Affordable Housing Strategy
Witchcliffe Ecovillage
December 2015
The Witchcliffe Ecovillage

The Witchcliffe Ecovillage is a proposed 300 lot sustainable housing development abutting the town of Witchcliffe, 10km south of Margaret River. It is designed to achieve 100% self-sufficiency in on-site energy and water production, as well as a high level of self-sufficiency in fresh food production. The development will incorporate intrinsic design features to promote healthy, environmentally positive lifestyle choices and community participation for all members of the community. All of the community strata titled lots in the Ecovillage will front abundant pedestrian and cycle friendly open spaces, and have access to community gardens dedicated to producing organic food. A key motivation for the creation of the Witchcliffe Ecovillage project was a desire to provide an affordable and sustainable alternative to the conventional suburban housing products generally being developed in the Margaret River region, and Western Australia as a whole.

Objectives

The proponents of the Witchcliffe Ecovillage were inspired to create the project as a response to the lack of truly sustainable and affordable housing products in the Margaret River area. The Witchcliffe Ecovillage Affordability Strategy proposes a number of innovative measures that will provide a range of affordable housing options, as well as others that will significantly reduce the cost of living within the ecovillage.

As these measures are varied and their success will depend on market response and economic viability, the strategy will not set an affordability quota, but rather propose that each stage of the development will include a dedicated affordable housing component, as well as providing opportunities for affordable living initiatives throughout the whole ecovillage.

Definition

“Housing affordability” is a term that refers to the relationship between housing costs (rent or mortgage payments) and household income. It implies a situation where a household can pay its housing costs and still comfortably meet essential living costs. If housing costs are too high, then the household may experience housing stress. Whilst there is no official measure of housing stress in Australia, the generally accepted calculation is the “30/40” rule, which proposes that households in the lowest 40% income bracket may experience housing stress if the cost of housing exceeds 30% of that income. The 30/40 rule only measures the income to cost ratio of housing, and doesn’t account for the stresses created by poor quality housing, overcrowding, insecurity of tenure, higher living, energy or travelling costs, and social isolation. It also doesn’t include the additional costs involved in home ownership, including rates, strata fees, insurance, maintenance, etc. In the past decade, housing costs around Australia have risen sharply, particularly in comparison to wages and pensions, and many low to middle income earners now “struggle to find a home that is affordable, appropriate and accessible to them” (DPI, 2013, 6.)
“Affordable housing” generally refers to housing products which assist lower to moderate income households to access secure and appropriate accommodation without experiencing undue financial hardship (Urban Research Centre, 2008). The AMR Shire’s Affordability Strategy (AHS) sets a benchmark of affordability in the Margaret River region as:

- Rent 20% below median market rate;
- Land price of approximately $100,000;
- Per sq. m build cost of approximately $1000; or
- House and land price 40% below the median market rate.

**Affordability Parameters**

The Witchcliffe Ecovillage aims to provide affordable products that adhere as closely as possible to the benchmark of affordability proposed by AMR Shire’s Affordability Strategy, whereby an affordable house is available at 40% below market price, and an affordable rental is 20% lower than market rental.

While the Witchcliffe Ecovillage will attempt to provide private developer led affordable housing products, this affordability strategy can only focus on affordability measures that can be delivered by the development without compromising its sustainability objectives (as required by the Witchcliffe Village Strategy and draft Scheme Amendment 28). It will not address issues of homelessness or crisis accommodation better dealt with by government and community agencies, nor is it possible within planning and market constraints to provide housing products for households at the lowest income levels.

The Department of Housing identifies three bands of low income groups and their expected primary housing needs (see Figure 1, Target groups). The affordable products proposed by this AHS are targeted at those households which fall into the Department of Housing’s band C target group and are seeking to transition to affordable home ownership. Band A and B income brackets are beyond the scope of this private development, and are generally provided for by Department of Housing, non-profit housing providers or NRAS subsidised rental providers. The low income purchaser eligibility criteria and application process will be confirmed prior to subdivision of the special purpose lots, but will need to comply with the legal requirements of private sale contracts.

### Figure 1. Target groups

<table>
<thead>
<tr>
<th>Group</th>
<th>Characteristics</th>
<th>Primary Need</th>
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<tbody>
<tr>
<td>Band A</td>
<td>People with very low incomes (less than $36,000 p.a. as at August 2010*) and other physical or social disadvantages (e.g. disability, homelessness) that impede their ability to secure private housing</td>
<td>Suitable Social Housing (rents below 30% of income)</td>
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<tr>
<td>Band B</td>
<td>People with low incomes ($36,000–$57,000 p.a. as at August 2010*) but who are not otherwise disadvantaged</td>
<td>Affordable Private Rentals (rents 20% below market levels)</td>
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<tr>
<td>Band C</td>
<td>People on moderate incomes ($57,000–$86,000 p.a. as at August 2010*) who are unable to access affordable housing in the standard housing market</td>
<td>Affordable Private Rentals and/or Home Ownership</td>
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(*Affordable Housing Strategy 2010-2020, Dept. of Housing, p 17.*)
Affordability in AMR Shire

Housing Costs
A 2012 “Cost of Living” report produced by the WA Council of Social Services (WACOSS) found that “housing costs are the largest single driver of financial hardship for low income households in WA” (p.32). The effect of rising construction costs, investor speculation, rental shortages and a rapidly growing population (with up to 1000 people per week moving to WA during the mining boom) have all contributed to rising housing costs in WA.

The Augusta-Margaret River Shire’s Affordable Housing Strategy (AHS) identifies the Augusta Margaret River region as an area of high housing price to income ratio, significantly higher than the rest of the South West, and comparable nationally to Melbourne. The Shire has a lower median personal income level than the national average, and 40% of the Shire earn $78,000 or less per annum. Meanwhile the current (as at 31 August 2015) median house price is $490,000 (http://www.realestate.com.au/neighbourhoods/margaret%20river-6285-wa).

In 2011, 26.2% of renters and 16.4% of mortgagees in the lowest 40% income bracket in the Shire were paying more than 30% of their income on basic housing costs, and were thus at risk of housing stress (AMR AHS, p19).

Rental costs in particular have continued to increase in the area since the 2011 census. The current median rent (as at August 31, 2015) is $420p.w., (http://www.realestate.com.au/neighbourhoods/margaret%20river-6285-wa) which gives Margaret River a very high rental to income ratio, again comparable to Melbourne. In part, this can be explained as a side effect of Margaret River’s popularity as a tourism hotspot, with short-term holiday accommodation and absentee landlords having an impact on overall rental availability and cost.

Regular online searches of local real estate in mid-2015 confirmed that there is a shortage of affordably priced land and houses and a limited supply of affordable rentals in the Margaret River area. Just 3 established properties were available for sale at or below the AMR affordable target price of 40% of the median house price, or $294,000, in September 2015, and these consisted of small one bedroom apartments/townhouses with little open space or amenity, and all had upstairs bedrooms, rendering them unsuitable for anyone with accessibility needs. There is currently no vacant land available at the AMR Shire’s target price of $100,000 or less. There are a limited number of houses available for long-term lease below the target (20% below median market rent) of $336 pw (predominantly 1 bedroom units, with little open space or amenity) as well as a small number of NRAS rental properties that provide private rental options for eligible lower income families.

Living Costs
Living costs within the Shire are arguably higher than metropolitan living costs, largely due to higher retail prices, increased fuel prices and travelling costs, lack
of public transport, lack of specialist medical services, etc. This puts increased pressure on households that fall into housing stress in the area.

Planning Requirements

The Witchcliffe Ecovillage Structure Plan is required by the WVS and AMRSC LPS 1 to contain a housing affordability strategy, however, there are no State or local planning requirements to include a mandatory affordable housing component. As the WVS has set an approximate lot maximum for the project, and the construction and sustainability infrastructure costs per lot are similar regardless of size, there is little room for increased density or “lot size diversity” to stand in as a proxy for affordability as is usual in conventional developments.

The AMRSC Affordable Housing Strategy recommends that negotiations to establish voluntary agreements with land developers should ideally occur prior to initiation of Scheme Amendments to rezone the land (where necessary) and agreements secured through Scheme provisions.” As this did not occur prior to the submission of Scheme Amendment 28, no voluntary agreement, or negotiations to increase lot or dwelling numbers in order to facilitate provision of affordable housing, have been formalised.

In 2013, DPI released a discussion paper entitled “Planning provisions for affordable housing” in 2013, recognizing the role of planning mechanisms to facilitate the provision of affordable housing in the private housing sector. In 2014, DPI announced that they would change planning requirements to allow local governments to introduce voluntary incentives into local planning schemes to encourage the provision of affordable housing products in new developments, however, these planning incentive arrangements have not yet been finalized.

Witchcliffe Ecovillage Affordable House products

As already noted, the WVS limits Cell 7 and 8 to approximately 300 lots. Given the high per lot costs of providing the sustainability infrastructure for the Ecovillage, as well as high developer contributions and construction costs, and the absence of planning incentives, it is not economically feasible for the developer to substitute market price lots for affordable lots at a 40% discount. In order to increase dwelling numbers without increasing lots, it would normally be possible to create group dwelling sites to provide affordable housing opportunities. However, as the project relies on strata title land tenure to deliver and manage the sustainability infrastructure required to meet the sustainability objectives of the project, it is not possible to set aside land for an affordable group housing development, as the current Strata Title Act doesn’t provide for multi-tiered strata developments (i.e. a group housing strata can not operate within a larger strata development.)

The residential density codes currently provide for a density bonus as an incentive to land owners to build aged and dependent and single bedroom dwellings on land zoned under R40. The Witchcliffe Ecovillage Structure Plan proposes to take advantage of this opportunity to provide one >1500m2 lot zoned R-30 in each community strata cluster to be identified in the Structure Plan as
Affordable Housing Lots, to be subdivided and developed as 5 aged and dependent person or single bedroom dwellings each; plus an additional 4 > 1500m² lots dedicated to aged and dependent care houses located adjacent to the oval. In total, this will provide 75 individual affordable homes (20% of total homes) on 15 AH lots. See Figure 2, Witchcliffe Ecovillage concept plan.

These affordable homes will consist of solar passive, energy and water efficient 100m² and 70m² houses on 300m² lots. The developer intends to build the majority of these homes to ensure that they are available at below the AMRSC guideline of 40% below median market rate, i.e. <$280,000 (price will include a renewable energy system, water tank and community garden infrastructure to significantly reduce the occupants’ living costs), however, discounted 300m² lots will also be available for individual low income purchasers who wish to build their own affordable home.

The large 1500m² lots are identified as Affordable Housing lots in the Structure Plan, and must be subdivided into 5 special purpose dwelling lots. They will not be available for development as single 1500m² house lots. The developer commits to subdividing and/or developing all affordable housing lots in Stage 1, but reserves the right to sell Affordable Housing lots in Stage 2 and 3 to be subdivided and developed as special purpose dwellings by an affordable housing provider.

Each of these affordable aged and dependent and single bedroom homes will be strata titled and distributed throughout all of the stages of the development, ensuring that each cluster has a diverse lifecycle and socio-economic mix, and that the occupiers of the affordable homes have shared ownership of and access to the Ecovillage community gardens and infrastructure.

Purchasers will need to meet income eligibility criteria in order to buy an affordable house and land package or lot, with the exact process and criteria to be confirmed prior to subdivision.

The proponent has approached AMR planners to explore the potential to apply to vary the R-codes with a Detailed Area Plan in order to provide a small family affordable housing product, with size and affordability protected by covenant or strata by-law, to extend the provision of the affordable housing products to young families and single parents.
Figure 2. Witchcliffe Ecovillage Concept Plan
Lot Size Diversity

Traditionally, developments in Western Australia have provided lot diversity as a proxy for affordability, with the provision of smaller lots, created at a lower cost to the developer, providing lower cost options to buyers. This may be the case in conventional developments, where increased density provides construction savings and higher lot yields to the developer, therefore decreasing the market price of smaller lots. However, in the case of the Witchcliffe Ecovillage, the cost of constructing and providing the sustainability infrastructure for a small lot is the same as creating a larger lot, and the overall lot yield is capped by the Witchcliffe Village Strategy. Therefore, lot size and price point diversity will be offered as a way to encourage a diversity of households and life cycle opportunities, rather than form the core of the Affordability Strategy.

The Ecovillage has been designed with a variety of lot sizes and uses in order to encourage a diverse community, from older couples and singles, established families, and young people moving into their first homes as renters or first home owners. A range of different lot products will encourage those who work at home, artisans, and those who wish to run a small business or organic farm enterprise. The Structure Plan incorporates a range of lot sizes into each stage of the development, including:

- Affordable single bedroom and aged and dependent person dwellings
- Townhouse community strata titled lots—approx. 300-450m2
- Family sized community strata titled lots—approx. 800-1000m2
- Lifestyle freehold lots—approx. 1000-3000 m2 freehold lots.
- Mixed Use lots, allowing retail from home opportunities
- Commercial lots for sustainable small businesses in Village Centre
- Tourist/short term accommodation in Village Centre
- Artisan/Digital hub (non residential) in Village Centre
- Organic farm enterprise lots (non-residential) in the Agricultural precinct.

While it would be premature to estimate prices for lots prior to subdivision and marketing, it is anticipated that the Affordable Housing single bedroom and aged/dependent person dwelling sites will be made available to eligible purchasers for approximately $100,000, Cottage lots at $140,000, Family lots at $170,000 and Lifestyle lots at $200,000.

Affordable House and Land Packages

Whilst future residents will be able to purchase vacant lots on which to build their own homes, the developers will be offering a range of house and land packages which will include:

- Affordable single and aged/dependent person homes < $280,000 (approx 40% lower than current median)
- 2/3 bedroom cottages from $350,000
- Family homes from $400,000.
It is anticipated that economies of scale, thoughtful design and use of materials will ensure high quality, affordable packages. 20% of homes will be affordable single bedroom and aged/dependent person dwelling homes that fall within the AMR Shires’ affordability descriptor, however, all of the house and land packages are substantially cheaper than the region’s median house price. These products will compare favourably in price to similar house and land packages in subdivisions in the region, but with all of the additional sustainability and affordable living features unique to the Ecovillage, as well as strata title ownership of substantial common infrastructure and open space.

All house and land packages will be designed to be solar passive and highly energy efficient, will feature 100% renewable energy and water, and will share in the community infrastructure and productive gardens. The affordable single bedroom house and land packages will be designed with a focus on providing accommodation for older people, people with disabilities and young singles and couples.

Affordable living opportunities

The Department of Planning’s Planning provisions for affordable housing discussion paper (2013) highlights the importance of addressing the concept of affordable living when providing affordable housing solutions and recognises that the cost of housing is not the only cost that households incur. Other expenses include the consumption of water, gas and electricity, property fees and taxes, the cost of transport (to work, education and shopping) and the price of food. Affordable living provides a framework that considers all of these costs together. In some cases, the additional costs of living in a low quality or poorly located dwelling (through transport, energy and water costs etc.) can outweigh the benefits of lower mortgage or rental payments, or vice versa. (p.9)

In WA, low cost housing has often been designed with just the cost of construction in mind, leading to cheaply built housing products that cost households more to heat, cool, maintain and live in. Designing a house to be energy and water efficient, and using quality materials and fittings can provide significant long-term savings to the people who live there. Providing dedicated space and infrastructure for vegetable and fruit gardening can add further savings as well as foster community connectivity and cohesion. The Witchcliffe Ecovillage has been designed to provide housing products with intrinsic opportunities for affordable living.

Energy

The Witchcliffe Ecovillage has been designed to be extremely energy efficient in every aspect, from the treatment of wastewater, irrigation, households and transport. This village scale efficiency will lead to greatly reduced energy costs for residents.

- Passive house design: solar access, external shading, thermal mass, insulation, double-glazing, etc.
• 100% net neutral (or better) renewable energy generation
• Smart grid demand management and onsite storage systems
• Solar hot water plus water efficient devices
• Electric cars—the proponent is exploring opportunities for bulk buying and low cost loans to provide affordable electric vehicle options, including car share arrangements, so that residents can take advantage of excess energy generated on-site. It is envisaged that as the cost of electric cars falls, the cost of servicing an electric car loan will end up cheaper than the average usual fuel and vehicle servicing costs (electric vehicles do not require servicing.) It is often the case that lower income households have the least efficient, older cars, with higher fuel costs and expensive repair and maintenance bills.

It is anticipated that the cost of energy provision to households (with average energy requirements) will be lower than current average household’s energy costs, whilst being 100% renewable/sustainable. It is anticipated that conventional grid connected energy costs will only continue to rise in Western Australia as network infrastructure costs are increasingly passed on to households.
Water

In the Margaret River region, an area of relatively high annual rainfall in southwest WA, it is not at all difficult for households to be 100% self sufficient in the provision of water for everyday household consumption. The Witchcliffe Ecovillage will provide for residents’ household water requirements through the provision of rain-water tanks. However, houses which are self sufficient in rainwater and manage waste water sustainably (like most typical rural residential blocks in the Margaret River area) generally have hidden higher water and sewerage treatment costs due to the increased energy costs of pumping and water treatment, as well as pump replacement and maintenance.

The Witchcliffe Ecovillage Structure Plan provides for all household rainwater pumping costs and wastewater treatment energy costs in the microgrid energy budget. The Ecovillage water budget also provides adequate water supply for all food production in the community gardens and productive street plantings. This essentially eliminates the actual and hidden costs of water from households’ annual budgets. For a homeowner (rated at the Margaret River median Gross Rental Value) using the Perth average household annual water consumption, this could equate to a saving of over $1600 in water consumption charges and water and sewerage rates.

Food

Community gardens have the potential to produce large amounts of fresh food for participating households, and community cooperation creates opportunities to share and barter surplus amongst households. Each household will have access to approximately 20 m2 per person of dedicated community vegetable growing plots, as well as shared space for communal orchards and chicken pens. Residents will have the ability to greatly reduce their fresh food budget, whilst also reducing their supermarket food miles and agricultural water consumption. There has been little research in Australia on the actual yields of community gardens, but in the US, research has shown that community gardens beds have the potential to produce as much as 3.63kg of fresh vegetables per m2 per growing season (Academy of Nutrition and Dietetics, 2014). A 60m2 trial garden developed by the proponents was able to supply a family of 3 with the majority of their fresh vegetable needs, plus seasonal excess for swapping and preserving. In addition, honey, eggs, chickens, olive oil, fruit, marron and fish will all be able to be produced in the community gardens, orchards and communal spaces of the Ecovillage, and the surrounding agricultural precinct may provide opportunities for households to take part in community supported agriculture ventures, which can provide low cost fruit, vegetables, dairy and meat to ecovillage residents by eliminating food distribution costs.

Affordable Housing Support

Reducing House Construction Costs
The size of a new house has a direct impact on initial construction costs, ongoing energy costs for heating and cooling, furnishing and maintenance costs. Across Australia, household sizes are reducing whilst housing sizes increase. There is a market expectation, encouraged by a “one-size-fits-all” project home construction industry, and minimum house size requirements in development style guidelines that new houses must be large, containing 4 beds, 2 baths and numerous living spaces. This expectation creates houses that are more expensive to build, heat, cool, clean and maintain. However, a recent survey commissioned by WAPC and Department of Housing, “The housing we’d choose: a study for Perth and Peel” (2013) showed that a 3 bedroom house was the preferred house size of those surveyed, and that most households, particularly those without children living at home, were prepared to “trade-off” a smaller house size in favour of location and affordability. Location, not size, was the main driver of people’s housing preferences.

Accordingly, there will be no minimum house size requirement in the Witchcliffe Ecovillage Style and Sustainability Design Guidelines, and information packages and education workshops for future residents will encourage and promote smaller house sizes. The Witchcliffe Ecovillage house and land packages will all feature modestly sized houses.

Future residents will also be encouraged to undertake owner-builder projects and the use of alternative building methods and materials in order to reduce building costs. A developer funded building consultation team will provide practical advice to land purchasers and owner-builders to help them achieve the development’s sustainability and affordability objectives.

People who wish to build a tiny house on an affordable housing lot could potentially achieve a total house and land cost below $200,000. However, it must be noted that a total roof area of 75m2 is required to capture sufficient rainwater for a single occupant home with a composting toilet. The 75m2 can include verandahs, carports and sheds.

**Keystart Loans**

Keystart is an established WA State Government programme which provides low deposit, low interest mortgages to low to moderate income households in Western Australia. A specific “Country Home Loans” programme is targeted to regional residents, and provides a practical platform to allow entry for low to middle income households in regional areas to transition to home ownership. Regional residents are eligible for a number of different loan packages, dependent on income and circumstances: Keystart home loans, Aboriginal home loans, Disability home loans, and Keystart country home loans (for farmers and regional business owners). At < $280, 000 to $435, 000, all of the Witchcliffe Ecovillage house and land packages will satisfy the various Keystart loan price caps, however, households will have to meet Keystart eligibility requirements.

The proponents will liaise with Keystart prior to the marketing of blocks to encourage eligible households to apply for this programme.
Affordable Rental opportunities

**Housing collectives/non-profit**

The developer will commit to negotiating with Department of Housing, non-profit providers, local council and/or interested local residents to encourage the participation of an affordable housing collective within the Witchcliffe Ecovillage to develop Affordable Housing lots in Stage 2 and/or 3 of the project in order to provide long term affordable rental opportunities.

**Ancillary Dwellings**

Studios and granny flats have historically provided low cost accommodation for people in the Margaret River area, and the growing popularity of the “tiny home movement” worldwide marks a growing market acceptance of the benefits of smaller spaces as affordable housing options. The Family and Lifestyle lots in the Witchcliffe Ecovillage have been designed to be large enough to allow for the addition of ancillary accommodation, whilst still ensuring optimum solar access to both buildings and providing dual private garden spaces. As occupation of ancillary accommodation is no longer restricted to relatives, these small units may offer low cost rental opportunities within the Ecovillage, as well as welcome supplementary rental income to households. This has the potential to provide up to 141 affordable permanent rental homes for individuals/couples. An affordable studio design will be offered as an addition to the Family house and land packages.

**Conclusion**

The Witchcliffe Ecovillage Affordability Strategy aims to deliver a significant proportion of affordable housing (approximately 20%) targeted at low to moderate income households throughout all stages of the Witchcliffe Ecovillage, as well as to provide affordable living opportunities to all Ecovillage residents.

In summary, the Witchcliffe Ecovillage AHS proposes a number of innovative measures that will provide:

**Affordable Housing Products**

- 300m2 special purpose dwelling lots from approx. $100,000
- Single bedroom special purpose dwelling house and land package from approx. $250,000
- Aged/dependent care special purpose dwelling house and land package from approx. $280,000
- Sustainable 2/3 bed Cottage house and land packages from approx. $350,000
- Sustainable Family house and land packages from approx. $400,000.

**Affordable Living Opportunities**

- Reduced water consumption costs
- Reduced water service rates
- Nil sewerage service rates
• Reduced energy costs
• Community garden infrastructure to provide very low cost fruit, vegetables, eggs, honey, nuts, olives, olive oil, etc.

Affordable Housing Support
• Free sustainable/affordable building advisory service for owner/builder purchasers;
• Ecovillage design guidelines to promote reduced house sizes, affordable building design, and alternative materials;
• Promotion of recycled building materials
• Promotion of Keystart loan opportunities to eligible purchasers

Affordable Rental Opportunities
• The developer will negotiate with Department of Housing, local council and interested local residents to encourage the participation of an affordable housing collective in the later stages of the Witchcliffe Ecovillage.
• Family sized lots have been proportioned to ensure that ancillary accommodation can be built without compromising solar access and amenity, with the potential for households to provide low costs rentals and supplement their income.
• A low cost ancillary dwelling product will be offered as an option on Family house and land packages.

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