rent paid to the sponsor, and charges for insurance, rates and maintenance will need to be determined. An important consideration in selling housing at a discounted price is to ensure that this does not result in windfall gains when the initial buyer resells the property.

6. What housing will be appropriate?

Housing design will need to take into consideration factors that affect both the affordability and suitability of the housing for the user, together with the project's financial viability. Factors to consider include: the sustainability of the dwelling; what construction efficiencies can be obtained; what facilities should be provided; is a component of adaptable or accessible housing appropriate; and, for rental housing, how can the long term cost of maintenance be controlled?

7. What levers are available to reduce project costs?

Possible levers to consider that can help reduce the cost of housing include planning concessions and bonuses, development contribution charges, whilst there may also be design savings. Efficiency gains may also be achieved in development costs for developing larger sites or volume purchases. Housing affordability will be greatly improved if levers can be packaged together to reduce the costs of the housing provision.

8. How will the project be financed?

Housing projects are typically funded by a mixture of debt and equity finance obtained from private and public sources. Local Government resources, such as land and capital can be used to leverage other sources of finance. Possible sources of resources and funding include, State and Federal sources, surplus government land, developer charges, financial institutions and not for profit organisations. In areas of high value, consideration may be given to using profits generated from market driven projects finance housing elsewhere.

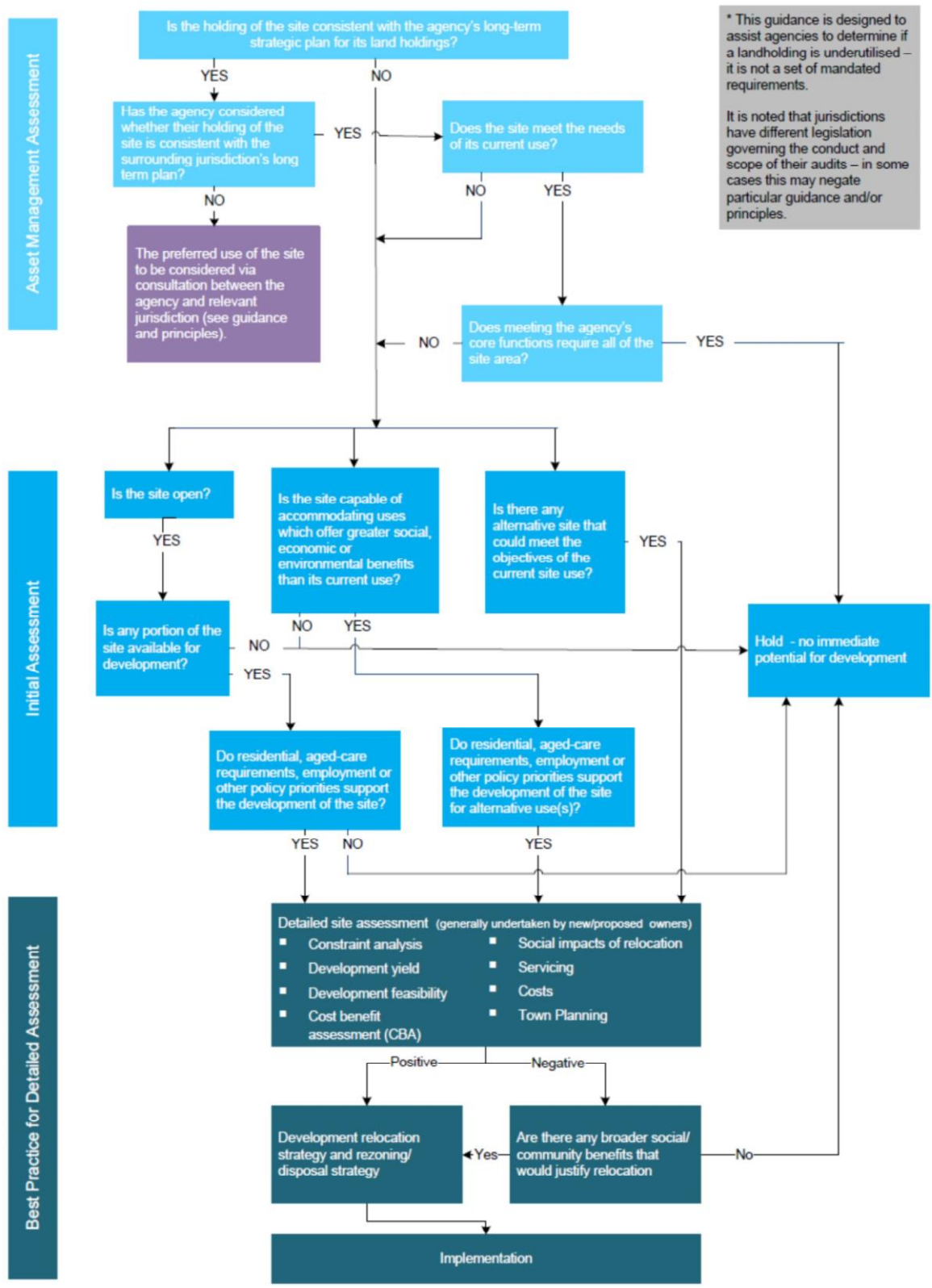
9. What recurrent costs will have to be considered?

Where a home is offered for rent, the costs of managing and maintaining the property must be taken into consideration with rental return sufficient to cover management and maintenance costs over throughout the properties lifespan together with the costs of borrowings associated with the property. In mixed tenure developments, consideration will need to be given to impact of strata fees on on-going, operating costs, particularly for developments which include luxury items such as swimming pools.

10. How will special needs use be secured in longer term?

It is important to ensure the continuation of any special needs housing is guaranteed. For rental properties this may mean retaining ownership or transferring ownership to a regulated not for profit housing provider. Where housing is sold, ensuring a property's 'affordability' is more difficult and may require a covenant to protect the investment.

APPENDIX 1: Evaluating land holdings: Guidance for decision making



Source: COAG Housing Supply and Affordability Reform
http://apo.org.au/files/Resource/final_report_-_housing_supply_and_affordability_reform.pdf