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1: INTRODUCTION AND SUMMARY

This study was commissioned by the City of Subiaco and produced by the Community Housing Coalition of Western Australia.

The Study details the outcomes of research into the:

- ◇ financing of affordable rental housing;
- ◇ role of local government in the provision of affordable rental housing;
- ◇ changing community profile within Subiaco;
- ◇ provision of housing within Subiaco;
- ◇ housing needs of low income households in Subiaco;
- ◇ views of key affordable rental housing stakeholders; and
- ◇ ways the City of Subiaco can facilitate the development of affordable rental housing; including, strategies for developing and monitoring the provision of affordable rental housing in Subiaco.

Financing Social Housing: Commonwealth and State Priorities

This section looks at how social housing is funded and co-ordinated by both the Commonwealth and State Governments. It identifies social housing priorities to be addressed within Western Australia over the next 3 years and in particular, those priorities affecting local government in the development of community housing.

Funds for the development of social housing made available to Western Australia under the current CSHA should be directed toward assisting those whose needs can not be met by the private market. Aged persons and people with disabilities have been identified as priority needs groups from 1999 to 2003. The Ministry of Housing provides funds to local government and community housing providers to acquire housing to be utilised as long-term rental for identified needs groups. Funding priority will be directed toward proposals developed in partnership with local government, the Ministry of housing and regional housing associations and to community housing providers who comply with the Western Australian Community Housing Code of Practice.

Local Government Involvement in Affordable Housing

This section investigates the significant role Local Government plays in the provision of community housing. It looks at the ways community housing has been financed and the reasons why Perth Metropolitan Councils have become involved its provision. The interstate examples of Waverley Council in Sydney and Adelaide Council are also explored, in particular, their use of planning tools to retain, replace and facilitate the availability of affordable housing within their local communities.

Perth Metropolitan Councils have been concerned about ensuring the provision of affordable housing since the early 1970's. Partnership approaches have been strongly favoured, in particular, those financed through the Joint Venture Housing Program.

Perth Metropolitan Councils have taken a community development approach toward establishing and managing affordable housing. They have focused on the provision of high quality and affordable rental housing. The philosophical approach adopted by local government providers is to maximise the independence of residents and to facilitate access to support services if required.

The primary motivation cited by Councils for their involvement in the development of affordable housing, is as a response to the identified needs of residents within their local communities. Particular concern has been shown for residents whose housing needs are not being met within the private market. These residents include: aged persons who do not own their housing; people with disabilities; and other low income households.

The benefits of Council involvement in affordable housing include:

- ◇ assists local residents who have lived in and contributed to their local community but do not own their housing to remain in their local community;
- ◇ assists residents to stay close to their family, social and support networks;
- ◇ helps retain the social mix within the community; and
- ◇ assists the more vulnerable members of the community to participate in and access opportunities available to other members of the community.

The provision of affordable housing compliments local government's commitment to the provision of community services to the aged and people with disabilities, for example, those offered under the Home and Community Care Program.

The approaches undertaken by Perth Metropolitan councils in managing the provision of affordable housing fall broadly within three models:

Direct Management: responsibility for tenancy, property and asset management is undertaken by one or more council employees and some specialised services take up a proportion of other employees time e.g. purchasing officer, finance manager and cashier. Committees are utilised to oversee the housing provision and provide direction;

Partial Separation Management: community based committees are established to oversee the manage of the housing and the skills and time council staff is drawn on to assist with ongoing management. The City of Swan has established an Aged Persons Homes Trust to develop affordable housing and community development staff are utilised to undertake tenancy and property management; and

Outsourcing Management: Both Swan and Mundaring are investigating the possibility of outsourcing the management of their affordable housing stock. The outsourcing will be achieved through tendering processes. Council's future roles would include the identification of needs, facilitation of responses to those needs and contract management.

None of the Perth Metropolitan Councils interviewed have developed an affordable housing strategy. However, all have developed affordable housing response to identified needs but this has been achieved on a project by project basis.

The City of Fremantle has included an affordable housing objective within its Local Housing Strategy. This objective involves the City: incorporating provisions within its new Scheme requiring consideration of the impact of new development on the supply of low income accommodation; being receptive to development proposals for new forms of housing which will assist in increasing the supply of affordable housing; and encouraging the presence of Homeswest.

The incentives utilised by Perth Metropolitan Councils to encourage the development of affordable housing are covered by the standard bonuses and concessions contained within the Residential Codes Manual.

Perth Metropolitan Councils are moving away from the direct provision of affordable housing, and are going in the direction of roles which are closer to their core business. These roles include:

- ◇ needs identification and monitoring;
- ◇ facilitating responses to meet those needs; and
- ◇ separation between purchaser and provider.

Interstate Councils have taken a broader, more strategic approach to the provision of affordable housing within their local communities. The New South Wales Government has gazetted legislation within the *Environmental Planning and Assessment Act 1997 (EPA)*, which supports local governments efforts to ensure the availability and development of affordable housing.

The EPA supports three primary strategic directions:

- ◇ retention of affordable housing stock;
- ◇ replacement of affordable housing; and
- ◇ provision of affordable rental housing.

Retention of Affordable Housing Stock: *Impact assessments* are undertaken prior to *development consent* being granted. The impact assessment takes into consideration the social and economic impact of developments on the local community. *Conditions of consent* may be attached to the development consent these may include: contributions toward the development of affordable housing; and the provision of financial assistance for residents displaced by the development.

Replacement of Affordable Housing: Development activity that results in the loss of affordable housing: increases demand for affordable housing; increases the level of housing stress within the community; contributes to social dislocation; and contributes to the breakdown of social and support networks and infrastructure. Where this nexus is proven to exist Councils can impose an *affordable housing levy* as a condition of the development consent. The *levy* reflects the cost to the fund of replacing the lost affordable housing stock, in the case of Waverley Council, the level is set at 30% of the total replacement cost. The levy is contributed to an *affordable housing trust fund*. New affordable housing is financed and developed in *partnership* between the Council and the State Housing Authority.

Provision of Affordable Housing: Since the mid 1990's, the strategic focus has broadened to incorporate the use of *planning incentives*. The use planning incentives enables the production of affordable housing onsite, that is cost neutral to the developer, and meets the social and environmental goals of Council. The planning incentives are documented with the use of a *Negotiated Planning Agreement* and secured by the development consent. The ongoing management of the affordable housing produced is undertaken by a local community housing provider. This approach works best in local areas with high land values.

Community Profile

This section looks at population growth within Subiaco and investigates its changing household mix. The relationship between age and housing tenure is explored and a number of key needs groups are identified. These include: aged persons; people with disabilities; young families and single parent families.

The population of Subiaco is growing at a rate just below the average for the Perth Inner Sector, indicating continued housing demand into the future. However, Subiaco is experiencing a decline in the number of young people and young families, while at the same time there is significant growth in the number of 1 and 2 person households aged 35 years and over. This is likely to contribute to growing demand for dwellings appropriate to small households.

Age and housing tenure are closely related, people aged between 15 and 30 represent a high proportion of both renters and purchasers. The availability of affordable and appropriate housing, is required in order to retain this section of the population.

The proportion of households in the 45 years plus age group who live in rental housing remains constant, which indicates the continued requirement for affordable rental housing for these people.

Two parent families with children in Subiaco are concentrated in the top quintile of income groupings, this indicates that high household incomes are required in order to afford appropriately sized housing e.g. 3 bedrooms and over.

One quarter of low income households in Subiaco are families with children and most of these are one parent families. These households have strong need for affordable housing located close services and transport.

The proportion of Subiaco's population aged over 65 years is well above the State average and 90% of this group are on low incomes. 2 out of 3 aged persons are in receipt of the Aged Pension, any increases in income experienced by this group are likely to be very modest. Those who are living in rental housing are likely to be vulnerable to housing stress, particularly if rents rise faster than incomes.

There is movement away from institutionalising people with disabilities toward housing these people within their own communities and providing visiting support, for example, like those provided under the Home and Community Care Program, which the City of Subiaco is already involved in delivering. The Subiaco Independent Housing Group has identified the need for appropriate and affordable housing within Subiaco.

The proportion of people in Subiaco, in receipt of the Disability Support Pension is well above the State average, and 2 out of 3 of these people could live successfully within the community, with visiting support provided.

Housing Provision in Subiaco

This section outlines the mix of housing tenures in Subiaco. Changes in the proportion of housing provision accounted for by different tenures are identified and the potential impact on low income households explored.

The mix of housing tenures has a major impact on access and affordability for low income households. Subiaco has a very high proportion of rental housing and a low proportion of home purchasing. Rental housing accounts for 48% of households in Subiaco and has remained at this level since 1986. During the same period, home purchasing has declined from 20% of households in 1986 to 15% of households in 1996.

The ratio of social housing to private rental in Subiaco, is well below both the State and North City Ministry of Housing Zone ratios, this indicates that low income households will have limited affordable housing choices and are more likely to be experience housing stress.

Housing Needs Study

This section applies a range of measures to identify the extent and type of housing needs being experienced by low income households in Subiaco. These measures include: the mismatch between required and actual rental provision; Ministry of Housing Demand Statistics; the provision of Centrelink Rent Assistance Payments; the extent of housing stress within the private rental and home purchase systems; and, affordable access to private rental and home purchase.

Subiaco is experiencing a significant under supply of 1 and 2 bedroom rental dwellings. This is placing pressure on smaller households to rent larger dwellings than required.

Subiaco forms part of the Ministry of Housing's North City Zone, demand statistics for this Zone demonstrate sustained and strong demand from singles and small families.

Housing stress means that after meeting the cost of housing, low income households may not enough money for other essentials such as food, clothes, education, transport and health care. As many as 10% of rental households in Subiaco are experiencing housing stress and a very disturbing feature of these households is 1 in 10 include children.

Housing Stress is not only experienced by private renters, as many as 3 out of 4 low income home purchasers are also effected.

In recognition of the affordability problems faced by low income families in the private rental market, Centrelink makes Rent Assistance payments available to low income families. During the December quarter of 1999, 13% of rental households in Subiaco were in receipt of Rent Assistance Payments. 33% of Rent Assistance recipients were aged pensioners, 46% Disability Support Pensioners and 20% were one and two parent families. While Rent Assistance contributes to an improvement in affordability for low income renters, the proportion of weekly income spent on rent by these households ranges from 47% for a single aged pensioners, to as much as 76% for families with 3 children.

To affordably purchase a median priced house in Subiaco's most affordable suburb, households require a weekly income equivalent to 1.9 times the average for a full-time worker. This means that 4 out of 5 households in Subiaco, cannot afford to purchase a house in Subiaco.

Multi-units are more affordable than houses, units in Crawley, Jolimont and Nedlands can be affordably purchased by households with an income equivalent to 80% of the average full-time weekly income.

The use of small block sizes in Subi-Centro has produced land that is more affordably price than other parts of Subiaco, however, the purchasers of this land must also fund the cost of housing construction, placing this option out of the reach of low income households.

The most affordable rental in Subiaco requires an income equivalent to 56% of the average full-time weekly income, this is double the income of the average pension recipient.

There is a clear and strong need for the development of affordable rental housing which is appropriate to the housing requirements of low income aged pensioners, singles, people with disabilities and small families who are residents of Subiaco. In addition, incentives need to be developed to encourage developers of rental housing to match their provision with the requirements of rental households in Subiaco, in particular, the need for dwellings suitable for small households.

Outcomes From Consultations

This section provides details of the outcomes of consultations with key stakeholders with an interest in developing affordable housing within Subiaco. The consultations were conducted during January/February 2000.

The outcomes fell broadly within 4 categories which would be appropriately utilised as part of an Affordable Housing Strategy and include:

- ◇ establishment of Affordable Housing Working Group;
- ◇ development and provision of joint venture housing;
- ◇ maintain and increase affordable housing provision; and
- ◇ households in need of affordable housing.

Developing Affordable Housing in Subiaco

This section provides an outline of the ways in which the City of Subiaco can become involved in retaining, promoting the development of and providing, affordable rental housing in Subiaco.

Key housing objectives to be addressed in Subiaco are the need for additional 1 and 2 bedroom affordable rental dwellings. The primary target groups requiring access to this housing are singles, aged persons, people with disabilities and small families.

There are three strategic directions proposed for adopted by Council. These include:

Retention of affordable rental housing stock: this includes the use of development consent, impact assessments and conditions of consent.

Replacement of affordable housing: this includes affordable housing contributions, establishment of the Subiaco Affordable Housing Trust, and use of planning incentives; and,

Partnership Approach to Developing and Providing of Affordable Rental Housing: this includes the use of negotiated planning agreements, and the establishment of joint venture housing

Draft Affordable Housing Strategy

This section provides objectives, strategies and outcomes to support the retention, development and provision of affordable rental housing in Subiaco.

The key objectives include:

- ◇ To facilitate and monitor the development of affordable rental housing within Subiaco;
- ◇ To retain the provision of affordable rental housing in Subiaco;
- ◇ To replace and ensure the growth of affordable rental housing in Subiaco;
- ◇ To participate in partnerships when developing affordable rental housing; and
- ◇ To maintain awareness of trends in housing needs within Subiaco.

2: FINANCING SOCIAL HOUSING: COMMONWEALTH AND STATE PRIORITIES

Introduction

This section looks at how social housing is funded and co-ordinated by both the Commonwealth and State Governments. It identifies social housing priorities to be addressed within Western Australia over the next 3 years and in particular, those priorities affecting local government in the development of community housing.

CSHA 1999 to 2003

The Commonwealth Government takes a leading role in the co-ordination of National housing policy, its primary tool is the Commonwealth State Housing Agreement (CSHA). The purpose of the agreement is to assist those whose needs for appropriate housing cannot be met by the private market. Under the Agreement the Commonwealth funds the States to deliver agreed housing objectives. The Ministry of Housing (MoH) administration the programs funded under the CSHA in Western Australia.

In July 1999 the CSHA was signed by the Commonwealth Minister for Family and Community Services, Jocelyn Newman and the WA Minister for Housing, Kim Haines. The signing of the CSHA ensures \$532 million will be spent on Social Housing in Western Australia between 1999 and 2003.

The new CSHA retains 3 tied programs, the Crisis Accommodation Program (CAP), the Community Housing Program (CHP) and the Aboriginal Rental Housing Program (ARHP) along with base funding (declining by 1% per annum as result of the "efficiency dividend") and State matching funds at the rate of \$1 for every \$2 of base funding.

Table 2.1: Funds Secured by the CSHA 1999 to 2003

Financial Year	Commonwealth				WA	Total CSHA (\$,000)
	Base Funding (\$,000)	ARHP (\$,000)	CAP (\$,000)	CHP (\$,000)	Matching (\$,000)	
1999/00	73,232	15,862	3,884	6,267	35,846	135,091
2000/01	72,294	15,862	3,884	6,267	35,387	133,694
2001/02	71,366	15,862	3,884	6,267	34,933	132,312
2002/03	70,447	15,862	3,884	6,267	34,483	130,943
Total	287,339	63,448	15,536	25,068	140,649	532,040

Source: CSHA, 1 July 1999

The CSHA Guiding Principles

The new CSHA establishes a set of guiding principles for the development of social housing and include:

- a) *the purpose of funding is to assist **those whose needs for appropriate housing cannot be met by the private market.** The duration of assistance provided should be based upon those needs;*
- b) *housing assistance arrangements should be **sufficiently flexible to reflect the diversity of situations** which currently exist in the States and to **assist in micro-economic reform**;*
- c) *funding arrangements should promote efficiency and cost effective management, including **longer term planning** and **alternative methods of housing provision**;*
- d) *providers of assistance should meet **high standards of public accountability and quality**, and the costs of assistance should be transparent...*

The Bilateral Agreement

The specific outcomes to be achieved by the States are detailed within an Bilateral Agreement. The Bilaterals are scheduled for signing by March 2000.

The Western Australian Bilateral is likely to include:

Targeting of assistance to customer needs: priority assistance will be directed to those in greatest need. This assistance will include the purchase and construction of housing close to community infrastructure and support services. Increased resources will be directed toward meeting the housing and support needs of the aged and people with disabilities;

Building and maintaining safer communities: emphasis will be placed on introducing programs that will increase the security of elderly residents. Programs will also be introduced to assist families access employment and training. The Ministry of Housing will place a strong emphasis on communication and linkages with community agencies and local government; and

Promotion of viable alternative housing solutions: greater importance will be placed on research which identifies the operation of local housing markets and the affect these have on the housing needs of low to moderate income earners. Increasing the viability of community managed housing will also be a priority and this will be achieved through the promotion of regional housing associations as a focal point for local community housing provision. Partnership approaches to the development and provision of community housing will be favoured, especially where they combine the resources of local government, the Ministry of Housing and regional housing providers.

Ministry of Housing Funding Programs

Encouraging greater local government involvement in the provision of social housing has continued to be a key objective of the Ministry's funding programs. Funding programs with most relevance to local government include:

Community Housing Program

The CHP provides capital funds for the design and construction of housing; or the spot purchase of existing housing and if required renovation, to be utilised for long-term rental purposes. Capital contributions are encouraged;

Crisis Accommodation Program

The CAP provides capital funds for the design and construction of housing, purchase of existing housing and if required renovation, to be utilised for crisis housing services. Approval for capital funding is contingent on the provision of support services, usually funded under the Supported Accommodation Assistance Program; and,

Joint Venture Housing Program

The Joint Venture Housing Program involves the contribution of land and cash or in-kind services by the organisation, while the Ministry of Housing meets the majority of the cost of construction of the housing. Joint Ventures can also include spot purchasing and/or up-grading of existing properties.

Ministry of Housing Funding Priorities

The MoH is continuing the promotion of efficiency, accountability and high standards of provision within the community housing system. To support these objectives funding priority will be directed toward:

- ◇ proposals developed in partnership with Regional Housing Associations; and
- ◇ agencies who can demonstrate a commitment to the *"Western Australian Community Housing Code of Practice"*.

Conclusion

Funds for the development of social housing made available to Western Australia under the current CSHA should be directed toward assisting those whose needs can not be met by the private market. Aged persons and people with disabilities have been identified as priority needs groups from 1999 to 2003. The Ministry of Housing provides funds to local government and community housing providers to acquire housing to be utilised as long-term rental for identified needs groups. Funding priority will be directed toward proposals developed in partnership with local government, the Ministry of housing and regional housing associations and to community housing providers who comply with the Western Australian Community Housing Code of Practice.

3: LOCAL GOVERNMENT INVOLVEMENT IN AFFORDABLE HOUSING

Introduction

This section investigates the significant role Local Government plays in the provision of community housing. It looks at the ways community housing has been financed and the reasons why Perth Metropolitan Councils have become involved in its provision. The interstate examples of Waverley Council in Sydney and Adelaide Council are also explored, in particular, their use of planning tools to retain, replace and facilitate the availability of affordable housing within their local communities.

Community Housing in Western Australia

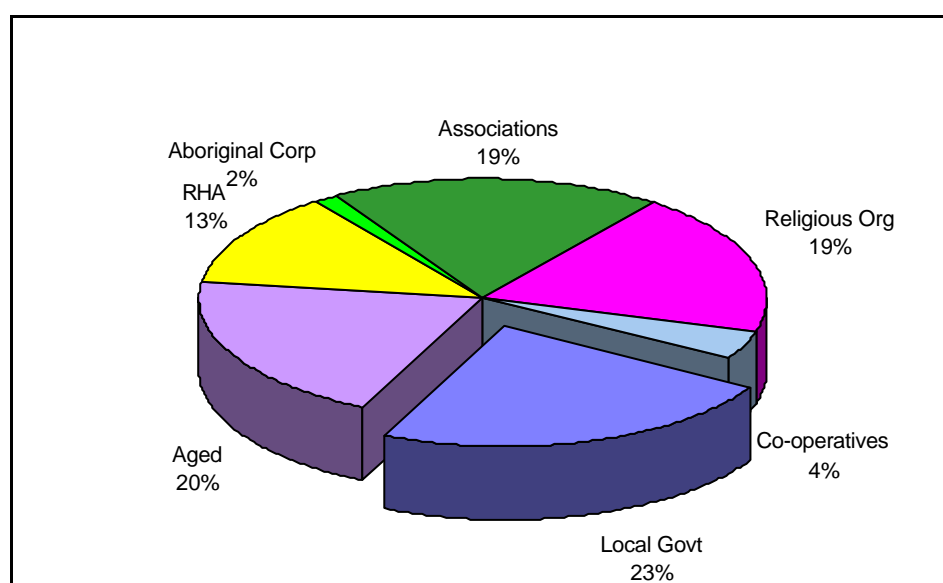
Community housing is not-for profit rental housing provision and management, which offers affordable and secure rental housing to low income households.

Key features of community housing include:

- ◇ responsiveness to local housing needs;
- ◇ an emphasises on interaction between housing and the community;
- ◇ responsiveness to tenants needs; and,
- ◇ the provision of opportunities for tenant participation in the management of their housing.

There are just over 3000 units of community housing spread throughout Western Australia. This housing is provided by a wide range of local government and not for profit organisations. Figure 3.1 provides an outline of the involvement of different provider types in the provision of community housing and demonstrates the significant role played by local government in its provision, 23% of the states community housing provision.

Figure 3.1: Community Housing Stock by Provider Type



Source: Ministry of Housing, Community Housing Database, July 1999

Funding Programs Utilised by Local Government

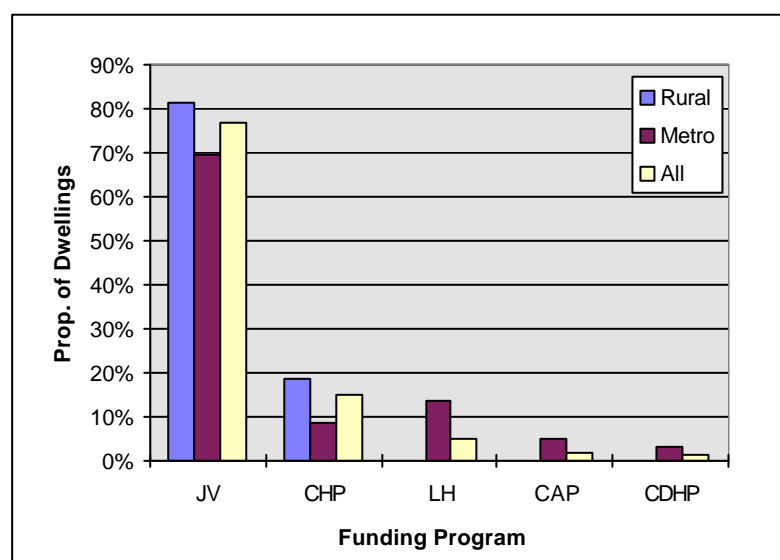
There has been consistent growth in the involvement of Local Government in the provision of community housing since the early 1980's. Both metropolitan and rural councils have become involved via funding programs including the Local Government and Community Housing Program, the Community Housing Program and the Joint Venture Housing Program.

The Joint Venture Housing Program has been strongly favoured over other programs, despite the LGCHP being directly targeted toward local government. Some contributing factors to this situation include:

- ◇ joint ventures involve the contribution of land, and the Joint Venture Funding Agreement is favourable toward the contributor of the land component. The primary reason for this is the land component and building components are valued separately, over time the value of the land appreciates and the value of the buildings depreciate, having the effect of increasing the land owner's equity in the development;
- ◇ local government's concern for the welfare of its aged residents has coincided with the Ministry of Housing's ongoing concern for this target group; and
- ◇ partnership have been recognised by local governments and the Ministry of Housing as the most effective to address affordable housing needs at the local level.

Figure 3.2 demonstrates the significance of the JVHP to local government, accounting for 77% of local government community housing. Metropolitan local governments have also become involved in the Crisis Accommodation Program and the Community Disability Housing Program, funding under both these programs are contingent on the provision of significant levels of support services to the provider's tenants.

Figure 3.2: Local Government Community Housing by Funding Program.



Source: MoH, Community Housing Data Base, July 1999.

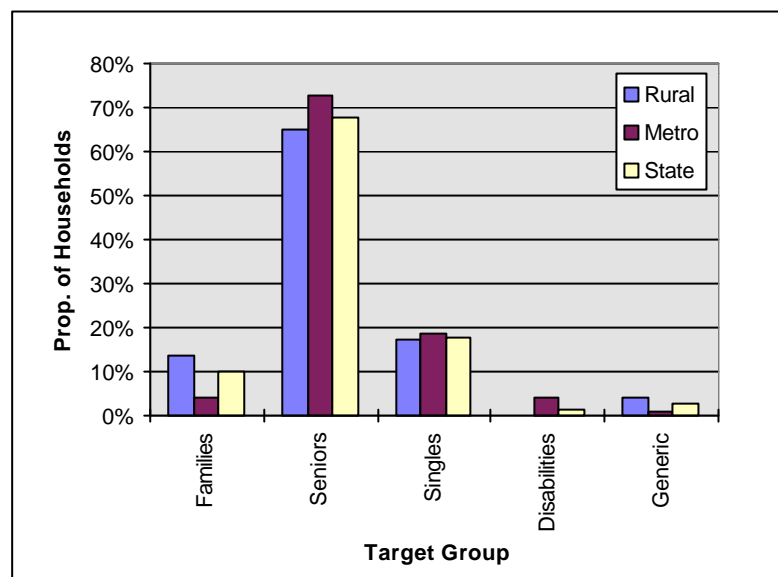
Key: **JV:** Joint Venture Housing Program; **CHP:** Community Housing Program; **LH:** Lodging House Program; **CAP:** Crisis Accommodation Program; and, **CDHP:** Community Disability Housing Program.

Who is Housed?

Local government has made a significant and ongoing commitment to addressing the needs of seniors. Most councils provide Home and Community Care (HACC) support services to seniors and to people with disabilities. The provision of secure, affordable and appropriate housing complements this commitment.

Figure 3.3 demonstrates that seniors housing accounts for 68% of local government provision on a State wide basis and 73% within the Metropolitan area. Singles also represent a significant target group accounting for 18% overall and 19% of metropolitan households.

Figure 3.3: Local Government Community Housing Provision by Target Group



Source: Ministry of Housing, Community Housing Database, July 1999

Local Government Community Housing Provision within the Perth Metropolitan Area

There are currently 10 Metropolitan Councils who are directly involved in the provision of community housing. These Councils are spread across the 3 Planning Commission Sectors: Inner: East Fremantle and Fremantle; Middle: Bayswater, Belmont and Canning; and Outer: Mundaring and Swan.

The targeting of community housing by councils varies according to recognised needs within their local areas, seniors are the most common target group but councils have also recognised the needs of singles and families. Fremantle and Canning have become involved in the provision of housing for young people and people with disabilities respectively, who require support as a condition of being housed.

Table 3.1 provides a breakdown of local government housing by target group and demonstrates that seniors are by far the most significant target group, followed by singles and families.

Table 3.1: Metropolitan Local Government Community Housing Provision by Council and Target Group.

Council	Target Group						Total
	Families	Seniors	Disability	Youth	Other	Singles	
Bayswater	8	2	0	0	0	0	10
Belmont	0	41	1	0	0	0	42
Canning	0	0	11	3	0	0	14
Fremantle	0	0	1	10	1	47	59
East Fremantle	1	0	0	0	0	0	1
Kwinana	0	75	0	0	0	0	75
Mundaring	0	17	0	0	0	0	17
Swan	0	36	0	0	0	0	36
Total	9	171	12	13	1	47	253
Proportion	4%	68%	5%	5%	0%	19%	100%

Source: Ministry of Housing, Community Housing Database, July 1999

Insights into Perth Metropolitan Local Government Involvement in the Provision of Community Housing

In order to gain insights into why and how Metropolitan Councils have become involved in developing and providing community housing, telephone interviews were conducted with key personnel. The six councils interviewed include: Bayswater; Belmont; Canning; Kwinana; Mundaring; and Swan.

City of Bayswater

Contact: Robin Vernon

Position: Community Development Worker

Community Housing Provision in Brief: The City began its involvement in the provision of affordable housing in 1996. It now provides 10 units funded under the Community Housing Program. These units are target toward singles and small families.

Why Council Became Involved in Community Housing: Council has a commitment to the provision of community services in response to identified needs within the community. At the time of developing this project, it was concerned about the welfare of tenants within the local area.

Benefits to the Community: the housing needs of some residents have been addressed.

Philosophy of Community Housing Provision: To provide low cost rental housing to singles and small families able to live independently.

Management Approach: The management of the housing takes up a small component of the Community Development Officer's time. In addition a small amount of time is provided by the Finance and Maintenance Departments.

Additional Services to Tenants: Tenants are linked into existing services provided by the City and include: Financial Counselling; Home and Community Care; and Disability Support.

Affordable Housing Strategy: N/A.

Incentives to Provide Affordable Housing: N/A.

General Comments: The officer interviewed had only been managing the City's housing for a few days and was given a very limited hand over. It appears that much of the history of this project left with the previous staff member.

City of Belmont

Contact: Christine Hoffmeyer

Position: Community Services Officer

Community Housing Provision in Brief: The City began its involvement in affordable housing in the early 1980's, when it began constructing self funded units for retirees on Council owned land. The City now manages 35 self funded units. Continued demand from seniors lead Council to construct a further 42 joint venture units in partnership with the Ministry of Housing.

Why Council Became Involved in Community Housing: The City became involved in the provision of affordable rental housing in response to identified needs and demand from low income seniors who are not home owners.

Benefits to the Community: Allows seniors to remain within their community and maintain inclusion in their social support networks. The residents also benefit from living within a community atmosphere where they have regular contact with Community Services Staff and are able to access social support when required. The housing provided is responsive to the needs of the community.

Philosophy of Community Housing Provision: To provide low cost housing to members of the local community.

Management Approach: the housing is managed by a Housing Committee. The Committee is bound by the City of Belmont's rules and standing orders for committees. The membership of the Committee consists of Council Staff and Elected Members. The day to day management of the housing is undertaken by staff directly employed by the City. Full-time staffing includes: the Community Services Officer and a Maintenance Manager; and additional services are provided by the Manager Finance and City Cashier.

Additional Services to Tenants: If any residents are identified as requiring support services, they are referred to the City's Home and Community Care Service.

Affordable Housing Strategy: N/A.. The City has no Plans to Expand its level of provision.

Incentives to Provide Affordable Housing: N/A.

General Comments: The City is willing to offer additional support and information about how the City has gone about providing their housing. The housing is operated in accordance with the "Retirement Villages Code of Practice". When providing this type of housing services, it is important to avoid encouraging dependence.

City of Canning

Contact: Lyndon Smart

Position: Co-ordinator Accommodation Respite (Disability)

Community Housing Provision in Brief: the City provides a total of 16 units of community housing. 13 of these units house people with disabilities, 5 of which are funded under the Community Housing Program and 8 under the Community Disability Housing Program. A further 3 units are funded under the Crisis Accommodation Program and house young people.

Why Council Became Involved in Community Housing: the City became involved in response to needs identified within the community, especially for people with mild to moderate disabilities, who are registered with the Disability Services Commission and able to live independently. The City believed they needed to be proactive in order to avoid major problems in future.

Benefits to the Community: The provision of this housing has allowed people with disabilities to better integrate within the community and access opportunities available to other members of the community. Access to this housing has lifted the burden of care from ageing parents and carers within the community.

Philosophy of Community Housing Provision: To provide high quality and affordable rental housing to people with disabilities and young people who are on low incomes and do not own their own housing. The tenants will have access to community services and be involved in decisions effecting the management of their housing.

Management Approach: The Co-ordinator Accommodation Respite (Disability) is employed directly by Council and he co-ordinates the provision of support services to tenants. The housing is provided on break even basis from the rental income stream and the support services are funded by the Disability Services Commission and Family and Children's Services.

Additional Services to Tenants: The City employs support staff who are involved in the provision of employment skills training, education and social support.

Affordable Housing Strategy: N/A. Ability to expand provision is dependent upon the availability of additional funding from the Disability Services Commission.

Incentives to Provide Affordable Housing: Council offers pensioners concessions on their annual rates bill.

General Comments: Local Government is able to access financial assistance from the Lotteries Commission on behalf of people with disabilities who are moving into the community for the first time.

Kwinana

Contact: Vince Sinagra

Position: Kwinana Village Administrator

Community Housing Provision in Brief: The Council first became involved in community housing in 1983 and now provides 77 units of seniors housing. The units were developed in partnership the Ministry of Housing. The housing is built on Crown Land Vested in the Town and funded under the Joint Venture Housing Program. Legal security is provided by a standard 25 Year Joint Venture Agreement.

Why Council Became Involved in Community Housing: Council responded to pressure from the community for it to address the shortage of affordable rental housing for seniors who have been long-term members of the local community.

Benefits to the Community: Allows long-term residents to remain within their own community. Allows families to continue living near by their ageing parents. Contributes to maintaining the population mix of the area and to retain services.

Philosophy of Community Housing Provision: To maximise the independence of aged persons and provide access to aged care services when required.

Management Approach: The Village is Managed directly by the Town of Kwinana. The Kwinana Village Administrator is a full time employee and is responsible for co-ordinating 70+ staff associated with the running of the Village. The Administrator is also responsible for tendering and contract management of building maintenance services.

Additional Services to Tenants: The Administrator and staff facilitate access to aged care services provided by non government service providers.

Affordable Housing Strategy: N/A.

Incentives to Provide Affordable Housing: N/A.

General Comments: The housing provided within the Village is very affordable and rents are currently between 90 and 100% of Ministry of Housing Rents. Residents are able to access better quality services through their involvement with the Village, especially items like day to day and cyclical maintenance.

Shire of Mundaring**Contact:** Max Williams**Position:** Chief Executive Officer

Community Housing Provision in Brief: The Shire began its involvement with the provision of affordable housing for seniors during the early 1970's. The first stage was developed in partnership with the Commonwealth Government, low income seniors and the Shire. The Commonwealth contributed capital funding, the seniors contributed an in-going fee with assistance the of an interest free loan from the Shire and the housing was constructed on Shire Land. Later stages utilised Local Government and Community Housing Program funds to construct low cost rental units, also on Shire land. All units have included additional capital contributions from the Shire, which allowed the housing to include design features in excess of Homeswest's Standard Design Brief. The shire now provides 53 seniors units.

Why Council Became Involved in Community Housing: In the early 1970's a community needs survey was undertaken. The survey identified that seniors who had lived all their life in the community but did not own their housing, needed access to affordable housing to continue living in the community. The Shire saw the provision of affordable housing as part of its duty of care to the community, in particular, to those residents who have spent there lives contributing to the community who would have to move away, if they did not have access to affordable housing.

Benefits to the Community: Has allowed low income seniors to continue living in their local community, close to family and support networks. The housing that is provided is at a higher standard than Homeswest housing.

Philosophy of Community Housing Provision: The provision of high quality, affordable housing, which allows seniors to continue living in their local community.

Management Approach: The units are managed by a community committee established by the Shire. While there is no direct cost to the Shire, the Committee receives a substantial in-kind benefit from the involvement of Senior Council Employees.

Additional Services to Tenants: Access to HACC and other services, is facilitated if required.

Affordable Housing Strategy: N/A.

Incentives to Provide Affordable Housing: N/A.

General Comments: The Shire is increasingly moving toward a rental only focus. The housing must be provided on a not-for - profit basis, in order for it to be affordable for low income seniors.

The Shire also provides Hostel Accommodation for senior requiring a high level of care and has moved away from managing the Hostel itself, in favour of outsourcing its management. This approach's benefits include: continued quality development for staff and service delivery; transparency in the cost of delivery; and the caring services are delivered by an organisation who has that as their core business.

The shire is now moving toward outsourcing the management of its seniors units. This will include a tendering process. Before this can occur, agreement will have to be reached between, DOLA, Ministry of Housing, the Commonwealth and the Residents of the Housing.

City of Swan

Contact: Lesley Barrett

Position: Community Support and Development

Community Housing Provision in Brief: The Council first became involved in the provision of affordable housing to seniors in 1981. The first stage was a joint venture between Council and the Commonwealth. The Commonwealth contributed the capital to fund the construction of 12 seniors units on land vested in the Shire of Swan. In 1987, 15 seniors units were constructed on Council land and the construction of these units was funded by in-going contributions. In 1990 a further 9 seniors units were constructed utilising Joint Venture Housing Program Funding. Bringing the total to 36 seniors units.

Why Council Became Involved in Community Housing: in response to identified needs within the community, in particular for affordable housing located near services.

Benefits to the Community: Provides good quality, secure and affordable housing to seniors. Provides a caring and supportive community atmosphere to the residents. Provides stability.

Philosophy of Community Housing Provision: to provide seniors with good quality affordable housing, in a supportive atmosphere. The management takes more of a community development approach, than a business one.

Management Approach: the City established the "Aged Person's Homes Trust" to develop its senior's housing and the Community Development staff are closely involved in managing the housing.

Additional Services to Tenants: Access to council's Home and Community Care Services is facilitated if required.

Affordable Housing Strategy: N/A.

Incentives to Provide Affordable Housing: Rates concessions are considered on a case by case basis. Will facilitate planning and other concessions and to assist organisations address identified needs.

General Comments: The City is moving away from the direct provision of services and now sees itself as playing the role of identifying needs, facilitating responses that will address those needs and undertaking contract management. This change is in line with "Purchaser Provider Separation" as recommended by the Hilmer Commission. In line with this approach, the City is considering outsourcing the management of its seniors housing to a not for profit organisation with this type of work as its core business. To identified the preferred provider a tender process will be used.

The Bullsbrook Partnership Proposal provides an example of how Council can facilitate responses to identified needs, in this cases for affordable housing for aged persons in Bullsbrook. The project involves Council purchasing land from the Defence Department and rezoning it from R20 to R30. The land will then be sold to the Eastern Metropolitan Community Housing Association (EMCHA) at the original purchase price, this will be done with the aid of a self supporting loan. The Shire will also exempt the development from rates. Once the land is acquired, EMCHA will apply to the Ministry of Housing for JVHP Funds to construct 4 aged persons units. All asset, property and tenancy management will be undertaken by EMCHA. and funded through its rental income stream.

Waverley Council's Approach to Affordable Housing

The Waverley Council area is located 5 km to the East of the Sydney CBD and bordered by some of Australia's most popular beaches. The local area has been subject to continued gentrification since the mid 1980's.

Development activity and gentrification have resulted in dramatic changes to the social mix of the area along with the loss of affordable and appropriate housing for many long term residents of the community.

The implications of this process include:

- ◇ reduction in housing choice;
- ◇ placing residents under housing stress;
- ◇ social dislocation of residents who have to move out of the area; and
- ◇ significantly changing the social mix of the community.

Since the mid-eighties Waverley Council has sustained a planned and pro-active approach to ensuring the provision of affordable housing within its community. The Council has adopted three strategic directions to ensure the local community has access to affordable housing. These strategies include: retention; replacement; and provision of affordable rental housing.

Retention of Affordable Housing Stock

Waverley Council utilises sections of the ***Environmental Planning and Assessment Act 1997*** to implement local planning mechanisms with the aim of retaining affordable housing for the benefit of their local community.

The New South Wales Government gazetted the ***State Environmental Planning Policy No.10 - Retention of Low Cost Rental Accommodation*** in 1984 and Waverley Council has utilised this policy since its inception. The primary benefit of this policy has been to assist in the conservation of boarding houses and older style flats which have traditionally provided households on low incomes access to affordable rental housing.

Development consent is required for all boarding house developments, and strata subdivisions, alterations and additions to residential flats providing affordable rents. An assessment of the impact the development will have on the supply of affordable housing and on households living in the local community is undertaken prior to consent being granted.

Additional powers are contained within the ***Heads of consideration - Section 79C(1)(b) Environmental Planning and Assessment Act 1997 - The social and economic effects of a development in a locality***. Assessment of applications under this section of the Act also take into consideration the cumulative effects the development would have on the supply of affordable housing and the ability of residents required to relocate to find comparable housing. Assessment outcomes may result in refusal; approval; or approval with conditions of consent. The conditions of consent may include: payment of a Section 94 contribution toward the development of affordable housing; and assistance to tenants required to relocate.

Replacement of Affordable housing Stock

Waverley Council utilises **Section 94** of the ***Environmental Planning and Assessment Act 1997*** to apply a levy on residential development activity, where the development continues to be residential but results in the net loss of affordable rental housing.

Waverley Council describes affordable housing as...*“housing which, by virtue of its location, style of accommodation, levels of parking and dwelling size would rent at a rate which is comparable to or less than the existing median rent level in the council’s area.”*

In order to apply this levy, Council must demonstrate that a nexus exists between development activity and increased demand on affordable rental housing jointly financed and owned by the Council.

Increased demand for Council’s affordable rental housing results from the following chain of events:

- I. development activity results in the loss of affordable rental housing and/or older housing stock;
- II. this loss of affordable housing stock places upward pressure on house prices and rents, along with contributing to a reduction in housing choice;
- III. the continued loss of rental housing adversely affects groups within the local community e.g. low income households, aged persons, young people and people with disabilities;
- IV. some of the effects on these groups include: increased housing stress; social dislocation caused by residents having to move out of the area; and loss of local support networks and infrastructure; and
- V. these events result in increased pressure being placed on Council provided housing to respond to growing needs within the local community.

The levy is determined by the cost incurred by Council in replacing the lost rental housing stock. Waverley Council develops affordable housing in partnership with the State Government and community organisations and contribution at least 30% of the cost of the joint venture.

The money levied by the Council under this policy can only be used to acquire affordable housing and is placed in a trust fund established for this purpose. Since the funds establishment in the late 1980’s Council has contributed over \$1 million toward joint venture housing developments.

However, over the time the Levy has been in place, 145 affordable housing units have been lost and only 18 units part funded by the Section 94 Levy have replaced them.

Negotiated Planning Agreements

Where Council has identified that a proposed development will result in the loss of affordable housing, negotiations are commenced between Council and the developer with the aim of establishing a ***Negotiated Planning Agreement***. The purpose of the negotiations are to reach an Agreement that will regulate the loss of affordable housing, meet the aims and objectives set out in Council’s planning instruments and achieve a suitable outcome for the developer.

The Negotiated Planning Agreement is regulated with the use of the **Development Consent** and specific conditions can be placed on the title of the land to ensure that future owners will be aware of the conditions of the Planning Agreement.

Provision of Affordable Housing

Since 1995 Waverley has focused its attention on developing affordable housing in partnership with the private sector. This is achieved with the use of **planning incentives** in return for the provision of affordable housing stock.

Planning incentives enable developers to produce affordable housing onsite, that is cost neutral to the developer and meets the social and environmental goals of Council.

The use of planning incentives involves the developer entering into a voluntary agreement with the Council. The agreement includes increases in the allowable Floor Space Ratio and variations on planning standards like parking requirements, height and land landscaping, in return for the provision of an agreed component of affordable housing.

The component of affordable housing to be achieved is agreed between Council and the Developer prior to or during the assessment process.

The *Incentive Agreement* is to include:

- ◇ the number of affordable housing units within the development;
- ◇ the rent levels of the affordable housing units; and
- ◇ the number of years the units are to be maintained as affordable housing, either in perpetuity or rent capped.

The agreed component of affordable housing is calculated by identifying the number of additional dwellings that can be constructed on the site with the use of planning incentives, the number of additional units are then multiplied by the agreed dollar value per unit, the total value is then split between Council and the developer, at an agreed ratio, typically 50:50.

This approach works best with medium density housing in high value areas.

City of Adelaide

During the 1970's Adelaide was experiencing a high level of gentrification and instances of low income households losing their place in the City. To address the resultant loss of diversity, the City establish partnerships with the South Australian Housing Trust. Over this period the City's social housing stock grew at a rate of 60 dwellings per annum.

The South Australian Housing Trust (SAHT) was not able to continue this level of commitment into the 1980,s. At this time it became clear that the City needed resources from the State and Commonwealth Governments in order to continue developing affordable housing. In addition, a community needs study was conducted which reconfirmed the need for affordable housing and identified the importance of employing a Community Development Officer to Co-ordinate the development and delivery of services.

Throughout the 1980's the City successfully established a number of joint venture housing developments, which brought together City land and resources with SAHT and Local Government and Community Housing Program funds.

Conclusion

Perth Metropolitan Councils have been concerned about ensuring the provision of affordable housing since the early 1970's. Partnership approaches have been strongly favoured, in particular, those financed through the Joint Venture Housing Program.

Perth Metropolitan Councils have taken a community development approach toward establishing and managing affordable housing. They have focused on the provision of high quality and affordable rental housing. The philosophical approach adopted by local government providers is to maximise the independence of residents and to facilitate access to support services if required.

The primary motivation cited by Councils for their involvement in the development of affordable housing, is as a response to the identified needs of residents within their local communities. Particular concern has been shown for residents whose housing needs are not being met within the private market. These residents include: aged persons who do not own their housing; people with disabilities; and other low income households.

The benefits of Council involvement in affordable housing include:

- ◇ assists local residents who have lived in and contributed to their local community but do not own their housing to remain in their local community;
- ◇ assists residents to stay close to their family, social and support networks;
- ◇ helps retain the social mix within the community; and
- ◇ assists the more vulnerable members of the community to participate in and access opportunities available to other members of the community.

The provision of affordable housing compliments local government's commitment to the provision of community services to the aged and people with disabilities, for example, those offered under the Home and Community Care Program.

The approaches undertaken by Perth Metropolitan councils in managing the provision of affordable housing fall broadly within three models:

Direct Management: responsibility for tenancy, property and asset management is undertaken by one or more council employees and some specialised services take up a proportion of other employees time e.g. purchasing officer, finance manager and cashier. Committees are utilised to oversee the housing provision and provide direction;

Partial Separation Management: community based committees are established to oversee the manage of the housing and the skills and time council staff is drawn on to assist with ongoing management. The City of Swan has established an Aged Persons Homes Trust to develop affordable housing and community development staff are utilised to undertake tenancy and property management; and

Outsourcing Management: Both Swan and Mundaring are investigating the possibility of outsourcing the management of their affordable housing stock. The outsourcing will be achieved through tendering processes. Council's future roles would include the identification of needs, facilitation of responses to those needs and contract management.

None of the Perth Metropolitan Councils interviewed have developed an affordable housing strategy. However, all have developed affordable housing response to identified needs but this has been achieved on a project by project basis.

The City of Fremantle has included an affordable housing objective within its Local Housing Strategy. This objective involves the City: incorporating provisions within its new Scheme requiring consideration of the impact of new development on the supply of low income accommodation; being receptive to development proposals for new forms of housing which will assist in increasing the supply of affordable housing; and encouraging the presence of Homeswest.

The incentives utilised by Perth Metropolitan Councils to encourage the development of affordable housing are covered by the standard bonuses and concessions contained within the Residential Codes Manual.

Perth Metropolitan Councils are moving away from the direct provision of affordable housing, and are going in the direction of roles which are closer to their core business. These roles include:

- ◇ needs identification and monitoring;
- ◇ facilitating responses to meet those needs; and
- ◇ separation between purchaser and provider.

Interstate Councils have taken a broader, more strategic approach to the provision of affordable housing within their local communities. The New South Wales Government has gazetted legislation within the *Environmental Planning and Assessment Act 1997 (EPA)*, which supports local governments efforts to ensure the availability and development of affordable housing.

The EPA supports three primary strategic directions:

- ◇ retention of affordable housing stock;
- ◇ replacement of affordable housing; and
- ◇ provision of affordable rental housing.

Retention of Affordable Housing Stock: *Impact assessments* are undertaken prior to *development consent* being granted. The impact assessment takes into consideration the social and economic impact of developments on the local community. *Conditions of consent* may be attached to the development consent these may include: contributions toward the development of affordable housing; and the provision of financial assistance for residents displaced by the development.

Replacement of Affordable Housing: Development activity that results in the loss of affordable housing: increases demand for affordable housing; increases the level of housing stress within the community; contributes to social dislocation; and contributes to the breakdown of social and support networks and infrastructure. Where this nexus is proven to exist Councils can impose an *affordable housing levy* as a condition of the development consent. The *levy* reflects the cost to the fund of replacing the lost affordable housing stock, in the case of Waverley Council, the level is set at 30% of the total replacement cost. The levy is contributed to an *affordable housing trust fund*. New affordable housing is financed and developed in *partnership* between the Council and the State Housing Authority.

Provision of Affordable Housing: Since the mid 1990's, the strategic focus has broadened to incorporate the use of *planning incentives*. The use planning incentives enables the production of affordable housing onsite, that is cost neutral to the developer, and meets the social and environmental goals of Council. The planning incentives are documented with the use of a *Negotiated Planning Agreement* and secured by the development consent. The ongoing management of the affordable housing produced is undertaken by a local community housing provider. This approach works best in local areas with high land values.

4: COMMUNITY PROFILE

Introduction

This section looks at population growth within Subiaco and investigates its changing household mix. The relationship between age and housing tenure is explored and a number of key needs groups are identified. These include: aged persons; people with disabilities; young families and single parent families.

Population

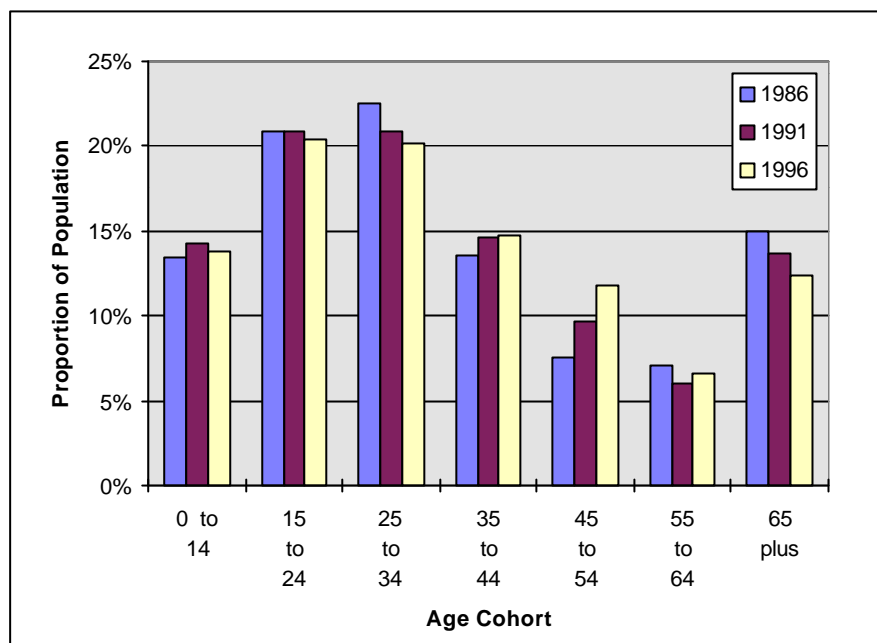
The Western Australian Planning Commission calculates the Estimated Residential Population (ERP) for all local government areas. The ERP provides accurate population figures between Census Years, by taking Census data and adjusting it to take into consideration births, deaths and net immigration. Growth in the ERP demonstrates continued household formation within the local area and therefore demand for additional housing is likely to continue. Between 1997 and 1998 the ERP of Subiaco grew from 15,268 to 15,360, a net gain of 92, producing a growth rate of 0.6%, which is just below the Inner Sector average of 0.8% (WA Planning Commission 1999).

Age Structure

Age is an important determinant of income, housing requirements, housing tenure and community support requirements.

Some marked changes have occurred in the age structure of the Subiaco Community. Figure 4.1 demonstrates that both the 0 to 14 years and 15 to 24 years cohorts reduced between 1991 and 1996 Census and both the 25 to 34 years. While the 65 years plus cohorts experienced continued decline across all 3 Census Years.

In addition, the 35 to 44 years cohort shows steady growth and there has been a marked increase in the 45 to 54 years cohorts for each of the Census 1986 to 1996.

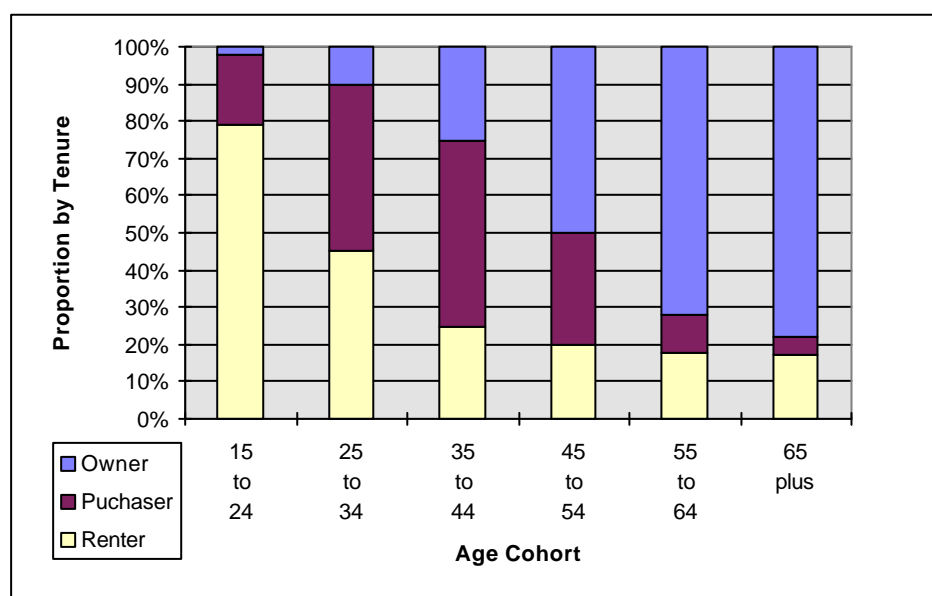
Figure 4.1: City of Subiaco Age Cohorts Time Series 1986 to 1999

Source: ABS, Basic Community Profile: Time Series 1986 to 1996, T02.

a) The population of Subiaco (C) at Census: 1986 (14,662); 1991 (14,971); & 1996 (14,804).

Relationship Between Age and Housing Tenure

In 1994 the ABS undertook a detailed analysis of Australian housing. Figure 4.2 shows the proportional distribution of age cohorts by tenure. Rental housing is very significant to both the 15 to 24 and 25 to 34 age groups and the proportion of age cohorts in rental housing remains similar from 45 years onward. Home purchase grows in importance to the 25 to 34 and 35 to 44 age groups and then declines from 45 years onwards.

Figure 4.2: Typical Housing Tenure by Age Cohort.

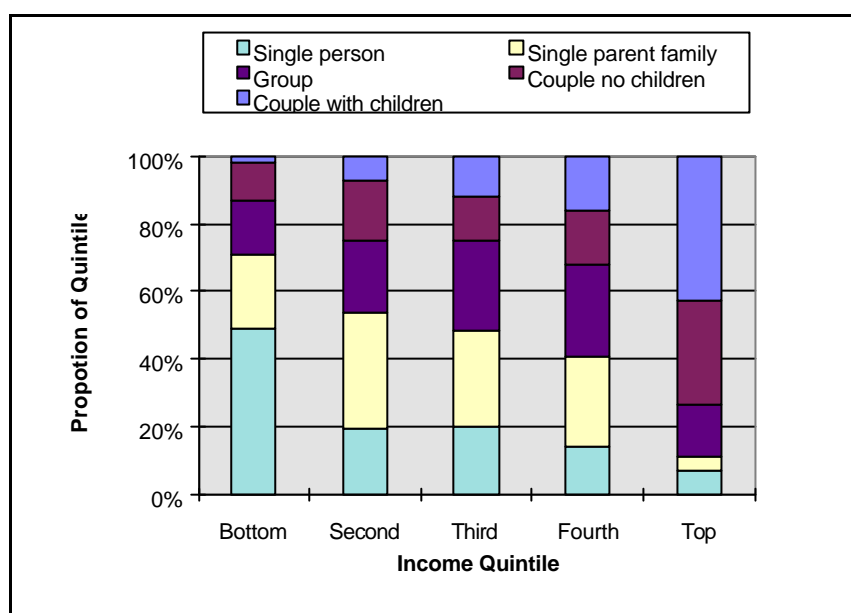
Source: ABS, Housing Australia 1996, Cat. 1320.0

Income Distribution By Household

The make up of households is a basic determinant of housing needs. This study identifies housing issues affecting households within Subiaco and in particular, it focuses on low income households. Low income households are those households making up the bottom two quintiles (20% groupings) of household incomes. At the 1996 Census, households with a weekly income of \$299 or less made up the bottom quintile and households earning between \$300 and \$499 made up the second quintile.

Figure 4.3 demonstrates that one income households (single person and single parent) make up a significant proportion of low income households, 65% and 47% respectively. Couples with children increase in concentration toward the higher income quintiles.

Figure 4.3: Profile of Households in Subiaco by Income Quintile

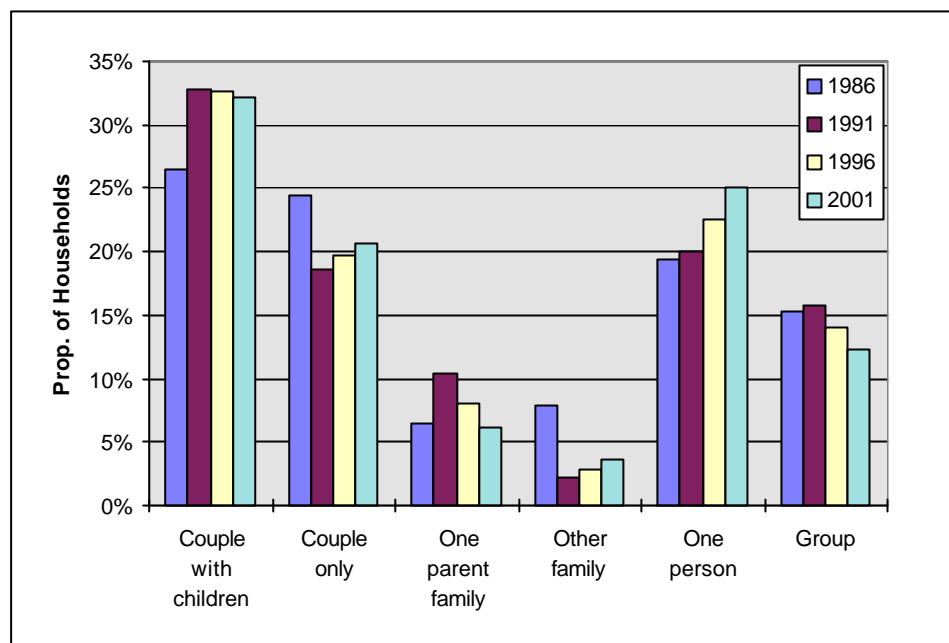


Source: ABS, Census 1996, B23; & B24

- a) Excludes households where no income or partial income was stated
- b) Total households stating income by quintile: Bottom: 1,481; Second: 890; Third: 797; Fourth: 797; Top: 1,693.
- c) Income range for quintiles: Bottom: \$1-299; Second: \$300-499; Third: \$500-699; Fourth: \$700-999; Top: \$1,000-1,499.

Change in Household Mix

Figure 4.4 shows Subiaco's household structure at Census 1986, 1991 and 1996 and then uses the growth rate for each household type between 1991 and 1996 as the basis for a projection to 2001. The most outstanding features are the growth in single person and couple only households and the loss of households with children, both couples with children and one parent families.

Figure 4.4: Household Profile Time Series 1986 to 1996.

Source: ABS, Basic community Profile Time Series: T17

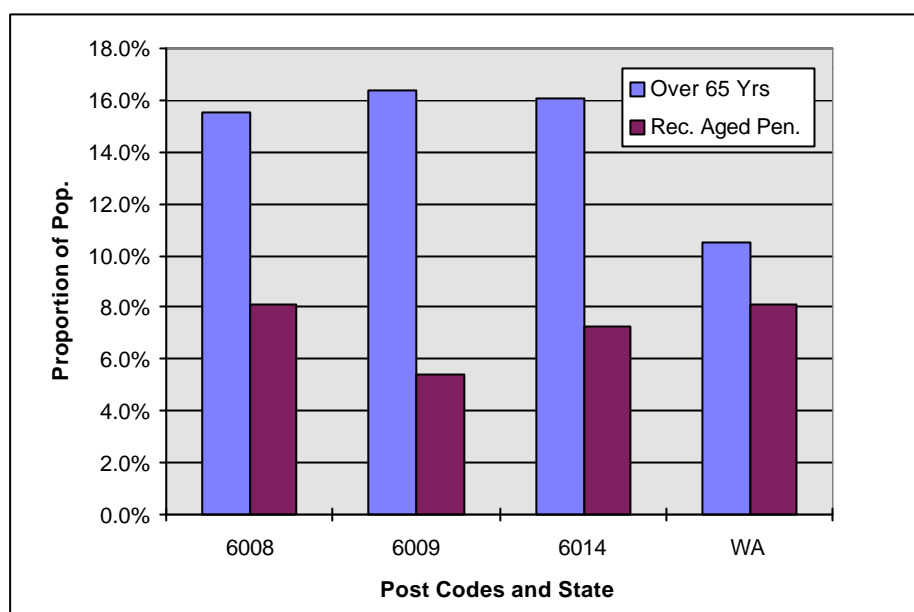
a) Projection to 2001 based on growth rate between 1991 & 1996.

Aged Pensioners

The 1996 census reported that 90% of people over 65 years living in Subiaco were on low incomes (<\$500 p.w.) and any increase in income experienced by this group is likely to be very modest. In addition, the Australian Housing Survey (Figure 4.2) demonstrated that people over 65 years that live in rental housing, will continue to live in rental housing, leaving them vulnerable to housing stress coursed by increases in rent.

Figure 4.5 demonstrates that the proportion of people aged over 65 years living in Subiaco is well above the State average, and that 2 out of 3 are in receipt of the Age Pension.

Figure 4.5: *Proportion of Population Over 65 and Proportion of Population Receiving Aged Pension by Post Code and Western Australia.*



Source: ABS, Census 1996: Cat. 2029.5; Centrelink, Pensions 1999 3^d Quarter.

- a) Population by Post Code: 6008 (12,467); 6009 (18,077); 6014 (16,127); & WA (1,726,095).
 b) The ABS Data in Figure 4.5 varies slightly from other data in this report as it is presented by post code for comparability to Centrelink Data on Aged Pension Recipients. Post Code 6008 covers a similar geographic area to the City of Subiaco and 6009 and 6014 include part of Subiaco but take in adjoining local government areas.

People With Disabilities

Traditionally most people with disabilities were accommodated by government authorities such as the Health Department and the Disability Services Commission or community organisations, most of whom took a “whole of life” approach to the care of their clients. This approach involved a single organisation being responsible for providing their clients with: housing; clinical and practical support; education; employment; and recreation services. Throughout the 1990s there has been a strong movement toward a more client centred approach, where people with disabilities are assisted to live within their own community and to exercise choice over who they purchase services from. The City of Subiaco is a participant in this movement through the provision of its Home and Community Care Programs.

Presence of People With Disabilities

The Subiaco Independent Housing Group (SIHG): The SIHG was established by a group of families who are residents of Subiaco. Each of the 18 families has a son or daughter with a disability who requires access to independent, appropriate and affordable housing within the Subiaco community.

The Disability Support Pension: The Commonwealth Government is responsible for providing an adequate level of income to people whose physical, intellectual or psychiatric impairment prevents them from working or for people who are blind. This is achieved through the payment of the *Disability Support Pension*.

To qualify for this payment a person must:

- ◇ be aged at least 16 years
- ◇ be an Australian resident
- ◇ have a continuing inability to work; and
- ◇ have an illness or disability which attracts an impairment rating of at least 20 points.

As with the Age Pension, Disability Support Pension (DSP) recipient data is available by Post Code only. Table 4.6 demonstrates that Subiaco has a higher concentration of DSP recipients than the State average and this is significantly higher than for the adjoining Post Codes. In addition, 9% of MoH applicants in the North City Zone (which Subiaco is part of) identify themselves as having a disability, compared to the State average of 6%.

Figure 4.6: *Proportion of: Population Receiving Disability Support Pension; and, MoH Applicants with a Disability by Post Code and Region.*

	6008	6009	6014	Nth City	WA
Prop. of Pop. Receiving Dis. Support Pen.	3.3%	0.6%	2.0%		2.8%
No. of Dis. Support Pension Recipients	416	107	317		48707
Prop. of MoH App. with a Disability				8.83%	6.44%
No. of Applicants with Disability				160	895

Source: Centrelink, 3^d Quarter 1999 and MoH, Waiting List, December 1999.

Frequency of Need for Assistance

The frequency of assistance in activities of daily living required by people with disabilities impacts the appropriateness of housing choices. Since the mid 1990's there has been strong growth in the provision of social housing to people with disabilities, primarily to those who are able to live successfully in the community with regular visiting support. The results of research reported by the Australian Institute of Health and Welfare is useful in estimating the proportion of people with disabilities who could maintain a successful tenancy with the assistance of occasion visiting support.

In 1996 a national snapshot survey of 68,488 recipients of assistance funded under the Commonwealth State Disability Agreement was conducted. The purpose of the survey was to identify the proportion of recipients requiring different frequencies of need for assistance. Four levels of frequency were identified and the proportion of recipients falling within each frequency were: never 15.5%; occasional 23.6%; frequent 21.9%; and, continual 39%.

Table 4.7 utilises the frequency of assistance proportions outlined above to estimate the assistance requirements of DSP recipients in Subiaco. Those coming within the never and occasional categories could be successfully housed with visiting support.

Table 4.7: *Estimated Distribution of Frequency of Support Requirements for Recipients of the Disability Support Pension in Subiaco (Post Code 6008).*

	Never	Occasional	Frequent	Continual	Total
Number	64	98	91	162	416
Proportion	15.5%	23.6%	21.9%	39.0%	100.0%

Source: AIHW, *Australia's Welfare*, 1997 and Centrelink, 3^d Quarter 1999.

Conclusion

The population of Subiaco is growing at a rate just below the average for the Perth Inner Sector, indicating continued housing demand into the future. However, Subiaco is experiencing a decline in the number of young people and young families, while at the same time there is significant growth in the number of 1 and 2 person households aged 35 years and over. This is likely to contribute to growing demand for dwellings appropriate to small households.

Age and housing tenure are closely related, people aged between 15 and 30 represent a high proportion of both renters and purchasers. The availability of affordable and appropriate housing, is required in order to retain this section of the population.

The proportion of households in the 45 years plus age group who live in rental housing remains constant, which indicates the continued requirement for affordable rental housing for these people.

Two parent families with children in Subiaco are concentrated in the top quintile of income groupings, this indicates that high household incomes are required in order to afford appropriately sized housing e.g. 3 bedrooms and over.

One quarter of low income households in Subiaco are families with children and most of these are one parent families. These households have strong need for affordable housing located close services and transport.

The proportion of Subiaco's population aged over 65 years is well above the State average and 90% of this group are on low incomes. 2 out of 3 aged persons are in receipt of the Aged Pension, any increases in income experienced by this group are likely to be very modest. Those who are living in rental housing are likely to be vulnerable to housing stress, particularly if rents rise faster than incomes.

There is movement away from institutionalising people with disabilities toward housing these people within their own communities and providing visiting support, for example, like those provided under the Home and Community Care Program, which the City of Subiaco is already involved in delivering. The Subiaco Independent Housing Group has identified the need for appropriate and affordable housing within Subiaco.

The proportion of people in Subiaco, in receipt of the Disability Support Pension is well above the State average, and 2 out of 3 of these people could live successfully within the community, with visiting support provided.

5: HOUSING PROVISION IN SUBIACO

Introduction

This section outlines the mix of housing tenures in Subiaco. Changes in the proportion of housing provision accounted for by different tenures are identified and the potential impact on low income households explored.

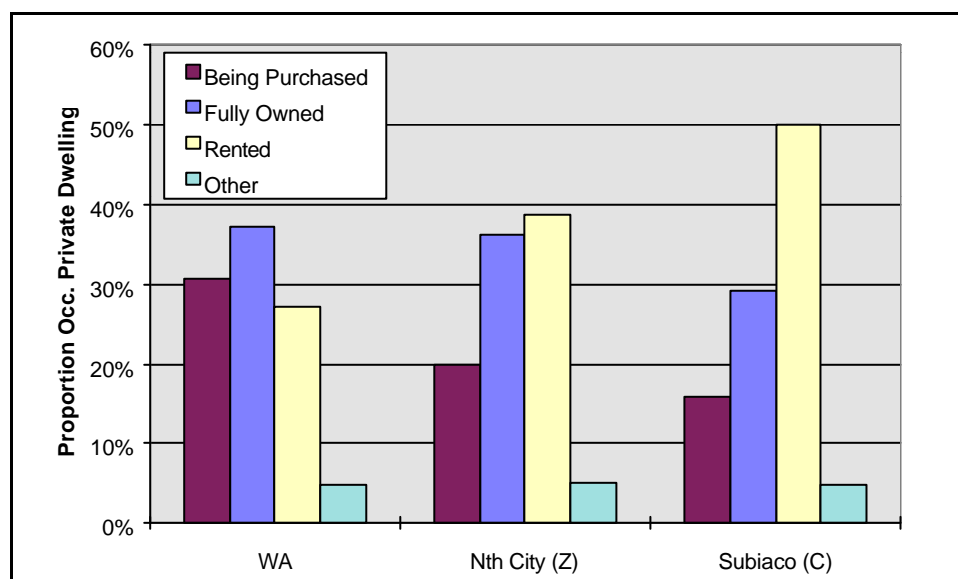
Tenure Profile

The Australian Housing System is made up of three primary housing tenures. These are: fully owned; being purchased; and, rented. The balance of these tenures has a major impact on access, affordability and appropriateness. Of major concern within this study are those tenures that involve households, primarily those on low incomes, making regular payments in order to remain housed i.e. purchasers and renters.

While mortgages repayments generally become more affordable over time,, households in private rental can be subject to rental increases as often as twice yearly, a situation which can lead to households being placed under increasing housing stress, particularly for those dependent on fixed incomes for example Subiaco's 1,500 Pensions and Benefits Recipients (Centrelink December 1999).

Figure 5.1 compares the tenure distribution within Subiaco to the MoH North City Zone and Western Australia. There are two outstanding features: the high proportion of rental housing ; and the low level of purchaser housing within Subiaco, especially when compared to Western Australia.

Figure 5.1: Tenure Comparison State, Nth City Zone; & City of Subiaco.



Source: ABS, Census of Population and Housing 1996, Cat. 2015.5

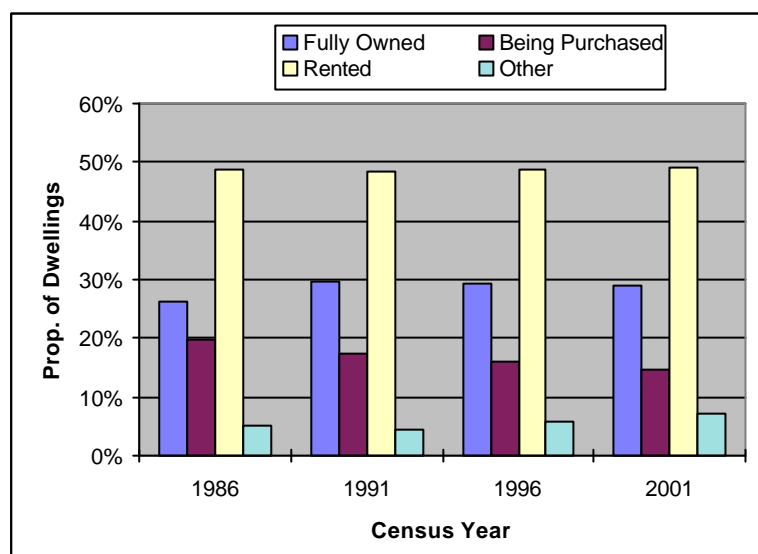
a) Total occupied private dwellings: WA (604,068); Nth City (70,173) & Subiaco C (6,786).

Tenure Change

Tenure changes over time can indicate changes in household formation for example there is a national trend toward young people entering the housing market at a later age. Growth in the rent free tenure can also indicate access and affordability problems within the purchaser and rental systems.

Table 5.2 demonstrates changes in tenure from 1986 to 1996 and uses the growth rate between 1991 to 1996 to project Subiaco's tenure profile to 2001. The key features are the ongoing decline in purchasing, a continued high proportion of rental housing and growth in the other tenures.

Table 5.2: Dwelling Tenure in Subiaco 1986 to 1996 and Projection to 2001



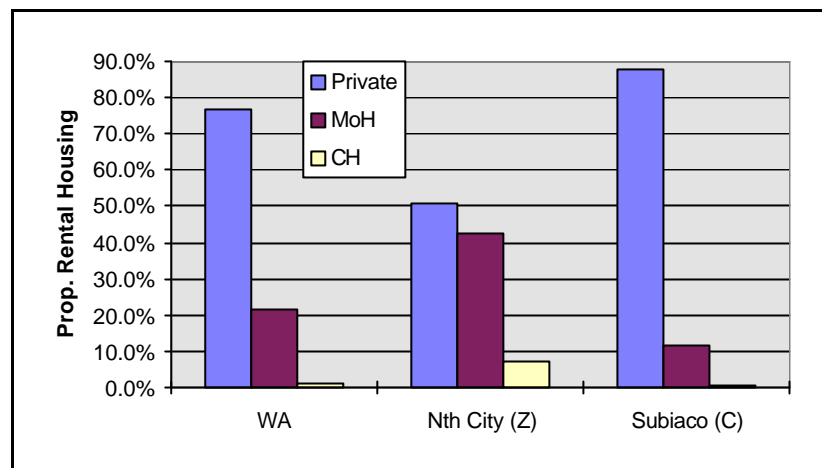
Source: ABS, Time Series Community Profile: T20.

- a) Other includes: where the dwelling is being occupied rent free; being occupied under a life tenure scheme; and other/not stated
- b) The rent free tenure primarily houses young people less than 24 living with their family and older people 65 plus living with their family.

Rental Housing Profile

Rental housing is the most important tenure for low income households. There are three primary rental tenures: private; public; and community. Social housing (public & community rental) with its rebated rent setting practices (social housing tenants pay no more than 25% of their income on rent) has a moderating effect on the affordability of rental housing and a high presence of private rental can indicate that low income households will experience affordability problems.

Figure 5.3 compares the make up of Subiaco's rental housing system and demonstrates that social housing only accounts for 1 in 10 rental households, compared to 1 in 5 for WA and 1 in 2 for the North City Zone.

Figure 5.3: Regional Comparison Rental Households by Landlord 1996.

Source: ABS, Census 1996, Cat. 2017.5; MoH, Homeswest Presence 1996 & MoH, Community Housing Data Base.

Ministry of Housing Provision in Subiaco

The MoH provides 370 units of social housing within the City of Subiaco. While all suburbs have some social housing, except for Crawley, 85% of this housing is located in the suburb of Subiaco and 8 out of 10 of these are located within the Wandana Flats. (Ministry of Housing, April 1999) This situation provides little choice of locality or housing type to potential social housing tenants.

Conclusion

The mix of housing tenures has a major impact on access and affordability for low income households. Subiaco has a very high proportion of rental housing and a low proportion of home purchasing. Rental housing accounts for 48% of households in Subiaco and has remained at this level since 1986. During the same period, home purchasing has declined from 20% of households in 1986 to 15% of households in 1996.

The ratio of social housing to private rental in Subiaco is well below both State and North City Ministry of Housing Zone ratios indicating that low income households will be experiencing affordability problems.

6: HOUSING NEEDS ANALYSIS

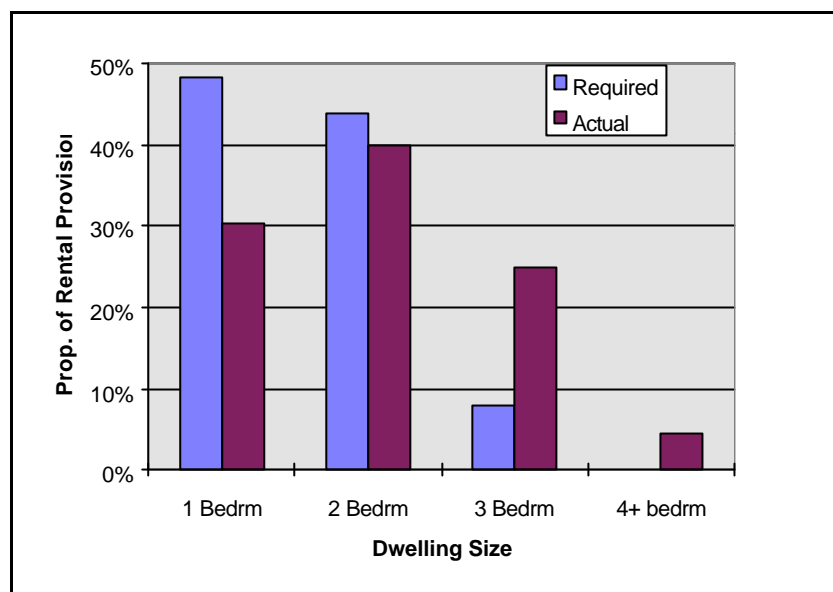
Introduction

This section applies a range of measures to identify the extent and type of housing needs being experienced by low income households in Subiaco. These measures include: the mismatch between required and actual rental provision; Ministry of Housing Demand Statistics; the provision of Centrelink Rent Assistance Payments; the extent of housing stress within the private rental and home purchase systems; and, affordable access to private rental and home purchase.

Mismatch Between Required and Actual Rental Provision

The make up of housing stock, particularly rental, impacts on the availability of appropriate and affordable housing eg. within Subiaco there are a high proportion of 1 and 2 person households and a significant under supply of 1 bedroom and 2 bedroom rental dwellings, which places pressure on small households to rent larger more expensive dwellings.

Figure 6.1 demonstrates the mismatch between the proportion of rental housing dwellings by size within Subiaco and the proportion of dwellings by size required by households living in rental housing. The significant under supply of 1 and 2 bedroom dwellings is of major concern, particularly when considered in the light of the rental system providing housing to 1 in 2 households in Subiaco.

Figure 6.1: Mismatch Between Actual and Required Rental Provision.

Source : ABS, Census 1996, B25; B26; Private Rent: Landlord; MoH, Homeswest & Community Housing Presence 1999.

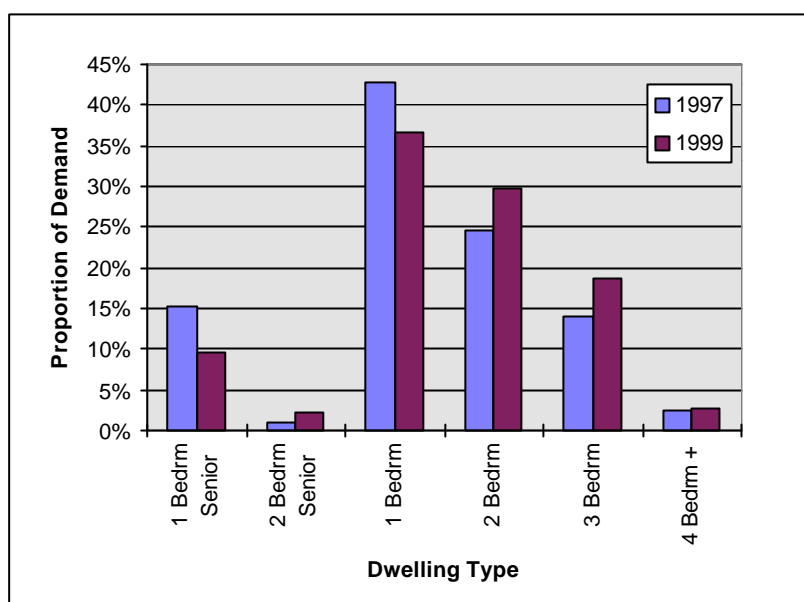
About this measure: The number of persons by household type for all households in Subiaco has been identified and the social housing standard used to establish the proportion of dwellings by size required to ensure each household type is adequately housed. The required proportion of dwellings by size has then been applied to all households living in rental housing in Subiaco and is represented in the figure as "Required" rental housing. Both private and social housing are based on actual provision by dwelling size.

a) The 1996 Census, 2,868 households lived in Private Rental and 396 in Social Housing.

Demand for Social housing

In 1997 Subiaco formed part of the Ministry of Housing's Perth Zone, this has now been amalgamated into the larger North City Zone. However, the waiting list for this Zone still provides indicators for the type of housing required and clear evidence of ongoing strong demand for social housing from low income households.

Figure 6.2 demonstrates significant demand from singles (1 bedroom) and growing demand from small families (2 and 3 bedroom).

Figure 6.2: MoH Demand by Dwelling Type 1997 & 1999.

Source: MoH, Waiting List by Zone As At 23/09/97; &, Nth City Zone 31/12/1999

- a) The 1997 figures are based on the Waiting MoH waiting list for Perth Zone, since then Perth Zone has been incorporated into North City Zone and the suburbs of Dianella, Mount Lawley, Maylands, Yokine, Inglewood, Bedford and Morley have been included
- b) In September 1997 there were 1208 applicants listed for Perth Zone and in December 1999 there were 1812 applicants listed for North City Zone.

Private Rental Affordability

As part of the 1996 Census, data was collected on weekly household income and weekly expenditure on housing costs. The National Housing Strategies "Housing Stress" Benchmark (detailed below) has been applied to this data to establish the proportion of households experiencing housing stress. Being in housing stress means that, after meeting the cost of housing, low income households may not enough money for other essentials such as food, clothes, education, transport and health care.

Table 6.1 demonstrates that on Census night 1996, 401 rental households were experiencing housing stress, representing 1 in 10 rental households in Subiaco. Of great concern is that 10% of these households contain children.

Table 6.1: Rental Housing Stress and Estimated Distribution by Household Type.

Household Type	Rental Households in Housing Stress		Estimated Distribution of Housing Stress by Household Type	
	No.	%	Number	Proportion
Couple with children			13	3%
Couple no children			52	13%
One parent with children			29	7%
One person			279	70%
Group			29	7%
Total	401	12%	401	100%

Source: ABS, 1996 Census of Population & Housing: B23; B24; B31.

About this Measure: The National Housing Strategy established a benchmark which states that, "households in the bottom 40% of household incomes, who pay more than 25% of their weekly income on housing costs are deemed to be in housing stress". The 25% benchmark has been applied to Census Table B31: Weekly Household Income by Weekly Rent and the number of low income households exceeding the benchmark have been identified. The distribution of household types within the bottom two quintiles of income is assumed to be constant across tenures, so that the distribution of housing stress by household type can then be estimated. It should be noted that the way Census data is presented necessitates the use of conservative assumptions and these are likely to under estimate the extent of rental housing stress.

Rent Assistance Recipients

Centrelink assists pension and benefit recipients to meet the cost of private rental housing through the provision of Rent Assistance payments. This is the fastest growing form of Commonwealth Housing Assistance. Recipients of Rent Assistance must be paying rent above a threshold amount before they are eligible for RA. The payment of Rent Assistance will improve affordability but in most cases will not bring the recipient below the NHS Affordability Benchmark (25% of income).

During the December quarter 1999, 16% (447 households) of private rental households in Subiaco were in receipt of Rent Assistance. Over half of this group are long-term pension and benefit recipients. Households in this group include:

- ◇ 153 Age Pension Recipients;
- ◇ 212 Disability Support Pensioners;
- ◇ 54 single parent families; and
- ◇ 28 two parent families (Centrelink Knowledge Desk).

Table 6.2 demonstrates that rental households in Subiaco, who are in receipt of pensions and benefits and the full rate of Rent Assistance, who are paying the medium rent for an appropriately sized dwelling, are experiencing extreme housing stress.

Table 6.2: Proportion of Household Income Spent on Rent by Households in Receipt of the Full Rate of Rent Assistance within Post Code 6008.

Payment Type	Weekly Household Income	Maximum Weekly Rent Assistance	Total Weekly Income	Total Annual Income	Median Advertised Weekly Rent	% Income Spent on Rent
One Bedroom						
Youth <21	\$135.15	\$38.00	\$173.15	\$9,003.80	\$105.00	61%
Adult >21	\$163.35	\$38.00	\$201.35	\$10,470.20	\$105.00	52%
Pensioner	\$183.25	\$38.00	\$221.25	\$11,505.00	\$105.00	47%
Two Bedroom						
Couple < 21	\$270.30	\$35.80	\$306.10	\$15,917.20	\$190.00	62%
Couple > 21	\$294.70	\$35.80	\$330.50	\$17,186.00	\$190.00	57%
Pensioner Couple	\$305.90	\$35.80	\$341.70	\$17,768.40	\$190.00	56%
Couple + 1 child	\$344.40	\$44.40	\$388.80	\$20,217.60	\$190.00	49%
Adult + 1 child	\$227.50	\$44.40	\$271.90	\$14,138.80	\$190.00	70%
Adult + 2 child	\$278.30	\$44.40	\$322.70	\$16,780.40	\$190.00	59%
Three Bedroom						
Adult + 3 children	\$329.10	\$50.20	\$379.30	\$19,723.60	\$290.00	76%
Adult + 4 children	\$383.85	\$50.20	\$434.05	\$22,570.60	\$290.00	67%
Couple + 2 children	\$395.20	\$44.40	\$439.60	\$22,859.20	\$290.00	66%
Couple + 3 children	\$446.00	\$50.20	\$496.20	\$25,802.40	\$290.00	58%
Couple + 4 children	\$500.75	\$50.20	\$550.95	\$28,649.40	\$290.00	53%

Source: Centrelink, Knowledge Desk, 3^d Quarter 1999; and The West Australian, To Let, 23/2/2000

Purchasing Affordability

As with rental housing, the 1996 Census collected data on household income and expenditure on home loan repayments.

Table 6.3 demonstrates that 71 households were in housing stress, these households account for 7% of purchasers. However, the primary reason for the lower level of housing stress within this tenure, is that only 92 low income households were purchasers on Census night. This means that 77% of low income purchasers are experiencing housing stress.

Table 6.3: Purchaser Housing Stress and Estimated Distribution by Household Type.

Household Type	Purchasers in Housing Stress	Estimated Distribution of Housing Stress by Household Type	
	Number	Number	Proportion
Couple with children		3	4%
Couple no children		11	15%
Single parent family		6	8%
Single person		45	63%
Group		6	8%
Total	71	71	100%

Source: ABS, 1996 Census of Population & Housing: B23; B24; B30.

- 1) The 1996 Census recorded 1,083 purchasers within the City of Subiaco.

About this Measure: The measure identifies the number of home purchasers who have incomes within the bottom 2 quintiles of income and are paying more than 25% of their incomes on loan repayments. The estimated distribution of households experiencing housing stress is identified by household type.

Access to Home Purchase

The promotion of home purchase has been a key housing policy within Western Australia for most of the 1990's. Affordability is a key determinant of how accessible home purchase is and how realistic it is as a housing objective for all households. An affordability ratio establishes the required household income to affordably purchase a median priced dwelling or vacant land and divides this figure by the average weekly income for full-time workers. The affordability ratio produced begins to offer insights into how accessible local housing is to potential purchasers and highlights more affordable suburbs within the local area.

Table 6.4 (a) demonstrates that in 1999 Jolimont was the most affordable suburb within Subiaco to purchase single houses. However, affordable home purchase in this suburb still requires a combined household income of \$72,750 per annum or 1.9 times the average weekly income for a full-time worker. In other words 4 out of 5 households in Subiaco can not afford to purchase houses in Subiaco.

Table 6.4 (a): Affordability Ratio for Single House Purchase by Suburb.

Suburb	Median House Price 1999	Less 20% Deposit	Annual Cost of Mortgage @ 7%	Weekly Loan Payment	Average Weekly Earnings	Average Annual Earnings	Required Weekly Income	Ratio
Crawley	\$420,500	\$336,400	\$28,867	\$555	\$754	\$39,192	\$2,221	2.95
Daglish	\$324,500	\$259,600	\$22,276	\$428	\$754	\$39,192	\$1,714	2.27
Jolimont	\$265,000	\$212,000	\$18,192	\$350	\$754	\$39,192	\$1,399	1.86
Nedlands	\$325,000	\$260,000	\$22,311	\$429	\$754	\$39,192	\$1,716	2.28
Shenton Pk	\$335,000	\$268,000	\$22,997	\$442	\$754	\$39,192	\$1,769	2.35
Subiaco	\$392,500	\$314,000	\$26,945	\$518	\$754	\$39,192	\$2,073	2.75

Table 6.4 (b) demonstrates that multi-unit dwellings are much more affordable than single houses and the most affordable suburbs are Crawley, Jolimont and Nedlands. Each of these suburbs requires a combined household income of \$32, 970 per annum to purchase affordably.

Table 6.5 (b): Affordability Ratio for Multi-Unit Purchase by Suburb.

Suburb	Median Multi Unit Price 1999	Less 20% Deposit	Annual Cost of Mortgage @ 7%	Weekly Loan Payment	Average Weekly Earnings	Average Annual Earnings	Required Weekly Income	Ratio
Crawley	\$120,050	\$96,040	\$8,241	\$158	\$754	\$39,208	\$634	0.84
Daglish	\$178,750	\$143,000	\$12,271	\$236	\$754	\$39,208	\$944	1.25
Jolimont	\$115,000	\$92,000	\$7,895	\$152	\$754	\$39,208	\$607	0.81
Nedlands	\$116,000	\$92,800	\$7,963	\$153	\$754	\$39,208	\$613	0.81
Shenton Pk	\$145,000	\$116,000	\$9,954	\$191	\$754	\$39,208	\$766	1.02
Subiaco	\$207,500	\$166,000	\$14,245	\$274	\$754	\$39,208	\$1,096	1.45
Subi Centro	\$449,990	\$359,992	\$30,891	\$594	\$754	\$39,208	\$2,376	3.15

Table 6.5 (C) demonstrates that land within Subi-Centro is more affordable than land outside the Redevelopment. This is primarily due to the higher R Codes which allows housing to be constructed on smaller blocks.

Table 6.5 (c): Affordability Ratio for Land Purchase Subiaco Redevelopment Authority Compared to Subiaco (C).

Suburb	Median Land Price 1999	Less 20% Deposit	Annual Cost of Mortgage @ 7%	Weekly Loan Payment	Average Weekly Earnings	Average Annual Earnings	Required Weekly Income	Ratio
SRA	\$190,000	\$152,000	\$13,043	\$251	\$754	\$39,192	\$1,003	1.33
Remainder	\$336,000	\$268,800	\$23,066	\$444	\$754	\$39,192	\$1,774	2.35
Subiaco (C)	\$200,000	\$160,000	\$13,730	\$264	\$754	\$39,192	\$1,056	1.40

Source: 6.5 (a) to 6.5 (C) The Valuer General's Office, Residential Sales Summary: City of Subiaco January to December 1999, ABS, Economic Indicators December Quarter 1999; and WWW://.subiacosquare.com.au/

About this Measure: The annual mortgage repayment is based on the cost of purchasing a median priced dwelling/vacant land, assuming a 20% deposit and using a standard 25 year mortgage at the current market rate. The required weekly income is the amount of income needed to ensure no more than 25% of income is spent on loan repayments. The affordability ratio divides the required income by the average weekly income for full-time workers. A ratio of less than 1 indicates increasing affordability and a ratio greater than 1 indicates declining affordability.

Access to Purchasing in Subi-Centro

The Subiaco Redevelopment Authority in its "Housing Strategy - Discussion Paper" recognised the reduction in land prices that could be achieved by maximising the planning flexibility available within the R Codes. The strategy also identified that multi-units are more affordable and by requiring up to 20% of multi-units to have a floor area of less than 90 metres, affordability by design would be achieved.

Table 6.4 (C) demonstrates that Subi Centro has produced block prices that are 40% less than block prices outside the Redevelopment area. However, Table 6.5 (b) demonstrates that more affordable land prices have not translated into more affordable multi-unit prices. The median advertised price for units within the Princeton Apartments is between 2 and 4 times more expensive than multi-unit prices outside Subi-Centro.

Affordability of Rental Housing

Rental housing is the most important tenure to households on low incomes. As discussed earlier, housing stress occurs when low income households spend more than 25% of their income on housing costs. Table 6.5 (d) demonstrates that the most affordable rental in Subiaco requires 56% of the average adult full-time earnings to be affordable. This figure is nearly double the household income for Pension recipients.

Table 6.5 (d): Affordability Ratio for Rental Housing by Number of Bedrooms February 2000.

Dwelling Type	Median Rent		Average Earnings		Required Income	Affordability Ratio
	Weekly	Annual	Weekly	Annual		
1 Bedroom	\$105	\$5,460	\$754	\$39,208	\$21,840	0.56
2 Bedroom	\$190	\$9,880	\$754	\$39,208	\$39,520	1.01
3 Bedroom	\$290	\$15,080	\$754	\$39,208	\$60,320	1.54
4 Bedroom	\$428	\$22,256	\$754	\$39,208	\$89,024	2.27

Source: The West Australian, To Let, 23/2/2000; and ABS, Economic Indicators December Quarter 1999.

Conclusion

Subiaco is experiencing a significant under supply of 1 and 2 bedroom rental dwellings. This places pressure on smaller households to rent larger dwellings than required.

Subiaco forms part of the Ministry of Housing's North City Zone, demand statistics for this Zone demonstrate sustained and strong demand from singles and small families.

Housing stress means that after meeting the cost of housing, low income households may not have enough money for other essentials such as food, clothes, education, transport and health care. As many as 10% of rental households in Subiaco are experiencing housing stress and a very disturbing feature of these households is 1 in 10 include children.

Housing Stress is not only experienced by private renters, as many as 3 out of 4 low income home purchasers are also effected.

In recognition of the affordability problems faced by low income families in the private rental market, Centrelink makes Rent Assistance payments available to low income families. During the December quarter of 1999, 13% of rental households in Subiaco were in receipt of Rent Assistance Payments. 33% of Rent Assistance recipients were aged pensioners, 46% Disability Support Pensioners and 20% were one and two parent families. While Rent Assistance contributes to an improvement in affordability for low income renters, the proportion of weekly income spent on rent by these households ranges from 47% for a single aged pensioner, to as much as 76% for a family with 3 or more children.

To affordably purchase a median priced house in Subiaco's most affordable suburb, households require a weekly income equivalent to 1.9 times the average for a full-time worker. This means that 4 out of 5 households in Subiaco, cannot afford to purchase a house in Subiaco.

Multi-units are more affordable than houses, units in Crawley, Jolimont and Nedlands can be affordably purchased by households with an income equivalent to 80% of the average full-time weekly income.

The use of small block sizes in Subi-Centro has produced land at more affordable price than other parts of Subiaco, however, the purchasers of this land must also fund the cost of housing construction.

The most affordable rental in Subiaco requires an income equivalent to 56% of the average full-time weekly income, this is double the income of the average pension recipient.

There is a clear and strong need for the development of affordable rental housing which is appropriate to the housing requirements of low income aged pensioners, singles, people with disabilities and small families who are residents of Subiaco.

7: OUTCOMES FROM CONSULTATIONS

Introduction

This section provides details of the outcomes of consultations with key stakeholders with an interest in developing affordable housing within Subiaco. The consultations were conducted during January/February 2000 and included:

City of Subiaco	Tony Costa Chester Burton Jeff Glass Rebecca Tomkinson Megan Bartle Susan Johnson	Mayor Chief Executive Officer Director Development Services Manager Community Development Town Planner Manager Community Care
Ministry of Housing	Luigi D'Alessandro Jeff Mould Anne Mc Crudden	General Manager Homeswest Manager Community Housing Co-ordinator Disability Policy
City Housing	Alan Rodd Hans Gerritsen	Executive Officer Development Officer
Health Department	Maryanne Howley	Purchasing Officer
Disability Services Commission	Lorna Carol	Local Area Co-ordinator

The outcomes from these consultations fell within 4 categories which appropriate objectives to be utilised as part of the Draft Social Housing Strategy and include:

- ◇ establishment of Affordable Housing Working Group;
- ◇ development and provision of joint venture housing;
- ◇ maintain and increase social housing provision; and
- ◇ households in need of social housing.

The details are outlined below:

Establishment of Affordable Housing Working Group

Role of the Working Group

During the consultation process it was clear that the City of Subiaco, the Ministry of Housing, City Housing and other service providers have the resources, knowledge, skills and willingness to develop affordable housing within Subiaco. What is missing is a way of bringing all interested stakeholders together to facilitate positive affordable housing outcomes.

Participants in the consultation process were canvassed on their willingness to participate in an Affordable Housing Working Group. The Social Housing Working Group will bring together a small group of key stakeholders, who between them have the skills and knowledge required to assist and monitor the implementation of the City of Subiaco Affordable Housing Strategy.

Membership of the Social Housing Working Group will include:

City of Subiaco	Director Development Services Manager Planning Services Manager Community Care Manager Community Development (Secretariat)
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Ministry of Housing	Manager Community Housing
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City Housing	Executive Officer
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Community Member	Member of Subiaco Community
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Responsibility for Establishment and Maintenance

The Working Group will play a critical role in ensuring the implementation and monitoring of the City of Subiaco Affordable Housing Strategy. Responsibility for establishing, resourcing and maintaining the Working Group should rest with the Director Development Services.

Secretariat Function

To ensure the effective operation of the Affordable Housing Working Group a number of secretariat functions need to be included within an existing Council Officers Job Description. These functions would be well placed within the role of the Manager Community Development.

The Secretariat Functions Include: minutes; co-ordinating agenda; monitoring progress on actions; acting as contact between meetings; co-ordination of reports and submissions arising from the Working Group; and managing the Working Group Budget.

Commitment of Resources

The Working Groups requires access to funds which they can utilise to have work carried out on their behalf. Some examples of this work include: monitoring of opportunities for the development of social housing; production of concept designs; and undertaking feasibility studies on specific projects.

Monitoring of Potential Projects

Resources need to be committed to monitoring opportunities for establishing social housing projects. REIWA recommended putting together a brief which could be distributed to all local real-estate agents, who would identify properties/sights falling within the brief.

Development and Provision of Joint Venture Housing

Joint Ventures

The City of Subiaco is willing to contribute resources to joint venture housing but does not want to be involved in the ongoing property and tenancy management of the rental housing.

The Ministry of Housing has placed a high priority on the Joint Venture Housing Program funding proposals that are developed in conjunction with Regional Housing Associations. These organisations are specialist community housing developers and managers. Their functions include: asset management and administration; and property and tenancy management. Subiaco's local RHA is City Housing.

The Manager Community Housing (Ministry of Housing) is interested in involvement in selection of housing manager.

Partnerships

A model of housing development in which the City of Subiaco is not required to finance the total development is favoured by the City. Joint Venture Partnerships have been utilised by Local Government in Western Australia since the early 1980's. This approach would allow the City of Subiaco to develop partnerships with the Ministry of Housing, City Housing and other local community organisations.

Choice of Joint Venture Partners

While Council has expressed an interest in facilitating and contributing resources to the development of social housing, it does not see itself in the role of ongoing housing manager.

The Ministry of Housing views Regional Housing Associations as a preferred provider model for the growth of community housing and this model is appropriate within the City of Subiaco.

City Housing is Subiaco's local RHA..

Some selection criteria for social housing partners were identified within the consultation process. These include:

- ◇ Track record in Joint Venture Development;
- ◇ Ability to bring equity to Joint Ventures;
- ◇ Established Relationship with the Ministry of Housing;
- ◇ Proven long-term commitment to the provision of social housing; and
- ◇ Commitment to a high standard of social housing provision and registration with the Western Australian community Housing Code of Practice.

Contractual Arrangements: JV Agreement vs Land Lease

The lease conditions for the 1500 square metres on the Corner of Price and Upham Streets recommended by the Syme Report is not acceptable to the Ministry of Housing and similar arrangements would present a barrier to accessing Joint Venture funding for projects in the future.

The Ministry of Housing has a strong preference for Joint Ventures to be established under the existing Joint Venture Housing agreement. The minimum commitment to a JV Agreement is 25 years. At the end of this time, the equities are re-negotiated and an additional term can negotiated.

Maintain and Increase Affordable Housing Provision

Affordable Housing Opportunities

Community housing projects developed in partnership with Local Government and Regional Housing Associations are a funding priority for the Ministry of Housing

Importance of Maintaining Current Social Housing Provision

When the 1996 Census was taken only 4.9% of Subiaco's 7,590 private dwellings were social housing, between 1996 and 2003 Subiaco's housing stock will have grown by 553 dwellings. An additional 27 social housing dwellings will be required to maintain a 4.9% presence and an additional 128 dwellings will be required to equal the 1996 State social housing presence of 6.2%.

Use of Planning Flexibility

The maximisation of Planning Flexibility can be used to encourage greater provision of affordable housing, for example the use of density bonuses for projects which address Council's social objectives.

Ministry of Housing Intentions in Subiaco

The Wandana Flats have recently been refurbished and are still substantial buildings. The Ministry of Housing intends to continue providing these flats as social housing.

On 17th February 1999 a meeting was held between the City of Subiaco and the Minister for Housing, at this meeting a commitment to funding social housing in Subiaco was made.

The Ministry of Housing favours involvement in Joint Venture Housing Projects and will:

- ◇ fund a significant proportion of the construction of new dwellings;
- ◇ make a substantial contribution to the spot purchase of existing properties; and
- ◇ contribute to the up-grading of existing properties.

Image of Social Housing

The public perception of social housing is largely based on Wandana Flats. However, this perception is out of date. Both the Ministry of Housing and City Housing design and construct buildings in keeping with the local street-scape e.g. as part of the East Perth Redevelopment Area.

Land

Changing vesting of land from Recreation Reserve to Residential can be difficult and may meet with community opposition.

Maintain Stock of Affordable Private Rental

North Sydney, Waverley and Melbourne Councils have introduced linked payments to discourage the loss of affordable housing and have used these to establish trust funds which are used to purchase new social housing.

Households in Need of Affordable Housing

Tenant Mix

While the housing some special groups have been identified as part of this study, the need to ensure a mix of households reflective of those identified in the housing needs analysis was continually reinforced.

Provision of Support Services to Tenants

Support Services for people with disabilities and other households who are living in the community are funded under the Home and Community Care Program. The City of Subiaco, through its Community Care Services has established an network of support agencies.

People with Disabilities

The Subiaco Independent Housing Group have 18 families on their membership list who require housing for their sons/daughters which:

- ◇ allows them to continue receiving support from their families
- ◇ maintain contact with established social network
- ◇ is safe, secure and affordable; and
- ◇ is responsive to their changing needs.

Primary social support needs include: assistance with budgeting and handling money; and maintaining social network and avoiding loneliness.

Most require 2 bedroom dwellings.

8: DEVELOPING AFFORDABLE HOUSING IN SUBIACO

Introduction

This section provides an outline of the ways in which the City of Subiaco can become involved in retaining, promoting the development of and providing, affordable rental housing in Subiaco.

Key Housing Needs to be Addressed in Subiaco

The rental housing system is Subiaco's most significant tenure, it supplies housing to 50% of Subiaco's households. Mismatches between supply and demand contribute to significant affordability problems for rental households. Within Subiaco's rental housing system, there is a significant under supply of 1 and 2 bedroom dwellings.

Households in Subiaco identified as experiencing housing stress and requiring access to affordable rental housing include: singles; aged pensioners; people with disabilities; and small families.

Retention of Affordable Rental Housing Stock

Development Consent

Local planning powers are used to assist in the retention of appropriate and affordable housing stock. Within the private rental system, there are dwellings which because of features such as their age, size in particular 1 and 2 bedroom; style and location, offer affordable rents to low income households. The redevelopment of this type of housing contributes to the loss of affordable housing.

The ***Development Consent*** process is used to regulate the loss of affordable housing by:

- ◇ ensuring that an ***impact assessment*** is undertaken prior to development consent being granted;
- ◇ the impact assessment takes into consideration the impact the development will have on the ***supply of affordable rental housing*** and the ***economic impact on existing tenants*** including those who may ***require relocation***;
- ◇ ***conditions of consent*** may be attached to the development consent. Conditions of consent may include: ***contributions*** toward the development of affordable housing; and ***financial assistance*** toward the relocation tenants displaced by the development.

Replacement of Affordable Housing

Affordable Housing Contributions

Development activity that contributes to the loss of affordable housing, increases the level of housing stress within the community, contributes to social dislocation, and to the disintegration of social and support networks, this nexus places Council under increased pressure to replace lost affordable housing stock. Where this nexus is proven to exist, Council can impose an ***affordable housing contribution*** as a condition of the development consent.

The **affordable housing contribution** reflects the cost to Council of replacing the lost affordable housing stock. The City of Subiaco takes a partnership approach to the replacement of affordable housing, and to do this, it utilises the Ministry of Housing's, Joint Venture Housing Program. The **contribution** per unit is set at the same level as the JVHP minimum cash contribution per unit, currently \$10,000 (December 1999).

Subiaco Affordable Housing Trust

Affordable housing contributions are held in the **Subiaco Affordable Housing Trust Fund**. The Trust has been established to hold affordable housing contributions and to make financial contributions toward the development of affordable housing in partnership with the Ministry of Housing and not-for-profit housing providers.

Planning Incentives

The **Residential Planning Codes of WA, Part 5 - Special Purpose Dwellings** provide Council with the discretion to allow up to **50% density** bonus on dwellings designed for aged or dependent persons and single bedroom dwellings. The effect of the Density Bonus is to allow dwellings to be constructed on two thirds of the normal requirement. In addition, if the density bonus is to be utilised for **multiple-dwellings** this may only be possible **in areas designated R40** or Higher. Each of these households types have been identified as priority target groups within this Study.

Table 8.1 models the land cost of a ten unit development based on the average per metre cost of land sold in Subiaco during 1999. It demonstrates that significant savings on land costs can be achieved for developers with the use of a 50% density bonus and by constructing the development on land zoned R40 and above.

Table 8.1: The Impact of Density Bonuses and R Codes on the Cost of Land in Subiaco.

	R15*	R20*	R30	R40	R80*
Land required per unit no bonus	667	500	300	220	125
Total Land required no bonus	6,670	5,000	3,000	2,200	1,250
Land required per unit: 50% bonus	445	333	200	147	83
Total Land required: 50% bonus	4,447	3,333	2,000	1,467	833
Median cost per metre	\$330	\$645	\$604	\$639	\$955
Land cost per unit: no bonus	\$220,110	\$322,500	\$181,200	\$140,580	\$119,375
Land cost per unit: 50% bonus	\$146,740	\$215,000	\$120,800	\$93,720	\$79,583
Total land cost no bonus	2,201,100	3,225,000	1,812,000	1,405,800	1,193,750
Total land cost with bonus	1,467,400	2,150,000	1,208,000	937,200	795,833
Land cost saving: 50% Bonus	733,700	1,075,000	604,000	468,600	397,917
Cost Saving	33%	33%	33%	33%	33%
No. of units within development	10	10	10	10	10

Source: The Valuer Generals Office, Residential Sales Summary.

* Number of sales too small to be statistically significant.

Partnership Approach to Developing and Providing Affordable Housing

Negotiated Planning Agreements

Aged persons, dependent persons and single bedroom dwellings have all been identified as dwelling types requiring greater availability in Subiaco, particularly within the rental housing system. Council aims to maximise its planning flexibility through the granting of ***Planning Incentives***. These incentives enable developers to produce affordable housing onsite, that is cost neutral to the developer, and meets the housing and social goals of Council.

The Residential Codes make provision for Council to enter into a legal agreement which can be used to bind the owner over future use of the dwelling. The use of ***Negotiated Planning Agreements*** provide a flexible toll for achieving this purpose. Items for negotiation include: density bonus; rezoning to a higher R Code; purpose of housing e.g. dependent persons; and future ownership and management of the additional dwellings enabled by the Negotiated Planning Agreement.

The terms of the Negotiated Planning Agreement are secured with the use of the ***development consent***. Items to be secured by the development consent include: the ongoing ownership/management of the additional housing produced for example, property and tenancy management to be undertaken by a local community housing provider and utilised as affordable rental housing.

Establishment of Joint Venture Housing

Local Government has been involved in the provision of community housing since the early 1980's and 75% of this housing has been funded under the Ministry of Housing's, Joint Venture Housing Program. The Ministry of Housing have stated that their preferred approach to the development of social housing in Subiaco is via the JVHP and the Minister for Housing has publicly stated his support for developing this type of housing in Subiaco. The City of Subiaco owns land which can be used as a major component of the City's contribution toward joint housing developments. Funding proposals developed in conjunction with Regional Housing Associations are also a Ministry priority. City Housing, Subiaco's local RHA have stated that they are willing to become involved in Joint Venture Partnerships between the City of Subiaco and the Ministry of Housing.

Joint Venture Development Options

Four different approaches that the City can utilise to develop and manage joint venture housing are described below. The costing, source of funds and equity distribution for each are presented in Table 8.3 and the cash flow for each of the options are presented in Table 8.4. The models are based on a 10 unit development suitable for housing aged pensioners, people with disabilities and small families.

JV Option 1:

10 unit development on 1,467 square metre block zoned R40 and utilising a 50% density bonus. The City of Subiaco identifies under utilised land from its portfolio and contributes the land plus \$10,000 per unit in line with the JVHP Guidelines. The Ministry of Housing funds the construction of the housing. The asset, property and tenancy management are contracted out to City Housing, who meet all expenses from within cash generated by rental income.

Pro: Council retains ownership of the land. Under utilised land is used to produce affordable housing for identified needs groups within the community. Council is not responsible for the ongoing property and tenancy management of the housing. Priority housing needs groups receive access to appropriate and affordable housing. Council has used its planning powers to improve affordability.

Con: Council holds 66% of the equity in the project, a position that Council has identified that it does not want to be in.

Option 2:

10 unit development on 1,467 square metre block zoned R40 and utilising a 50% density bonus. The City of Subiaco identifies under utilised land from its portfolio and contributes the land plus \$10,000 per unit in line with the JVHP Guidelines. The Ministry of Housing part funds the construction of the housing. City Housing takes out a commercial loan for \$135,000 @ 8% per annum which is used to purchase equity in the land and is repaid utilising surplus funds generated from the rental income and are also responsible for asset, property and tenancy management.

Pro: As for Option 1, plus Council's contribution is reduced to 58% and Council receives \$135,000 cash to establish an affordable trust fund which can be used to participate in future Joint Ventures.

Con: Council still contributes more than half of the equity.

Option 3:

10 unit development on 1,467 square metre block zoned R40 and utilising a 50% density bonus. The City of Subiaco: identifies under utilised land and utilises this as its contribution; negotiates with the Manager Community Housing to have cash contribution waved in view of the high cost of land in Subiaco; and grants City Housing exemption from Council Rates in return for increasing its contribution to the Joint Venture. The Ministry of Housing funds the construction of the housing. City Housing takes out a commercial loan for \$170,000 @ 8% per annum which is used to purchase equity in the land and is repaid utilising surplus funds generated from the rental income and are also responsible for asset, property and tenancy management.

Pros:

Council's contribution has been reduced to 49%. Council has used rates exemption to improve the projects viability and increase City Housing's contribution to the Joint Venture. Council receives \$170,000 to be utilised for future joint venture projects.

Cons: Loss of income from Rates.

Option 4:

10 unit development on 1,467 square metre block zoned R40 and utilising a 50% density bonus. The City of Subiaco: identifies under utilised land and utilises this as its contribution; negotiates with the Manager Community Housing to have cash contribution waved in view of the high cost of land in Subiaco. Council grants City Housing exemption from Council Rates; and facilitates their access to a loan funds at a discounted rate, in return for increasing City Housing's contribution to the Joint Venture. The Ministry of Housing funds the construction of the housing. City Housing takes out a discounted loan for \$215,000 @ 5.5% per annum which is used to purchase equity in the land and is repaid utilising surplus funds generated from the rental income and are also responsible for asset, property and tenancy management.

Pros: Council's contribution is reduced to 46%. Councils is utilising a broad range of powers available to it in order to produce positive, affordable housing outcome.

Cons: Loss of income from rates and may be some costs setting up loan.

Table 8.3: 10 Unit Joint Venture Feasibility: Options 1 to 4.

DEVELOPMENT COSTING	Option 1	Option 2	Option 3	Option 4
Land Cost	\$937,200	\$937,200	\$937,200	\$937,200
Construction Cost	\$630,546	\$630,546	\$630,546	\$630,546
Total Development Costs	\$1,567,746	\$1,567,746	\$1,567,746	\$1,567,746
SOURCE OF FUNDS				
City of Subiaco:				
Land	\$937,200	\$802,200	\$767,200	\$722,200
Cash Contribution	\$100,000	\$100,000	\$0	\$0
Total	\$1,037,200	\$902,200	\$767,200	\$722,200
Ministry of Housing:				
Joint Venture Housing Program	\$530,546	\$530,546	\$630,546	\$630,546
Total	\$530,546	\$530,546	\$630,546	\$630,546
Regional Housing Association:				
Cash Contribution	\$0	\$135,000	\$170,000	\$215,000
Total	\$0	\$135,000	\$170,000	\$215,000
Project Equities:				
City of Subiaco	66.2%	57.5%	48.9%	46.1%
Ministry of Housing	33.8%	33.8%	40.2%	40.2%
Housing Association	0.0%	8.6%	10.8%	13.7%
Total	100.0%	100.0%	100.0%	100.0%
ASSUMPTIONS:				
Ave. Construction Cost Per Unit:				
1 bedroom Aged Persons	\$57,849	\$57,849	\$57,849	\$57,849
2 Duplex	\$70,863	\$70,863	\$70,863	\$70,863
JVHP Minimum Cash Contribution Per Unit	\$10,000	\$10,000	\$0	\$0
Number of Units:				
1 Bedroom	6	6	6	6
2 Bedroom	4	4	4	4
Total Number of units	10	10	10	10

Table 8.4: Joint Venture Housing Management Cash Flow.

Income	Option 1	Option 2	Option 3	Option 4
Rent	\$46,457	\$46,457	\$46,457	\$46,457
Total Income	\$46,457	\$46,457	\$46,457	\$46,457
Expenditure				
Property Management: Staff Costs	\$7,406	\$7,406	\$7,406	\$7,406
Property Management: Associated Costs	\$3,020	\$3,020	\$3,020	\$3,020
Maintenance: Cyclical	\$7,000	\$7,000	\$7,000	\$7,000
Maintenance: Day to Day	\$3,500	\$3,500	\$3,500	\$3,500
Vacancies & Bad Debts	\$1,858	\$1,858	\$1,858	\$1,858
Rates: Council	\$4,450	\$4,450	\$1,050	\$1,050
Rates: Water Authority	\$450	\$450	\$450	\$450
Insurance	\$2,000	\$2,000	\$2,000	\$2,000
Audit, Bank, Legal & Other Costs	\$2,500	\$2,500	\$2,500	\$2,500
Loan Repayment	\$0	\$12,647	\$15,925	\$16,028
Total Expenditure	\$32,184	\$44,831	\$44,709	\$44,812
Surplus	\$14,273	\$1,626	\$1,747	\$1,645
Assumptions				
Number of Units Managed	10	10	10	10
Average Weekly Rent (Includes R A)	\$89.34	\$89.34	\$89.34	\$89.34
Staff costs: Property Manager SACS 5.3 hourly rate	\$18.99	\$18.99	\$18.99	\$18.99
Ave. Management Time Per Unit Per Wk: Minutes	45	45	45	45
Associated Management Costs: % of Rental Income	6.5%	6.5%	6.5%	6.5%
Average Construction Cost Per Unit	\$70,000	\$70,000	\$70,000	\$70,000
Cyclical Maintenance: % of construction cost	1.0%	1.0%	1.0%	1.0%
Day to Day Maintenance: % of construction cost	0.5%	0.5%	0.5%	0.5%
Vacancy & Bad Debts: % of Rental Income	4.0%	4.0%	4.0%	4.0%
Council Rates Per Unit: Minimum	\$340	\$340	\$0	\$0
Council Rates Per Unit: Rubbish collection	\$105	\$105	\$105	\$105
Rates: Water Authority	\$450	\$450	\$450	\$450
Insurance per unit	\$200	\$200	\$200	\$200
Audit, Bank, Legal & Other Costs	\$2,500	\$2,500	\$2,500	\$2,500
Loan Repayment: 25 year mortgage % rate	8.0%	8.0%	8.0%	5.5%
Amount borrowed	\$0	\$135,000	\$170,000	\$215,000

Potential Source of Land for Affordable Housing Developments.

Source of land	Description
Under utilised Parks	Subiaco has a number of well located parks which could be rezoned residential and developed as affordable housing.
Subi Centro	The Council owns land within the Redevelopment Area, this land is intended for future residential uses and could be utilised for the development of affordable housing.
Carparks	Council owns a number of carparks. Some of these are already zoned R100. These sites present opportunities for the development of conventional multiple dwellings or for innovative approaches, for example, the use of undercroft parking with affordable housing constructed overhead.
Purchase from the Market	Monitoring of local property market and purchase existing properties either outright or in partnership.
MoH In-fill	The MoH has undertaken an audit of its existing properties and has identified properties which with density bonuses could yield additional dwellings.

Conclusion

Key housing objectives to be addressed in Subiaco are the need for additional 1 and 2 bedroom affordable rental dwellings. The primary target groups requiring access to this housing are singles, aged persons, people with disabilities and small families.

There are three strategic directions to be adopted by Council. These include:

Retention of affordable rental housing stock: this includes the use of development consent, impact assessments and conditions of consent.

Replacement of affordable housing: this includes affordable housing contributions, establishment of the Subiaco Affordable Housing Trust, and use of planning incentives; and,

Partnership Approach to Developing and Providing of Affordable Rental Housing: this includes the use of negotiated planning agreements, and the establishment of joint venture housing

9: Draft Affordable Housing Strategy

Table 9.1: Draft Affordable Housing Strategy.

Objective	Strategy	Outcome
To facilitate and monitor the development of the affordable rental housing within the City of Subiaco	Establish and resource a Social Housing Working Group	SHWG is established by May 2000 and then meets quarterly Membership of the SHWG includes: Director Development Services; City Planner; Manager Community Care, Ministry of Housing; Community Member; and, City Housing Manager Community Development provides secretariat support to SHWG
To retain the provision of affordable rental housing in Subiaco.	Utilise the development consent process to regulate the loss of affordable rental housing.	Impact assessments are undertaken prior to development consent being granted; Conditions of consent are attached to development consents including: affordable housing contributions and financial assistance to displaced tenants.
To replace and ensure the growth of affordable rental housing in Subiaco	Establish the Subiaco Affordable Housing Trust Developers of affordable rental housing are encouraged to utilise the planning incentives offered for responding to identified housing needs	Affordable housing contributions are deposited in the Subiaco Affordable Housing Trust. The Subiaco Affordable Housing Trust makes financial contributions to the development of affordable housing. Promote planning incentives to developers of affordable rental housing.

Objective	Strategy	Outcome
To participate in partnerships when developing affordable rental housing	Establish a process of negotiated planning agreements.	Negotiated Planning Agreements are utilised to develop affordable rental housing
	Establish Partnerships with Community Housing Providers, Ministry of Housing and other key agencies	Joint Venture Housing is developed in partnership with the Ministry of Housing and community housing providers.
	Undertake audit of City of Subiaco owned land and identify appropriate sites for social housing developments.	Appropriate sites for the development of affordable rental housing are identified and developed
To maintain awareness of trends in housing needs within Subiaco.	Continue to monitor housing needs within the City of Subiaco	The level of housing need is monitored annually and reported to key stake holders

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