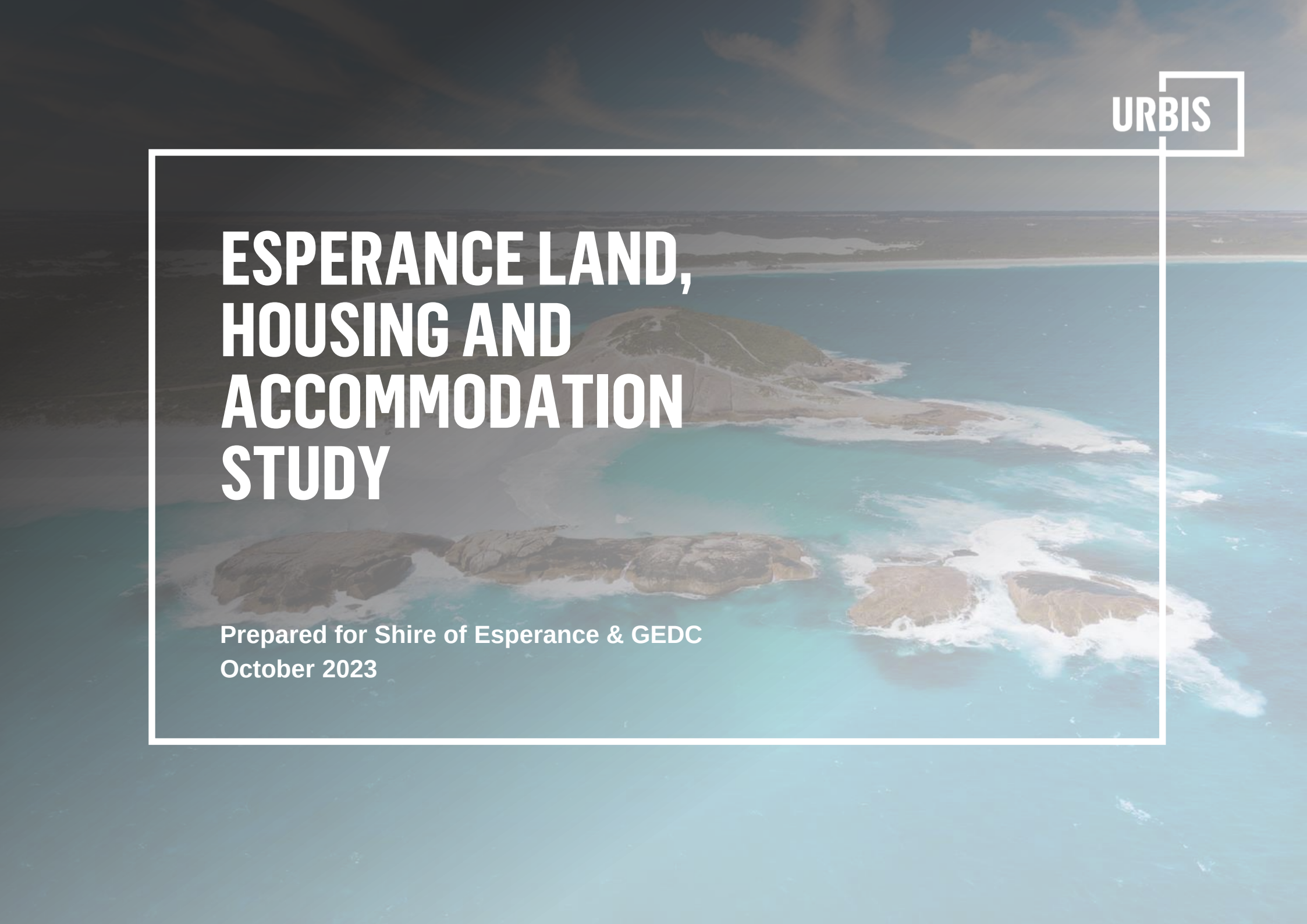


URBIS

ESPERANCE LAND, HOUSING AND ACCOMMODATION STUDY

Prepared for Shire of Esperance & GEDC
October 2023

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EXECUTIVE SUMMARY

Against a backdrop of heightened housing needs (particularly rental accommodation) and an increasing pipeline of investment and business expansion, Urbis was engaged to identify current and future needs, barriers and opportunities for housing and land development in the Shire of Esperance.

Esperance has long been a desirable coastal lifestyle location with a relatively affordable housing market, typically offering detached housing on larger blocks. However, since 2020, there has been increased pressure on housing which is influencing the attraction and retention of people in Esperance. This has occurred alongside an increase in investment underway and planned within the region – investment that is being influenced due to the limited availability of housing and in particular rentals.

At present, the future scale and timing of future housing needs are uncertain however it is recognised that planning frameworks and development options should be in place to accommodate alternative growth outcomes. This will ensure that major projects and transformational industry opportunities brings about sustainable community development and socio-economic benefits to the region.

KEY CHALLENGES

Nationally, there are currently significant challenges in delivering housing in urban and regional areas. In remote regional areas, such as the Shire of Esperance, these challenges are exacerbated by distance, market scale, land availability and development feasibility.

Key challenges identified for the Esperance housing market are:

- Increasing land development and construction costs;
- Land supply constrained by servicing requirements and capability for development for residential purposes;
- Long build times and supply chain delays;
- Limited housing capacity to accommodate increased demand;
- Influx of new residents looking for a lifestyle and/or work change increasing property prices and encouraging some investors to sell rental properties to owner occupiers;
- Growth in tourism encouraging some investors to switch dwellings from long-term rentals to short-term accommodation;
- Increase in people seeking housing for workers (inc. key workers and private businesses);
- Comparatively low growth and cyclical investment returns;
- Higher demand for builders and construction trades with limited local capacity or ability of WA companies to service location;
- Return of seasonal workers, backpackers and international tourists during late 2022 and 2023, adding to demand and;
- Increase in local investment from farming community and mining sector in region due to successful years and higher commodity prices since 2020.

Whilst there are key challenges, there is significant interest from a range of resources, energy and primary production investors in the area as well as business expansions. Housing need modelling suggests that potentially 3,400 dwellings are required over the next 20 years.

KEY AREAS OF FOCUS

Analysis and stakeholder engagement identified the following key areas of focus for housing intervention actions.

- Higher cost / long timeframes for building housing and infrastructure;
- Inability to ‘scale up’ housing development;
- Rental accommodation needed including provision of long-term, secure and affordable rental supply;
- Limited rental accommodation available;
- Social / community housing needed;
- Short stay accommodation needed (new hotels, chalets, motels not residential dwellings); and
- Major projects / higher-employment industries accommodation needs.
- Community framework for planning of major housing and infrastructure development areas to proactively guide population and workforce growth associated with major projects and transformational industries, and to bring about benefits and mitigate impacts on housing market.

EXECUTIVE SUMMARY (CONT.)

HOUSING INTERVENTION ACTIONS

A range of housing intervention actions intended to improve the future housing supply in Esperance have been developed. These target different parts of the housing supply chain and provide or facilitate housing for different groups in need.

Policy Controls and Information Development

- **Housing Advocacy** - Undertake coordinated advocacy for awareness of and investment in housing policy, planning and delivery.
- **Flinders Estate Redesign** - Prepare plans for the next stage of Flinders Estate with consideration for a variety of lot sizes, housing product, timing / staging of service infrastructure, community infrastructure needs and lots for specialist housing (e.g. grouped housing).
- **Strategic Planning for Future Residential** - Assessment of current planned residential development areas that are inactive and forward planning of future residential development areas.
- **Support Tjaltjraak Housing Initiatives** - Undertake regular and on-going engagement with Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) to support their housing initiatives.
- **Lifestyle Village** - Promote and facilitate development of a lifestyle village in Esperance.
- **Hotel** - Undertake advocacy / planning for premium short-stay accommodation, such as a hotel or resort.
- **Retirement Accommodation** – Support expansion of retirement living / seniors accommodation options.
- **Tiny Houses** - Following development and adoption of Local Planning Policy - Tiny Houses, actively plan and advocate for tiny houses to locate in the area.

Enabling Infrastructure

- **Service Infrastructure** - Forward planning and funding of service infrastructure, including wastewater treatment, sewerage, power, water and gas.
- **Regional Housing Policy** - Prepare and advocate for a policy to incentivise and / or subsidise investment in regional housing for Esperance.

Direct Investment

- **Temporary Worker Accommodation** - Forward planning for accommodation for temporary workers.
- **Key Worker Housing** - Plan / fund development and delivery of key worker housing;

Incentives / Subsidies

- **Affordable Housing** - Encourage development of affordable and crisis housing initiatives.
- **Local Construction Workforce** - Attract and maintain a larger locally-based construction/ maintenance workforce.

NEXT STEPS

Coordinating actions to improve the housing situation in Esperance will assist in resolving the acute housing challenges currently being experienced, as well as prepare for the future and uncertain scale of housing need.

Timeframes for addressing each action have been suggested to assist in prioritizing the actions and ensure lead times to deliver housing are considered.

Review of the housing needs should be undertaken throughout the life of the action plan to identify when actions are complete, no longer needed, or inadequate for their intended purpose.

INTRODUCTION

BACKGROUND

The Shire of Esperance & GEDC have appointed Urbis to undertake a housing and land study to better understand the current and future needs, barriers and opportunities for housing and land development.

Access to affordable and diverse housing is crucial to the development of diverse, vibrant and sustainable communities. It allows people to establish roots within their community and contribute to the economic development of their communities by providing a workforce for industry and delivering essential, community and support services.

Regional housing markets are however influenced by a range of factors such as local population and economic trends, the cost and availability of capital, policy controls, investment returns and others. As such, issues of affordability and the supply of quality housing in the required locations can inhibit the economic and social development of regions.

These challenges are currently heightened in Esperance and this is leading to a number of economic and social challenges, with significant knock-on impacts (illustrated right). Severe housing shortages are occurring against the backdrop of major planned investment in the region, which has the potential for long-term adverse impacts in decades to come.

APPROACH

To support above, the Shire has appointed Urbis to undertake analysis of the housing and land situation and potential actions to improve supply.

A study approach was based on seeking to understand:

- The key attributes of the land and housing market in Esperance;
- Land and housing supply needs to support growth of Esperance and the broader region;
- Key challenges / impediments to addressing the required housing needs of the Shire; and
- Where the Shire and key stakeholders should focus their efforts to support greater housing choice.

REPORT STRUCTURE

This report is structured as follows.

- **Economic Drivers & Outlook:** Analysis of leading economic drivers, key investment and infrastructure projects and population outlook.
- **Community & Housing Profile:** Analysis and comparison of key demographics in Esperance and WA.
- **Residential Market Analysis:** Analysis of historical demand and housing trends.
- **Construction & Land Supply Activity:** Analysis of historical demand and trends for land supply.
- **Short Stay Accommodation Market:** A review of the visitor market and accommodation available in the Shire.
- **Housing Demand Modelling:** Estimates of future housing demand for the Shire.
- **Land & Housing Capacity Assessment:** Overview of vacant land and the land supply pipeline.
- **Policy Controls & Regulatory Overview:** Overview of zoning capacity and regulatory and policy considerations.
- **Stakeholder Engagement Summary:** Results of stakeholder engagement undertaken.
- **Action Plan**: In depth review of proposed actions.
- **Appendix:** An overview of key definitions used within the report and stakeholder engagement notes.

01

ECONOMIC DRIVERS & OUTLOOK



Key Findings

Esperance is a remote coastal town located on the south coast of the Goldfields-Esperance region of WA, approximately 700 km south-east of Perth.

The Shire of Esperance generated an estimated $2.5 billion in economic output with the main industry being agriculture, forestry and fishing contributing around 19% of the total output (REMPLAN). Other larger industries in Esperance include construction, transport, real estate services and mining.

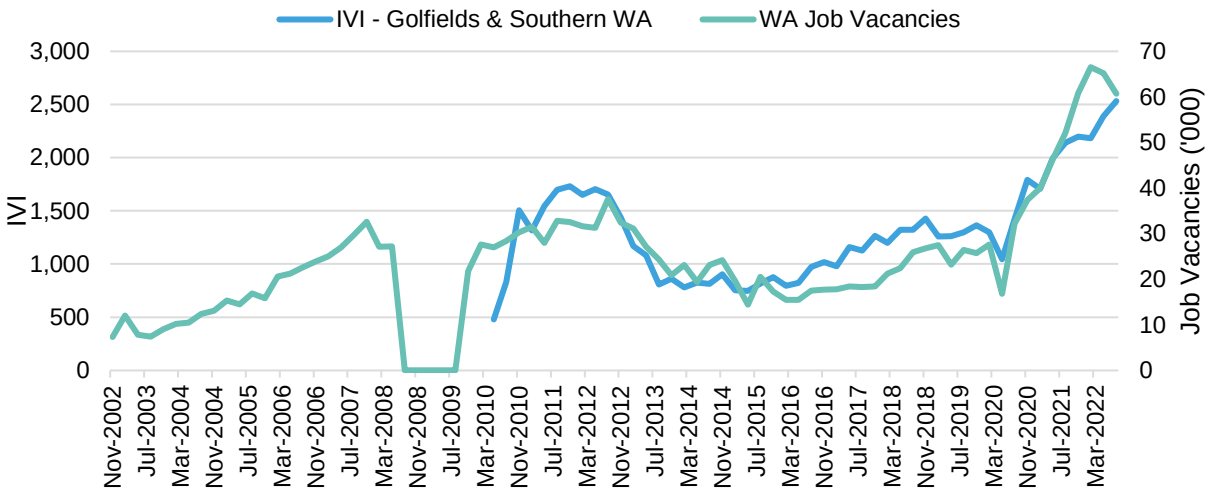
Esperance has benefited from strong economic conditions experienced across many parts of Western Australia over the past three years, with a lower unemployment rate at 1.8% as of March 2022. This is well below the unemployment rate for Australia at 4.1% and Western Australia at 3.3%.

There were approximately 2,392 vacancies in the Goldfields and Southern WA Region as of February 2022 which demonstrates that there is considerable labour demand in the region.

Alongside declining unemployment levels, businesses are reporting significant challenges attracting and accommodating staff due to higher demand for labour across Western Australia, increasing renumeration expectations, limited housing availability and the lack of migrants and backpackers over the past three years.

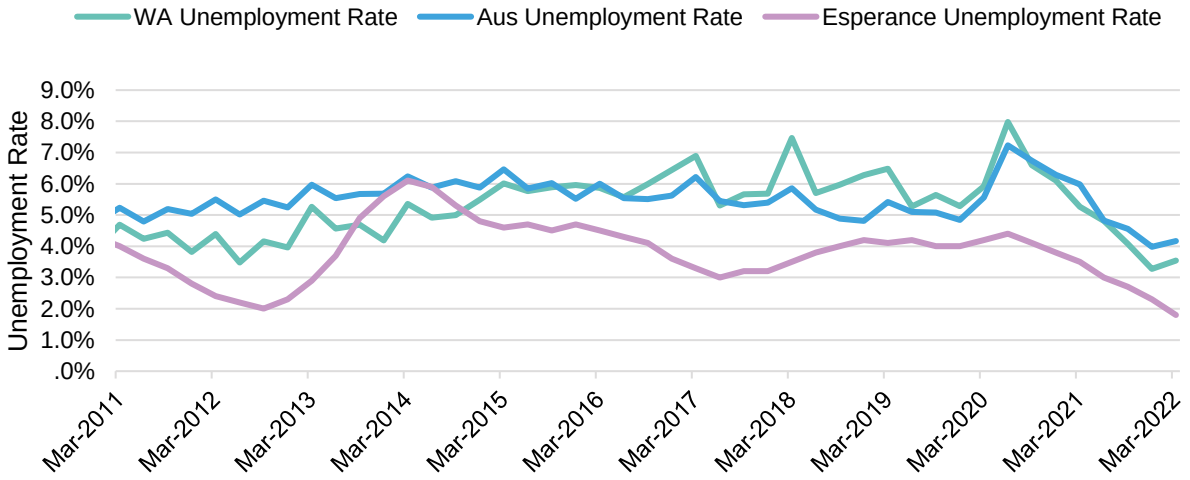
Alongside the above, Esperance is a major agricultural economy (both production and services) and has benefitted from several seasons of high prices and volumes. This supports property demand.

Job Vacancies, Western Australia, 2002-22



Source: ABS

Unemployment Rate, 2011-22



Source: ABS

Key Findings

There have been multiple recently completed major projects in Esperance that have further improved the infrastructure in the area. These key infrastructure projects will help support a growing population.

Projects such as the Esperance TAFE Campus and the Esperance Hospital Health Campus will help facilitate potential future population growth. They offer increased education and healthcare options to support the community, as well as increased local jobs.

There has also been major investment in the renewable energy sector with projects such as the Shark Lake Road Wind Farm and the Esperance Power Project (equating to approximately $84.5 million).

These major projects have brought new jobs to Esperance, raising demand for housing during construction periods and as more people move to the area to work in new and expanded facilities. For example, the reopened Shark Lake Abattoir has employed 50-60 staff – most of which have newly moved to Esperance.

Whilst not an exhaustive list, nine major projects have been highlighted to demonstrate the scale and diversity of investment that has occurred in the region.

In addition to investment noted, the Shire's $2.5 billion economy is estimated to have annual investment activity (both private and public sector) of $125 million per annum (Urbis estimates derived from REMPLAN).

Summary of Major Projects Delivered, Esperance, 2016-2022

PROJECT	DEVELOPER	INVESTMENT VALUE ($M)	FIRST YEAR OF OPERATION	COMMENTS
Esperance Hospital Health Campus	Department of Health	$31.3m	2016	This redevelopment was a key infrastructure project that offers top quality care with expansion of the emergency department, day surgery and maternity services.
Esperance TAFE Campus	Department of Training and Workforce Development	$18.3m	2021	This project was to replace the existing TAFE campus and will help deliver industry-ready training. This created approximately 200 FTE jobs during its construction.
Foreshore Redevelopment	Shire of Esperance	$6m & $24m	2021	Works done to the Esperance Foreshore include the 415 metre jetty, which opened in 2021.
Esperance Greater Sports Ground Redevelopment	Shire of Esperance	$7m	2021	This redevelopment allows for continued growth and accommodation of the multi-sports activities that will benefit the community. This includes the redevelopment of the Esperance Indoor Stadium, Noel White Pavilion and Graham Mackenzie Stadium.

Source: Cordell

Summary of Major Projects Delivered (continued), Esperance, 2016-2022

PROJECT	DEVELOPER	INVESTMENT VALUE ($M)	FIRST YEAR OF OPERATION	COMMENTS
RAC Caravan Park	RAC	$10m	2022	This project is the full redevelopment of the RAC Caravan Park, reopened in early 2022. This included plenty of accommodation options and, new and improved facilities.
Stand-alone power systems	Horizon Power	-	2022	This includes 45 stand-alone power systems in the Esperance region that provide more reliable power.
CBH Expansion	CBH Group	$19 & $9m	2019 & 2023	CBH has expanded its business in Esperance with the Chadwick site upgrade and Shark lake site upgrade allowing for increased production and grain storage.
Shark Lake Industrial Park Stage 1	Shire of Esperance	-		Stage 1 of the Shark Lake Industrial Park included the development of 28 free-hold lots. While the actual sub-division was undertaken around 15 years ago, it only recently generated demand with all lots within it being purchased over the past 18 months and significant private development now underway.
Esperance Power Project and Renewables Hub	Horizon Power & Pacific Energy	$80m	2022	This integrated renewable energy hub in Esperance, includes a new central solar farm, two wind turbines, a battery energy storage system, a new gas and diesel thermal power station and an LNG storage and vaporisation facility. It aimed to increase renewable energy to approximately 50% of Esperance's total electricity demand.

Source: Cordell

Key Findings

There are a number of major projects in various stages of development, both confirmed and potential, which are expected to drive additional housing needs for workers. The investment expected over the next decade within Esperance and the surrounding areas from projects that have been publicly announced are listed, right.

Energy and Mining Industries

The pipeline of potential major projects in the region is largely in the renewable energy industry which represents a shift from the mining and farming activity that historically dominated Esperance's local economy. Many projects in these industries are still in the planning or exploration phases therefore the resulting investment, timing and resulting need for additional housing in Esperance is unknown at this point in time. However there is considerable planning work being undertaken by prospective investors such as Fortescue Future Industries.

It is clear that if even a minority of these are developed they will result in additional employment during the construction and operational phases, both directly and indirectly. During construction will be the most critical time of need for additional short-term housing in the Esperance area. However the operational workforce is expected to guide the need for long-term community-based housing for Esperance, which will result in the need for additional key workers and services within Esperance.

Understanding the timing and planned workforce for the operational phases of these projects are essential to determining the likely demand for additional housing in Esperance. Discussions with the project proponents can assist in guiding the housing typology required (e.g. family sized homes, shared accommodation, accommodation for single workers, etc.).

Housing, Community Facilities, Accommodation and Infrastructure Projects

A number of a projects are being undertaken which have a higher degree of certainty by government and private proponents in the areas of housing, community facilities, infrastructure and short stay accommodation.

Development of housing and short stay accommodation by the Shire of Esperance and private developers has potential to provide for some key workers and take some pressure off the private housing market as additional short stay accommodation supply is provided.

Anecdotally some short stay accommodation has been used to house temporary workers due to the lack of alternatives, which has also increased demand.

Infrastructure projects, including Esperance port and waste management facility are expected to increase the need for a local workforce, as are other projects such as the expansion of the Minerva abattoir. The type of housing required for temporary and construction period workers is more likely to be for single people or shared accommodation.

Existing Industry Investment and Expansions

There is expected to be continued investment within existing business operations (equivalent to $10m to $50m per annum). A key example is Minerva's abattoir expansion which is expected to support an expansion to 220 workers.

Investment Summary by Industry Sector

INDUSTRY SECTOR	NO. PROJECTS	TOTAL KNOWN INVESTMENT VALUE ($M)
Housing and land development	6	34.1
Community facilities	2	25
Infrastructure	5	63.3
Short stay accommodation	7	39
Mining	7	320
Energy and renewables	4	107,550

Source: Shire of Esperance, Cordell, Major Projects

ECONOMIC DRIVERS & OUTLOOK | HISTORICAL POPULATION GROWTH

Key Findings

The official estimated resident population (ERP) in Esperance has declined from 2015 highs but moderately increased over 2020/21.

Previous ABS ERP releases (pre-2021 Census) underestimated the population growth in Esperance, with revised population estimates illustrating a stabilisation of population compared to previous estimates of declines.

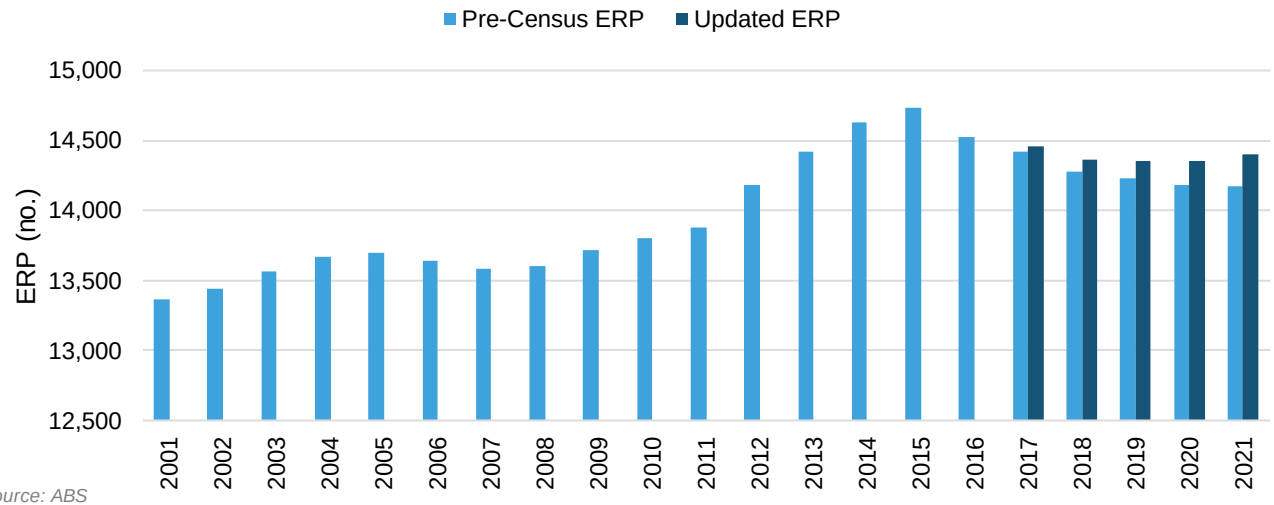
There was an increase in visitors to Esperance as the pandemic-related travel restrictions resulted in increased tourism across the State (categorised as national visitors). National visitor numbers increased by 47% in a year, from 1,435 in 2020 to 2,684 in 2021. However, of note, visitor number have dropped since 2021 when State and national borders were opened (to be 1,680 in 2021/22).

There was a substantial amount of population growth from 2008 to 2015, where the ERP increased by 8.3% from 13,603 to 14,734. This equates to an annual growth rate of 1.04%. This shows the potential impact that more investment and major projects can have on the resident population.

Data Notes:

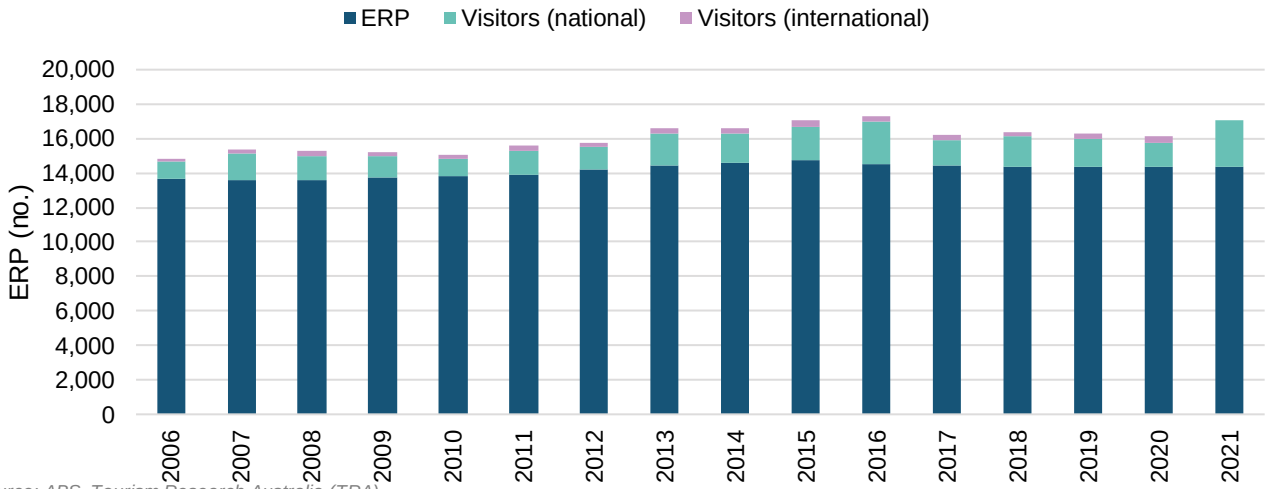
- *ERP data has been used for historical population as it adjusts for lower rates of return of census. It is notable that the 2021 Census occurred during a period of closed borders the usual seasonal and international worker numbers from the Census may have been much lower than typical.*
- *ERP data may not have accurately captured informal tourists / campers who use free campsites around the Esperance area.*
- *It is additionally recognised that it is difficult to have an accurate picture of population levels in small, regional areas.*

Estimated Resident Population, Shire of Esperance, 2001-2021



Source: ABS

Resident Population & Visitor Market, Shire of Esperance, 2006-2021



Source: ABS, Tourism Research Australia (TRA)

Key Findings

WA Tomorrow, the State Government's medium and long term population forecast, provides a range of potential population futures based on lower to higher growth scenarios. The forecast range (A to E), indicates five probable futures. A and B contain the lower forecasts with a significant reduction in residents, C is the median forecast and D and E represent the higher forecasts resulting in lower to higher growth.

Considering potential investment and workforce needs for Esperance the potential future population growth may follow a range within Bands D/E. The higher growth scenario expected to play out if the region experiences the levels of investment that would flow from a number of major projects being undertaken would result in the Esperance population experiencing minor growth to around 14,500 residents (Band D) ranging through to major growth to nearly 16,000 people by 2031 (Band E).

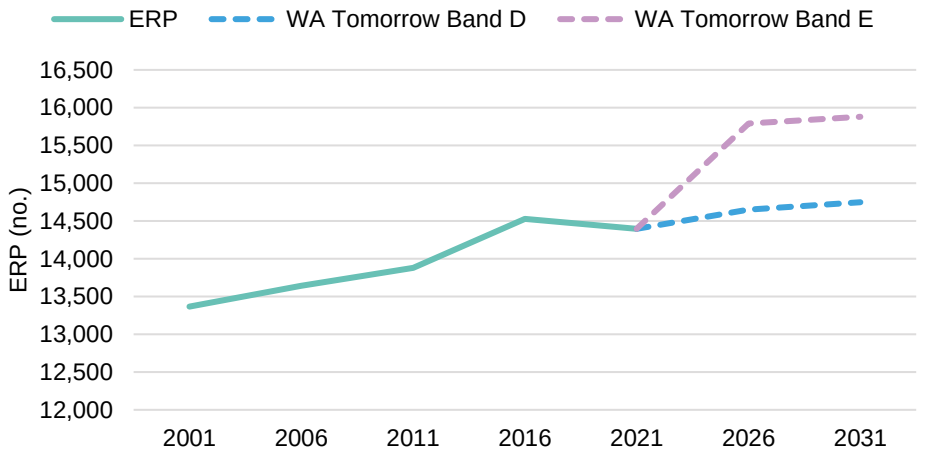
The WA Tomorrow forecasts provide a breakdown of the population projections by age group. For Esperance, these forecasts project an aging population with the growing share of older residents. In Esperance, there is a likely continued popularity with retirees from the Goldfields-Esperance region.

The age distribution in the region will influence household formation and housing demand. The proportion of residents who are aged 65+ years is expected to increase from 19% of the population in 2021 to 25% of the total population in Esperance by 2031. Residents aged 20-34 years are expected to see a small amount of growth of 7% from 2021 to 2031. There is potential that growth in mining and energy industries may further increase growth of the 35-54 age cohort as skilled workers migrate to the area.

Data Notes:

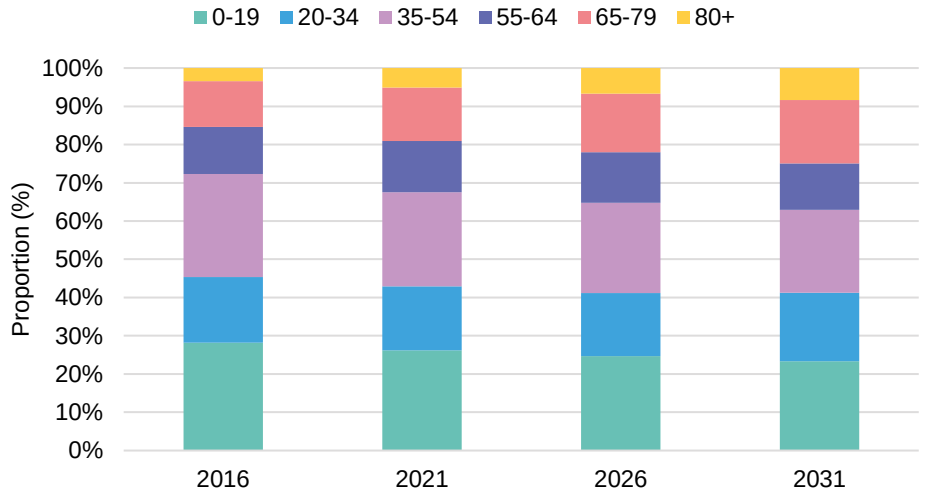
WA Tomorrow Population Report No. 11 was produced in 2015 and provides the State government's most up-to-date population projections. New population projections are likely to be produced within the next year.

Population Projections, Shire of Esperance, 2001-31



Source: ABS, DPLH WA Tomorrow Forecasts

Age Distribution Projections, WA Tomorrow Band E Forecasts, Shire of Esperance



Source: DPLH WA Tomorrow Band E Forecasts

02

COMMUNITY & HOUSING PROFILE



Key Findings

Key attributes for the Shire of Esperance are noted below.

- **Older demographic:** Esperance has an average age of 41 (higher than the WA benchmark at 38). Esperance also has a higher proportion of retirees (residents aged 65 and above) at 19% compared to the WA benchmark at 16%. The smaller household size is likely a reflection of this demographic.
- **Fewer younger adults:** There are fewer people aged 25-39 than compared to WA averages.
- **Indigenous community trends:** The local indigenous population is significantly younger on average and has a substantially higher proportion of people aged 0-24. It also has a much larger average household size.

The demographic insights suggest that there may be demand for more seniors living with the older demographic and potentially demand for smaller dwellings with the lower average household size.

The exception to this is the small but significant indigenous community, who are more likely to be comprised of a family with children. This demographic is likely to need larger houses aligned with the typically residential product currently available.

The impacts of demographic change have been explored more as part of the housing demand analysis in this report.

Demographic Insights, 2021

CHARACTERISTICS	SHIRE OF ESPERANCE	ESPERANCE INDIGENOUS COMMUNITY	WESTERN AUSTRALIA
Population	13,883	601	2,660,026
Average Age	41	21	38
Average Household Size	2.3	3.1	2.5
Aged 0-14	20%	33%	19%
Aged 15-24	11%	21%	12%
Aged 25-39	17%	15%	22%
Aged 40-54	19%	13%	20%
Aged 55-64	14%	9%	12%
Retirees (65+)	19%	8%	16%

Source: ABS Census 2021

COMMUNITY AND HOUSING PROFILE | DWELLING CHARACTERISTICS

Key Findings

A review of dwelling characteristics revealed the following key attributes.

- **Higher proportion of separate houses:** As compared to the WA benchmark of 79.7%, Esperance has a higher proportion of separate houses at 87%, although slightly less than the 2016 proportion of 88%. This is also accompanied by a substantially lower proportion of townhouses and flats/apartments. Only 1.9% of dwellings are flats/apartments and 7.6% townhouses whereas the WA benchmark is 6.5% for flats/apartments and 13% for townhouses.
- **Higher proportion of dwellings owned outright:** 35% of dwellings are owned outright, which is much higher than the WA benchmark at 29%.This is an increase from 2016 levels of 34%. Esperance also has a lower proportion of dwellings owned with a mortgage at 30% with the WA benchmark at 40%. 28% of dwellings are rented, a drop since 2016 of 4%.
- **Larger informal rental market**: The informal market refers to dwellings that are rented from a person not in the same household and other landlord types such as directly from the owner or employers. 48.3% of rental dwellings have been rented through the informal market, which is substantially higher than the WA benchmark at 24.6%. There is also a lower proportion of dwellings rented through the formal market at 33.1% whereas the WA benchmark is at 55.2%.
- **Social / community housing:** Social housing represents 13.6% of the rental market in Esperance, above 10.7% in the rest of WA. It also forms a significant proportion of the rental market for indigenous residents. Community housing has a small presence in the rental market, but is provides a higher proportion of dwellings in Esperance than typical for WA.

The dwelling characteristics in Esperance reflect the historically larger market for separate houses and minimal demand for semidetached / apartment stock in the area. An influx of new residents to the area and ageing of the existing population may result in greater demand for more diverse housing, including 1-2 bed units.

Higher rental costs highlight the need for additional affordable rental housing, especially of a quality and price that meets the needs of specific groups including seniors, the indigenous community, key workers and people experiencing economic disadvantage.

Source: ABS Census 2021 n.b. Formal market implies rental through real estate agent. "Other landlord type" and "Landlord type not stated" have been excluded from Landlord type
** Dwellings structure definition is based on the ABS definition and may not align with planning policy documents definitions.*

Dwelling Characteristics, 2021

	SHIRE OF ESPERANCE	ESPERANCE INDIGENOUS COMMUNITY	WESTERN AUSTRALIA
Dwelling Structure – Separate House	87%	84.4%	79.7%
Dwelling Structure – Semi-Detached, Townhouse	7.6%	11.2%	13%
Dwelling Structure – Flat or Apartment	1.9%	1.2%	6.5%
Tenure – Owned Outright	35.4%	16.4%	29.2%
Tenure – Owned with a Mortgage	30%	30.8%	40%
Tenure – Rented	28.1%	47.2%	27.3%
Landlord Type – Rented through Formal Market	33.1%	28.8%	55.2%
Landlord Type – Rented through Informal Market	48.3%	25.4%	24.6%
Landlord Type – State Housing Authority	13.6%	29.7%	10.7%
Landlord Type – Community Housing Provider	3.5%	7.6%	2.8%
Median Weekly Rent	$265	$250	$340
Median Monthly Mortgage Repayment	$1,560	$1,352	$1,842
Median Weekly Household Income	$1,521	$1,339	$1,815

COMMUNITY AND HOUSING PROFILE | ESPERANCE HOUSING TYPOLOGIES

Housing Typologies

LOW DENSITY

SINGLE HOUSE (1-2 STOREY)

A standard house with a backyard. Typically, would be on a single lot.



MEDIUM DENSITY

SEMI-DETACHED / GROUPED HOUSES (1 STOREY)

GROUPED / TERRACED TOWNHOUSES (2 STOREYS)

LOW RISE APARTMENTS (2-3 STOREYS)

Grouped houses are a smaller house (typically single storey) with a small outdoor living area/courtyard. Terraced townhouses are a small, double storey home with a courtyard.
Could be on a single lot with a shared boundary wall with a neighboring house or part of a strata (duplex or triplex)
Typically including the desired 2-3 bedrooms comes with a compromise of reduced indoor or outdoor living space, or reduced/reconfigured car parking (e.g., tandem).
An apartment in a low-rise building (2-3 storey) that may have modest common facilities including a meeting spot/communal garden or gathering space









Key Findings

A review of family and household characteristics revealed the following key attributes.

- **Higher proportion of couple families without children** in Esperance at 45% of total families, while the WA benchmark sits at 38.8%. This has been relatively stable for the last decade.
  It is notable that due to the isolation of the area children and teenagers may attend high school and higher education in Perth or elsewhere rather than remaining home. Their family house is still likely to be sufficiently large to accommodate the whole family, even though they might not all live permanently at the home.
  Esperance is also a popular location for retirees, with the location offering a suitable lifestyle for people from the Esperance area and from the wider Goldfields-Esperance Region and south-west of WA.
- **Lower proportion of family households** as compared to the WA benchmark. While family households are the main household composition type it accounts for 67.9% while the WA benchmark is slightly higher at 71.2%. There is also a higher proportion of single person households at 29.3% with the WA benchmark at 25.4%. Single person households have also been increasing over the last 5 years.
- **Higher proportion of family households for the indigenous community** at 79.2% of all households. There is a high proportion of one parent families at 25.2% while the total Esperance population is much lower at 14%. There is also a lower proportion of couple families without children at 20.4%.

Family and Household Comparisons, 2021

	SHIRE OF ESPERANCE	ESPERANCE INDIGENOUS COMMUNITY	WESTERN AUSTRALIA
Family Composition – Couple Family with No Children	45%	20.4%	38.8%
Family Composition – Couple Family with Children	39.6%	32.8%	44.6%
Family Composition – One Parent Families	14%	25.2%	15.1%
Household Composition – Family Households	67.9%	79.2%	71.2%
Household Composition – Single Person Households	29.3%	15.6%	25.4%
Household Composition – Group Households	2.8%	4.4%	3.4%

Source: ABS Census 2021

Key Findings

As noted above, a review of household composition and type identified that separate houses are the main dwelling type in Esperance. This product type has a range of household type though notably the largest cohort is couples without children.

There is a larger share of lone person households in apartments and semi-detached housing (such as townhouses, units and apartments) than other household types. Single person households in particular are the key cohort for these housing types.

The higher proportion of couple families without children, lower proportion of family households and higher proportion of lone persons households means that there is likely to be greater demand for smaller dwellings with less bedrooms in the future.

Key Conclusions

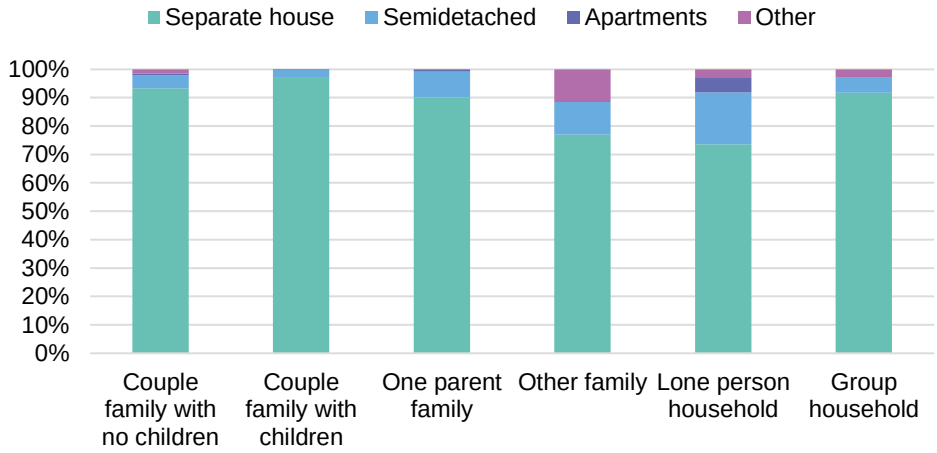
Family sized dwellings (i.e. detached housing) are expected to continue to have a board appeal to a range of household types and sizes, including families and smaller households who desire additional space.

The continued popularity of Esperance with retirees, and indicates there may be a market for specific seniors housing, such as over 55s strata, independent living units, lifestyle village, housing appropriate / affordable / safe for single retirees, or product that provides a particular lifestyle (e.g. ocean views, storage for boating / fishing equipment, garden space / community garden, close to recreation / sporting / community group amenities etc.).

The typical demographic of the Esperance indigenous community shows that there is demand for housing that can meet the needs of larger families, who are more likely to be renting, and who historically have had lower incomes than average. Engagement with ETNTAC would be appropriate to better understand any unique needs for land and housing to be culturally appropriate and contribute to higher levels of housing security for the indigenous community. Factors such as location, lot size, amenity, scale, need for community housing, size / number of bedrooms / bathrooms, configuration of indoor / outdoor space, and flexibility of rooms to be living / sleeping spaces may all be relevant factors.

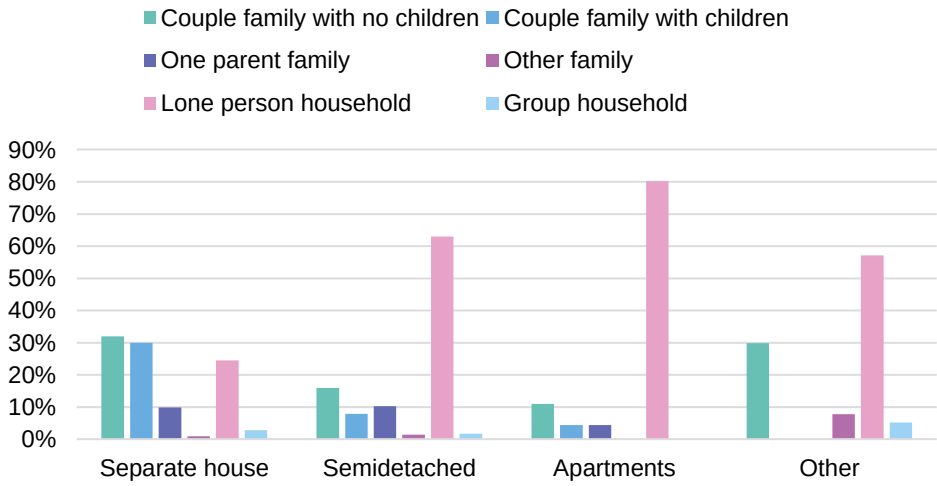
The Esperance family and household composition have potential to shift if major population growth is seen, such as due to major projects with a locally based workforce. The type of housing needed for growth will depend largely on whether the workforce is comprised of families or single households, a factor that will be in turn influenced by the type of housing available. As such, monitoring of the household type of the new workforce coming into the town at any larger scale is recommended.

Proportion of Dwelling Type by Household Composition, Shire of Esperance, 2021



Source: ABS Census 2021

Household Proportion by Composition of Dwelling Type, Shire of Esperance, 2021



Source: ABS Census 2021

Key Findings

An analysis of special housing needs in Esperance and compared to WA as a benchmark has revealed the following.

- **Lower SEIFA (socio-economic disadvantage for areas) index** in Esperance at 998 is somewhat lower as compared to the WA benchmark of 1016. This means on average Esperance reisdents are more disadvantaged than elsewhere in WA.
- **Older population** in Esperance with 7.79% of the population aged 75+ with the WA benchmark lower at 6.46%. There is also a lower amount of residential aged care places at 52 places per 1,000 while the WA benchmark is at 66 places per 1,000. This indicates the potential need for increased aged care and retirement living.
- **Disability support pensioners** in Esperance at 4.23% as compared to the WA benchmark at 3.35%.
- **Lower amount of crowded housing** in Esperance at 1.24% of dwelling requiring one or more extra bedrooms. This is slightly lower than the WA benchmark. This reflects the housing stock in the area as mainly separate dwellings with 3+ bedrooms.
- **Housing stress** is at higher levels, especially for rented dwellings, and has increased substantially since 2016.
- **Larger proportion of social housing** at 3.8% whereas the WA benchmark is lower at 2.9%.
- **Homelessness at a comparable level to** WA averages. Given the increase in the cost of housing since the 2021 census it is possible homelessness has increased further since then.

This analysis indicates there is likely a need for higher levels of housing appropriate for seniors and those with disabilities, including residential aged care and accessible housing. This suggests there is an opportunity to re-examine contractor arrangements for social housing and potentially GROH housing to identify efficiencies and opportunities going forward.

While homelessness overall is at comparable levels than the state average, the alternative options in a small town can be even more limited. Crisis, social and affordable housing to accommodate the small but significant homeless population of Esperance is essential.

Specialised Housing Needs, Shire of Esperance

	SHIRE OF ESPERANCE	WESTERN AUSTRALIA
SEIFA (2016)	998	1016
Population aged 75+ (2020)	7.79%	6.46%
Age pensioners (June 2021)	58.03%	59.30%
Disability support pensioners (June 2021)	4.23%	3.35%
Profound or severe disability, all ages (2016)	3.84%	4.06%
Profound or severe disability and living in the community, all ages (2016)	3.31%	3.61%
Residential aged care places (June 2020)	52 PLACES / 1,000	66 PLACES / 1,000
Crowded housing (2021)	1.24%	1.68%
Housing suitability (families requiring extra bedrooms) (2016)	1.74%	2.38%
Social housing (proportion of total dwellings) (2021)	3.8%	2.9%
Housing stress – mortgages (2021)	13.42%	15.30%
Housing stress – rented (2021)	27.03%	32.09%
All homeless persons (2021)	61 (0.44%)	9,757 (0.37%)
People living in improvised dwellings, tents or sleeping out (2021)	21 (0.15%)	2,322 (0.09%)
People living in supported accommodation for the homeless (2021)	13 (0.09%)	1,604 (0.06%)
People staying temporarily with other households (2021)	17 (0.12%)	2,150 (0.08%)
People living in other marginal housing (2021)	36 (0.26%)	6,809 (0.26%)

Source: PHIDU Torrens University Australia, ABS
Note: Crowded housing represents the proportion of households where one or more extra bedrooms are needed.
Social housing is dwellings rented through a state or territory housing authority.
SEIFA definition: The Socio-Economic Indexes for Areas (SEIFA) is defined by the ABS as a rank of areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census of Population and Housing.

Key Findings

Government Regional Officer Housing (GROH) is a self-funded housing program for most State Government agencies and departments (excluding WA Country Health Service, Western Power, Synergy and Alinta). The program employs local agents to acquire new dwelling stock on an as needed basis and in some situations purchases / constructs new dwellings.

As an isolated town there are few nearby areas that can facilitate key workers to commute into Esperance. Therefore ensuring there is sufficient key worker housing is critical to ensuring appropriate government services are offered to existing and future Esperance residents.

Current demand for additional key worker housing (GROH) is 25 dwellings. This demand is subject to change depending on changes to future staffing requirements. Having a sufficient rental market in Esperance to provide an interim buffer from sudden changes in demand and lack of private investment in GROH housing is critical to ensuring key workers can be accommodated.

Engagement with Department of Communities and other stakeholders indicated a lot of pessimism around the likelihood of attracting new investors to the GROH program and private rental market in the current economic climate, and indications that key workers were leaving town or unable to relocate there. Thus it is critical that other avenues to accommodate key workers are pursued to meet current demand and plan for future demand. The quality and size of dwellings will need to be appropriate to attract key workers to relocate themselves and their families (if relevant) to Esperance.

Estimated GROH Need, Esperance, As of December 2022

	BEDROOMS				
	ONE	TWO	THREE	FOUR	TOTAL
Additional Demand	3	9	7	6	25

Source: Department of Communities
n.b. Additional demand only. There is the caveat that this is what client agencies have forecast as their need based on workforce planning and isn't a reflection of how many people are currently waiting for GROH. Demand is fluid and can change at any time.

Key Findings

It is important to recognise the social housing offering within Esperance and the current need for this housing type. According to the 2021 Census, there were an estimated 238 community and public dwellings occupied which represented 17.1% of the occupied rental housing stock. Since 2011, there has been a decrease in State and community housing stock from 290 to 238.

Indigenous households represented about 18% of state housing occupied and 20% of community housing occupied in Esperance.

It is important to note that there is potential for much greater need from some community groups such as the indigenous community – which has a higher proportion of the community in State housing at 18.4%, and engagement with the Tjaltjraak corporation suggests that they may not be engaging with State government when in need of housing.

Engagement with the Department of Communities revealed the provision of social housing has historically relied on rental stock. With the exit of many rental properties from the market in recent years this has reduced the amount of stock available for social housing. Additionally, difficulty in arranging routine maintenance of existing dwellings due to a lack of available maintenance contractors locally has limited the use of some dwellings. Construction of additional State housing is in the pipeline but is suffering from the same slow construction periods and supply chain issues currently being experienced across Australia.

Estimated Social / Community Housing Stock, Shire of Esperance, 2011 and 2021

DWELLING TYPE	STATE HOUSING		COMMUNITY HOUSING	
	2011	2021	2011	2021
Detached House	165	119	11	7
Semi-Detached House	34	68	34	13
Apartment / Flat	45	5	7	26
Total Occupied Stock	**244**	**192**	**52**	**46**
Proportion of Total Rental Stock	**15.9%**	**13.6%**	**3.3%**	**3.5%**

Source: ABS Census 2011 and 2021
n.b. This includes only occupied private dwellings that are being rented and excludes dwellings being occupied rent free.

03

RESIDENTIAL MARKET ANALYSIS



Key Findings

The housing market in Esperance strengthened markedly from mid-2020 in response to lower interest rates and Covid-19 stimulus measures.

In the second half of 2020, transactions for houses increased to historically higher levels and have stayed relatively high since. Median house prices have also grown since 2020 – to $401,000 for second half of 2022.

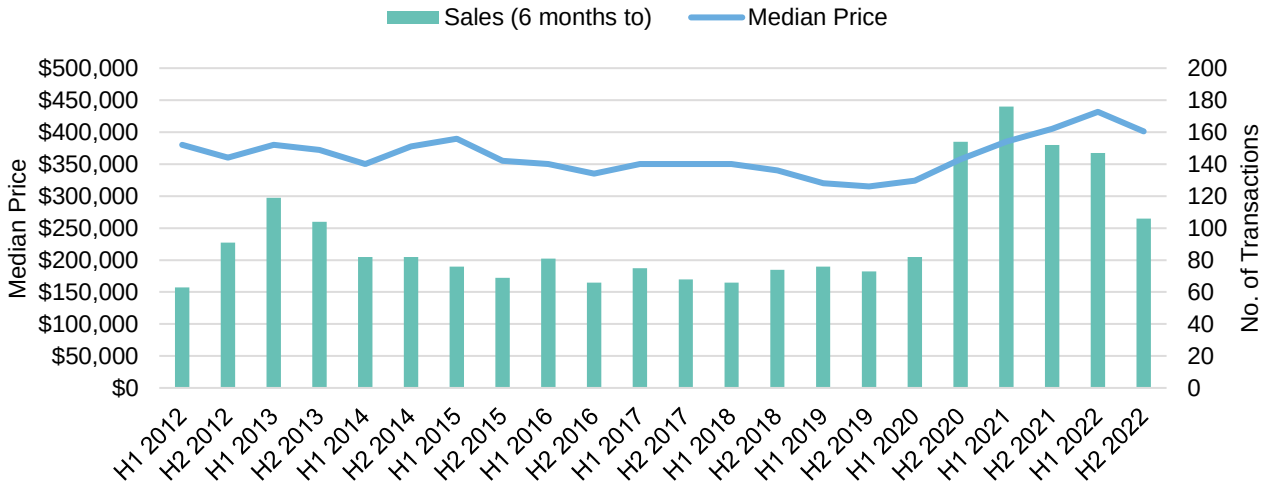
There is a small market for units in Esperance with houses being the preferred dwelling type in the area. With a limited amount of units available, there was a lower level of unit sales observed. The small market for units may be due the perceived risk in introducing a housing type there is untested demand for, therefore it is not supplied to the market.

It is important to note that given delays in settlement timeframes and recording by Landgate, sales for H2 2022 may not be exhaustive.

Increased demand for housing from mid-2020 onwards, driven by the pandemic, were a key driver for sales and price increases. Anecdotally there is evidence that unit prices increased once supply of detached housing became limited.

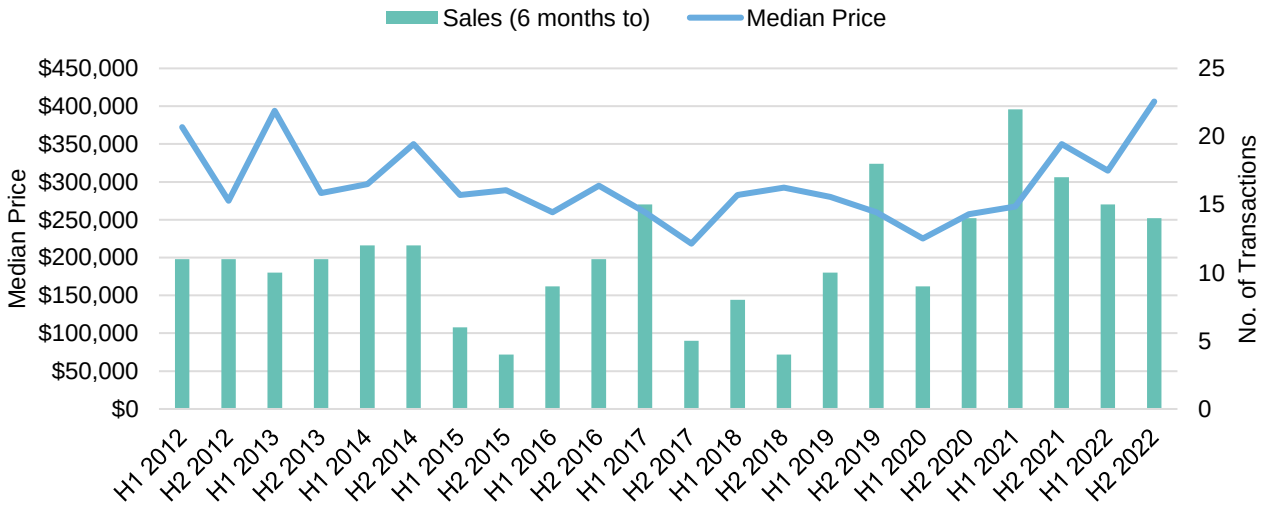
The growth of housing prices may not have kept pace with growth of costs to build new housing. This will have a significant impact on development viability and discourage investment in new housing. Historical trends of higher house price volatility in Esperance are likely to increase the perceived risk of investing in the housing market and lead potential investors and construction companies to focus on alternative markets in capital cities and larger regional towns. However, traditionally in the Esperance market the farming community have invested in the local housing market and are likely to invest in the area they know. There is potential for the opportunities for local investment to be encouraged and coordinated.

House Sales and Sales Volume, Shire of Esperance, 2012-2022



Source: Landgate

Unit Sales and Sales Volume, Shire of Esperance, 2012-2022



Source: Landgate

MARKET ANALYSIS | HOUSE PRICES

Key Findings

The Esperance residential market has seen the greatest activity in three and four bedroom houses in the first half of 2022, representing 86% of total house sales.

The market for units has seen the most activity in relatively larger product for that typology, being two and three bedroom product. One bedroom dwellings represent only 6% of the total units sold while 2 and 3 bedrooms were 75% of units sold.

Differences in prices across suburbs typically relate to the desirability of the suburb (e.g. are there views, is it considered an affluent area), the age, size, and quality of the house, and the size and development of the land (e.g. landscaping, presence of sheds/garages, pool, structures).

Sales and Price by Dwelling Type, Shire of Esperance, H1 2022

BEDROOMS	HOUSE		UNIT	
	MEDIAN PRICE	SALES (6 MONTHS TO)	MEDIAN PRICE	SALES (6 MONTHS TO)
1	$190,000	1	$205,500	1
2	$235,000	15	$225,000	6
3	$350,000	68	$370,000	6
4	$495,000	61	$515,000	2
5+	$415,000	5	$620,000	1
Total	$405,000	150	$350,000	16

Source: Landgate
n.b. Some sales captured by Landgate data do not contain information regarding the number of bedrooms – these sales have been excluded.

MARKET ANALYSIS | SELLING AND LEASING TIMES

Key Findings

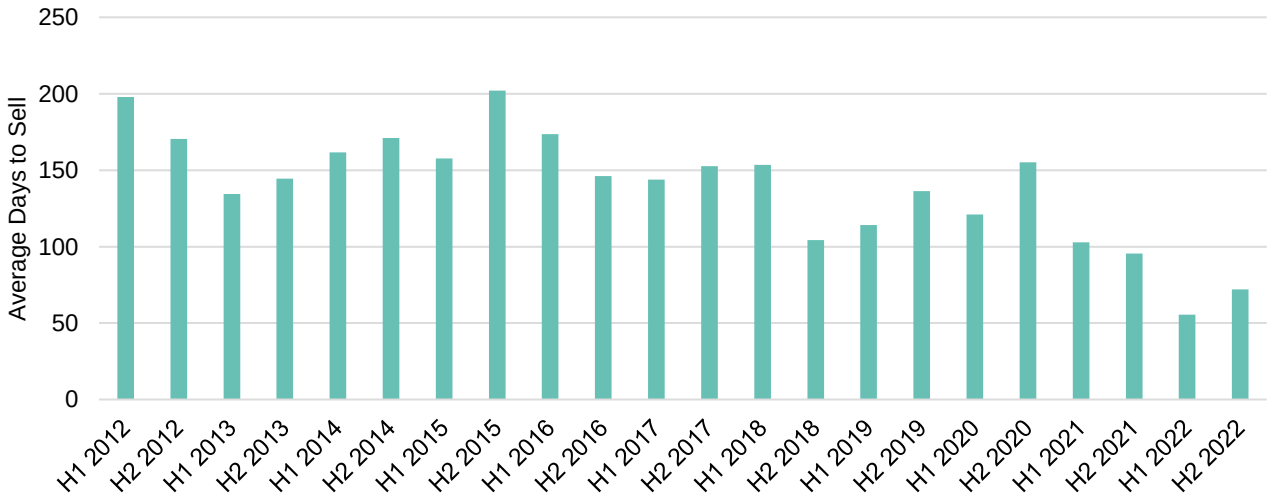
Over the past 10 years there has been a substantial decline in the average days to sell, dropping from 198 days in the first half of 2012 to 72 days in the second half of 2022. The average days to sell reached its lowest point over the past 10 years in the first half of 2022 at 55 days.

Similar to average days to sell, median days to lease reached it lowest point over the past 10 years at 8 days in Q4 2021. Since then median days to lease has recovered to 23 days as of Q3 2022.

Compared to other LGAs within the Goldfields-Esperance Region, Esperance has shown higher average days to sell than the Shire of Kalgoorlie but lower than smaller towns such as Raventhorpe and Coolgardie. The economic activity in each area is the key driver for the property market, and in locations dependent on mining or other primary resources activities, this is highly variable for each area. Compared to metropolitan Perth the selling days for regional areas are always 2-3 times higher, and the current period is no exception to this trend.

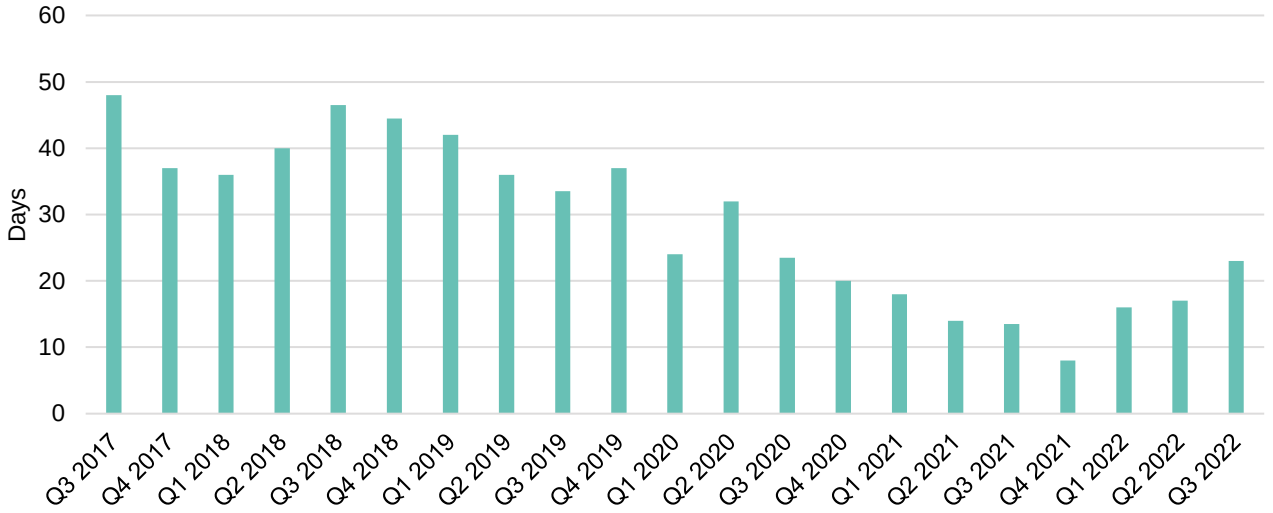
Overall the selling and leasing days show the tightening in the residential market with less stock available on the market to satisfy the levels of demand.

Average Days to Sell, Shire of Esperance, 2012-2022



Source: Pricefinder, Urbis

Median Days to Lease, Shire of Esperance, 2017-2022



Source: Pricefinder

Key Findings

Improving labour market and economic conditions have coincided with tightening rental market conditions.

The rental vacancy rate in Esperance has been declining since April 2020 and has since reached a historic low in 2022 of 0% and is currently at 0.1% (October 2022).

The median weekly rent in Q3 2022 was $350. Median weekly rent peaked in Q1 2022 at $380.

The number of dwellings leased saw a period of decline from 61 in Q1 2020 to 12 in Q3 2021. As of Q3, the volume of dwellings leased is at 27.

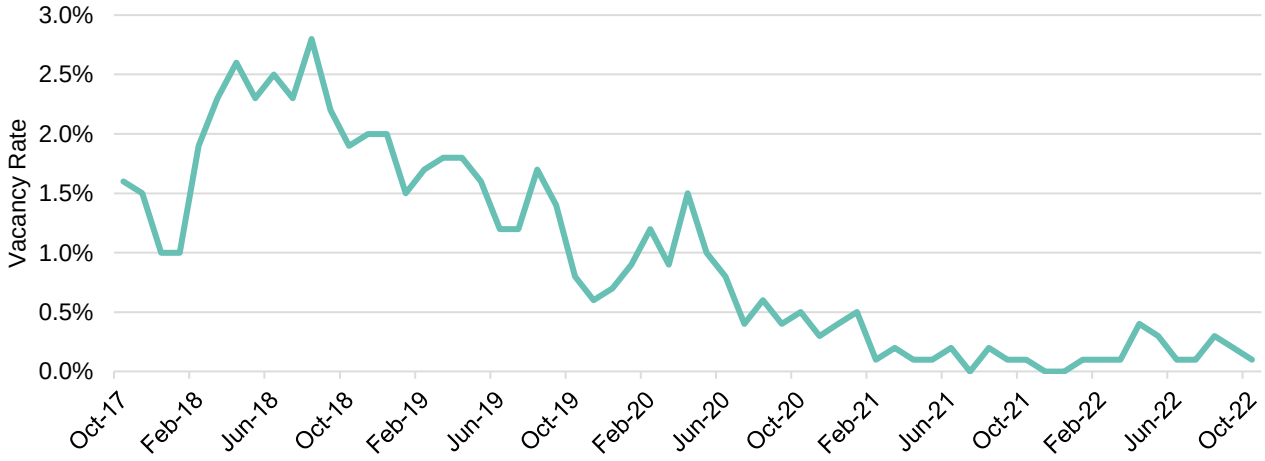
There is currently a lack of rental availability and immediate investment in rental stock is required. The lack of rentals is having a negative effect on population attraction and retention.

The proportion of houses rented in Esperance dropped around 4% between the 2016 and 2021 Census. This was a drop in around 144 dwellings within the rental market, most likely due to owners selling as property prices and demand for owner-occupied dwellings increased. In the same time period non-rented dwellings increased by 320. This shift towards owner-occupied housing or potentially short-term accommodation has had a profound impact on the availability of rentals.

Given the increasing rental returns, demand for rental properties and economic development in the mining and energy industries there may be potential to develop additional rental product and capture greater levels of investor activity into the rental market, although the risks of attracting investors to a remote town during a period of higher interest rates are acknowledged. There may be value in marketing the rental opportunities to the local area investors rather than relying on an external investor market.

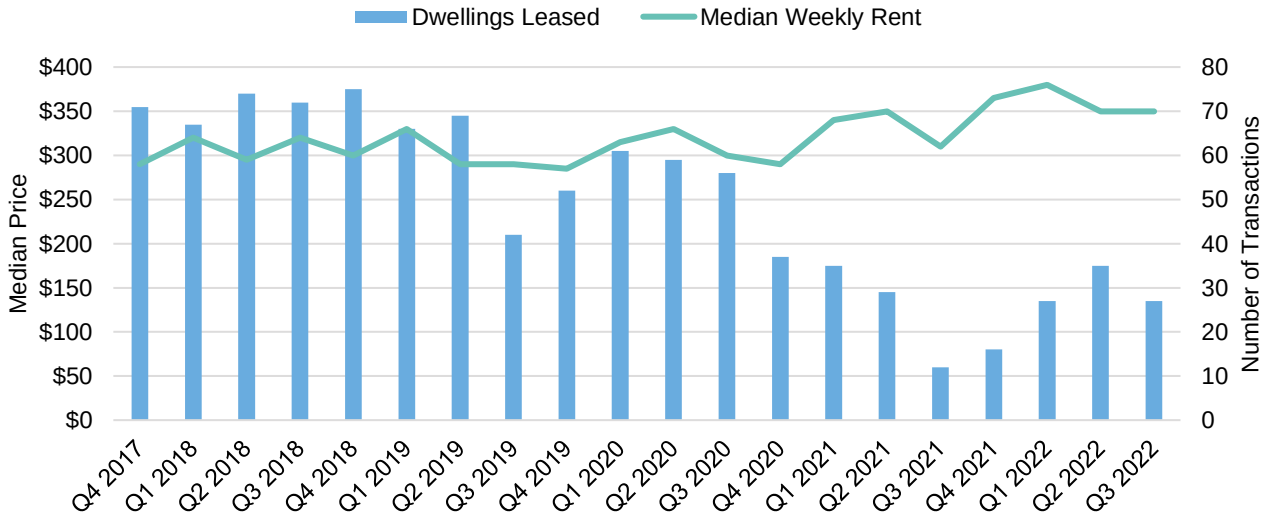
Note: no rentals were found outside the Postcode 6450.

Rental Vacancy Rate, Esperance (Postcode 6450), 2017–2022



Source: SQM Research
n.b. This data has been sourced from SQM Research which have collected the data by postcode rather than by suburb. As such, the postcode 6450 has been adopted in this analysis.

Median Weekly Rent and Dwellings Leased, Shire of Esperance, 2017-2022



Source: Pricefinder, REIWA

MARKET ANALYSIS | RENTAL MARKET OVERVIEW (CONT.)

Key Findings

The median weekly rent for houses in Esperance was $365 in Q1-Q3 2022. The median weekly rent for units over the same period was $320.

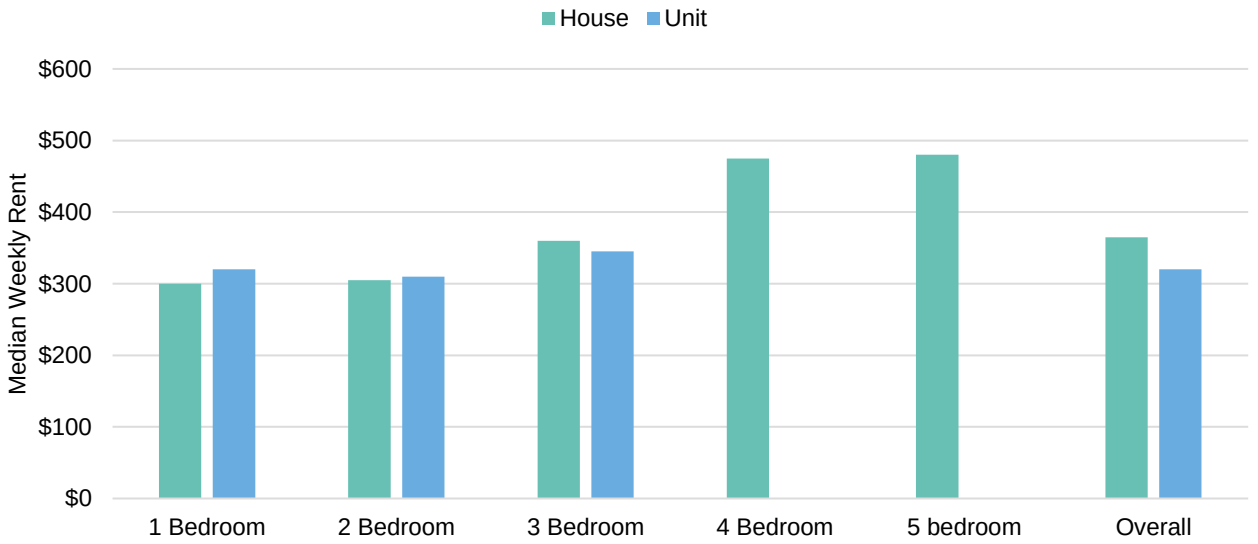
There is limited difference in rent for houses and units with the same number of bedrooms. The median weekly rent for 1-bedroom houses was $300 and slightly higher for 1-bedroom units at $320.

The main dwelling type in Esperance is separate houses, which make up 87% of all dwellings. Of separate houses, 3-bedroom houses make up 46% of the stock and 4-bedroom at 36%.

The main product type for semi-detached dwellings are 2-bedrooms, which make up 51% of the stock.

This demonstrates that investing in unit housing stock has potential to provide comparatively higher returns when the cost of developing each dwelling is taken into consideration.

Median Weekly Rent by Product Type, Shire of Esperance, Q1-Q3 2022



Source: Pricefinder

Key Findings

There are two aged care facilities currently in Esperance with a total of 144 beds. The Esperance Aged Care is equipped with specialist services such as dementia care and appeals to financially or socially disadvantaged people. The Recherche Aged Persons Hostel is a part of the Esperance Aged Care Facility.

There are limited facilities for independent living units in Esperance. The Esperance Masonic Village is a lifestyle village with 25 1-bedroom units that are all currently occupied. This lifestyle village is an affordable lower-cost rental accommodation and appeals to over 55's who are able to live independently.

With the Masonic Village fully occupied, there may be potential for additional retirement product in the area such as a lifestyle village, over 50's strata or similar alternative.

While no analysis of demand for aged care beds or services have been undertaken, anecdotally the extended aged care wing has not been opened as staffing levels are insufficient.

Discussion of demand for retirement living product across regional WA with a selection of operators has suggested that the highest level of demand is for affordable / low-cost product. Potential to deliver additional retirement living product could be explored through expansions of existing facilities rather than new retirement living providers entering the market. The demand for mid-market to higher end retirement living or retiree-suitable product could also be explored through conversations with operators given the high attraction of retirees to the area.

Residential Aged Care and Retirement Living, Existing and Proposed

DEVELOPMENT	ADDRESS	UNITS/BEDS	PRODUCT TYPE	AGE
Esperance Masonic Village	21 Windich Street, Esperance	25 units	1-bedroom units Lifestyle Village	Existing Built 2005
Esperance Retirement Units	2 Randell Street, Esperance	12 units	Units Retirement Living	Existing Built 2005
Esperance Aged Care Facility	4 Randell Steet, Esperance	94 beds	Aged Care Facility	Existing Renovated / expansion in 2017
Recherche Aged Persons Hostel	17 Eyre Street, Esperance	50 beds	Aged Care Facility	Existing Built 2012

Source: Urbis, Cordell

04

CONSTRUCTION & LAND SUPPLY ACTIVITY



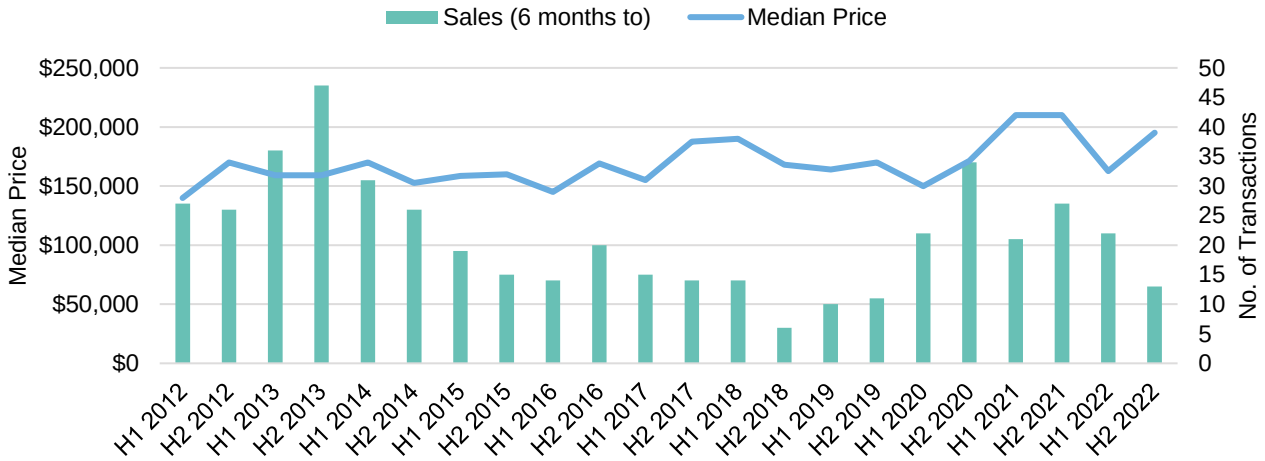
Key Findings

The vacant land market in Esperance has been influenced by a combination of demand and supply changes.

median price for vacant land in Esperance has grown over the previous 10 years, from $140,000 in H1 2012 to $195,000 in H2 2022.

Historically, vacant land sales have been at lower levels since hitting a peak in H2 2013 at 47 sales and reaching the lowest level in H2 2018 at 6 sales.

Vacant Land Sales and Median Prices, Shire of Esperance, 2012-22



Source: Landgate, Urbis

Key Findings

The sales by lots size shows that there is a preference for larger sized lots in Esperance. The main lot size for vacant land sales is 750-999 sq.m. In recent years there has been a rise in 1,000-1,999 sq.m sized lots.

An analysis of vacant land prices by lot size revealed that historically there has been minimal the median price for each lot size.

The median price for 450-749 sq.m sized lots decreased from $165,000 in 2012 to $140,000 in 2022. The median price for 750-999 sq.m sized lots went from $144,000 in 2012 to $175,000 in 2022.

The largest increase in median price over the 10-year period was lots 5,000 sq.m and above, going from $442,500 in 2012 to $555,000 in 2022. This lot size recorded the highest median prices compared to other lot sizes.

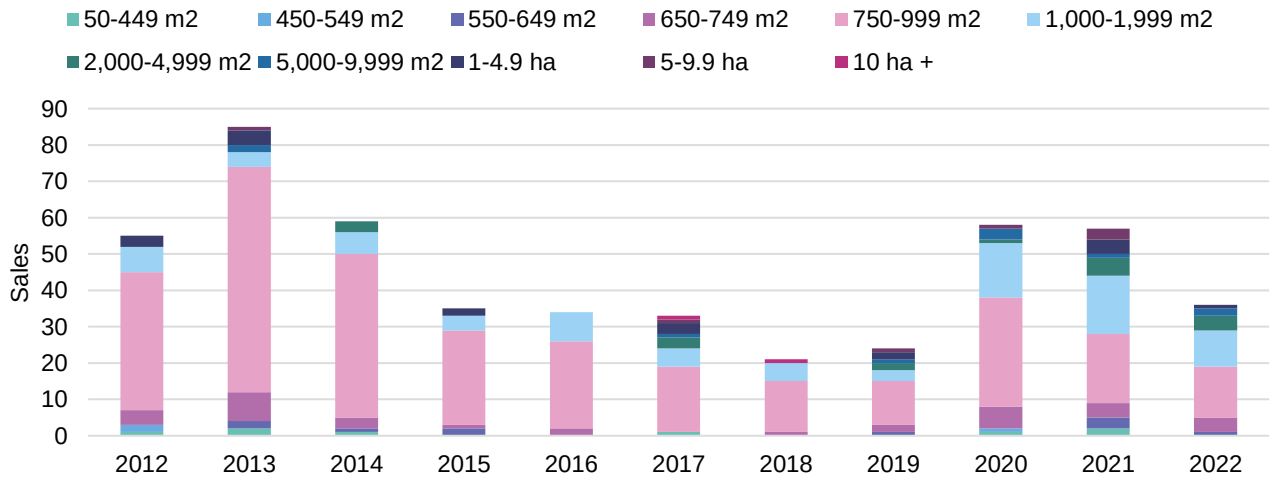
Overall, there has not been much price change over the past 10 years for different sized lots. The lot sizes that recorded the highest median prices was 750-999 sq.m and 5,000 sq.m and above, which shows the preference for larger sized lots in Esperance.

Vacant Land Median Price by Lot Size, Shire of Esperance, 2012-2022

	50-449 SQ.M	450-749 SQ.M	750-999 SQ.M	1,000-4,999 SQ.M	5,000+ SQ.M
2012	$115,000	$165,000	$144,000	$190,000	$442,500
2013	$130,000	$154,500	$155,000	$272,500	$560,000
2014		$185,000	$160,000	$170,000	
2015		$215,000	$145,500	$257,000	$290,000
2016		$145,000	$161,000	$161,500	
2017			$150,000	$285,000	$295,000
2018		$100,000	$171,500	$250,000	$270,000
2019		$148,000	$152,500	$215,000	$281,500
2020		$75,000	$165,000	$204,157	$319,500
2021		$210,000	$180,000	$212,500	$330,000
2022		$140,000	$175,000	$155,000	$555,000

Source: Landgate, Urbis

Sales by Lot Size, Shire of Esperance, 2012-22



Source: Landgate, Urbis

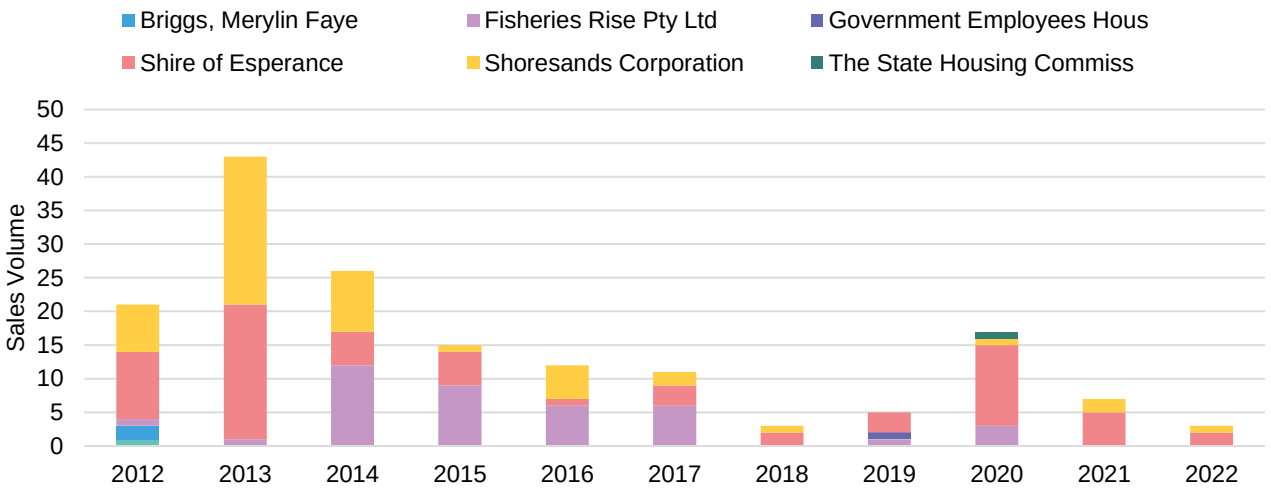
Key Findings

The Shire of Esperance has been a key provider of new residential land in the region; particularly more recently.

Major estates in Esperance includes the Castletown Estate and the Flinders Estate.

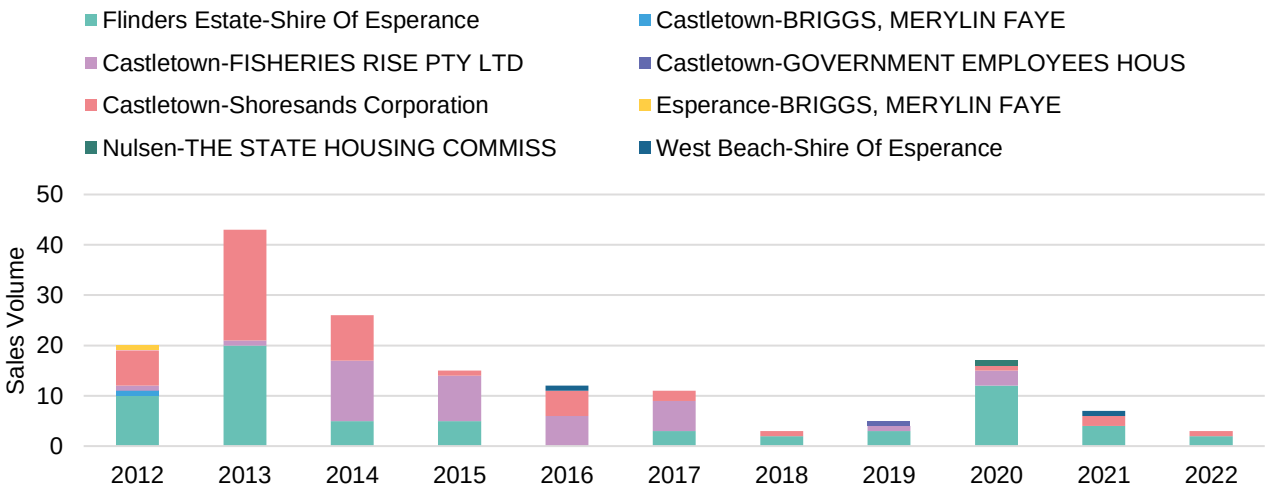
The Shire of Esperance is currently selling lots at Flinders Estate and expect to bring the remainder of the land to market in the coming years (see recommendations and appendix for further detail).

Sales by Developer, Shire of Esperance, 2012-2022



Source: Landgate

Sales by Estate, Shire of Esperance, 2012-22



Source: Landgate

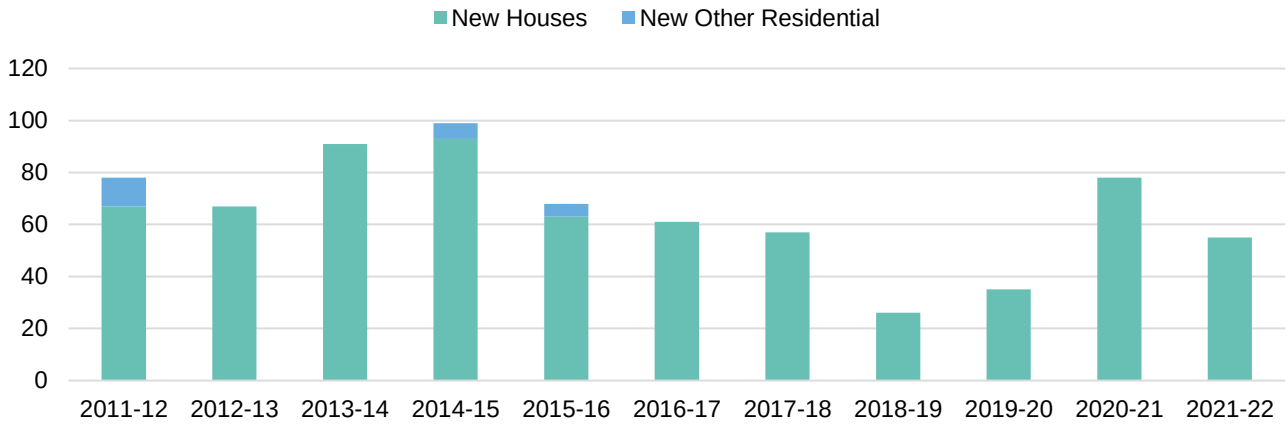
Key Findings

Building approvals for new dwellings in Esperance reached a peak in 2014/15 at 99 and then declined to the lowest level in the past decade in 2018/19 at 26. Building approvals were at 55 as of 2021/22, lower than the previous year at 78.

Most of the residential development in Esperance has been for separate houses. There has been little activity of other residential dwelling types (semi-detached, townhouses and apartments) development approvals in the last ten years. Other residential dwelling types were a small proportion of dwelling approvals at only 3%.

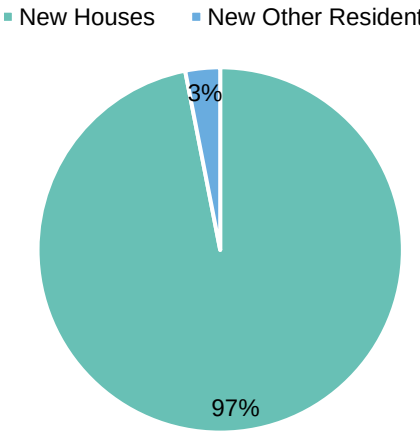
The prolonged period of declining residential construction activity resulted in declining workforces in this industry. Combined with supply chain challenges, housing construction timeframes have increased over recent years.

Building Approvals by Dwelling Type, Shire of Esperance, 2011/12-2021/22



Source: REMPLAN
**Other residential buildings includes: semidetached, row or terrace houses or townhouses; and flats, units or apartments.*

Proportion of Dwelling Types in Approvals, Shire of Esperance, 2011/12-2021/22



Source: REMPLAN
**Other residential buildings includes: semidetached, row or terrace houses or townhouses; and flats, units or apartments.*

Key Findings

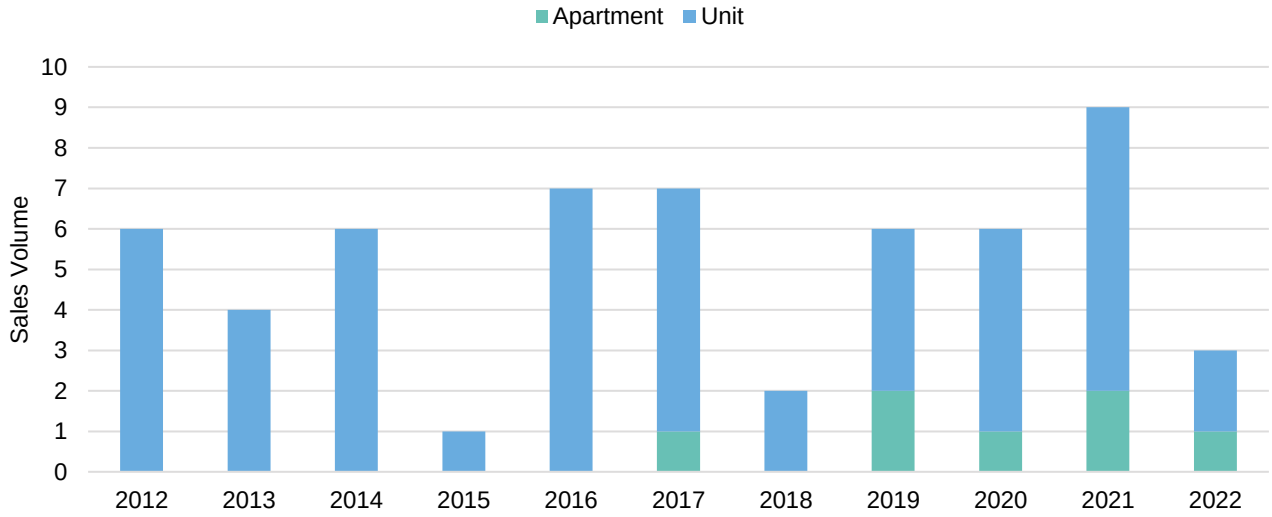
A review of new residential property sales was undertaken in order to determine the historical market depth for housing products such as apartments and units.

There has been a very limited amount of medium density housing products coming into the market in Esperance, reflected in the less than 10 units and apartments sold annually over the past decade. 2019-2021 showed an increase in the amount of new apartment and unit stock sold.

Whilst the above analysis is important context, there is potentially a level of unmet demand given the lack of medium density developments of scale. In particular, smaller sized dwellings have a role to play in providing housing for seniors, single person households, key workers, temporary workers and some people seeking affordable housing.

Previous data compared house and unit prices, revealing units (inc. apartments) tend to have more volatile price movements than houses. This suggests that in 'boom' periods unit stock is easier to sell – most likely due to increased numbers of people moving into town for work and a lack of available housing stock.

New Apartment and Unit Sales, Shire of Esperance, 2012-2022



Source: Landgate

05

SHORT STAY ACCOMMODATION MARKET



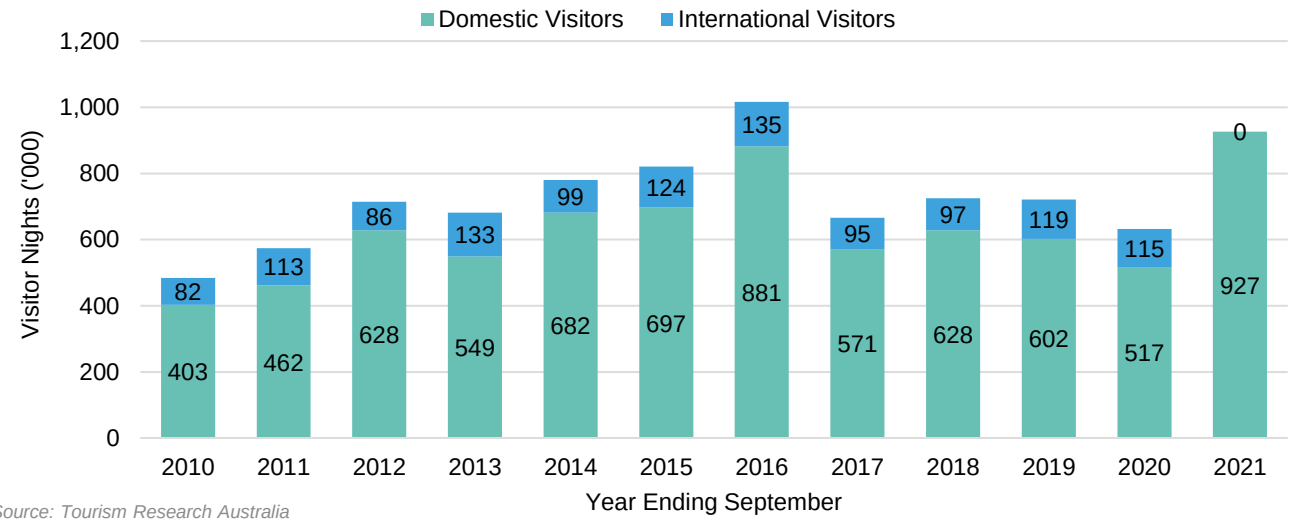
Key Findings

Esperance is a recognised tourism destination and growth in the visitor economy is identified as an important channel for economic development across the Esperance region.

Since the adoption of border controls due to Covid-19, many regional areas across Western Australia have benefitted from increased intrastate tourism – and this trend has played out in Esperance. According to Tourism Research Australia, domestic visitor nights (i.e. excluding day trips) were at record highs in 2021. This resulted in increased demand for all accommodation types – particularly caravan / camping options and short term rentals (e.g. AirBnB).

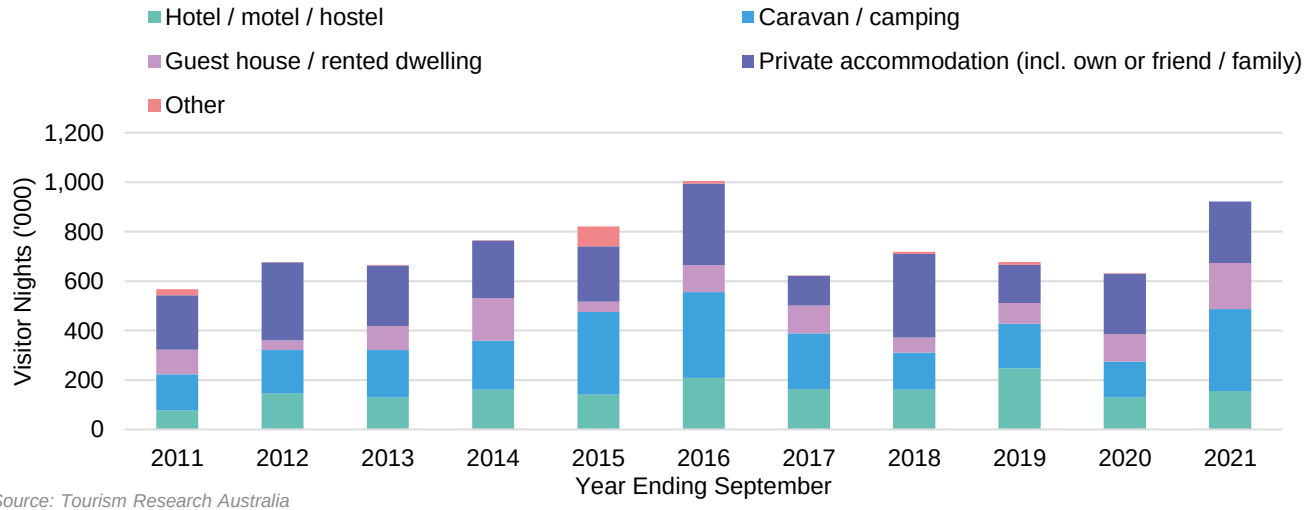
Of note, the lack of backpacker / hostel options (with no local establishments in this category) is apparent in the Tourism Research Australia data. Nationally, backpackers play an important role in terms of lower cost accommodation options, with 6% of international visitors nights and 0.5% of domestic visitor nights accommodated by backpackers. Adopting the same rates for Esperance and an average occupancy of 70% would equate to a need for a 45-bed backpacker establishment.

Visitor Nights by Origin, Esperance Region, 2011-21



Source: Tourism Research Australia

Visitor Nights By Accommodation Type, Esperance Region, 2011-21



Source: Tourism Research Australia

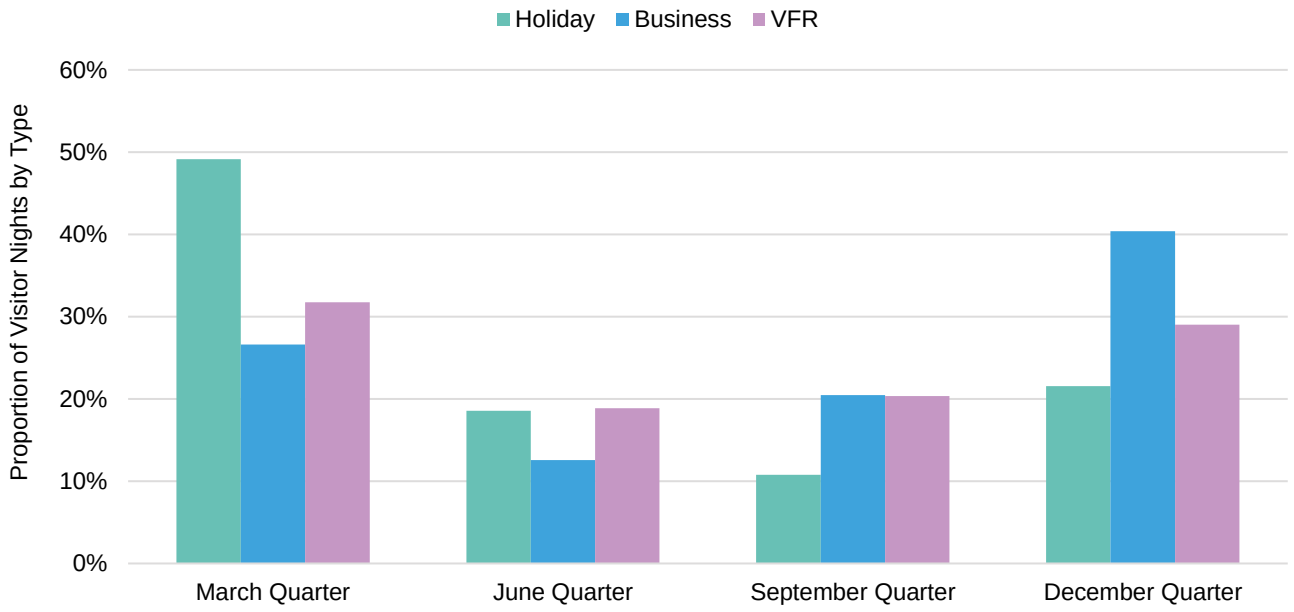
SHORT STAY ACCOMMODATION MARKET | VISITOR MARKET (CONT.)

Key Findings

Esperance is a highly seasonal visitor market. For holiday visitors, approximately 50% of annual visitation occurs between January and March. Meanwhile, visitation for business or to see friends and family is less seasonal.

This seasonality has implications for the performance and viability of accommodation establishments and broader tourism and population services. For instance, many accommodation providers would operate on lower occupancy levels during the winter months and have to downsize staff during this period to manage costs and overheads.

Visitor Nights by Quarter, Esperance, 2011-21 (Average)



Source: Tourism Research Australia

Key Findings

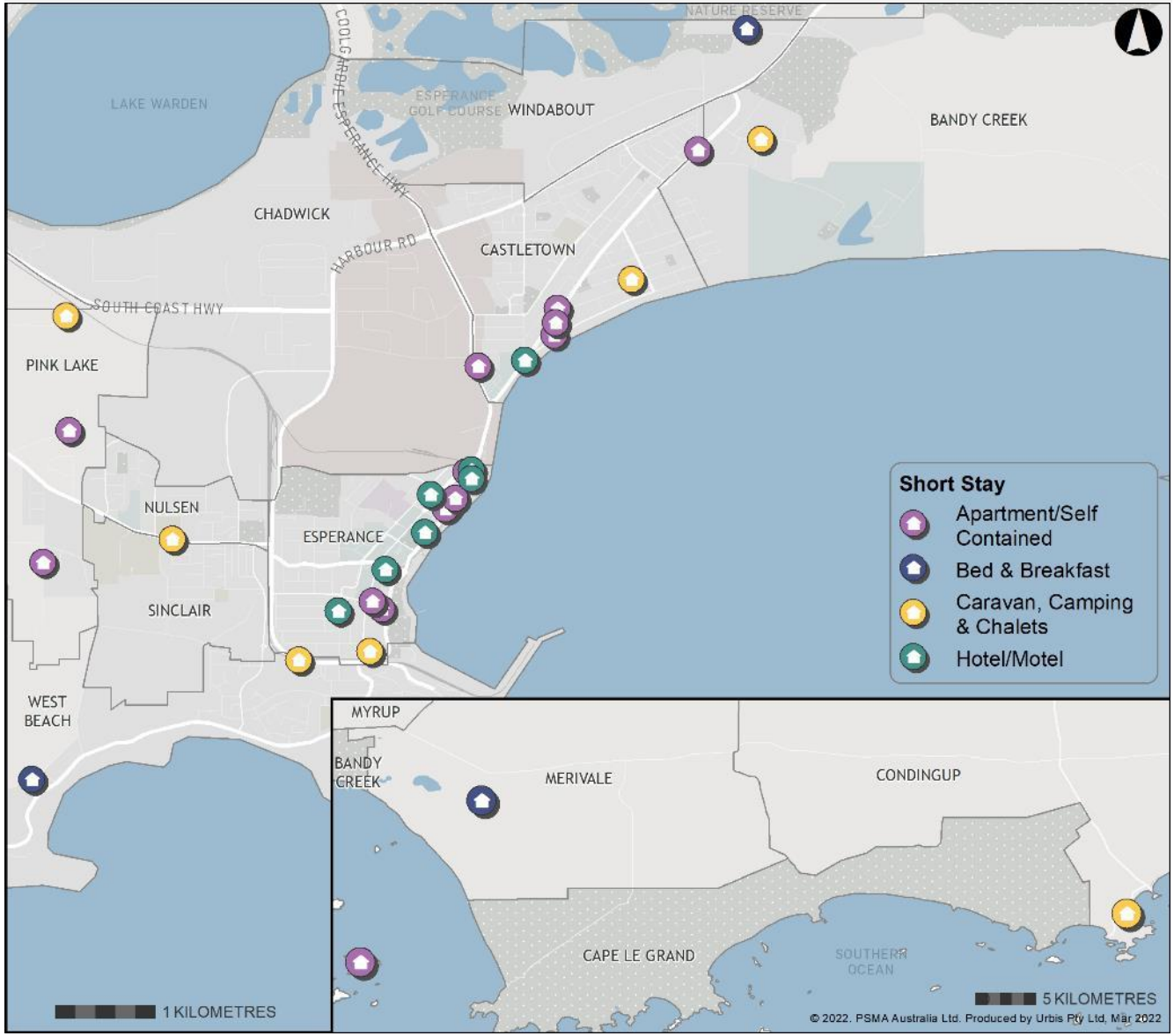
The 2022 Short Term Accommodation Needs Study prepared for the Shire of Esperance classified accommodation into the following categories.

- Apartments/Self-Contained Units
- Hotels/Motels
- Caravan, Camping and Chalets (CCC)
- Bed & Breakfast
- Holiday Houses
- Backpackers

This study additionally identified several key characteristic of the short stay accommodation market.

- There are a higher number of accommodation providers relative to the number of available room nights.
- There are a larger number of operators who offer short-stay accommodation where this is not their core business.
- There is significant variation between occupancy levels between accommodation providers which ranges from around 28% for some to 81.5% for others.
- There are a larger number of properties in the short-stay accommodation sector that were built in the 70s and 80s that are in need of refurbishment, renovation and renewal.

Short Stay Accommodation Supply, As of March 2022



SHORT STAY ACCOMMODATION MARKET| SHORT TERM RENTALS

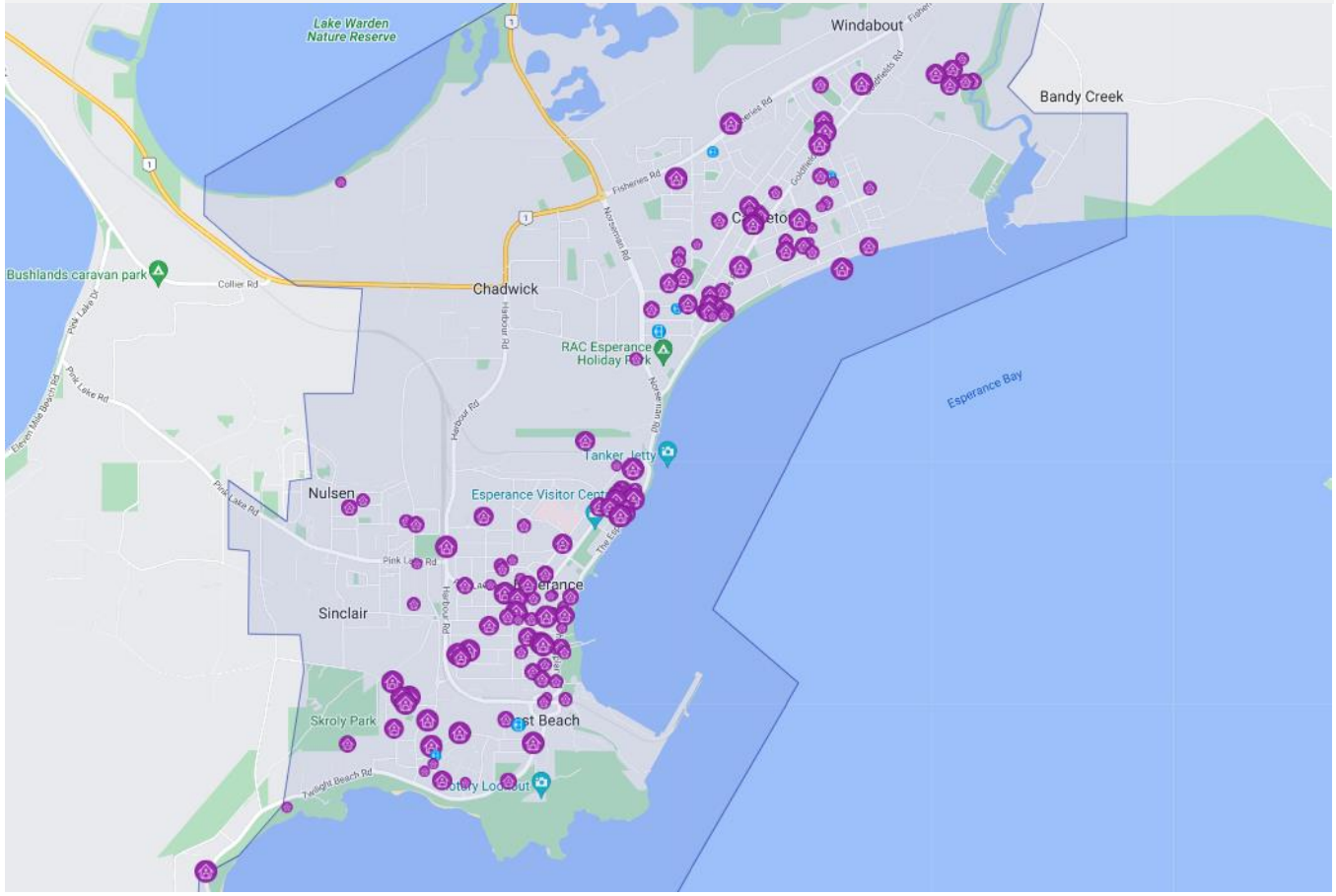
Key Findings

Short term rentals play an important role in the Esperance market – supporting a wide range of visitor markets. A review of Airdna research identified the following key attributes and trends.

- **Increasing Rental Stock**: Across the short term rental market in Esperance, there were an estimated 152 active listings as of April 2022 – of which 142 listings were entire homes. The level of listings has increased from 116 listings in May 2019. This aligns with anecdotal feedback that some permanent rentals were being now used for short term rentals.
- **Increasing Demand and Occupancy Levels**: Occupancy rates, on average, have increased from 2019 levels by approximately 30 percentage points. Peak vacancy rates were averaging 90% in late 2021.
- **Increasing Average Daily Rates**: Average daily rates have increased 30-50% from 2019 levels to approximately $240 per night over the past 12 months.
- **Holiday Letting Agencies**: A number of listings are run by holiday letting agencies. This demonstrates that the short term rental market is operating, to some extent, as a sophisticated commercial accommodation market and directly competes with short stay establishments.

It is important to note that the State Government has released a draft Position Statement: Planning for Tourism outlining proposed changes for how short-term rental accommodation will be managed in Western Australia. This could change future growth and availability of short term rentals in WA.

Short Term Rental Properties, Esperance



Source: Airdna

06

HOUSING DEMAND MODELLING



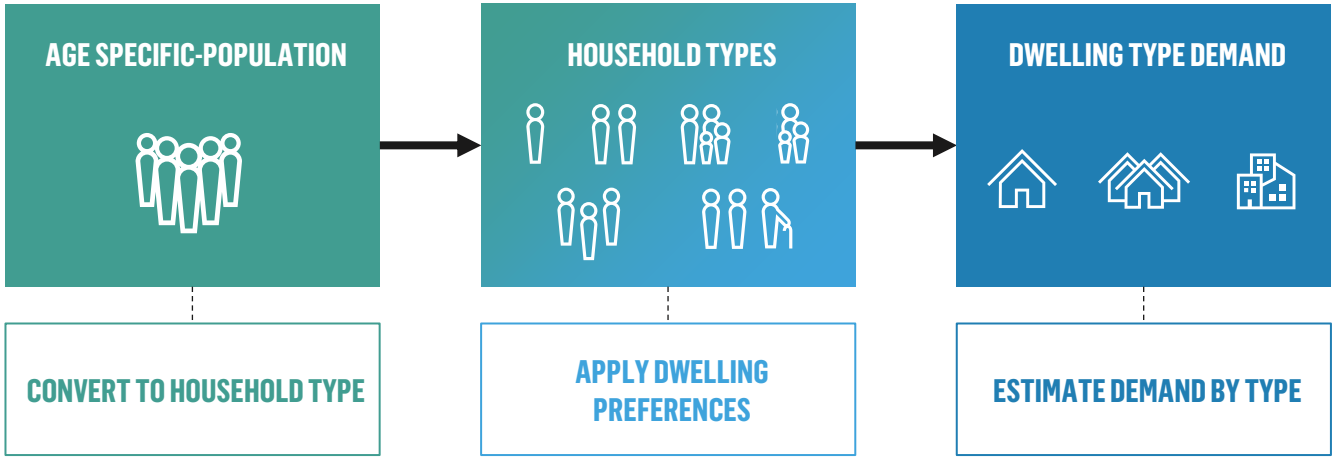
MARKET DEMAND ANALYSIS | DEMAND MODELLING METHODOLOGY

Overview

Housing demand for Esperance was modelled using the following multi-stage methodology.

This approach has proven highly effective in estimating local housing demand, by translating age-specific population estimates and projections into household types before applying household-based dwelling preferences. This approach recognises that dwelling demand is directly driven by the growth and changes in household formation, not simply population growth. It also recognises that the application of whole-of-market average household sizes to population estimates fails to properly capture changes in both the age-profile of the population and in household formation rates. The application of dwelling preferences recognises observed behaviour and therefore inherently captures the role of price in decision making.

Housing Demand Model Overview



Overview

The demand modelling was undertaken for two demand scenarios based on varying population growth rates.

Key Assumptions

These scenarios do not take into account the land area available for development but provide information on what dwelling types could be required for the Esperance population to grow.

This does not take into account other dwelling types (such as cabins and houseboats). However it is important to note that there is a small amount of these types of dwellings in Esperance.

Scenario 1

The first scenario illustrates what dwelling demand would look like if the population increases in line with the WA Tomorrow Band D projections to 2041. The growth rate has been applied to the 2021 Estimated Resident Population (ERP) with the Band D age proportions have been applied to the population forecast.

The dwelling preferences remain the same as observed as of the ABS 2021 census.

Assumptions

ASSUMPTION VARIABLE	ASSUMPTION	NOTES
Occupancy Rate	83.7%	Based on the 2021 ABS census data for occupied private dwellings the Esperance LGA.
Age-Specific Household Composition	As per WA Tomorrow population projections.	The model groups resident projections into household types based on age characteristics.
Population Forecasts		The WA Tomorrow population projection growth rate applied to the 2021 ERP.

Source: Urbis, ABS

Scenario 1 Population Forecasts, Shire of Esperance, 2021-41

PERSONS	2021 ERP	2026	2031	2036	2041
0-4 years	877	880	910	925	942
5-14 years	2,019	1,760	1,698	1,728	1,758
15-19 years	868	990	879	895	910
20-24 years	706	930	950	967	984
25-34 years	1,604	1,500	1,718	1,748	1,779
35-44 years	1,685	1,730	1,566	1,594	1,622
45-54 years	2,000	1,730	1,667	1,697	1,726
55-64 years	1,933	1,940	1,819	1,851	1,883
65-74 years	1,503	1,600	1,789	1,820	1,852
75-84 years	910	1,130	1,273	1,296	1,318
85 years and over	293	460	637	648	659
Total Population	**14,398**	**14,650**	**14,906**	**15,167**	**15,433**
Net Increase since 2021	**-**	**252**	**508**	**769**	**1,035**

Source: ABS, WA Tomorrow Population Projections

Overview

Scenario 2

The second scenario illustrates what dwelling demand would be with a higher rate of population growth. The population growth is based off the WA Tomorrow Band E projections. The Band E age proportions have been applied to the population forecast.

The dwelling preferences used in this scenario are in line with the ABS census 2021 figures.

Scenario 2 Population Forecasts, Shire of Esperance, 2021-41

PERSONS	2021 ERP	2026	2031	2036	2041
0-4 years	877	940	1,058	1,160	1,272
5-14 years	2,019	1,890	1,963	2,153	2,361
15-19 years	868	1,060	1,025	1,124	1,233
20-24 years	706	990	1,101	1,208	1,325
25-34 years	1,604	1,620	1,996	2,188	2,400
35-44 years	1,685	1,850	1,821	1,997	2,190
45-54 years	2,000	1,880	1,930	2,117	2,321
55-64 years	1,933	2,090	2,105	2,308	2,531
65-74 years	1,503	1,720	2,072	2,272	2,492
75-84 years	910	1,240	1,494	1,638	1,797
85 years and over	293	510	752	825	905
Total Population	**14,398**	**15,790**	**17,317**	**18,991**	**20,827**
Net Increase since 2021	**-**	**1,392**	**2,919**	**4,593**	**6,429**

Source: ABS, WA Tomorrow Population Projections

Key Findings

The current numbers of dwellings by type are shown for 2021 as per the ABS Census figures. This is the starting point for both scenarios. The future dwelling numbers for each scenario are based on varying levels of population growth.

This model demonstrates what housing demand could look like under a medium or higher population scenario, and as an ageing population shifts demand for different housing types.

Scenario 1 – Band D

Under this scenario a net increase of 822 dwellings would be required from the 2021 existing dwellings by 2041. The main dwelling preference is detached houses with the net demand at 648. Terrace / townhouses take up a small proportion of net demand at 13% (104 dwellings).

The lower growth scenario (Band D) is reflective of historical periods of moderate population growth. With less than 50 new dwellings per year in total, the current construction workforce would be able to meet demand.

Overall, there is likely to be sufficient land already zoned residential, urban development or in the case of the Bandy Creek area, rural, under this scenario to accommodate this level of population growth.

Scenario 2 – Band E

This scenario shows the future dwelling demand assuming a higher population growth.

Consequently, this scenario produces a much higher net demand at 3,442 total dwellings. The main dwelling preference is detached houses with the net demand at 2,882.

The higher growth scenario (Band E) would require 170+ dwellings to be delivered annually. This is well beyond the current capabilities of the local construction workforce. Additional serviced vacant land would be required beyond the land already zoned residential, urban development or rural (Bandy Creek) to facilitate this level of population growth.

Additionally, building this amount of new dwellings would require a shift in the current approach to land development, and significant strategic planning work to be undertaken to ensure a pipeline of land is available for development. This would require a range of government agencies to be involved to allow development of government land holdings, ensure land is capable of being developed (e.g. has the required approvals), and ensure the Shire's local planning strategy and local planning scheme can facilitate development of privately owned land on a larger scale.

Future Dwelling Demand Scenarios

DEMAND	YEAR	DETACHED HOUSES	TERRACE/ TOWNHOUSES	UNITS	OTHER	TOTAL
Scenario 1 - Band D	2021	5,785	590	143	218	6,736
	2031	6,214	670	166	250	7,300
	2041	6,433	694	172	259	7,558
	Net Demand	*648*	*104*	*29*	*41*	*822*
Scenario 2 - Band E	2021	5,785	590	143	218	6,736
	2031	7,206	775	192	289	8,462
	2041	8,667	932	231	348	10,178
	Net Demand	*2,882*	*342*	*88*	*130*	*3,442*

Source: Urbis, ABS, WA Tomorrow Population Projections

MARKET DEMAND ANALYSIS | MAJOR PROJECT SCENARIO

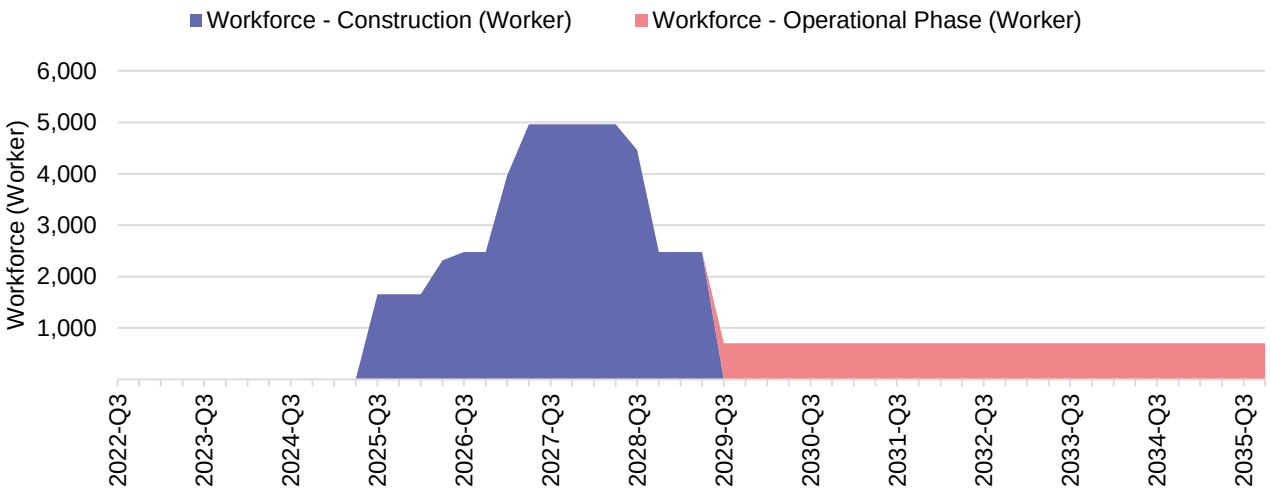
Overview

To complement the above housing need scenarios, this study defined two hypothetical major investment scenarios based on the workforce profile of resource projects undertaken across other parts of regional Western Australia.

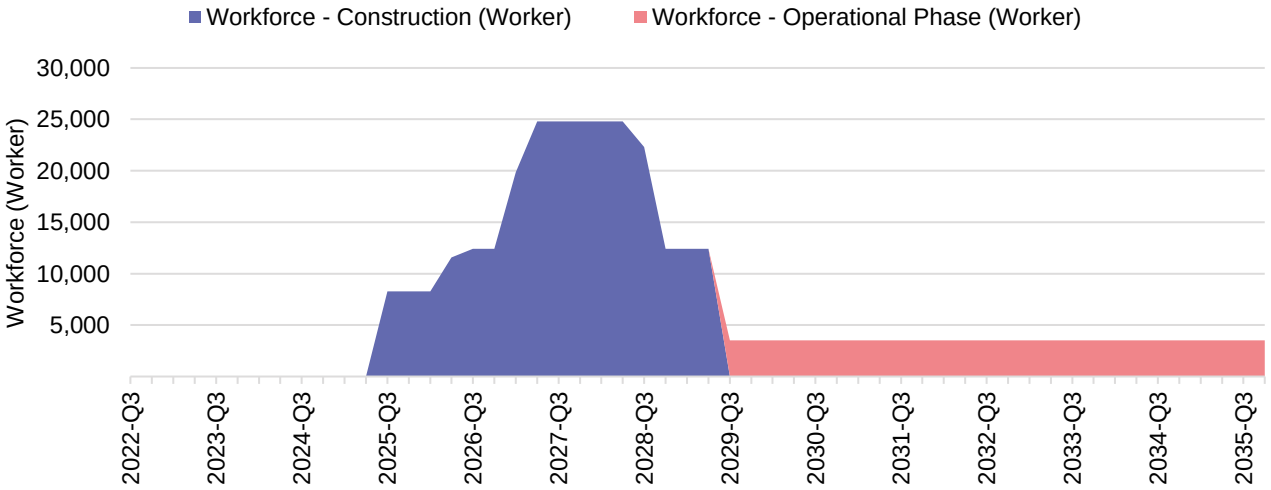
These scenarios provide an indication of the potential construction and operational workforces of a $1 billion and a $5 billion hydrogen project. Workforce requirements were based on known national projects reported by the federal government's major resource projects database (as such, the worker profile is the same but scale of needs differ).

Of key importance, these scenarios highlight that the construction phase peak workforce is approximately five times higher than ongoing operational workforce needs. As such, temporary worker accommodation is likely required.

Major Project Investment Scenario ($1b Hydrogen Project)



Major Project Investment Scenario ($5b Hydrogen Project)



Source: Urbis
n.b. Workforce profile informed by major project database and Urbis' employment profile modelling

07

POLICY CONTROLS & REGULATORY OVERVIEW



PLANNING CONTROLS REVIEW | OVERVIEW

Overview

This section considered how planning controls across and around Esperance may have influenced housing supply previously and how they will impact housing supply in the future.

The key elements of the Shire's Planning Framework that influence housing supply include:

- Local Planning Strategy;
- Local Planning Scheme No. 24;
- Town Centre Revitalisation Plan;
- Tiny House Local Planning Policy; and
- Various Structure Plans.

Additionally, in response to a specific query from the Shire, advice has been provided on the planning considerations for lifestyle village development.

Local Planning Strategy

With regard to housing, the Local Planning Strategy seeks to accommodate the majority of new growth within greenfield areas with approximately 30% of new dwellings provided within infill areas. Key actions included in the Local Planning Strategy aimed at addressing population growth and housing include:

- Providing a framework to support and incentivise housing in the CBD, including local planning policies and design guidelines.
- Encourage and support a diversity of lot sizes in new and infill areas.
- Manage additional rural residential subdivision

Regarding the CBD area, the Local Planning Strategy has reflected several recommendations concerning the increasing residential density and diversity that were identified through the Town Centre Revitalisation Plan.

Local Planning Scheme

Local Planning Scheme No. 24 is a contemporary planning scheme that reflects the findings of the Local Planning Strategy and Town Centre Revilitsation Plan. The Scheme identifies sufficient residential and rural residential land to accommodate the projected population and provide for a diverse range of housing within the Esperance Townsite and immediate surrounds.

The residential densities generally range from larger lots under the R2 coding through to R40/R60 lots located close to the Town Centre. There are also several areas of R40 and larger precincts of R30 zoned land located where infill sewer has been provided.

In the Commercial Zone, the plot ratios and residential density codes have been increased as a result of the Town Centre Revitalisation Plan to encourage higher-density development within the Town Centre area. This is reflected in the Scheme through the provision of a maximum density of R80 for the Local Centre Zone and R160 for the Commercial Zone.

Key Findings

There are significant portions of zoned land available in the study area with varying challenges for development.

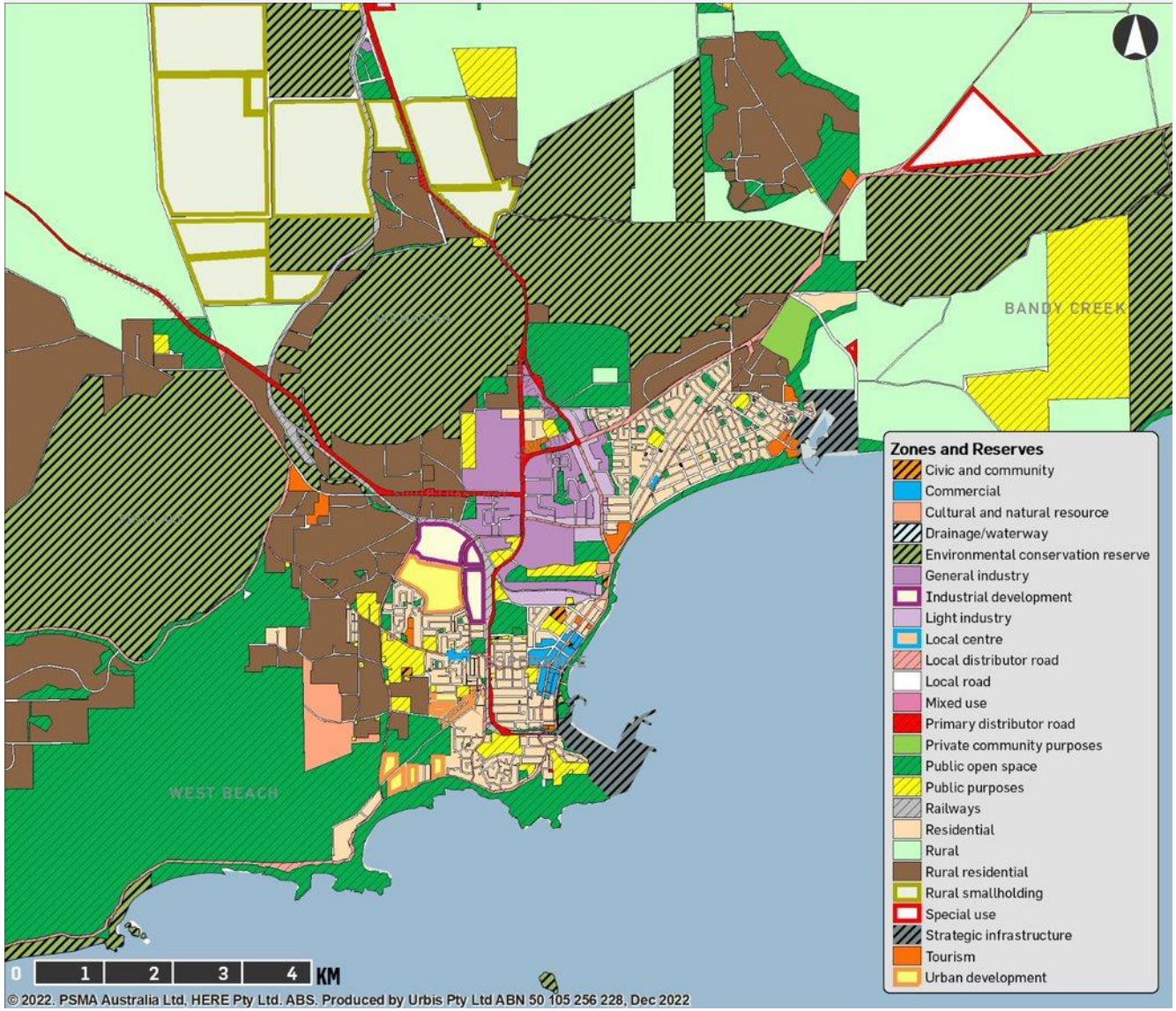
The Shire of Esperance Local Planning Scheme No. 24 has a provision for “future urban” zoned land that is largely concentrated on the outer edges of the existing urban core of the Town.

While there is a healthy supply of residential land for development in the existing residential-zoned land, the land identified for future urban development is considerably constrained, such as by Special Control Areas related to industry, port operations, and environmental protection.

The land identified for further urban development is likely to require government intervention to progress the delivery of new residential lots in the medium-long term, especially with regard to servicing.

Increasing residential density is expected to be a key measure to accommodating a larger resident and worker population, however this is also constrained by the lack of a permanent fire-fighting crew based in Esperance, despite the town being of sufficient size. Dwellings 4 stories and above are not permitted under the current conditions.

Map of Zoning and Reserves



PLANNING CONTROLS REVIEW | STRATEGIC AND POLICY CONSIDERATIONS

Key strategic and policy considerations were investigated to understand how prospective new land uses might fulfill wider strategic goals for the Shire.

STRATEGY	KEY CONSIDERATION	POTENTIAL IMPLICATIONS FOR HOUSING SUPPLY	POTENTIAL ACTIONS
Esperance Town Centre Revitalisation Master Plan	▪ Consolidate Town Centre area. ▪ Encourage range of activities to ensure vibrancy. ▪ Inclusion of Residential in the Town Centre / locality.	▪ Acknowledges and promotes the opportunities for redevelopment within the Town Centre ▪ Supports the opportunities for higher density housing, affordable housing for key workers and aged care.	▪ Investigate development incentives. ▪ Develop localised response to coastal setback requirements.
Tiny House on Wheels Local Planning Policy	▪ Clarification of instances where tiny houses could be considered. ▪ Outlines development requirements that need to be satisfied to gain approval.	▪ Provides additional certainty for non-conventional housing options. ▪ Supports opportunities for bring your own home approach.	▪ Determine implications of classification as a dwelling. ▪ Investigate the cost differential between classification as a vehicle vs a dwelling. ▪ Promotion and mapping to support preferred policy areas.
Holiday Homes Planning Investigations	▪ The growing number of dwellings being utilised as short term holiday accommodation. ▪ The state of the existing regulation available and the Shire's capacity to undertake compliance.	▪ Short-term rentals resulting in decreasing supply of dwellings for permanent occupation. ▪ Impacting the viability of traditional short-term accommodation development.	▪ Progress localised response ahead of broader state-wide regulation being developed. ▪ Provide materials to investors. ▪ Workshops for community on compliance.
Lifestyle Villages	▪ Clarification of appropriate land use definition. ▪ Confirmation of development requirements. ▪ Case studies – Busselton National Lifestyle Village, Margaret River Lifestyle Village.	▪ Lifestyle villages provide an opportunity for further diversifying housing supply. ▪ Affordable option for downsizers seeking a sea change.	▪ Investigate opportunities to provide additional clarity on land use approach and development requirements through the Scheme or local planning policy framework. ▪ Investment attraction campaign
Temporary Workers Accommodation	▪ Consistent definition with State Government Position Statement. ▪ Limited permissibility for worker accommodation. ▪ No development requirements within the Scheme or local planning policy framework. ▪ Accommodating residential workers with families preferred. ▪ Potential to change tourism caravan park and hotels to workers accommodation.	▪ Zones where worker accommodation is permissible may not be suitable from a servicing and infrastructure perspective. ▪ It may be difficult for major projects to provide worker accommodation via non-traditional housing camps.	▪ Investigate suitability of current land use permissibility. ▪ Investigate potential development requirements for inclusion in the Scheme or local planning policy. ▪ Framework for guiding major projects / transformational industries to develop permanent workforces.

Key Findings

The Town Centre Revitalisation Master Plan sets out a framework for the coordination of private and public initiatives aimed at improving the activation and attractiveness of the town centre area.

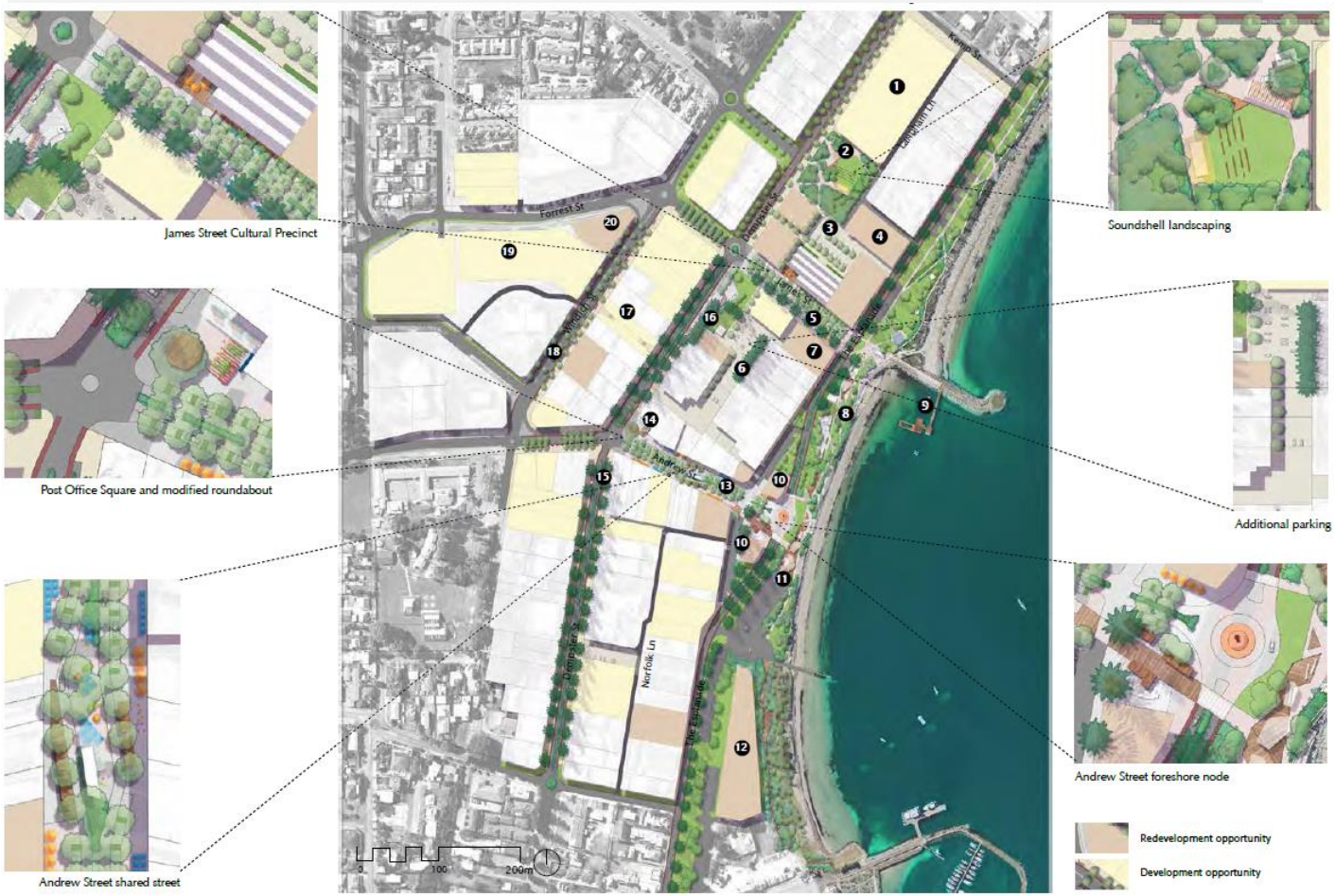
A critical objective of the Master Plan relevant to housing supply is increasing the diversity of housing in the town centre and providing opportunities for alternative housing models, including aged care.

Many of the planning-related actions identified under the Master Plan have been incorporated into the Scheme, including the increases in plot ratio within the town centre area.

Some key actions that remain outstanding and that could further support increased housing diversity include:

- Investigation of density and development bonuses and creation of a suitable implementation mechanism (i.e. local planning policy); and
- Formulation of a localised response to Coastal Setbacks to clarify acceptable and unacceptable mitigation strategies.

Esperance Town Centre Illustrative Master Plan



Key Findings

The Shire's Tiny House on Wheels Policy provides clarification on the instances where a tiny house could be considered as well as the relevant requirements.

Overall, the Local Planning Policy provides good clarification and appropriate requirements in terms of locations, vegetation protection and protection of amenity..

However, the definition of a Tiny House conflicts with the existing definitions of 'Dwelling', 'Grouped Dwelling' and 'Ancillary Dwelling' under State Planning Policy 7.3, which includes references to 'buildings' and 'structures'. This inconsistency could give rise to challenging the validity of the policy provisions. It is recognised, however, that given that the policy seeks to provide a pathway for the progression of tiny houses, such a challenge may be unlikely.

To resolve the inconsistency, it is recommended to investigate the establishment of a new land use definition under Local Planning Scheme No. 24. Rather than lining the definition to that of a dwelling, it may be more appropriate to link the definition to 'Park Home', whilst including the qualifiers outlined in the policy definition.

It is acknowledged that this is a longer-term solution, given the timeframes involved with the progression of amendments to local planning schemes.



Key Findings

As identified earlier in this report, there has been continued growth in the short-term accommodation market in Esperance over the last 5 years. This has resulted in some housing stock that might normally be available for long-term rental being taken off the market in favour of more lucrative short-term arrangements.

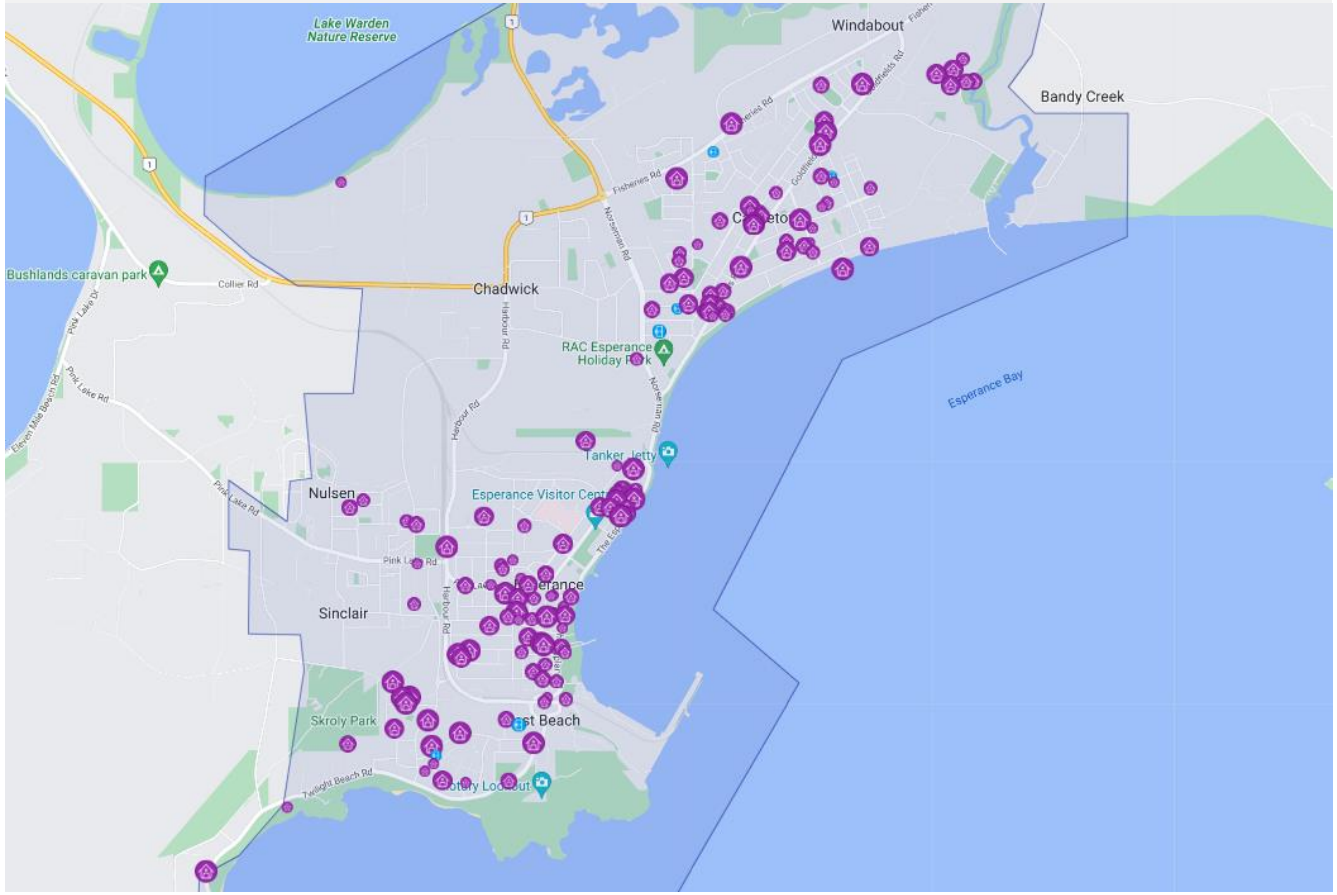
In 2022 the Shire undertook a consultation project regarding the growth in short-term rentals within Esperance. The consultation report identified opportunities to adjust the planning regulation of short-term rentals, including amending the Scheme to provide a more nuanced approach to location and permissibility.

In response to the 2019 Parliamentary inquiry Levelling the Playing Field: Managing the impact of the rapid increase of short-term rentals in Western Australia, the State Government is also progressing with a model for increased regulation of the short-term rental market.

The State Government approach includes the progression of additional planning guidance through the draft Position Statement: Planning for Tourism as well as a registration system. The development of the registration system is being led by Consumer Protection WA, who are seeking to progress consultation on a legislative response to the issue in 2023.

Given the uncertainty around the timing and form of the final State Government responses to short-term rentals, it is recommended that the Shire continue to progress its own response via the Scheme and local planning policy framework.

Short Term Rental Properties, Esperance



Source: Airdna

Key Findings

The Western Australian planning system does not provide for a clear land use definition for lifestyle villages, with several 'best fit' definitions having been utilised to facilitate the development of these facilities.

Generally, the land use definitions have been selected in response to the context of a site and the planning framework that applies. The commonly utilised land use definitions include:

- Park Home Park; and
- Grouped Dwelling

The Shire of Esperance Scheme set out standard land use definitions, while State Planning Policy 7.3 Residential Design Codes Volume 1 sets out definitions for residential development. The specific definitions of Park Home Park and Grouped Dwelling are set out below:

- Park Home Park - *premises used as a park home park as defined in the Caravan Parks and Camping Grounds Regulations 1997 Schedule 8*;
- Grouped Dwelling - *a dwelling that is one of a group of two or more dwellings on the same lot such that no dwelling is placed wholly or partly vertically above or below another, except where special conditions of landscape or topography dictate otherwise, and includes a dwelling on a survey strata with common property.*

The Park Home Park definition presents a particular complexity that has been responded to in different ways across several development applications that have been reviewed across Perth and the Regions. Under the *Caravan Parks and Camping Grounds Regulations 1997*, the definition of park home park is:

park home park means a caravan park at which park homes, but not any other caravans or camps, are situated for habitation.

Further to the above, a park home is defined as:

A caravan in respect of which a vehicle licence is not required under the Road Traffic (Vehicles) Act 2012 section 4, because it could not be drawn by another vehicle on a road due to its size, is a vehicle of a prescribed class or description for the purposes of the definition of "park home" in section 5(1) of the Act.

In most instances, where an appropriate land use definition does not fit with the context of the site or the local planning scheme, a bespoke land use definition is sought under the banner of 'use not listed' and may only be approved if it is considered to be consistent with the objectives of the particular zone.

Development approval for lifestyle village activities are likely to be subject to a range of conditions that address the following matters:

- Built form and appearance
- Access
- Effluent disposal
- Developer contributions
- Parking management
- Drainage
- Waste management

Key Findings

The State Government released the Workforce Accommodation Position Statement in January 2018. The Position Statement outlines the considerations for planning for workforce accommodation through local planning schemes and local planning policies. In particular, the position statement provides clarity on matters that fall under the Planning and Development Act 2005 and those matters that are covered through the Mining Act 1978.

Being a more recent document, the Shire of Esperance Scheme has incorporated some controls within the Scheme for land use permissibility. Generally, workforce accommodation is only capable of being approved within the 'Rural' and 'Rural Townsite' zones. This limited permissibility may have practical implications for such facilities due to the infrastructure and servicing requirements. Consideration should be given to the Shire working with industry to ensure all workers are accommodated in preferred locations and infrastructure can be reused in the future beyond the needs of the initial worker accommodation development.

The Scheme and local planning policy framework does not include specific development requirements for workforce accommodation. Common development requirements associated with worker accommodation include:

- Siting;
- Access and egress;
- Servicing;
- Landscaping; and
- Nature and design of buildings.

It is recommended that the Shire investigates the inclusion of development standards for worker accommodation in either the Scheme or the local planning policy framework.



08

LAND AND HOUSING CAPACITY ASSESSMENT

Key Findings

Key locations for future land development in Esperance include the Bandy Creek suburb located north-east of the Esperance town centre and Pink Lake, an outer western suburb in Esperance.

Flinders Estate has completed two stages (in 2004 and 2009). Stages 3 and 4 have a total of 74 residential lots, with 29 cottage lots expected to be available mid-2023.

There are also some proposed estates in the area that could add to the land supply pipeline in Esperance. This includes the Dempster Gardens Estate, Larmour Estate, Pink Lake West, White Street, and Pink Lake Road giving a total of 456 residential lots.

The Bandy Creek District Structure Plan outlines the potential of developing the 377.5 land holding as a residential area. This could potentially yield between 3,303 and 5,285 residential lots depending on average lot size and zoning.

Current Land Supply

DEVELOPMENT	ADDRESS	APPROVED LOTS	LOTS REMAINING	STATUS	TYPOLOGY	DESCRIPTION
Flinders Estate	Between Ormonde Street, Goldfields Road, Daw Drive and the Bandy Creek Boat Harbour	196	74 (stages 3 and 4)	Stage 1 & 2: Complete, Stage 3 & 4: Under Development	Residential R10-R40 Retail	124 ha Stage 3 and 4 will bring 74 residential lots into the market over 2023.
Bandy Creek District	Near Bandy Creek Road	-	-	Structure Plan; Awaiting Update	Residential (R20 Average Preferred) & Commercial Proposed	337.5 ha of total land area with 264.3 ha of developable land for up between 3303 and 5285 lots.
Dempster Gardens Estate	73 Johns Street, Sinclair	92	-	Approved by Council	Residential R12.5 – R30	Approved by council
Larmour Estate	Ivy Larmour Drive, Gibson	16	4	12 Lots developed. Others remain empty.	2.03 to 3.52 ha Rural Residential Subdivision	Majority lots already sold with 5 lots remaining currently for sale
Pink Lake West	Lots 25, 770 and 9002, Pink Lake West	237	-	Approved by Council and WAPC, 14-stage delivery	1 to 4.6 ha Rural Residential Subdivision	Approved by council and WAPC Rural living lots ranging from 1 to 4.3 ha.
White Street / Pink Lake Road	Along Sims St, Pink Lake Rd and White St, Nulsen	55 + 56	-	Awaiting Modifications	Residential (Up to R40)	Proposed estate, currently awaiting modifications
Total lots		652	78			

Source: Shire of Esperance structure plans

LAND AND HOUSING CAPACITY ASSESSMENT | FUTURE DEVELOPMENT OPPORTUNITY AREAS

Key Development Opportunity Areas

Key locations with potential accommodate future residential development are shown on the map.

While the land supply within and around Esperance is ample, there are a number of key constraints, such as:

- Service infrastructure;
- Topography;
- Existing and potential SCA areas; and
- Height limits (due to lack of a permanent fire crew).

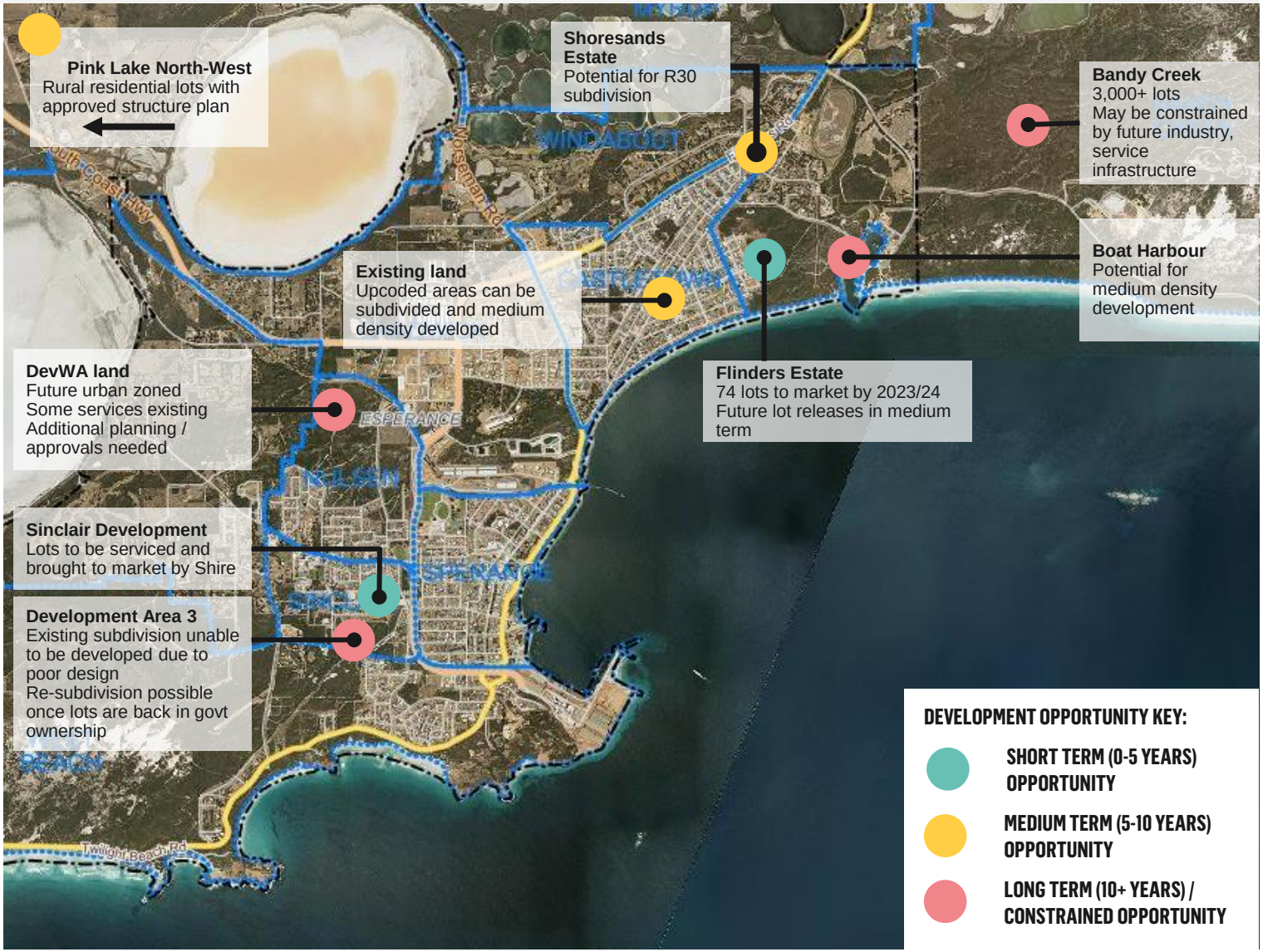
The key opportunities for development in the short term are:

- Sinclair development lots by Shire;
- Flinders Estate; and
- Subdivision of existing lots.

Key locations that need to be investigated for medium-long term land supply are:

- Development WA land in Nulsen;
- Development Area 3; and
- Bandy Creek.

Given the land supply constraints consideration should be given to medium density housing typologies that are appropriate to a regional town and capitalise on the local amenity, such as large storage areas / sheds, capturing ocean / landscape views, and communal spaces. Developing demonstration housing may assist in proving buyer appeal.



LAND AND HOUSING CAPACITY ASSESSMENT | KEY DEVELOPMENT AREAS AND CONSTRAINTS

DEVELOPMENT AREAS	PLANNING CONSIDERATIONS	BUFFER ZONES / SPECIAL CONTROL AREAS	HERITAGE / ENVIRONMENTAL CONSIDERATIONS	COASTAL CONSIDERATIONS	LAND OWNERSHIP CONSIDERATIONS
Flinders Estate	Shire are planning next stage	None known	Existing vegetation present	Included in coastal management plan	Shire of Esperance
Bandy Creek District	Structure plan awaiting update	Potential Abalone processing facility will impose a buffer zone which will constrain residential development	Existing vegetation present	Included in coastal management plan	
Dempster Gardens Estate	Structure plan approved by Council			N/A	
Larmour Estate	Under development			N/A	
Pink Lake West	Structure plan approved by Council			N/A	
White Street / Pink Lake Road	Structure plan awaiting modifications			N/A	
Urban Development Area, Sinclair	Urban Development Area	SCA - General SCA - Environment	Existing vegetation present	N/A	Lots in various ownership need to be bought back so subdivision can be redesigned – current topography prevents development
Urban Development Area, Nulsen	Urban Development Area	SCA - Environment	Existing vegetation present	N/A	DevelopmentWA
Urban Development Area, West Beach	Urban Development Area	SCA - General	Existing vegetation present	Included in coastal management plan	

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AREAS OF FOCUS

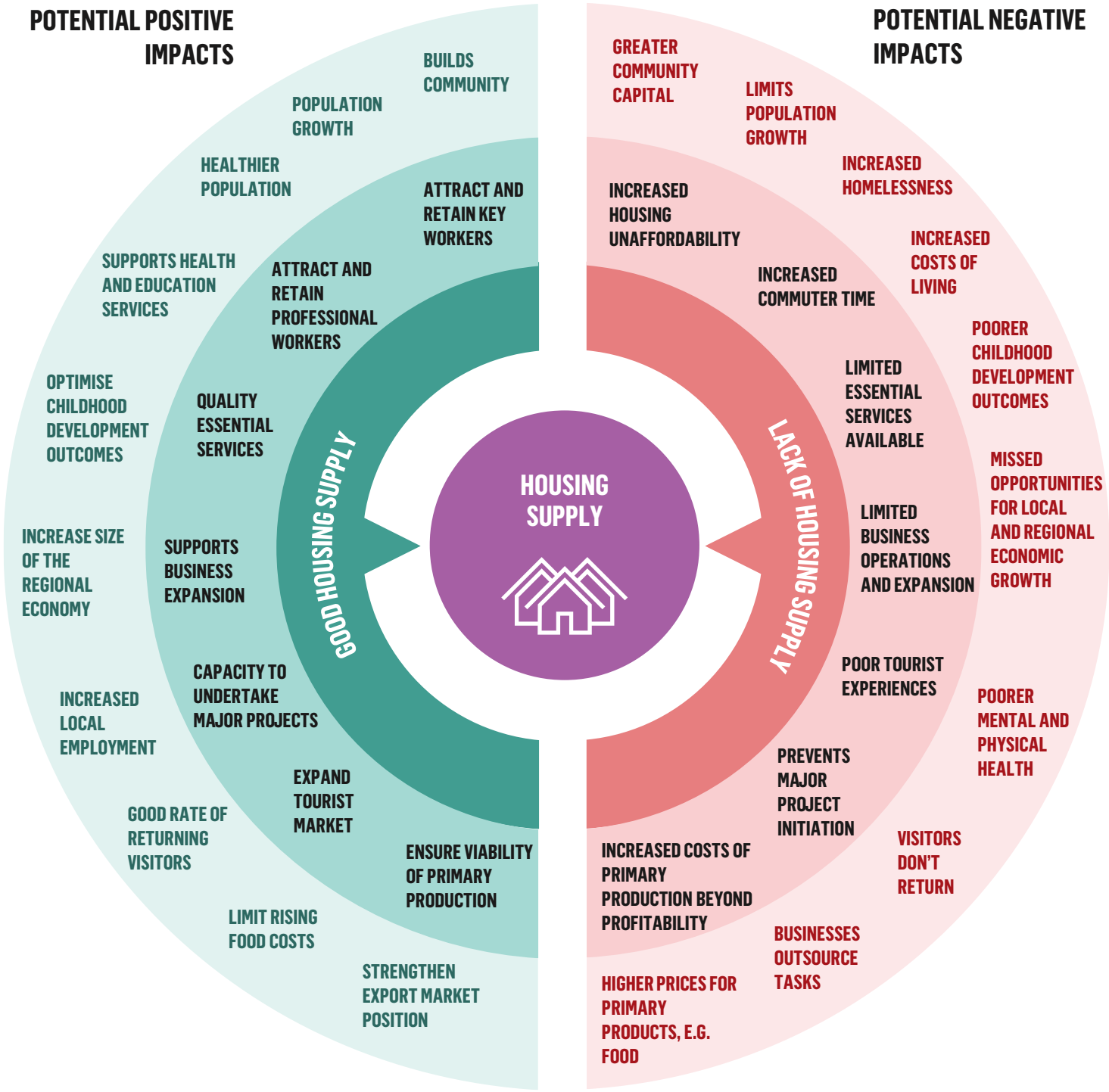


AREAS OF FOCUS | THE IMPORTANCE OF HOUSING

Access to affordable and diverse housing is crucial to the development of diverse, vibrant and sustainable communities. It allows people to establish roots within their community and contribute to the economic development of their communities by providing a workforce for industry and delivering essential, community and support services.

Regional housing markets are however influenced by a range of factors such as local population and economic trends, the cost and availability of capital, policy controls, investment returns and others. As such, issues of affordability and the supply of quality housing in the required locations can inhibit the economic and social development of regions.

These challenges are currently heightened in Esperance and this is leading to a number of economic and social challenges, with significant knock-on impacts (illustrated right). Severe housing shortages are occurring against the backdrop of major planned investment in the region, which has the potential for long-term adverse impacts in decades to come.



AREAS OF FOCUS | KEY FINDINGS SUMMARY



ECONOMIC OUTLOOK

The current economic outlook for Esperance is positive, with the last three years showing significant growth in property prices, tourism sector growth, initiation of resources sector projects and potential for additional resources activity in the area.

Notably, there has been:

- Substantial growth in the housing market over the past 2 years with the sales volume for houses reaching the highest levels it has in the past 10 years. In the first half of 2022, the sales volume was at 152, which is a larger increase from 2020 levels at 87 in the first half. The median house price in the first half of 2022 was at $430,000.
- Recovery in the tourism sector with visitor numbers reaching pre-covid levels at 927,000 visitor nights (domestic visitors only) in 2021.
- Strong pipeline of investment in the area with potential major projects valued at approximately $300 million.
- The completion of major projects that largely improve infrastructure in the area including the Esperance Power Project and the new Renewable Energy Hub.

There is potential for a significant increase in housing needs in Esperance in the next decade, driven primarily by new projects and employment.



LAND & HOUSING MARKET CHALLENGES

Critically there are signs of failure of the market and current policy frameworks to deliver sufficient housing for key workers, renters and those on lower incomes. The recent pandemic has exacerbated existing trends by:

- Increasing land development / construction costs;
- Below average income area with higher than average costs to develop housing due to regional location limits ability of residents to get a mortgage and pay level of rent investors desire;
- Long build times and supply chain delays;
- Limited capacity to attract new workers to work in local construction industry due to regional location and lack of housing;
- Influx of new residents looking for a lifestyle change increasing property prices and inducing investors to sell rental properties to owner occupiers;
- Growth in tourism inducing investors to switch dwellings from long-term rentals to short-term accommodation;
- Increase in people seeking housing for workers (inc. key workers and private businesses); and
- Poor confidence in the long-term value of properties due to historical population and property market decline limits attraction of outside investors.

Continuing a ‘business as usual’ approach to housing supply will not drive the required outcomes for current or future residents, and has potential to stifle economic development in the future and jeopardise regional investment.



LAND & HOUSING MARKET OPPORTUNITIES

Many of the same characteristics of the market which have resulted in housing delivery challenges also have potential to be leveraged to provide opportunities for investment.

These include:

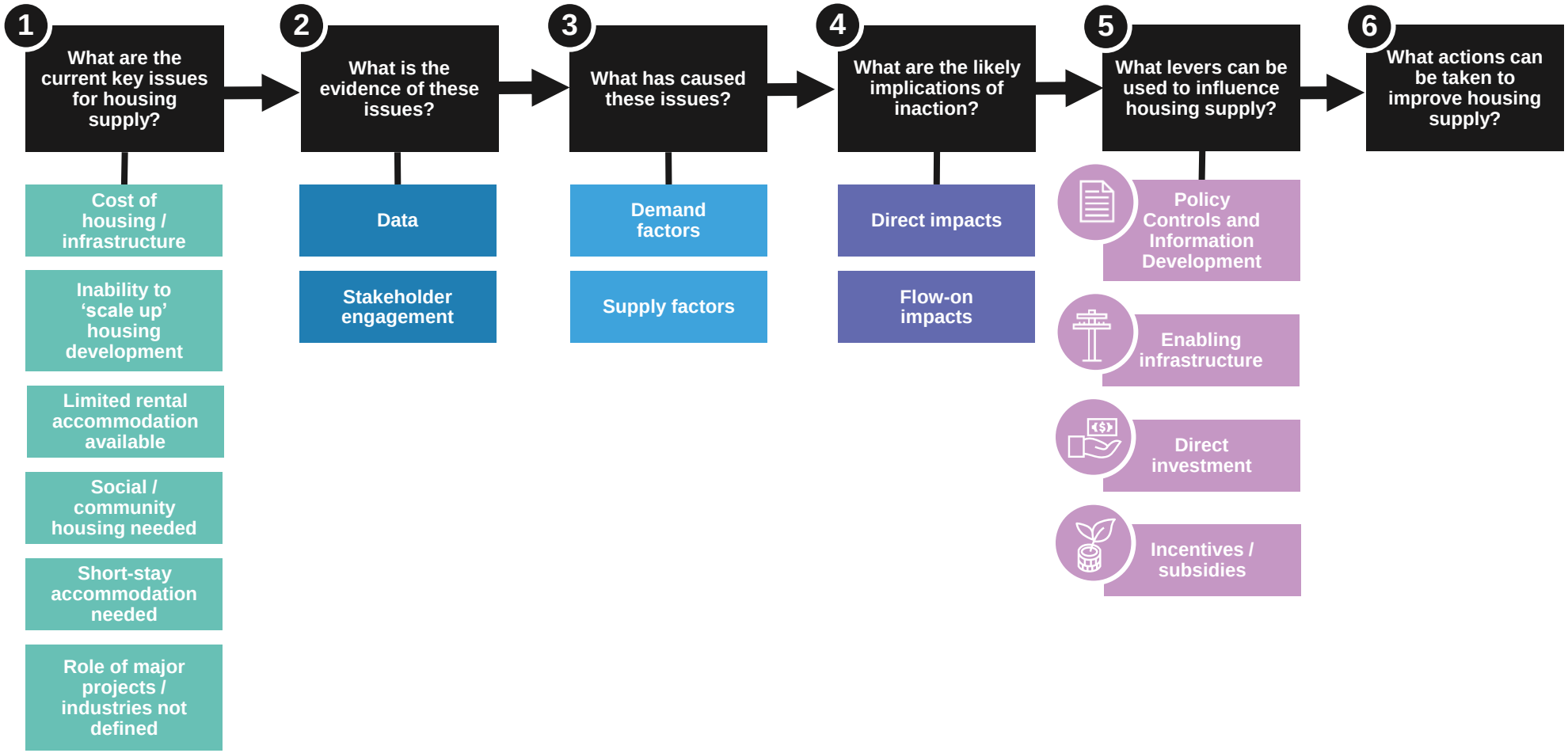
- Population growth despite expected decline;
- Significant interest from a range of resources and primary production investors in the area;
- Potential to increase dedicated short-stay accommodation options separate to residential stock to develop a larger and better serviced tourism economy;
- Potential to broaden the construction methods and mix of built products in the Esperance residential market;
- Provide a more resilient housing supply chain to better accommodate expansion and contraction of the local economy; and
- Potential to increase participation in training programs by at-risk / unemployed young adults and adults to provide a larger local construction workforce.

Key actions have been defined in the following pages to address the unique mix of challenges faced in the Esperance.

AREAS OF FOCUS | KEY ISSUES

The action plan sets out how some of the challenges of delivering housing and accommodation to a diverse population will be met.

The plan summarises the issues, evidence, causes, potential implications of inaction, what levers can be used and details the specific actions to be undertaken, including who is responsible for the actions.



AREAS OF FOCUS | KEY ISSUES (CONT.)

NO.	KEY ISSUE / FOCUS AREA	EVIDENCE	CAUSES	POTENTIAL IMPLICATIONS OF INACTION
1	Higher cost / longer timeframes for building housing and infrastructure	▪ Price increases in recent years ▪ Extended build times – 18-24 months where previously 12 months ▪ Infrastructure not in place for development land e.g. wastewater infrastructure	▪ Supply chain delays post-pandemic ▪ On-going inflation ▪ Shortage of construction workers ▪ Planning and funding of infrastructure ▪ Regional location / isolation results in higher transport costs	▪ Prevents investment in Esperance and major project initiation ▪ Limits population growth with limited housing available
2	Inability to 'scale up' housing development	▪ Engagement with key stakeholders	▪ Isolated location results in difficulties in fulfilling increases in demand – limited construction workforce ▪ Resources jobs nearby offer better pay for construction workers – limited construction workforce ▪ Housing supply framework needed to support forward planning for housing development	▪ Prevents major project initiation ▪ Increased housing unaffordability ▪ Can't accommodate expanded workforce due to lack of housing or worker accommodation
3	Limited rental accommodation available	▪ Substantially lower rental vacancy rate ▪ Sustained downwards trend in rental vacancies ▪ Increasing rental costs ▪ Significant GROH waitlist	▪ Property market upturn resulted in a number of rental properties sold – buyers were typically owner occupiers ▪ Limited property investors active in the Esperance market – key factors likely isolation, perception of unpredictable economy, easier to invest elsewhere, poor perceptions of renters ▪ Some long-term rentals now used for short-term rentals	▪ Increased cost of living with higher rental costs ▪ Limited rental options available may cause increased homelessness ▪ Increased housing unaffordability ▪ Limits population growth

AREAS OF FOCUS | KEY ISSUES (CONT.)

NO.	KEY ISSUE / FOCUS AREA	EVIDENCE	CAUSES	POTENTIAL IMPLICATIONS OF INACTION
4	Social / community housing needed	▪ Decline in number of social and community housing dwellings since 2011, despite population growth ▪ Visible homeless people within last 5 years ▪ Availability of lower cost rentals is very limited ▪ Engagement with key stakeholders	▪ Increasing cost of living pressures, especially housing ▪ Lower-cost retirement housing fully occupied ▪ Delays in construction of social housing by Department of Communities due to on-going construction industry delays ▪ Limited presence of community housing in Esperance ▪ Rental stock that is available is limited, unaffordable and / or poorly suited to renter needs ▪ ETNTAC are taking action to develop housing for their own people – housing need from First Nations people in the area is under-reported	▪ Lack of social and community housing could increase homelessness in the area ▪ Poorer mental and physical health across community ▪ Poorer employment, education and social outcomes across community ▪ Displacement of First Nations people from country
5	Short stay accommodation needed	▪ Much of existing accommodation stock was constructed in 1980s and is in need of refurbishment ▪ Conversion of dwellings to short-stay accommodation	▪ Owner / investor decisions	▪ Poor tourist experiences and visitors don't return ▪ Missed opportunities for local and regional economic growth from the tourism industry
6	Major projects / higher employment industries	▪ Role of major projects / higher employment industries not defined	▪ Lack of coordinated policy across State and local government to define and communicate expectations	▪ Missed opportunity to develop additional housing supply within Esperance township and positively impact local economy and community ▪ Existing housing supply may be taken up by employers who can afford to pay higher than market rates, reducing available supply for others

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ACTION PLAN



ACTION PLAN | ACTIONS SUMMARY LIST

NO.	ACTION	KEY ISSUE / FOCUS AREA	KEY POPULATION BENEFITTED	HOUSING DELIVERY TIMEFRAME
POLICY CONTROLS AND INFORMATION DEVELOPMENT				
1	**Housing Advocacy**	▪ All	▪ All	Short – long term
2	**Flinders Estate Redesign**	▪ Higher cost / longer timeframes ▪ 'Scale up' development	▪ All	Short – medium term
3	**Support Tjaltjraak Housing Initiatives**	▪ Limited rentals available	▪ Tjaltjraak people	Short – long term
4	**Lifestyle Village**	▪ Higher cost / longer timeframes ▪ Limited rentals available	▪ Over 55s residents / retirees, inc. lower incomes	Short – medium term
5	**Hotel**	▪ Short stay accommodation needed	▪ Tourists	Short – medium term
6	**Retirement Accommodation**	▪ Higher cost / longer timeframes ▪ Limited rentals available	▪ Retirees, inc. lower incomes	Short – medium term
7	**Tiny Houses**	▪ Higher cost / longer timeframes ▪ Limited rentals available	▪ Seasonal workers ▪ Owner occupiers ▪ Tourists	Short term
ENABLING INFRASTRUCTURE				
8	**Service Infrastructure**	▪ Higher cost / longer timeframes ▪ 'Scale up' development	▪ All	Medium term
9	**Strategic Planning for Future Residential**	▪ All	▪ All	Long term
DIRECT INVESTMENT				
10	**Temporary Worker Accommodation**	▪ Major projects / higher employment industries	▪ Seasonal workers ▪ Major project proponents	Short term
11	**Key Worker Housing**	▪ Higher cost / longer timeframes ▪ Limited rentals available	▪ Key workers	Short term
INCENTIVES / SUBSIDIES				
12	**Affordable Housing**	▪ Higher cost / longer timeframes ▪ Limited rentals available	▪ Lower-income residents	Short term
13	**Local Construction Workforce**	▪ All	▪ All	Medium – long term

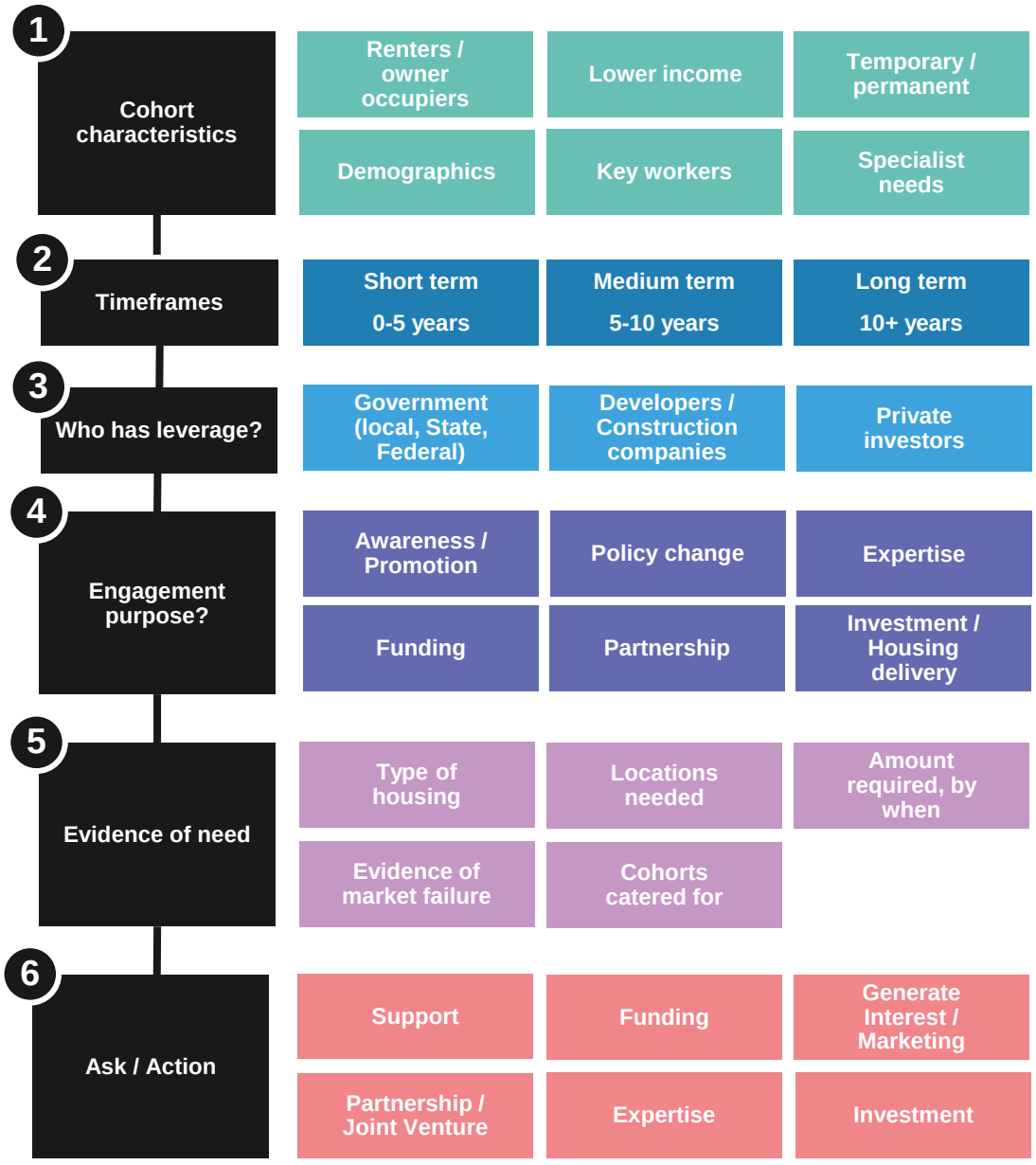
POLICY CONTROLS AND INFORMATION DEVELOPMENT



ACTION PLAN | ACTION 1: HOUSING ADVOCACY

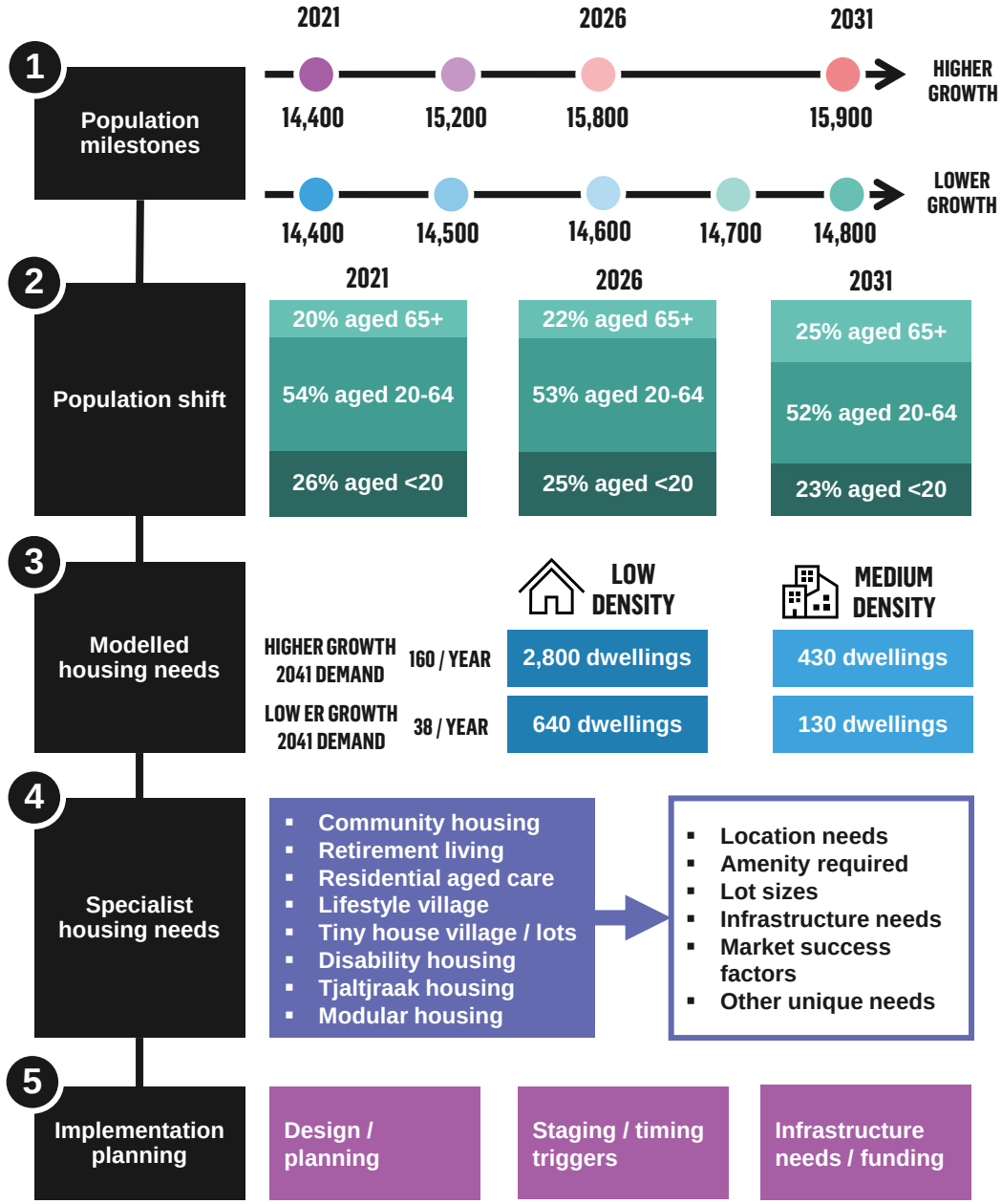
ACTION 1	**Housing Advocacy**
SUMMARY	Undertake coordinated advocacy for awareness of and investment in housing policy, planning and delivery
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ 'Scaling up' development ▪ Limited rental accommodation available ▪ Social / community housing needed ▪ Short stay accommodation needed ▪ Defining role of major projects / industries
RATIONALE	Addressing regional housing issues for short to long-term periods requires coordination of a range of approaches, levers, partnerships and actions. Getting the right information to the right organisations is critical to ensuring housing delivery can be improved in Esperance.
RESPONSIBLE	Shire and GEDC
KEY PARTNERS	State government, major project proponents
TIMEFRAME	Immediate (next 2 years) and ongoing
PATHWAY	Pathways to undertake housing advocacy are mapped in the diagram, right.
KEY TARGETS	**General rental / GROH market** – promote and provide information on the potential rental market returns by private investors, companies and funds. This should include highlighting the relatively high returns from unit stock. **Shire / government land / built assets** – identify assets and begin discussions with relevant government agencies to determine pathways and timeframes for housing delivery. **Specialist accommodation** – identify potential partners or proponents to deliver seasonal / temporary worker accommodation, major project worker accommodation, short stay accommodation, retirement living, lifestyle village, tiny house demonstration, community housing. **Other targets** – process to identify targets mapped in pathway.

PATHWAY



ACTION PLAN | ACTION 2: FLINDERS ESTATE REDESIGN

ACTION 3	**Flinders Estate Redesign**
SUMMARY	Prepare plans for the next stages of Flinders Estate with consideration for a variety of lot sizes, housing product, timing / staging of service infrastructure, community infrastructure needs and lots for specialist housing (e.g. seasonal workers, hotel / resort, lifestyle village).
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ 'Scaling up' development ▪ Social / community housing needed ▪ Short stay accommodation needed
RATIONALE	As the main greenfield housing development area in Esperance town the next stage of Flinders Estate needs to be ready for housing development once population growth induces demand for additional housing, and to accommodate shifting house typology preferences.
RESPONSIBLE	Shire
KEY PARTNERS	Key housing development stakeholders where identified
TIMEFRAME	Immediate (next 2 years)
PATHWAY	1. Engage with potential housing providers / key stakeholders / industry experts to understand critical attributes of lots to support alternative and in-demand housing designs (particularly for future group housing sites) 2. Undertake staging design and delivery in line with recommendations (see appendix).



ACTION PLAN | ACTION 3: SUPPORT TJALTJRAAK HOUSING INITIATIVES

ACTION 9	**Support Esperance Tjaltjraak Housing Initiatives**
SUMMARY	Undertake regular and on-going engagement with ETNTAC to support their housing initiatives.
KEY ISSUES ADDRESSED	▪ Social / community housing needed ▪ Asset portfolio under development for ETNTAC including housing assets
RATIONALE	Tjaltjraak are undertaking initiatives to provide and manage lower-cost housing for Tjaltjraak people in the Esperance area. Tjaltjraak people may choose not to engage with government organisations for housing assistance, therefore alternative housing solutions are needed where people find themselves unable to afford or live in housing available to the general community. Regular engagement with Tjaltjraak will ensure the Shire have an understanding of the housing situation of Tjaltjraak people and are able to provide support to the Corporation if required.
RESPONSIBLE	State and local government
KEY PARTNERS	ETNTAC, Private sector
TIMEFRAME	Ongoing
PATHWAY	1. Engage with ETNTACon the subject of housing provision. 2. Determine what support is possible and welcome for the Shire to provide, e.g. data, advice, information, advocacy, business cases, etc, and the preferred format for ongoing engagement and information sharing for both the Shire and ETNTAC. 3. Undertake regular and ongoing engagement as agreed between ETNTAC and the Shire of Esperance.

ACTION PLAN | ACTION 4: LIFESTYLE VILLAGE

ACTION 10	**Lifestyle Village**
SUMMARY	Promote and facilitate development of a lifestyle village in Esperance.
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ 'Scaling up' development ▪ Limited rental accommodation available ▪ Major projects / higher employment industries
RATIONALE	Lifestyle Villages provide lower-cost housing for over 45s or over 55s using modular housing on a land-lease model, with a range of amenities provided for residents. The residential Parks (Long–stay Tenants) Act 2006 governs these in WA. There are currently no lifestyle villages in the Esperance area. Lifestyle villages are a land-efficient way of providing comparatively lower-cost housing that caters to middle-aged to older residents. Modular housing is used meaning it is easier to quickly deliver housing.
RESPONSIBLE	Shire
KEY PARTNERS	Lifestyle village operator/s
TIMEFRAME	Short term (0-5 years) to medium term (5-10 years)
PATHWAY	1. Engage with WA and eastern states lifestyle village operators to highlight the lack of product available in the Esperance area and understand what is required in terms of land characteristics to provide a lifestyle village in the future. 2. Identify potential locations for lifestyle villages from existing vacant land, and within the Flinders Estate or other housing development areas. 3. Engage with potential lifestyle village operators to get a commitment to developing a lifestyle village, either on existing land or working with the operator to ensure a future subdivision provides suitable vacant land.











Source: National Lifestyle Village

ACTION PLAN | ACTION 5: PREMIUM SHORT-STAY ACCOMMODATION

ACTION 11	**Premium Short-Stay Accommodation**
SUMMARY	Undertake advocacy / planning for premium short-stay accommodation, such as a hotel or resort.
KEY ISSUES ADDRESSED	▪ Short stay accommodation needed
RATIONALE	There is a lack of premium accommodation in the Esperance short-stay accommodation market, and many properties currently catering for higher end accommodation demand are residences being used as short-stay accommodation rather than being used for long-term rentals or owner-occupied residences. Providing an alternative for the growing tourism market will assist in easing pressure on the residential housing market as well as support growth of the tourism sector.
RESPONSIBLE	Shire, TWA AGO
KEY PARTNERS	Accommodation provider/s
TIMEFRAME	Short term (0-5 years)
PATHWAY	1. Undertake engagement with potential accommodation providers to determine site features needed for higher-end / premium accommodation of scale (i.e. hotel or resort), and to advocate for an accommodation development in the Esperance area. 2. Identify potential site/s from public and private vacant land or development areas. 3. Advocate for development of higher-end / premium accommodation, such as hotels and chalets. A new caravan park may also be needed to accommodate for overflow. 4. Work with existing local providers for the expansion / addition of premium short stay accommodation.

ACTION PLAN | ACTION 6: RETIREMENT ACCOMMODATION

ACTION 12	**Retirement Accommodation**
SUMMARY	Support development of new retirement living / seniors accommodation options.
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ Limited rental accommodation needed ▪ Social / community housing needed
RATIONALE	The supply of retirement living accommodation in Esperance is limited, and the majority has become fully tenanted in recent years. Given the expected aging of the existing resident population and the popularity of Esperance for retirees as a retirement destination there is likely to be increased demand for retirement village product in the future.
RESPONSIBLE	Shire, GEDC, State government
KEY PARTNERS	Retirement Village Operator/s
TIMEFRAME	Short term (0-5 years) to medium term (5-10 years)
PATHWAY	1. Engage with existing retirement village operators to understand the current status of their villages in terms of demand / supply, operating model (i.e. long term vs. short term leases), any plans for expansion / refurbishment, triggers that would induce consideration of expansion or redevelopment, and discuss the potential implications of the proposed changes to the Retirement Village Act 1992 to village viability. 2. Identify and engage with key operators active in the WA south-west and Goldfields to determine if there is an appetite to develop additional retirement product in Esperance. Consider the key land attributes required for successful retirement village product, and the scale required. 3. Identify potential existing land that may be suitable for retirement village product and ensure future development area planning allocates land suitable for retirement village development.

ACTION PLAN | ACTION 7: TINY HOUSE ON WHEELS DEVELOPMENT

ACTION 14	**Tiny House on Wheels Development**
SUMMARY	Following development and adoption of Local Planning Policy - Tiny Houses, actively plan and advocate for tiny houses to locate in the area.
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ Limited rental accommodation available ▪ Social / community housing needed
RATIONALE	Tiny houses on wheels provide an alternative housing product that can be built outside or within Esperance and moved between different sites. The choice to live in a tiny house on wheels may be driven by comparative costs, life stage and lifestyle choice. It is also a suitable housing product for short-stay accommodation, a temporary solution for key worker housing, and crisis housing. Advocating for tiny houses on wheels has potential to encourage a local industry to develop around producing the product, and provide opportunities for local training / business development.
RESPONSIBLE	Shire
KEY PARTNERS	Tiny house developers, Australian Tiny Houses Association
TIMEFRAME	Short term (0-5 years) to medium term (5-10 years)





PATHWAY

1. Identify potential locations for tiny houses on wheels (consider both Esperance town and rural locations), from both current available land and potential future development areas excluding areas where restrictive covenants impede approval).
2. Continue engagement with the Australian Tiny Houses Association and tiny house developers located within WA / nationally to determine if there is an appetite to bring a display home to Esperance and / or hold a tiny house festival in the town.
3. Run a community information session to demonstrate ‘how to’ locate a tiny house on wheels on a variety of different lot types in compliance with the new policy.
4. In discussion with GROH, local businesses and other relevant stakeholders, determine if tiny houses can be purchased and used for temporary key worker accommodation to fill immediate supply gaps.
5. Identify local / regional (WA south-west), WA and national tiny house builders to gauge interest in establishing a presence in Esperance.
6. Engage with local / regional TAFE and potentially Tjaltjraak to discuss potential for apprenticeships / training to provide local employees to build tiny houses in Esperance.
7. Promote the new tiny house policy, potential locations and display tiny house through media and social media channels, local estate agents and other organisations as identified to attract and maintain interest in building / bringing tiny houses to Esperance.

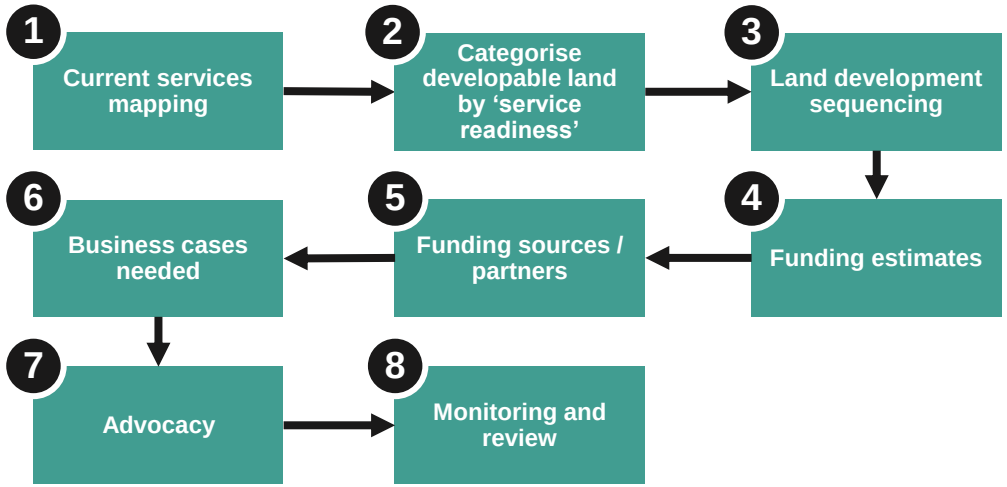
ENABLING INFRASTRUCTURE



ACTION PLAN | ACTION 8: SERVICE INFRASTRUCTURE

ACTION 2	**Service Infrastructure**
SUMMARY	Forward planning and funding of service infrastructure, including wastewater treatment, sewerage, power, water and gas.
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ 'Scaling up' development
RATIONALE	The installation of service infrastructure is a significant cost of housing and the typical timeframes are protracted by the remote location, as well as the supply issues currently common to construction across Australia. Forward planning and identifying funding opportunity for service infrastructure will unlock land for housing development.
RESPONSIBLE	State and local government, GTEs, partners identified throughout project
KEY PARTNERS	State government service departments
TIMEFRAME	Immediate (next 2 years)

PATHWAY SUMMARY



PATHWAY

1. Identify where services are currently installed within residential areas.
2. Identify residential land that may be developed, categorising the opportunities in terms of service readiness e.g. land that can be connected easily to existing infrastructure networks nearby may be 'green', land that needs minor additional infrastructure 'yellow', and land that has no service connections nearby 'red'. Identify locations where higher levels of services will be required, e.g. higher density housing in infill areas.
3. Align the development areas with population growth estimates over time and identify which land needs to developed over a 10-20 year timeframe.
4. Identify key infrastructure required, timing and estimate amount of funding needed.
5. Identify potential funding sources and potential partners who can apply for funds, e.g. a community housing provider to apply for the Housing Infrastructure Facility Fund.
6. Identify business cases needed to apply for funding for priority locations (i.e. short term development opportunities) or priority infrastructure and undertake to prepare or assist with business cases as appropriate.
7. Undertake advocacy for State government to provide funding for infrastructure for specialist and worker housing developments, providing evidence for need, identifying costs and benefits, providing justification for scale of ask, and identifying potential consequences of not providing funding.
8. Set monitoring and review timeframes to ensure infrastructure needs remain aligned with population growth.

ACTION PLAN | ACTION 9: STRATEGIC PLANNING FOR FUTURE RESIDENTIAL

ACTION 7	**Strategic Planning for Future Residential**
SUMMARY	Assessment of current planned residential development areas that are inactive and forward planning of future residential development areas.
KEY ISSUES ADDRESSED	▪ 'Scaling up' development
RATIONALE	There are a number of existing areas of vacant land purposed for residential development that are inactive and may require additional planning or infrastructure to be ready for residential development. These need to be reassessed and the steps and timeframes to enabling residential development defined.
RESPONSIBLE	State and local government, partners identified through project
KEY PARTNERS	DevelopmentWA, State government, private land owners
TIMEFRAME	Short term (0-5 years)
PATHWAY	1. Identify locations planned for residential development (inc. Flinders Estate, Development Area 3, etc.). 2. Engage with land owners / developers to determine the reasons for inactivity / constraints for development – e.g. service infrastructure needed, land unsuitable, environmental approval process required, lack of demonstrated demand, etc. 3. Classify land parcels by ease of development, desirability of location, expected cost / ease of servicing. 4. Identify key triggers for land to be needed for residential development, e.g. population milestone, major project initiation (employment scale). 5. Identify and engage with relevant stakeholders to map pathways towards future development.

DIRECT INVESTMENT



ACTION PLAN | ACTION 10: TEMPORARY WORKER ACCOMMODATION

ACTION 4	**Temporary Worker Accommodation**
SUMMARY	Forward planning for accommodation for temporary workers
KEY ISSUES ADDRESSED	▪ 'Scaling up' development ▪ Limited rental accommodation available ▪ Major projects / higher-employment industries
RATIONALE	Accommodation is needed for workers who need to locate within or near Esperance town due to sudden increases in demand in an industry or venture, a major project underway, seasonal changes in demand, as a temporary solution to key worker housing, or similar.
RESPONSIBLE	Industry, State and local government, partners identified through project
KEY PARTNERS	Private businesses, major project proponents
TIMEFRAME	Short term (0-5 years)
PATHWAY	1. Identify short term temporary requirements for Esperance through engaging with key local businesses planning workforce expansions (e.g. Minerva) or new projects (e.g. Fortescue Future Industries), and benchmarking construction period and permanent workforce scale for other industries (e.g. rare earth mining, hydrogen facility). 2. Identify potential sites within and outside the Esperance townsite, both serviced and unserviced (already underway – refer to Workforce Accommodation paper). 3. Determine the capacity of each to accommodate residents and additional servicing, planning or development requirements to ready the sites for residential purposes.

LIFE CYCLE AND REUSE	Redundancy should be built into the design to ensure the accommodation purpose can be changed if no longer needed for the purpose of worker accommodation. Potential future uses are: ▪ Short stay accommodation ▪ Emergency housing ▪ Housing co-op ▪ Seniors housing Key considerations for reuse at the end of lifetime as worker accommodation are: ▪ Ability to relocate dwellings to alternative sites ▪ Access and safety ▪ Quality of fitout and ability to refurbish ▪ Future maintenance requirements

ACTION PLAN | ACTION 11: KEY WORKER HOUSING

ACTION 5	**Key Worker Housing**
SUMMARY	Plan / fund development and delivery of key worker housing
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ Limited rental housing available
RATIONALE	Current mechanisms for providing key worker housing have failed to provide sufficient housing for existing key workers, and are unlikely to meet known future key worker needs. Lower rental vacancy rates, difficulty attracting investors to the GROH program / private rental market and the remote location are key factors in market failure and underpin the need for government intervention to ensure essential services can be provided to the Esperance community.
RESPONSIBLE	State government, partners identified through project
KEY PARTNERS	GROH, other government and private organisations
TIMEFRAME	Short term (0-5 years) to medium term (5-10 years)
PATHWAY	A multiple approach pathway is required to deliver sufficient housing for key workers. Key considerations are: ▪ Currently, a business case for Shire to develop key worker housing for 16-20 dwellings is being pursued for funding from State government / other agencies. ▪ Regular and ongoing engagement with GROH / Department of Communities, major project proponents and local businesses to understand current and future key worker housing needs relative to supply. ▪ Leveraging existing Shire and other government owned land and housing assets (e.g. development of land, refurbishment of existing housing / buildings). ▪ Accessing government funds and grants, and facilitating delivery of housing through purchase by the Shire, partnerships / collaboration. ▪ Attracting private investment from major project proponents, investor organisations and individuals.

Multiple approaches to key worker housing

	PATHWAY	PURPOSE	KEY ATTRIBUTES	
1	Direct investment by Shire	Provide and lease housing when market failure occurs	**Development of housing on Shire-owned land assets**	**Development partnership using Shire / other government assets**
2	Engagement with stakeholder organisations	Understand housing needs / partner to provide housing	**GROH / direct engagement with government organisations needing housing**	**Major projects / industries** **Local business owners**
3	Identification of suitable land parcels	Ensure investment-ready land is identified	**Government land**	**Privately owned land**
4	Advocacy and investment attraction	Connect investment with housing demand through economic cycles Ensure Esperance is on the radar of government and investors	**Engagement / funding requests to government at all levels** **Engagement with potential investors / investor organisations**	**Active marketing of Esperance as a place to invest in property**

INCENTIVES / SUBSIDIES



ACTION PLAN | ACTION 12: AFFORDABLE HOUSING

ACTION 6	**Affordable Housing**
SUMMARY	Encourage development of affordable and crisis housing initiatives
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ Limited rental accommodation available ▪ Social / community housing needed
RATIONALE	There is a very limited supply of affordable, lower-cost and crisis housing available in Esperance. Cost of living increases, higher housing costs, lower rental vacancy rates and very limited availability of community housing in Esperance have resulted in few options for people in need of low cost housing.
RESPONSIBLE	Department of Communities, DevelopmentWA
KEY PARTNERS	Shire, GEDC, State government, community housing providers, partners as identified throughout project
TIMEFRAME	Short term (0-5 years), ongoing
PATHWAY	1. Key partners to advocate for DoC to assess current and potential future scale of need of affordable, social, community and crisis housing needed. 2. Key partners to advocate for DoC to engage with community housing providers (including co-operative housing) established within the south west and elsewhere in the State to determine if they can provide a greater presence in Esperance, and the key attributes of land needed for community housing developments. 3. Key partners to support ETNTAC, as required, with engagement with community housing providers or other organisations, to assist in developing affordable housing for Tjaltjraak people.

PATHWAY	4. Key partners to identify potential community / co-operative housing sites within Esperance, and progress with DoC and DevelopmentWA. 5. Key partners to advocate for a greater community housing presence in Esperance.

POTENTIAL COMMUNITY HOUSING PROVIDERS	LOCATIONS	PRODUCT TYPE
Advance Housing	Albany Esperance	Affordable housing Youth Housing Seniors Housing Student Accommodation Disability Housing
Co-operation Housing	Greater Perth Bunbury Denmark Margaret River	Co-op Housing Seniors Housing Disability Housing
Housing Choices	Australia wide	Affordable Housing Community Housing Specialist Disability Housing
Foundation Housing	State wide	Affordable Housing Youth Housing Share Housing Disability Housing Affordable housing for key workers
Bethanie	Greater Perth Bunbury Geraldton	Seniors Community Housing
Plantagenet Village Homes	Mount Barker	Seniors

ACTION PLAN | ACTION 13: LOCAL CONSTRUCTION / MAINTENANCE WORKFORCE

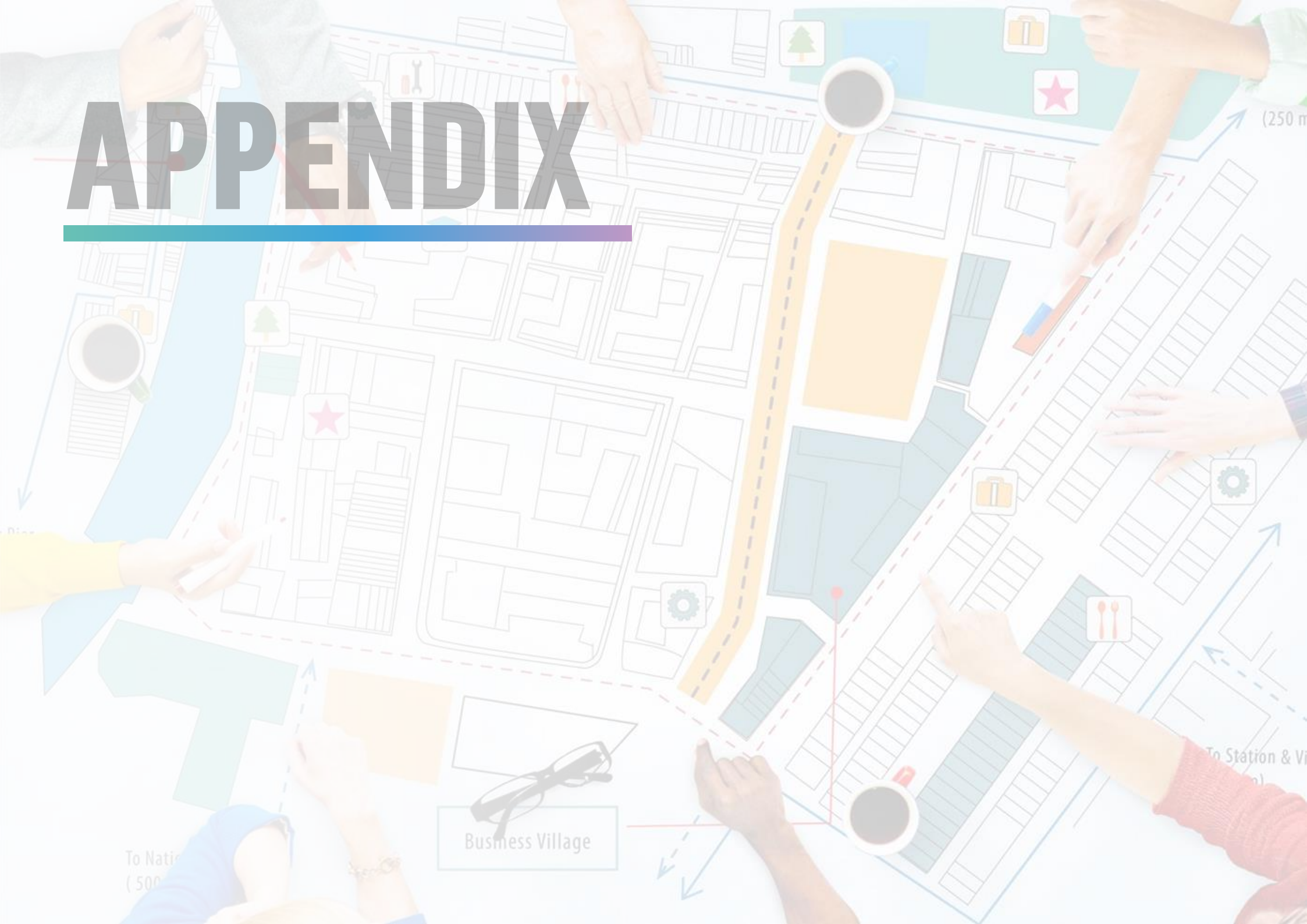
ACTION 8	**Local Construction / Maintenance Workforce**
SUMMARY	Attract and maintain a larger locally-based construction/ maintenance workforce.
KEY ISSUES ADDRESSED	▪ Housing cost / timing ▪ 'Scaling up' development
RATIONALE	Maintaining and scaling up a locally-based construction workforce is challenged by a number of key factors, including the remoteness of the location, tendency for young adults to leave the town, competition from the resources industry nearby and lack of housing to accommodate a larger workforce. Multiple approaches are needed.
RESPONSIBLE	GEDC, State government, industry
KEY PARTNERS	Shire, local businesses, TAFE, ETNTAC, Department of Communities and partners as identified throughout project
TIMEFRAME	Short term (0-5 years) to medium term (5-10 years)
PATHWAY	1. Developing or purchasing housing to accommodate a larger construction industry workforce as well as trainers and trainees from outside the area is critical. 2. Attracting and skilling young people already located in Esperance and with strong family ties to the area can assist in providing a larger local construction workforce. Work with relevant training organisations, local businesses, ETNTAC and other organisations as identified to create pathways for local residents to undertake construction workforce training / apprenticeships. Subsidising training costs on the basis of Esperance being a remote regional location in need of a greater local construction workforce may attract additional people from elsewhere in WA / nationally to the program. Funding sources, partners and a medium term timeframe to oversee this program are critical to success.

Multiple approaches to attracting a larger local workforce

	PATHWAY	PURPOSE	KEY ATTRIBUTES	
1	Worker / trainee housing	*Accommodate a larger construction workforce in Esperance*	Long term leases	Short-term leases / temporary housing
2	Local training	*Train existing local residents or attract trainees from elsewhere*	Attract existing local residents with strong ties to the Esperance area	Subsidise training costs Provide housing for out-of-town / are trainees
3	Engage with local builders	*Identify key barriers to scaling up local construction workforce*	Provide advocacy / support to builders in peak periods	
4	Engage with alternative construction companies	*Reduce impact of supply chain delays by using alternative / local materials*	Engage with national construction companies with lightweight / alternative material expertise	

PATHWAY...	3. Engage with local builders to identify abilities to scale up the local construction workforce, and key barriers to this. 4. Engage with alternative construction companies (local, WA and national), including those specialising in lightweight construction (timber, steel, tiny houses), and alternative materials (e.g. hempcrete, straw bales, recycled materials) to advocate for the opportunity to provide building services in Esperance.

APPENDIX



APPENDIX | PRODUCT RECOMMENDATIONS FOR FLINDERS ESTATE

Key Findings

Lot product recommendations have been provided for future stages of Flinders Estate. Lot size data for previous stages of Flinders and other estates in Esperance have been used to inform these recommendations. Consideration was additionally given to builder product requirements.

Given the need to increase yield from this landholding whilst delivering a lot product that meets market needs, the major product is recommended to be 450-649 sq.m. This should include 15m and 18m frontage lots (i.e. 35 x 15m or 32 x 18m) as this aligns with a range of builder products available.

Other key lot products include 12.5m frontage (35 x 12.5m = 437.5 sq.m) and 22m frontage (32 x 22m = 704 sq.m).

A mix of other lot sizes is recommended to complement this and meet demand for smaller and larger dwelling product. Several blocks should be dedicated to grouped housing of around 3,000-4,000 sq.m, ideally located near public open space.

Estate Lot Recommendations versus Historical Lot Sizes

LOT SIZE RANGE	FLINDERS ESTATE (FUTURE STAGES)	FLINDERS ESTATE (STAGE 3)	FLINDERS ESTATE (STAGE 4)	FLINDERS ESTATE (STAGES 1 & 2)	CASTLETOWN	WEST BEACH
Less than 450 sq.m	19%	0%	100%	19%	0%	0%
450-649 sq.m	45%	2%	0%	0%	1%	2%
650-749 sq.m	20%	2%	0%	65%	11%	18%
750-999 sq.m	10%	87%	0%	8%	82%	53%
1,000-1,999 sq.m	5%	9%	0%	8%	6%	17%
2,000+ sq.m	0%	0%	0%	0%	0%	10%
Grouped Housing	1%	0%	0%	0%	0%	0%

Source: Landgate, Urbis
n.b. comparison data for the 2012-22 period.

APPENDIX | STAGING RECOMMENDATIONS FOR FLINDERS ESTATE

Key Findings

First lots were developed at Flinders Estate in 2004 (33 lots). Most of these were sold in the first two years (23 lots in 2004 and 9 lots in 2005).

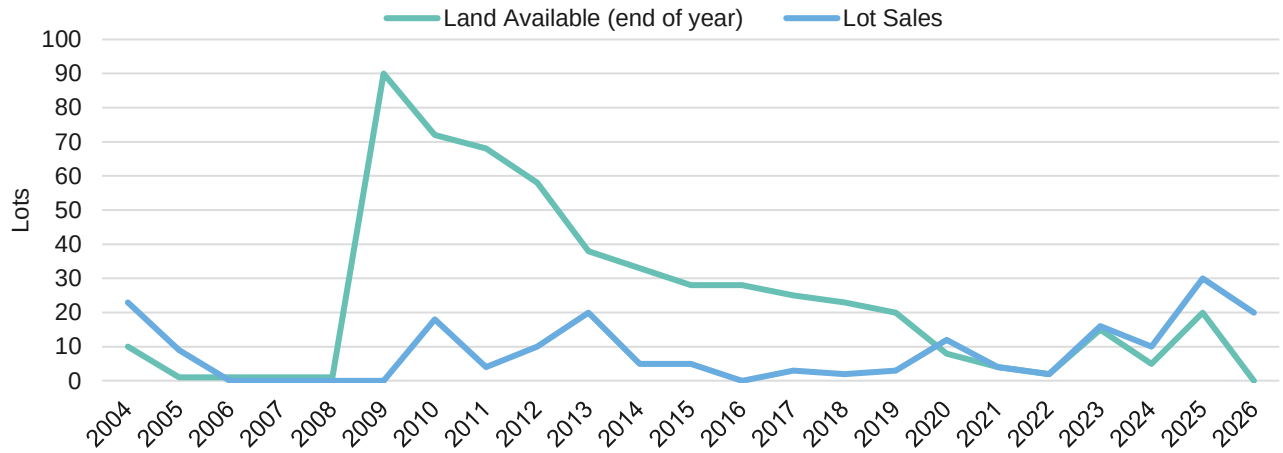
A second stage was developed in 2009 of 89 lots. The majority of these lots sold within the next five years however the remaining lots sold at a much slower rate as it coincided with broader slow down in property market (both locally and across Western Australia). Lot sales increased in 2020 and this stage was sold out in early 2023.

Stage 4 includes 29 cottage lots that are expected to be developed as of mid-2023. Stage 3 includes a more traditional lot mix and is expected to be developed in 2025.

Based on average sales rates of approximately 20 per annum, there will be a need for additional lots from mid-to-late 2026. Consideration should be given to more regular stages that ensure there is a constant availability of land. A example staging plan is noted below.

- Stage 5 – 50 lots in 2026/27
- Stage 6 – 50 lots in 2028/29

Lot Sale Historical and Indicative Forecast, Flinders Estate



Source: Landgate, Urbis
n.b. Land available is as of December 31st. Indicative forecasts of lot sales for 2023-26 period.

APPENDIX | HYPOTHETICAL RESIDENTIAL INVESTMENT RETURNS

Key Findings

As the analysis demonstrates, high costs and historical low capital growth presents a barrier to attracting investment in permanent rentals. To further explore this insight, this study developed financial modelling for three hypothetical residential rental investment scenarios.

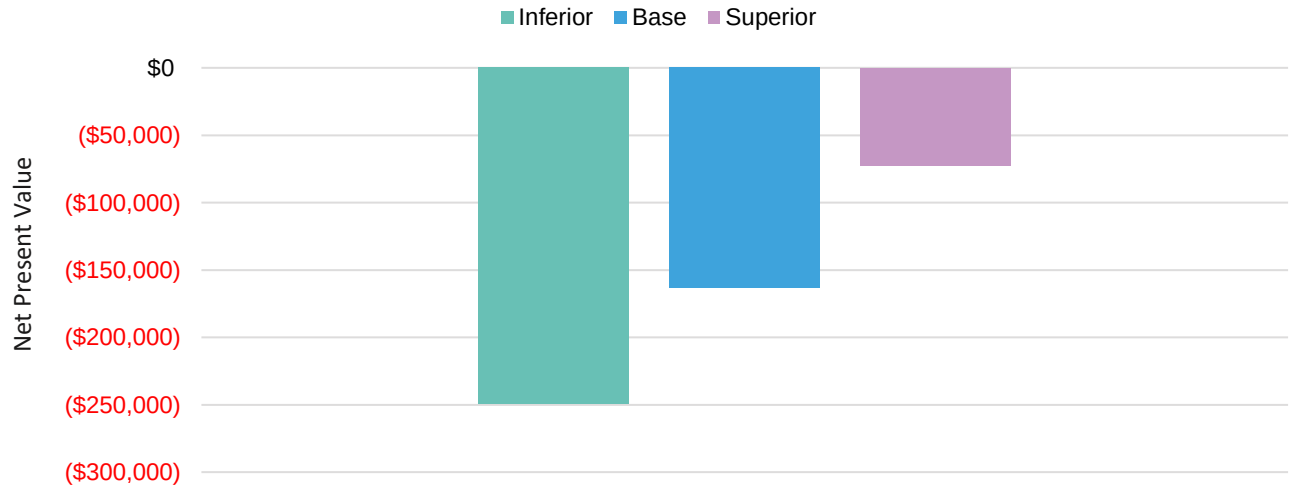
Key assumptions are noted below.

- Land Purchase Price - $175,000
- New House Development Cost - $600,000
- Interest Rate – 6%
- Loan Term – 30 years
- Equity – 20%

There are additionally assumptions associated with rental and cost inflation, maintenance etc.

The analysis demonstrates that the high construction cost and historically low land value appreciation is a major barrier.

Hypothetical Residential Rental Investment Returns





Source: Urbis

APPENDIX | HYPOTHETICAL RESIDENTIAL INVESTMENT RETURNS (CONT.)

The Base Case reviews the after tax cashflow of the investment and the debt service requirements over a 30 year term.

The Base Case assumes $600 a week in rent and capital growth on the value of the land at 2.00% p.a.

Figure 1 shows the cash flow per annum of the investment. Notably the investment is negatively geared for the first 20 years. We have adopted a sale price at the end of the 30 year period which is not shown in the cash flow graph. This has been considered when assessing returns on investment.

Figure 2 shows the distribution of debt servicing from interest to principle over the 30 year debt repayment period.

The key outcomes seen below assumes the property is sold at 15 years.

Cash Flow Graph for a 30 Year Investment

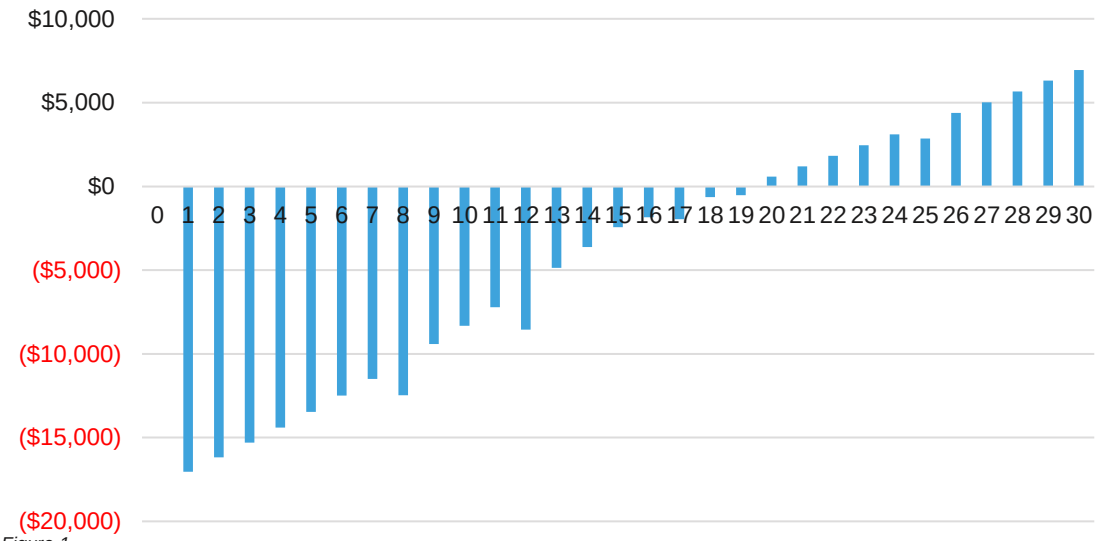


Figure 1

Key Outcomes

30 YEAR LOAN TERM- 15 YEAR INVESTMENT TERM		
Assume a Sale Price in 15 years	$	595,936
Remaining Debt to Pay-out at 15 years		$440,503
Cash in hand after paying debt	$	155,433
IRR with sale price and equity committed		**-9.78%**
Assume a Hurdle Rate for NPV		5.00%
NPV	**-$**	**249,430**

Debt Service Demands for a 30 Year Investment

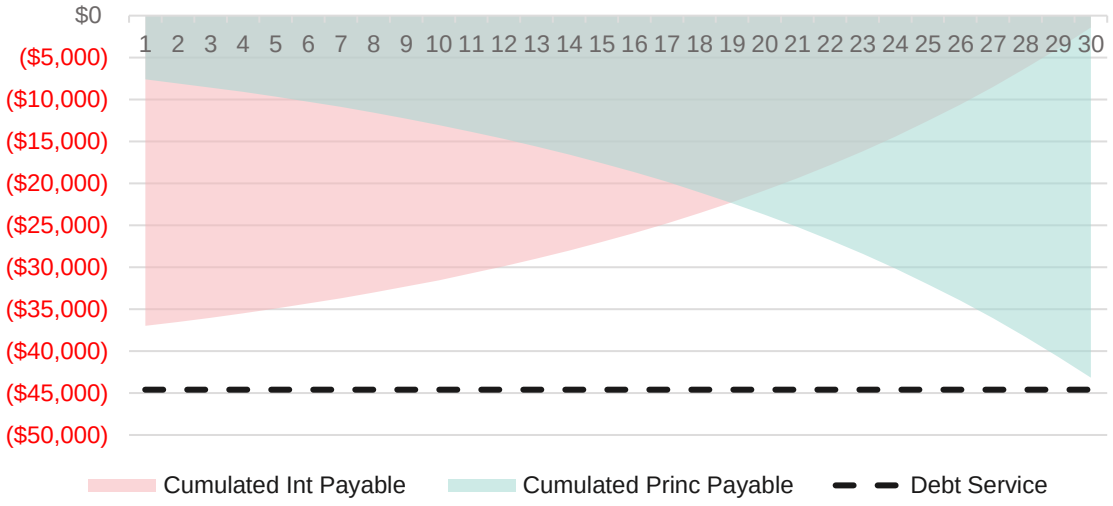


Figure 2

APPENDIX | HYPOTHETICAL RESIDENTIAL INVESTMENT RETURNS (CONT.)

The Inferior Case reviews the after tax cashflow of the investment and the debt service requirements over a 30 year term.

This assumes $500 a week in rent and capital growth on the value of the land at 0.00% p.a.

Cash Flow Graph for a 30 Year Investment

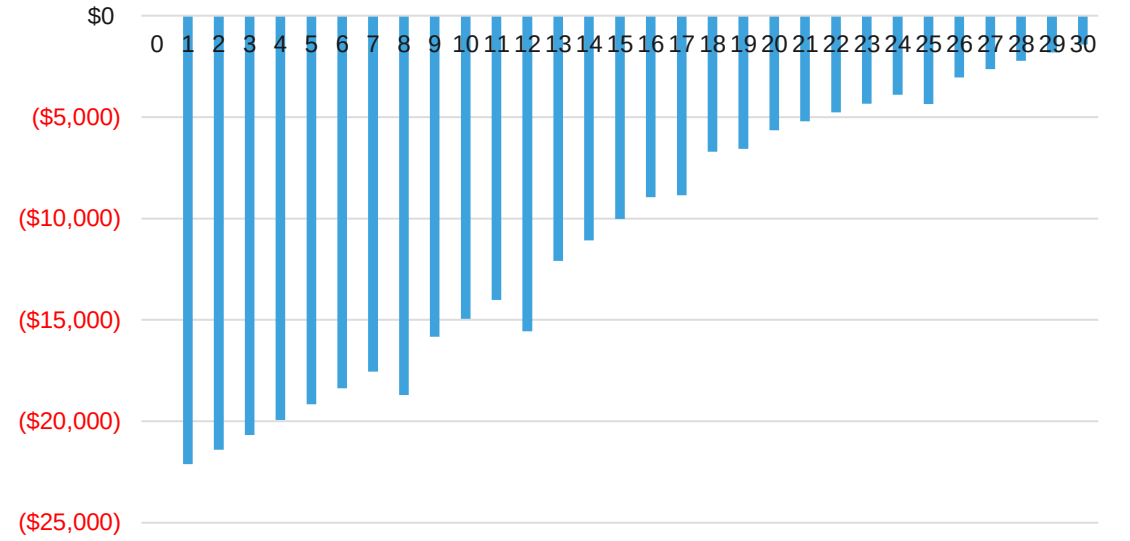


Figure 1

Key Outcomes

KEY OUTCOMES (ASSUMES 15 YR INVEST TERM)- 30 YR LOAN TERM		
Assume a Sale Price in 15 years	$	651,845
Remaining Debt to Pay-out at 15 years		$440,503
Cash in hand after paying debt	$	211,342
IRR with sale price and equity committed		**-3.32%**
Assume a Hurdle Rate for NPV		5.00%
NPV	**-$**	**163,351**

Debt Service Demands for a 30 Year Investment

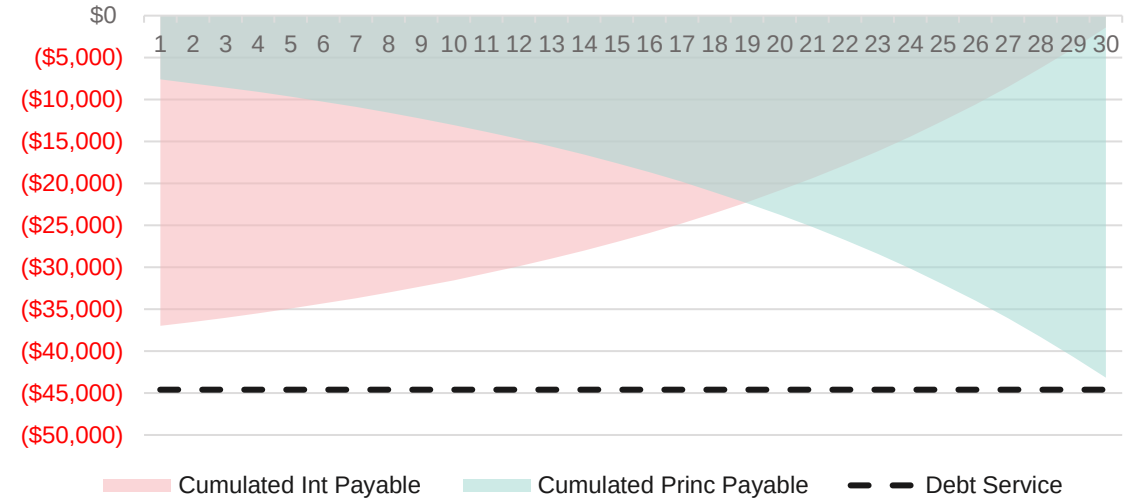


Figure 2

APPENDIX | HYPOTHETICAL RESIDENTIAL INVESTMENT RETURNS (CONT.)

The Superior Case reviews the after tax cashflow of the investment and the debt service requirements over a 30 year term.

This assumes $700 a week in rent and capital growth on the value of the land at 4.00% p.a.

Cash Flow Graph for a 30 Year Investment

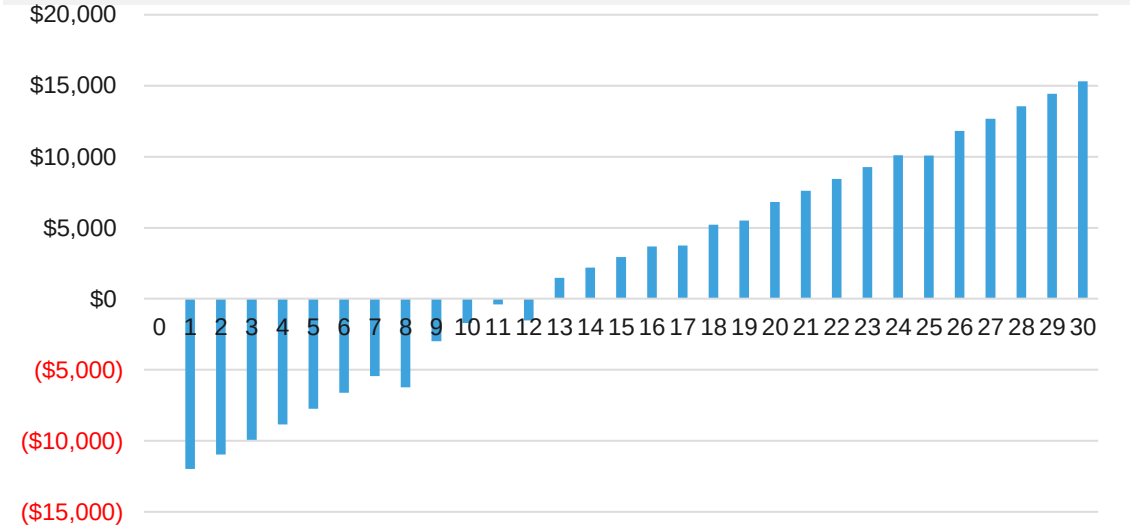


Figure 1

Key Outcomes

30 YEAR LOAN TERM- 15 YEAR INVESTMENT TERM		
Assume a Sale Price in 15 years	$	723,979
Remaining Debt to Pay-out at 15 years		$440,503
Cash in hand after paying debt	$	283,476
IRR with sale price and equity committed		**1.74%**
Assume a Hurdle Rate for NPV		5.00%
NPV	**-$**	**72,090**

Debt Service Demands for a 30 Year Investment

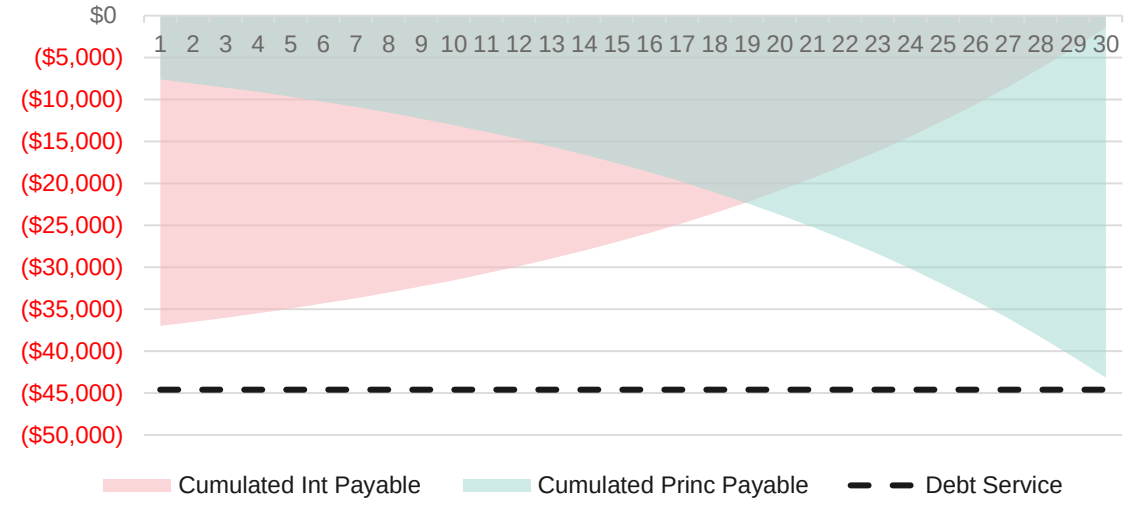


Figure 2

APPENDIX | DEFINITIONS

SEIFA: The Socio-Economic Indexes for Areas (SEIFA) is defined by the ABS as a rank of areas in Australia according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census of Population and Housing.

Detached Housing: The ABS define **separate houses** as:

"This is a house which is separated from other dwellings by a space of at least half a metre. A separate house may have a flat attached to it, such as a granny flat or converted garage (the flat is categorised under Flat or apartment - see below). The number of storeys of separate houses is not recorded.
Also included in this category are occupied accommodation units in manufactured home estates which are identified as separate houses."

Medium Density Housing: The ABS defines **Semi-detached, row or terrace house and townhouse** as:

"These dwellings have their own private grounds and no other dwelling above or below them. They are either attached in some structural way to one or more dwellings or are separated from neighbouring dwellings by less than half a metre."

Apartments: The ABS defines **apartments** as:

"This category includes all dwellings in blocks of flats or apartments. These dwellings do not have their own private grounds and usually share a common entrance foyer or stairwell. This category also includes flats attached to houses such as granny flats, and houses converted into two or more flats."

Non-Private Dwellings: The ABS defines **Non-Private Dwellings** as:

"NPDs are those dwellings, not included above, that provide a communal or transitory type of accommodation. They are classified according to their function for the variable Type of Non-Private Dwelling (NPDD). NPDs include hotels, motels, guest houses, prisons, religious and charitable institutions, boarding schools, defence establishments, hospitals and other communal dwellings."

Unoccupied Private Dwellings: The ABS defines **Unoccupied Private Dwellings** as:

"These are structures built specifically for living purposes which are habitable, but unoccupied on Census night. Vacant houses, holiday homes, huts and cabins (other than seasonal workers' quarters) are counted as unoccupied private dwellings. Also included are newly completed dwellings not yet occupied, dwellings which are vacant because they are due for demolition or repair, and dwellings to let."

Other dwelling types include and are defined by the ABS as:

- **Caravan:** "*Includes all occupied caravans, regardless of where they are located. Occupied campervans are also included."*
- **Cabin, houseboat:** "*This includes all occupied cabins and houseboats. Cabins are self-contained and not intended for long-term residential use. This includes occupied cabins located in residential parks or set up as temporary accommodation. A houseboat is an occupied mobile dwelling (intended for use on water). It is not typically intended for long-term use, although it could be currently used on a permanent or semi-permanent basis. Occupied houseboats are treated as occupied private dwellings regardless of location. Separate houses in caravan or residential parks or marinas occupied by managers or caretakers are not included in this category."*
- **Improvised home, tent, sleepers out:** "*These include sheds, tents, humpies and other improvised dwellings that were occupied on Census night. This category includes people sleeping-out, including those sleeping on the streets, in abandoned buildings, under bridges or in cars."*
- **House or flat attached to a shop, office etc.:** *"A house or flat attached to a shop, office, factory or any other non-residential structure is included in this category."*

Not Stated: The ABS defines **Not stated** as:

"Not stated means the question wasn't answered on the Census form."

Not Applicable: *The ABS defines **Not applicable** as:*

"Not applicable means the question wasn't applicable to the person so they did not need to respond."

This includes the categories Non-private dwellings and Migratory, off-shore and shipping SA1.

APPENDIX | REGIONAL AND NATIONAL TRENDS INFLUENCING HOUSING

Key megatrends that have influenced the housing supply in Esperance are explored below.

TREND	DESCRIPTION	IMPACT / INFLUENCE ON SHIRE OF ESPERANCE
Covid-19 Pandemic	The Covid-19 Pandemic has had a significant global impact and will continue to have a lasting influence on how we live and work going forward.	▪ Increase in people moving to Esperance seeking lifestyle change. ▪ Supply chain disruptions slowing build times.
Population Growth	Population growth projections estimate the world population to increase to 9.7 billion by 2050 and 11.2 billion by 2100 (UN, 2019). Increasing population places pressures on resource availability.	▪ ERP decreased between 2015 and 2020, and has increased slightly since then. Anecdotes suggest there has been a greater increase in residents which is not reflected by current ERP.
Health	Australia is shifting to an aged demographic with the amount of people aged 65 and over expected to double by 2055. This influences the available health services, labour market productivity and overall lifestyles (PIA, 2016).	▪ Esperance remains a popular location for retirees, who typically own their own home. ▪ The recent Esperance Health Campus upgrade has seen an improvement in health infrastructure however aging population could have need for more aged care.
Cost of living	The cost of living has become an increasing issue with housing affordability a key driver in the increasing cost of living.	▪ An upturn in housing prices (sales and rentals) has had a negative impact on housing affordability and the cost of living. ▪ Social housing has dropped over the past decade from 244 dwellings in 2011 to 192 dwellings in 2021 (ABS Census). ▪ Community housing has also dropped from 52 dwellings in 2011 to 46 dwellings in 2021 (ABS Census).
Climate Change	Climate-driven changes to the earth are happening faster than expected and climate disruption exacerbates existing resource and social challenges. This has led to an increasing need for carbon solutions and decarbonization.	▪ Recently completed major projects in the energy sector, such as the new renewable energy hub and wind farm, has contributed to carbon solutions in Esperance. 50% of power in area comes from renewable energy. ▪ Potential future projects have been related to renewable energy.
Technological Advancement	Technological advancements have been growing rapidly and has made significant progress in the past few years. This has lead to growth in many sectors including e-commerce, remote working, virtual learning and telehealth.	▪ Technological advancements have had a positive impact on the liveability and accessibility of the area with increasing work-from-home trend and virtual learning options. ▪ Has helped combat the remoteness of the area by improving accessibility.
Urbanisation	Increasing urbanisation is evident with now more that half of the world's population living in urban areas and 85% of global GDP being generated in cities. This places huge demand on infrastructure, services, job creation, climate and environment (PWC n.d).	▪ Forecasted population trends see the Esperance population growing, which would drive urbanisation and demand for improved infrastructure. ▪ Major projects in the area would be needed to help drive urbanisation. ▪ Barrier to urbanisation in Esperance is the remote location which impacts connectivity.

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, has and continues to cause considerable business uncertainty which in turn materially impacts market conditions and the Australian and world economies more broadly.

The uncertainty has and is continuing to impact the Australian real estate market and business operations. The full extent of the impact on the real estate market and more broadly on the Australian economy and how long that impact will last is not known and it is not possible to accurately and definitively predict. Some business sectors, such as the retail, hotel and tourism sectors, have reported material impacts on trading performance. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a higher proportion of international visitors.

The data and information that informs and supports the Report Content is current as at the date of this report and (unless otherwise specifically stated in the Report) does not necessarily reflect the full impact of the COVID-19 Outbreak on the Australian economy, the asset(s) and any associated business operations to which the report relates. It is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event and the various programs and initiatives governments have adopted in attempting to address its impact. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong has been, and may be further, materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a longer lasting impact than we have assumed. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Where we have sought to address the impact of the COVID-19 Outbreak in the Report, we have had to make estimates, assumptions, conclusions and judgements that (unless otherwise specifically stated in the Report) are not directly supported by available and reliable data and information. Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

To the maximum extent permitted by law, Urbis (its officers, employees and agents) expressly disclaim all liability and responsibility, whether direct or indirect, to any person (including the Instructing Party) in respect of any loss suffered or incurred as a result of the COVID-19 Outbreak materially impacting the Report Content, but only to the extent that such impact is not reflected in the data and information used to support the Report Content.

This report is dated **October 2023** and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of the **Shire of Esperance** (Instructing Party) for the purpose of a **Housing and Land Study** (Purpose) and not for any other purpose or use. Urbis expressly disclaims any liability to the Instructing Party who relies or purports to rely on this report for any purpose other than the Purpose and to any party other than the Instructing Party who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events including wars, civil unrest, economic disruption, financial market disruption, business cycles, industrial disputes, labour difficulties, political action and changes of government or law, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or made in relation to or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

Urbis has made all reasonable inquiries that it believes is necessary in preparing this report but it cannot be certain that all information material to the preparation of this report has been provided to it as there may be information that is not publicly available at the time of its inquiry.

In preparing this report, Urbis may rely on or refer to documents in a language other than English which Urbis will procure the translation of into English. Urbis is not responsible for the accuracy or completeness of such translations and to the extent that the inaccurate or incomplete translation of any document results in any statement or opinion made in this report being inaccurate or incomplete, Urbis expressly disclaims any liability for that inaccuracy or incompleteness.

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading bearing in mind the necessary limitations noted in the previous paragraphs. Further, no responsibility is accepted by Urbis or any of its officers or employees for any errors, including errors in data which is either supplied by the Instructing Party, supplied by a third party to Urbis, or which Urbis is required to estimate, or omissions howsoever arising in the preparation of this report, provided that this will not absolve Urbis from liability arising from an opinion expressed recklessly or in bad faith.

Urbis staff responsible for this report were:

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Consultant	Katherine Rayner
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Project code	P0043202
Report number	Draft 3

Urbis acknowledges the important contribution that Aboriginal and Torres Strait Islander people make in creating a strong and vibrant Australian society.

We acknowledge, in each of our offices, the Traditional Owners on whose land we stand.

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