PART C – APPENDICES

5. Analysis of Housing Consumption and Opportunities

(.id, 2016)

.id the population experts

Town of Victoria Park

housing.id

Analysis of housing consumption and opportunities

September 2016

prepared by .id

Table of contents

1. Introduction

1.1 Objective

The Town of Victoria Park is in the process of developing a Local Housing Strategy and as such require an understanding of the changing demographic and housing patterns within the Town. The 2011 Census data, coupled with an update to the forecast.id product in January 2016, presents an opportunity to provide an analysis of housing supply and changing demographics. This information will form the evidence base underpinning the development of the new housing strategy.

To assist in preparing the housing strategy, Council has commissioned .id (Informed Decisions) to undertake an analysis of housing consumption patterns and opportunities. It also includes an assessment of centres identified by Council as appropriate for intensification and their potential dwelling capacity, as well as an assessment of housing stress and affordability in the Town. The benefits of undertaking this analysis include:

- meeting critical local needs of changing household types and increase local housing choice for residents
- addressing affordability by increasing supply
- sustaining Council's facilities and services base in response to changing age structures and housing consumption patterns
- protecting valued areas from inappropriate development
- providing an evidence based incorporating data from the 2011 Census
- providing the appropriate tools and information required to achieve planning outcomes

1.2 Context

Over the past decade, Western Australia has been experiencing a population boom, driven by mining and related economic activity. People were attracted to the state from all over Australia and overseas, and the net number of migrants peaked in 2012 at approximately 75,000. However, recent economic and demographic data shows that this boom is starting to slow. Overseas migration dropped dramatically after

2013 and from 2014 Western Australia has recorded negative net interstate migration ie more people are moving out of the State than in.

That said, the metropolitan area of Perth is still expected to grow by between 30,000 and 40,000 residents each year, and the Town of Victoria Park will play an important role in housing many of these new residents, and others already located in Perth. In common with many inner city areas in urban Australia, Victoria Park attracts large numbers of young adults and professionals both from neighbouring Perth councils as well as interstate and overseas. The metropolitan strategy for Perth – *Perth and Peel@3.5million* – seeks to encourage more infill development in established areas in order to reduce urban sprawl, and the Town of Victoria Park has an important role to play in this regard.

The Town's location in inner Perth means that it is an established part of the urban fabric. Consequently, future development opportunities are dependent on the availability of strategic sites, opportunities for infill, as well as Transport Oriented Developments (TOD). Constraints on infill development include heritage areas as well as the fact that large parts of the Town, particularly east of Albany Highway, have already undergone significant amounts of infill development. Significant development opportunities have been identified in Burswood, consisting largely of medium and high density apartments, both on the Burswood Peninsula and in the Causeway Precinct.

1.3 Approach

This report is presented in two parts. Part A presents an analysis of recent and likely future trends in the demand for dwellings in the Town of Victoria Park, primarily using Census data. It also includes an assessment of housing stress and affordability. Part B assesses the supply of dwellings to identify dwelling opportunities in the Town before drawing policy conclusions.

Part A: Understand housing consumption in relation to supply and demand by addressing the following questions:

- how is the population changing?
- how is age structure changing?
- who is leaving and why?
- who is attracted to the area?
- how are households changing?

- how has the dwelling stock changed?
- who is living in what type of household and dwelling?
- what is our level of housing stress?
- is housing affordable in our area?

Part B: Quantify residential supply opportunities in the context of where recent development has occurred and where it could occur:

- in designated Activity Centres
- on specific sites – Strategic Redevelopment Areas
- on underutilised residential lots

2. Residential demand

2.1 How is the population changing?

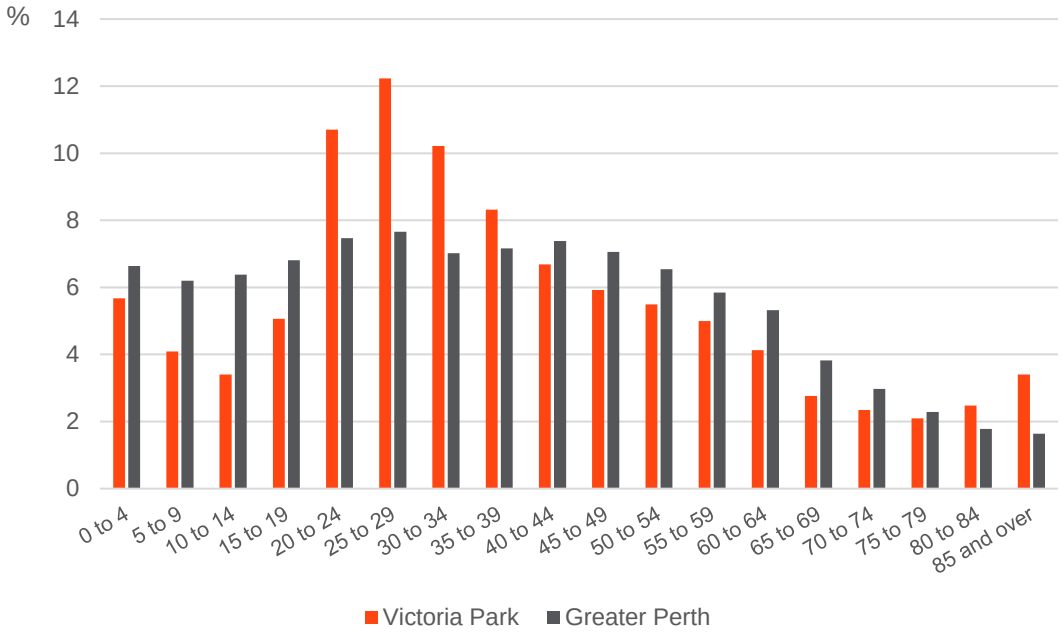
At 30 June 2015, the population of Victoria Park was estimated to be 38,450, representing an average annual growth rate of 2.7% over the previous five years. This is on par with a figure of 2.7% for the Perth Greater Capital City Statistical Area (GCCSA) (Greater Perth). Much of is growth has occurred through higher rates of residential construction, typified by the high rise apartments that now form part of the skyline on the Burswood Peninsula.

The growth rate of Victoria Park has moderated slightly since 2014, in line with wider demographics trends affecting Western Australia in the post mining boom era. This includes lower levels of net overseas migration, and a loss of residents to other parts of Australia ie net interstate migration loss.

2.1.1 How has the age structure changed?

In 2011, the age structure of Victoria Park was relatively different to that of Greater Perth (Figure 1). Victoria has larger proportions of young adults (20-34 years) and also of elderly (80+ years). In contrast, the proportion of young children (0-14 years) is much lower in Victoria Park, particularly for the cohort 10-14 years (3.4% in Victoria Park, 6.4% in Greater Perth). Victoria Park also has slightly lower proportions of older adults (35-64 years).

Figure 1. Age structure, Victoria Park and Greater Perth – 2011



Source: ABS, Census of Population and Housing (2011). Data based on place of usual residence.

Between 2006 and 2011, there were some significant changes to the age structure of Victoria Park (Figure 2). Unlike other parts of Australia, there was a small decrease in the number of elderly persons (70-84 years), probably as a result of mortality or out migration to other areas. There was a significant increase in older baby boomers (50-64 years). However, the age cohort which recorded the highest increase was 25-29 year olds – already the dominant group in Victoria Park. This reflects the growing popularity of the newly developed Burswood Peninsula and increasing availability of rental accommodation that is attractive to this age cohort.

Figure 2. Change in age structure, Victoria Park – 2006-2011

Source: ABS, Census of Population and Housing (2006 and 2011). Data based on place of usual residence.

Overall, these changes in the age structure indicate that, despite modest growth rates, there is significant churn in the population of Victoria Park. This is characteristic of established suburban areas that have developed over many decades but it also reflects its location within the Greater Perth metropolitan area. Suburb life cycles can be at different stages across the Town and therefore respond to different housing and demographic drivers. In other words, while some parts of Victoria Park are ageing and are ripe for suburban regeneration, other parts have undergone, or are going through a process of gentrification based on their relative proximity to the CBD. Because housing needs change depending on age, it creates challenges for service provision and policy formulation, but also highlights the importance of fine grained spatial analysis to determine the different population drivers across the Town of Victoria Park.

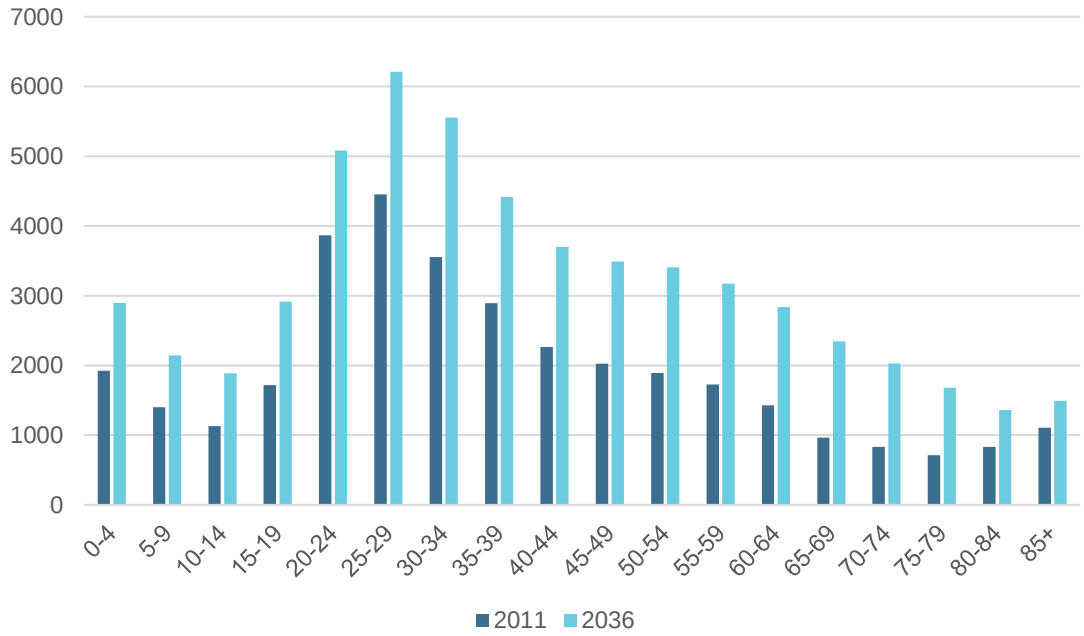
2.1.2 How will the age structure change in the future?

An examination of future changes in the age structure is important for service planning, as many are age dependent eg schools, aged care. In 2016, .id updated population forecasts for Victoria Park, taking into account the results of the 2011 Census and more recent demographic trends. These forecasts indicate modest growth for Victoria Park over the period 2011-2036, with the population increasing from 34,734 to 56,625. This translates to an annual average growth rate of 2.0%, or

about 21,891 persons over the twenty five years. Growth rates are forecast to be relatively consistent over this time.

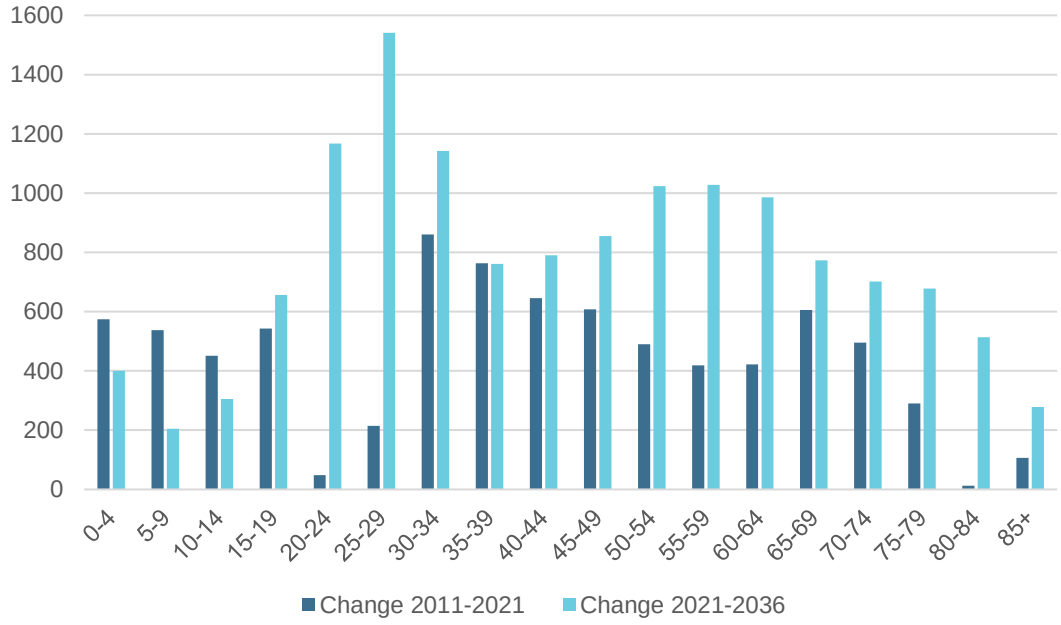
Figure 3 shows the forecast age structure of Victoria Park at 2011 and 2036. Growth is assumed to occur in all age cohorts, with slightly more growth forecast for family age groups (30-39 year olds and 0-14 year olds) and retirees/elderly persons (55-79 year olds). This is more apparent in Figure 4, which shows the forecast change in age structure. This largely reflects an ageing in place process for the period 2011 to 2021, showing the movement of the baby boomer cohort into the upper ends of the age spectrum. There is also some growth of families with children aged 0-14 years, reflecting increases in the fertility rate as well as suburban regeneration. On the other hand, in the period 2021-2036 there is likely to be a high level of net migration to Victoria Park, especially of those aged 20-29 years. This reflects the nature of the housing stock primarily being constructed. High density apartments typically cater for smaller households, many being attractive to renting households. According to the 2011 Census, just over half of high density dwellings are rented, compared to just 20% of separate houses.

Figure 3. Forecast age structure, Victoria Park – 2011-2036



Source: .id (2016)

Figure 4. Forecast change in age structure, Victoria Park – 2011-2021 and 2021-2036



Source: .id (2016)

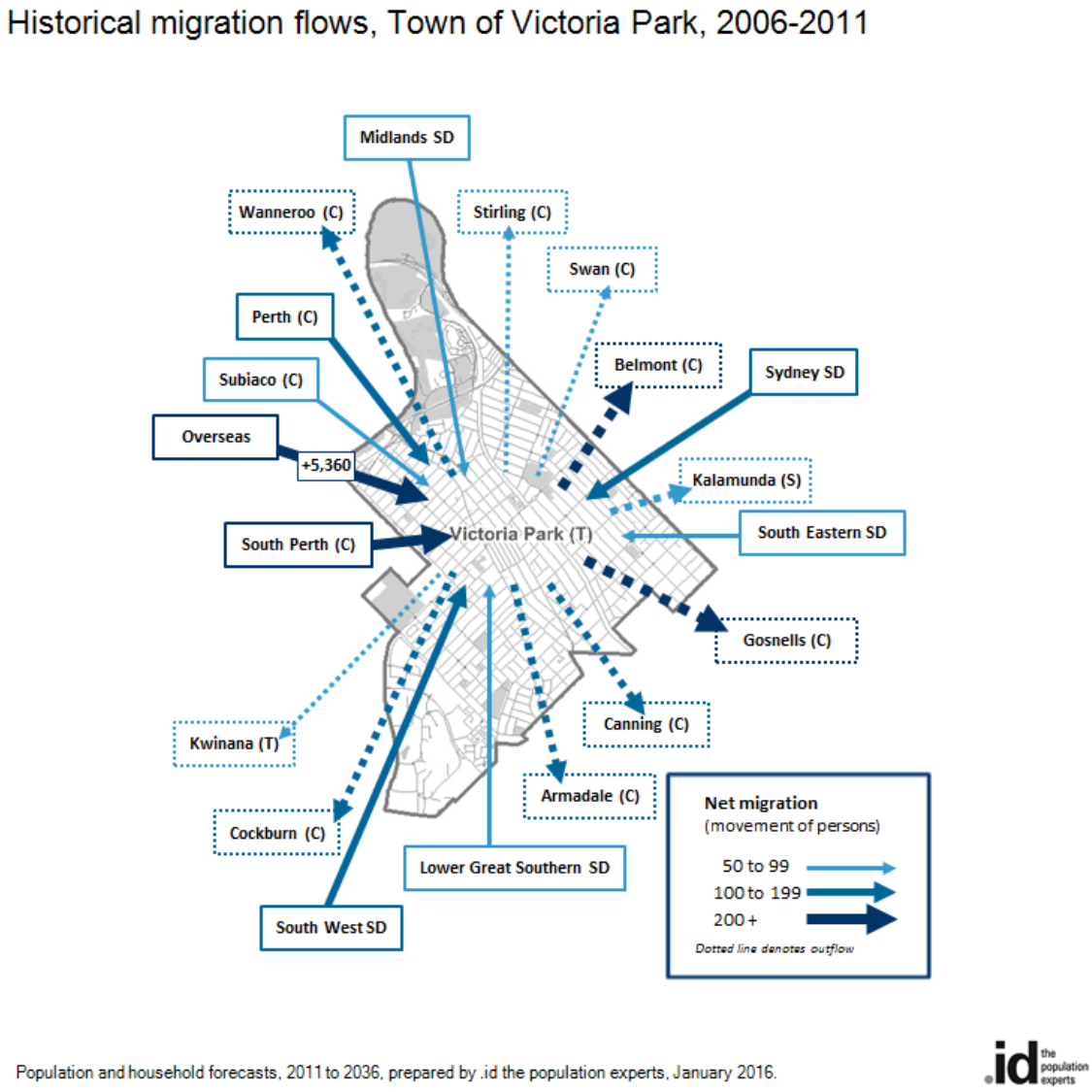
2.1.3 Who is leaving and who is arriving?

Of all the components of population change, migration to Australia and between areas is the most volatile, as it varies considerably over time and space. An examination of migration patterns is critical to understanding how populations grow and change. Characteristics of migration in Australian cities include:

- A high proportion of local moves, ie within the same suburb or municipality;
- The dominance of outward moves in a sectoral direction ie from inner south to outer south; and
- Strong links between life cycle events and age. Young adults ie 18-34 year olds, are the most mobile age group. Thereafter migration tends to decline with age, although there is a slight increase in the oldest age groups which is probably related to health issues.

Figure 5 shows the major migration flows to and from the Town of Victoria Park between 2006 and 2011, and there is evidence of these characteristics.

Figure 5. Major net migration flows, Victoria Park – 2006-2011



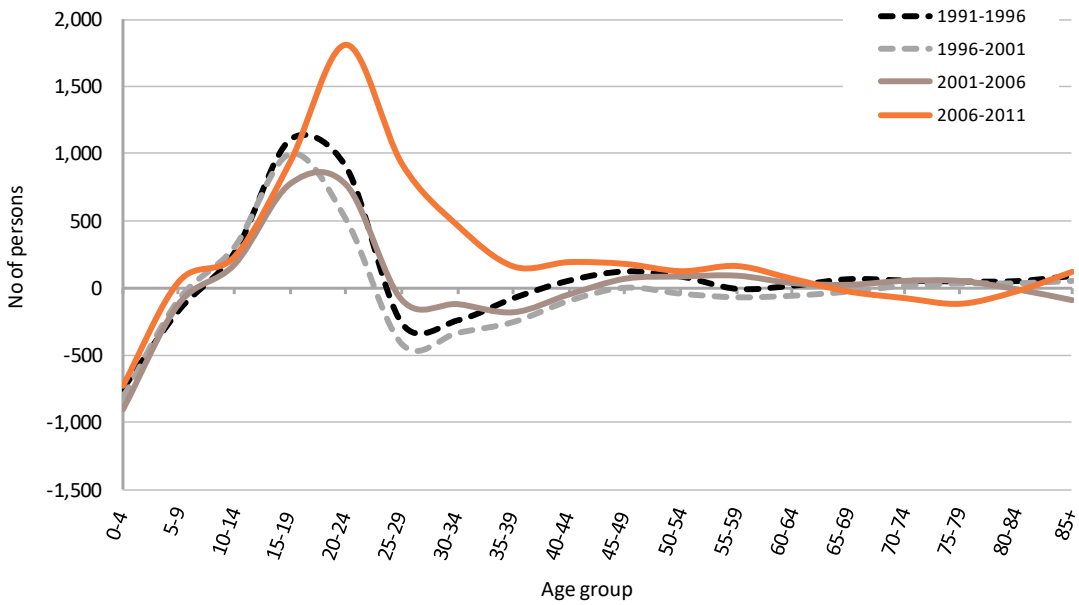
Source: ABS, Census of Population and Housing (2011)

Sectoral outward movement ie from inner south to outer south, is evident from the net outflow to Canning, Gosnells and Armadale. There was also substantial movement between neighbouring councils, for example, one of the strongest inflows was from South Perth, and one of the strongest outflows to Belmont. Most of these will be local moves that happen to involve an LGA boundary. Local moves predominate because people tend to move to areas with which they have some familiarity, and it also enables people to retain ties with their local community, and this can be important for families with children attending local schools.

The strong links between life cycle events and age are reflected in Figure 6, which shows age specific migration patterns in Victoria Park over the period 1991-1996 to

2006-2011. Historically, Victoria Park has gained young adults, typically seeking housing that is close to employment, education and lifestyle opportunities. On the other hand, the Town loses young families, typically people aged in their late 20s and early 30s – and their children. This pattern has remained relatively stable since the early 1990s, but in the 2006-11 intercensal period there was a sharp increase in net migration of young adults. In addition, there was a net gain of people in their late 20s and early 30s, whereas previously this age group left the Town for other parts of metropolitan Perth. This increased net migration is reflective of higher levels of residential development over the 2006-11 period, as well as more rapid population growth, including overseas and interstate migration as a result of the mining boom.

Figure 6. Age specific net migration, Town of Victoria Park – 1991-1996 - 2006-2011



Source: ABS, Census of Population and Housing (1996, 2001, 2006 and 2011)

2.2 How are households changing?

The most prevalent household types in Australian cities are typically families – couples with children and single parent households. However, social and demographic changes have combined to change the household mix. These include ageing of the population, family breakdown and fewer children per family. In many areas, family households are declining in number, while smaller households (couples without children and lone person households) are increasing. From a housing perspective, the result is lower average household size ie fewer people per dwelling. It is important to recognise that declining household size tends to increase the demand for dwellings, even if the population is stable or growing slowly. This trend, however, is not evident in Victoria Park. While there was a decrease in household size between 1991 and 2001 (2.16 to 2.02), there was a significant increase in household size between 2001 and 2011. The average household size in 2011 was 2.18 persons, higher than the 1991 figure[1].

2.2.1 Households and suburban lifecycles

Urban areas are constantly evolving primarily due to changing household needs and preferences reflecting population and age structure changes. Figure 7 provides a framework for traditional household pathways and identifies points at which needs may change.

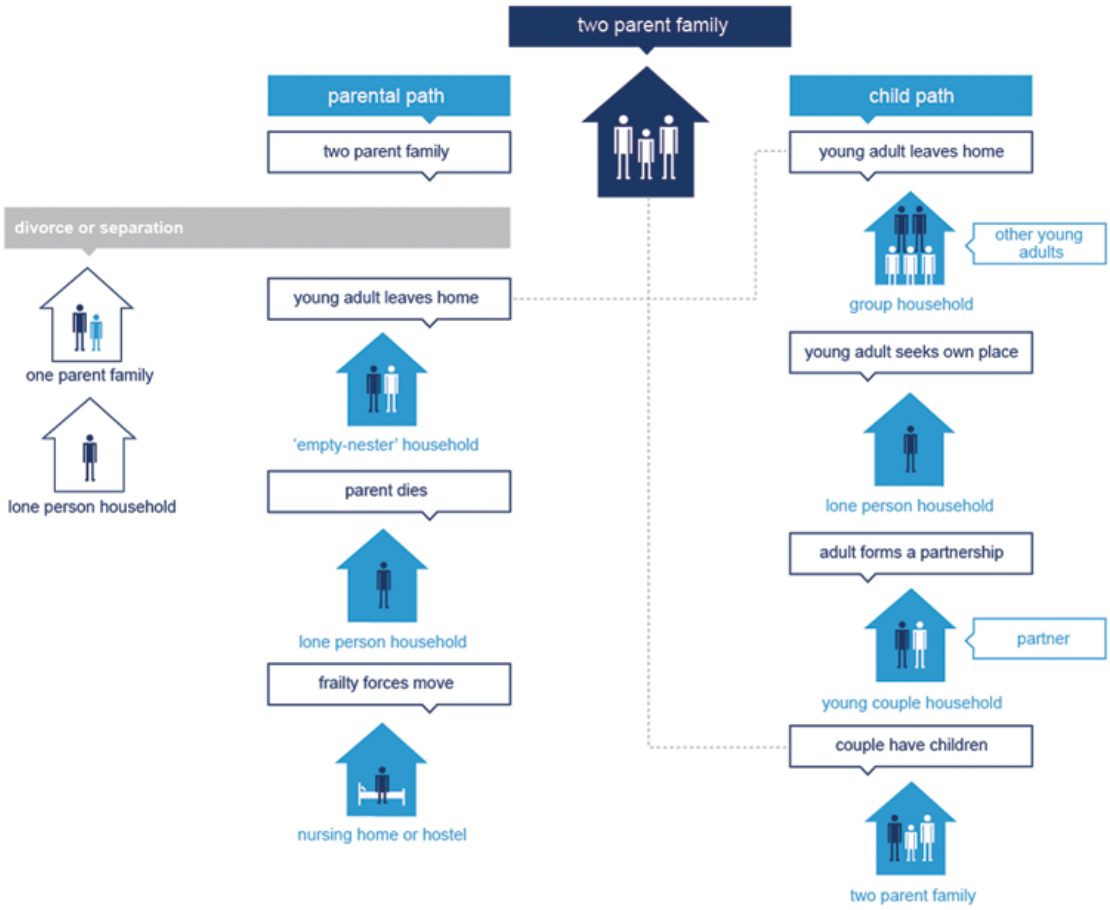
Starting as a child in a family household, a person may move into a group or lone person household as a young adult, and then often becomes part of a couple relationship. The adult years may feature movement between family, single parent and lone person household needs. Child rearing is followed by an 'empty-nester' period (older couples without children) and ultimately becomes an elderly lone person, as partners die or separate.

There is an increasing tendency for people around Australia to live alone or as a couple without children. This is the result of a combination of factors, such as an ageing population, resulting in growth of empty nester and elderly lone person households, as well as the emergence of smaller households resulting from divorce and partner separations.

[1] Please see Footnote 2 on page 25.

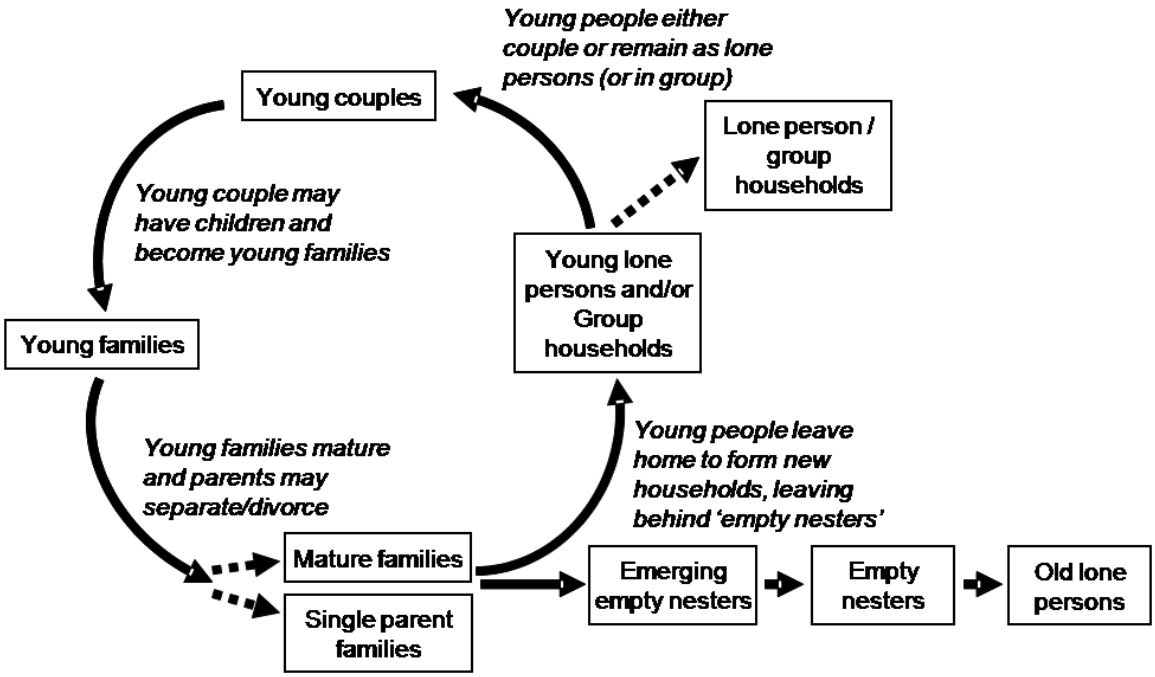
Smaller households are predominant in Victoria Park (lone persons and couples without children), but emerging household types are larger, generally couples with young children. The Town of Victoria Park has a diverse dwelling stock that caters well to both groups. All other things being equal, smaller households have less income and require less space than larger households. They therefore need more affordable housing, which can be smaller than the traditional three or four bedroom dwelling and yet still cater well for their needs.

Figure 7. Traditional household pathway – a framework



The suburban lifecycle framework (Figure 8) provides an illustration of how suburbs may change over time. Victoria Park is an interesting municipality to analyse with reference to the suburban lifecycle framework as its development has spanned several decades, hence encompassing a wide range of household types which are regenerating at different times. This is evident in Lathlain, where the older population has declined, and their homes are then replaced by younger households, including families.

Figure 8. The suburban lifecycle – a framework

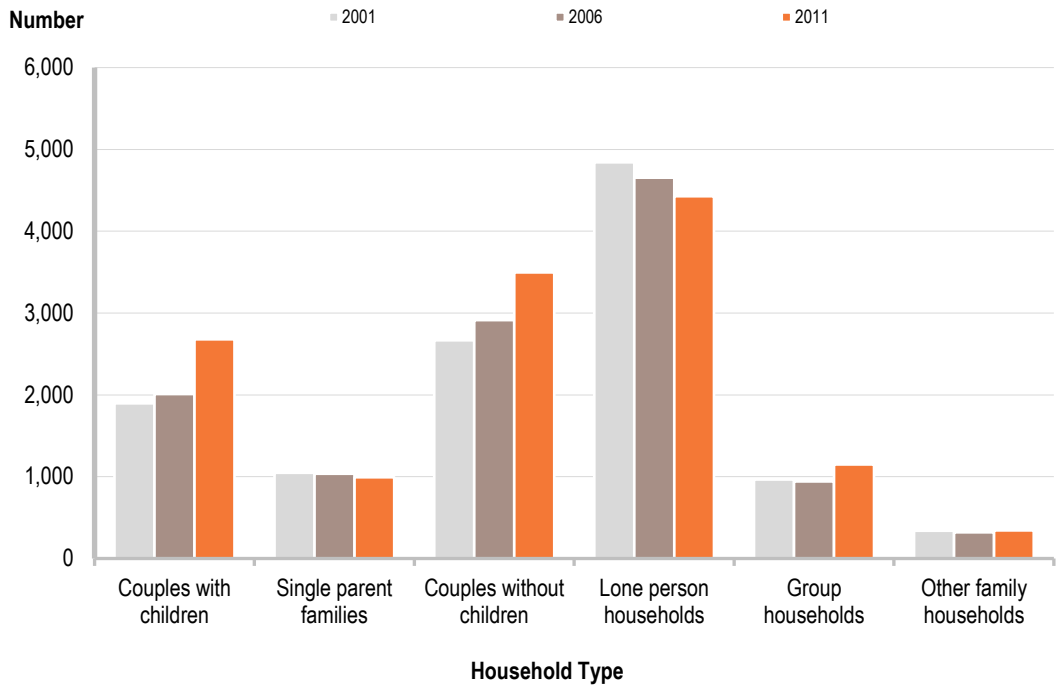


2.2.2 Current households

The 2011 ABS Census identified that the dominant household type in Victoria Park is lone person households, totalling 4,428 households and comprising about one-third of the total (Figures 9 and 10) . The number of lone person households has been declining steady since 2001, from 41.2% in 2001 to 33.8% in 2011.

Couples with children and couples without children households each comprised about one-quarter of the total, but in contrast to lone person households, the number and proportion have increased since 2001. Couples with children increased from 1,898 in 2001 to 2,678 in 2011 (41.1%), while couples without children increased from 2,668 to 3,495 over the same time period (31.0%).

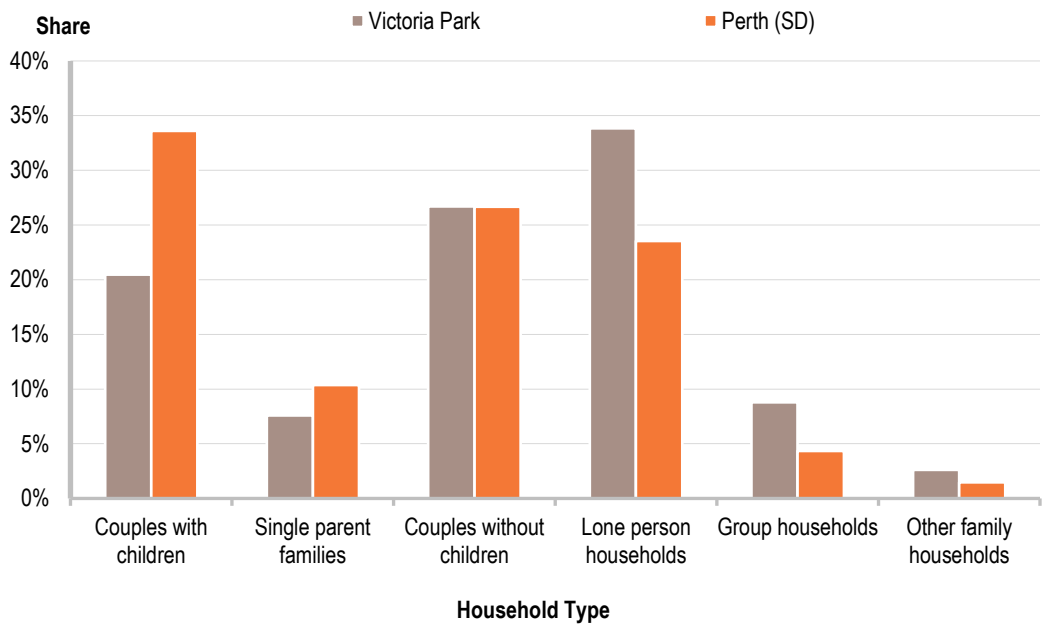
Figure 9. Household types, Victoria Park – 2001-2011



Source: ABS, Census of Population and Housing (2011)

Victoria Park has a housing profile that is quite different to the wider metropolitan Perth area (Figure 10), possibly because the municipality encompasses a range of housing styles and eras. The Perth metropolitan area had a higher proportion of couples with children (33.6%) and single parent families (10.4%), but a lower proportion of lone person households (23.5%) and group households (4.3%).

Figure 10. Share of household types, Victoria Park and Perth – 2011



Source: ABS, *Census of Population and Housing (2001 and 2011)*

2.2.3 Emerging households

Emerging households are those that are increasing in number. They provide some insights into the types of community services that may be needed in future. Service providers, policy makers and the housing industry understand the different housing consumption patterns and servicing needs of 'young' and 'old' lone person households; similarly, couples with young children households are likely to have quite different needs to older couples without children ("empty nesters"). Analysis is presented for key emerging households using the following groupings:

Children status	Young households	Middle-aged or maturing households	Older households
No children at home	Adults aged 15-44	Adults aged 45-64	Adults aged 65 and over
Children at home	Only children under 15	Children of mixed ages	Only children over 15

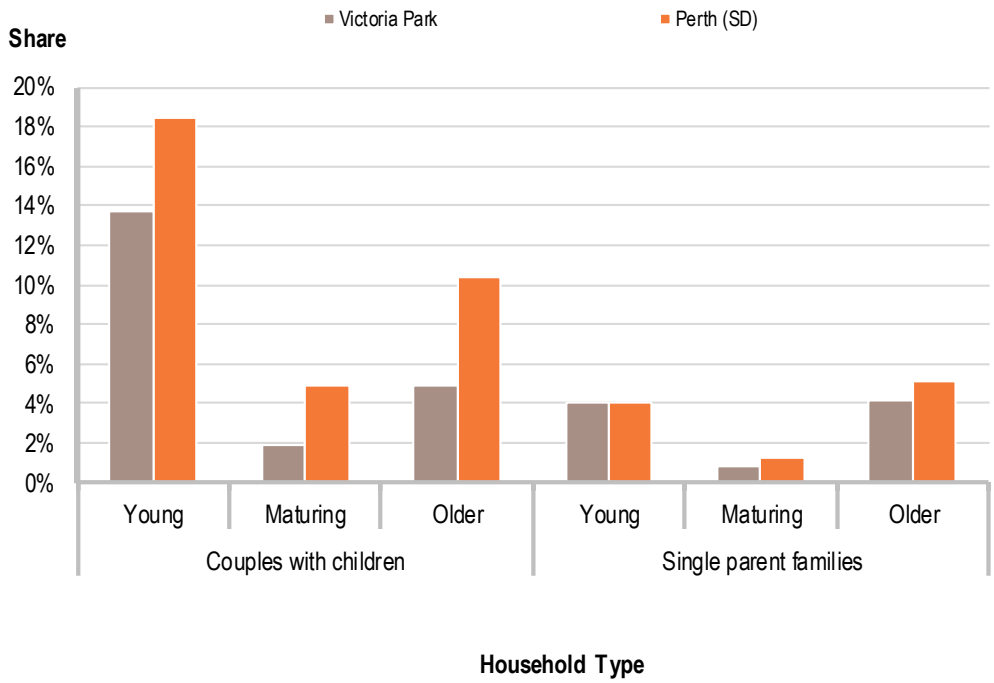
Note that couple families as recorded in the Census can include both same-sex and opposite sex couples, though the former are typically small in number.

Due to the significant number of household types when combined with the age of the household, information is presented for the larger (family) household types separately to the smaller household types.

2.2.4 Larger (family) households

The share of family households in Victoria Park is shown below in Figure 11. As noted above, couples with children are not the dominant household type in Victoria Park, but do comprise one-quarter of all households. Within family households, couples with young children (all under 15 years) are most prevalent (13.7% of all households). Compared to the Perth metropolitan average, the share of couples with children was slightly lower in Victoria Park.

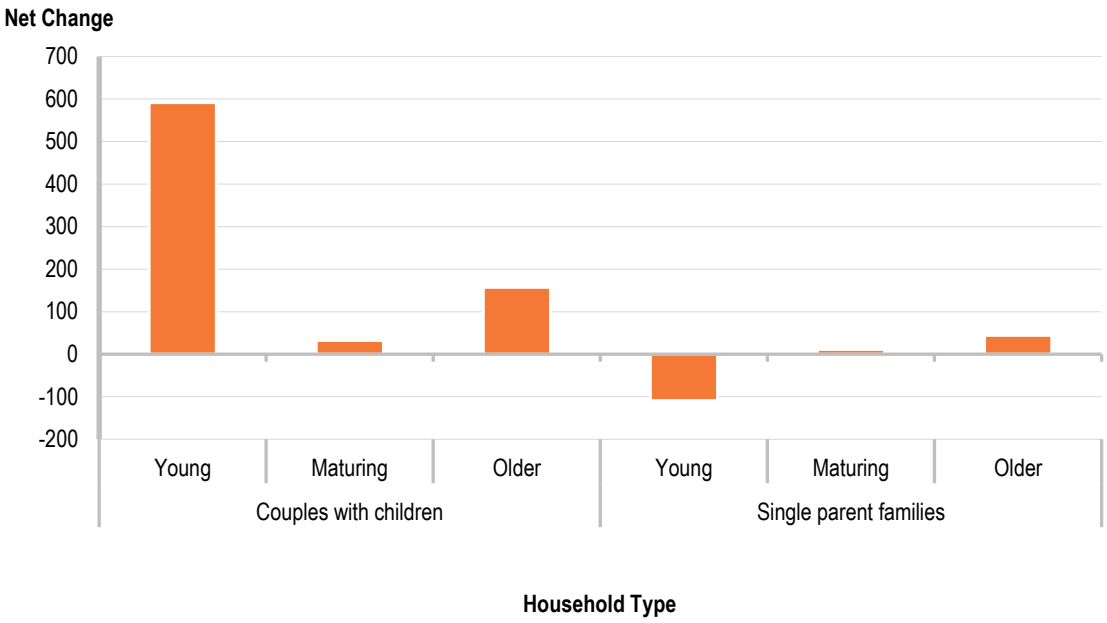
Figure 11. Share of family household types by age, Victoria Park – 2001-2011



Source: ABS, Census of Population and Housing (2011)

Between 2001 and 2011, there was significant change in the number of the different family household types (Figure 12). Couples with young children (all under 15 years) showed the most significant increase over the ten year period (49%), however most of this increase occurred between 2006 and 2011. On the other hand, single parents with young children declined by 23%, as reduced housing affordability in the Town of Victoria Park may drive many to leave the area to find more affordable housing.

Figure 12. Net change in family households by age – 2001-2011

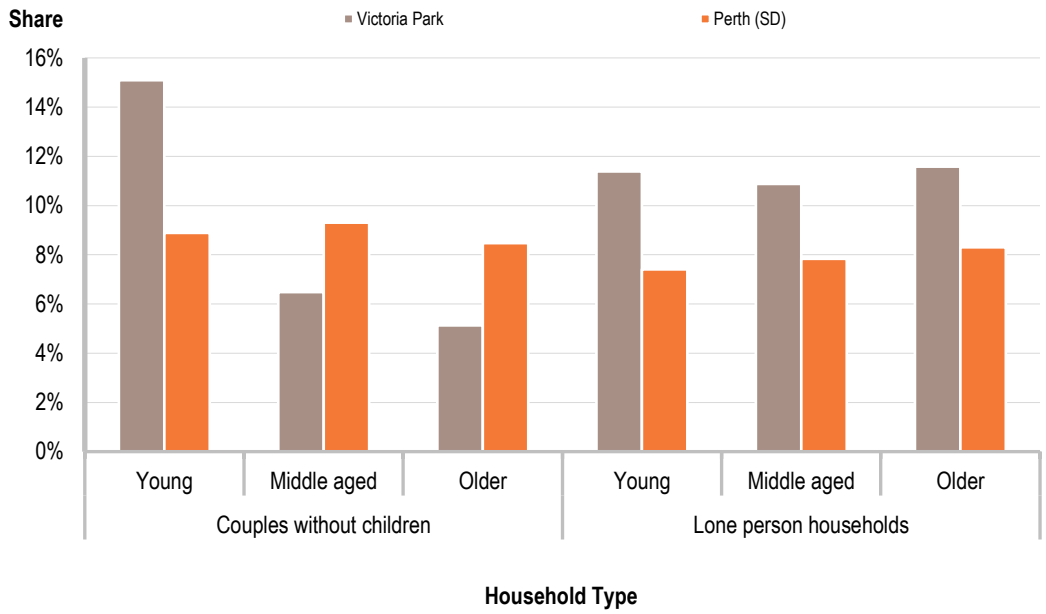


Source: ABS, Census of Population and Housing (2001 and 2011)

2.2.5 Smaller households

In contrast to larger households, there was no household type that was clearly dominant, though lone person households feature more prominently (Figure 13). Young couple without children households comprised the largest share (15.1%), followed by older lone persons (11.6%) and young lone person households (11.4%). The proportion of lone person households was notably higher than that for the Perth metropolitan area. This partly reflects some ageing of the Victoria Park population, as these types of households tend to be formed through death of a spouse, divorce, or children leaving home. However, the number of older lone person households has been stable in recent years, as some in this age group leave the area for retirement villages and aged care facilities, or mortality catches up with them. The proportion of young couples without children was also higher than the Perth metropolitan average, indicating that some areas are beginning to regenerate or be developed for residential use (e.g. Burswood Peninsula). In addition, proximity to the CBD, the Albany Highway and to Curtin University make the Town an attractive location for young couples.

Figure 13. Share of 'smaller' household types by age, Victoria Park and Perth – 2011

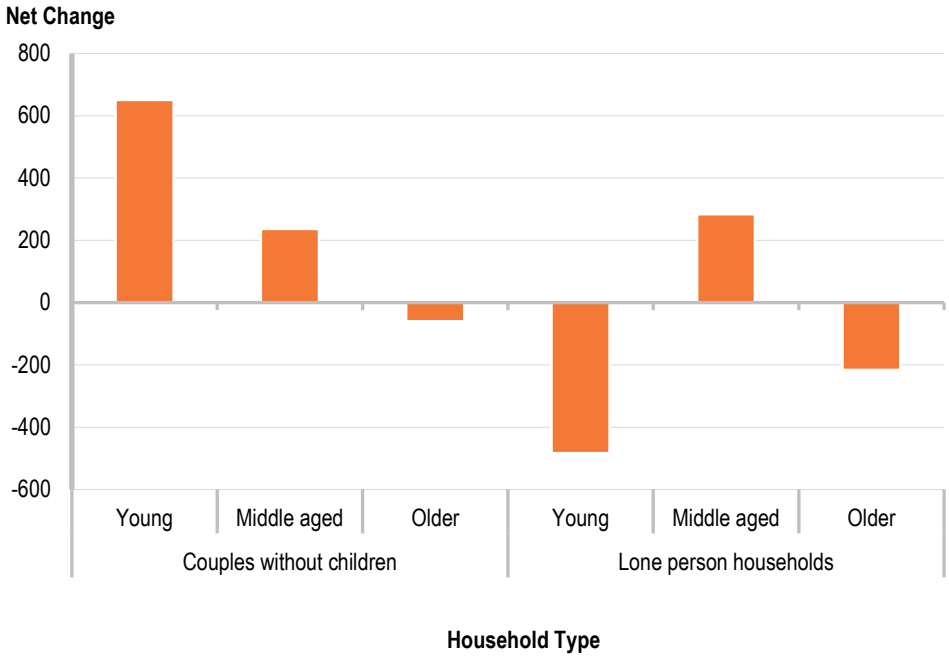


Source: ABS, Census of Population and Housing (2011)

This gradual ageing of the Victoria Park population is reflected in the change in the household types over the period 2001-2011 (Figure 14). The number of middle aged lone person households increased significantly over this period (24.9%, or 2.3% per annum). While some of this is a result of population ageing, particularly as the large baby boom cohort matures, this household type is also formed through family breakdown and may also reflect lifestyle choices ie a preference for living alone.

In contrast, the smaller household types to record a decline over the period 2001-2011 were young lone person, older lone person and older couple without children households. The largest decrease was in young lone persons. In 2001, they comprised 16.8% of households, but this declined to 11.4% in 2011. Again, this reflects the ageing population in Victoria Park but it is worth noting that the proportion of young lone person households also declined in metropolitan Perth. This suggests other factors such as housing affordability may be at play, and that these people are adjusting their living arrangements accordingly. This is explored further in the section on housing affordability.

Figure 14. Net change in 'smaller' households by age, Victoria Park – 2001-2011



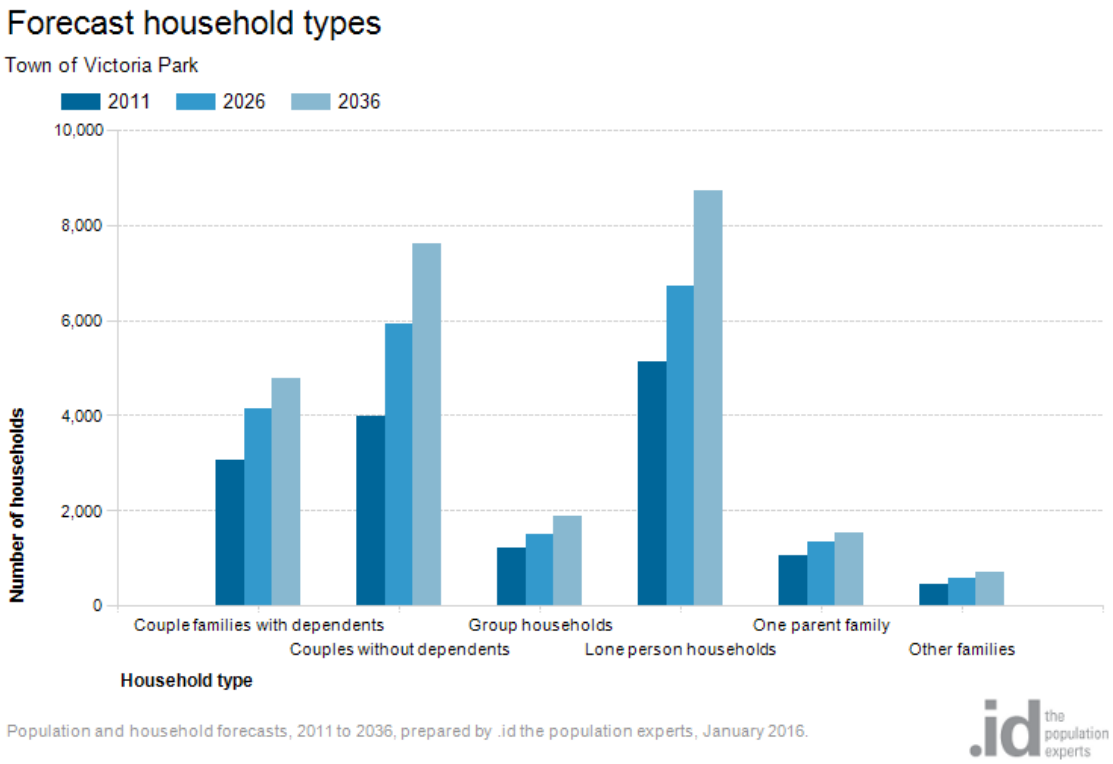
Source: ABS, Census of Population and Housing (2001 and 2011)

2.2.6 How will households change in the future?

Population and dwelling forecasts prepared by .id in 2015 indicate that all household types are forecast to record growth in the next twenty five years (Figure 15). This growth is assumed to occur despite the demographic trends discussed above, and relates to the significant development opportunities identified in the Town. Note that the household types used in the forecast.id product differ slightly from those presented in other parts of this section.

Of the major household types, couples without dependents and lone person households are forecast to experience the most significant growth – about one-third of total growth each. Though these households tend to be associated with ageing populations, they can occur across the age spectrum – couples without dependents can include younger couples yet to have children. The key issue is that it is smaller households that are forecast to grow faster than larger households such as families and group households.

Figure 15. Households by type, Victoria Park – 2011-2036



Source: forecast.id (2016)

The growth in smaller households will also result in a decline in average household size (Figure 16). In 2011, average household size in Victoria Park was 2.22 persons, but it is forecast to decline slightly to 2.18 by 2036, but with some increase between 2011 and 2016. This is related to the ageing of the population, as well as social changes which will result in smaller households eg family breakdown.

Figure 16. Average household size[2], Victoria Park – 2011-2036

Year	Average household size
2011	2.22
2016	2.29
2021	2.28
2026	2.25
2031	2.21
2036	2.18

Source: forecast.id (2015)

2.3 How is the dwelling stock changing?

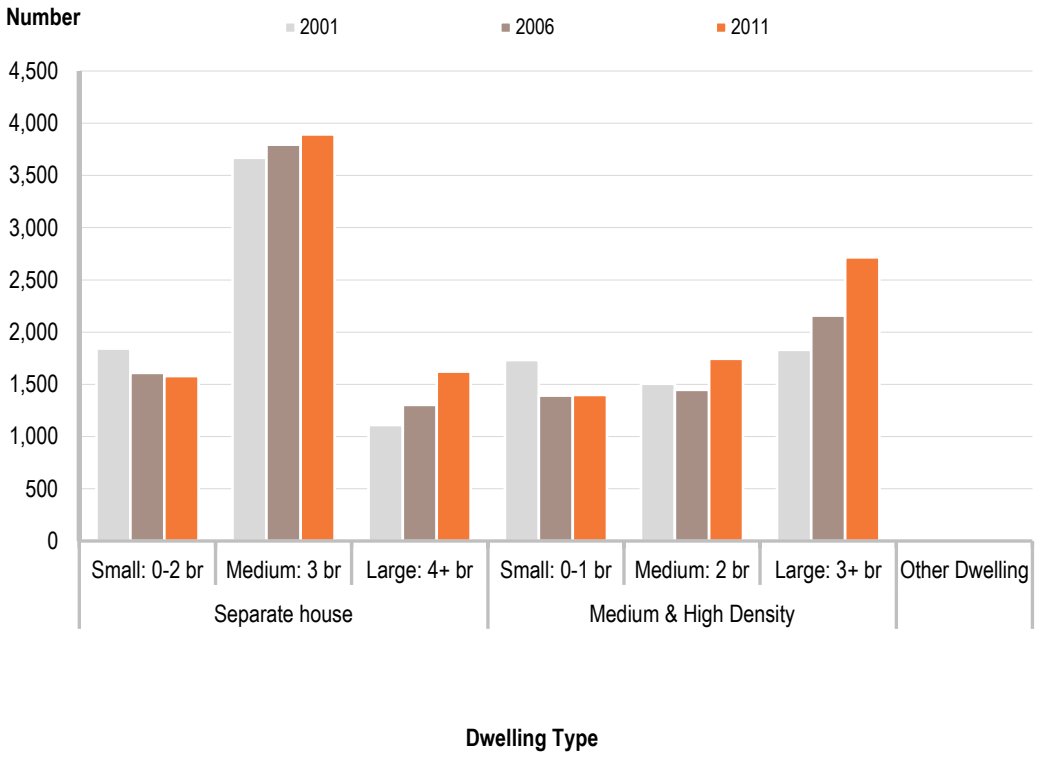
In Australian cities, separate dwellings with three or more bedrooms are the most prevalent and typically provide for larger households. Housing policy throughout Australia now calls for greater housing diversity and the facilitation of higher-density development to address the sustainability challenges inherent in ever expanding urban areas. This might be implemented via policy measures which encourage more development around public transport nodes and activity centres in order to make better use of existing services and infrastructure. A highly visible change to dwelling stock, particularly in the central cities and inner suburbs, is the increase in apartments. Victoria Park, having developed over many decades, contains a range of housing types and densities, from separate houses on single blocks, to multi-dwelling units, and of course high density apartments such as those on the Burswood Peninsula. This section examines how Victoria Park compares to the Perth metropolitan area, and how densities – as measured through the dwelling structure and number of bedrooms per dwelling – are changing.

In 2011, there were 14,100 occupied private dwellings in Victoria Park. Around half of these were separate houses, primarily consisting of three bedrooms (Figure 17). The number of these increased by about 6% over the period 2001-2011, and the number of separate houses with 4 or more bedrooms, though the numbers were smaller, increased by almost 46%. Compared to metropolitan Perth, Victoria Park

[2] Average household size in Figure 16 is based on the Estimated Resident Population at 2011. This results in a different figure to that obtained if the calculation is based on the Census population, as per the data on page 15.

had a lower proportion of separate houses (53.1% compared to 71.4%). Though the number of occupied private dwellings in Victoria Park increased by almost 14% over the period 2001-2011, there was a marked difference between separate houses and medium and high density dwellings. The former increased by almost 10% over the ten years, compared to over 20% for medium and high density dwellings. In fact the number of medium and high density dwellings with three bedrooms almost doubled in number over the ten years.

Figure 17. Dwellings by type, Victoria Park – 2001-2011



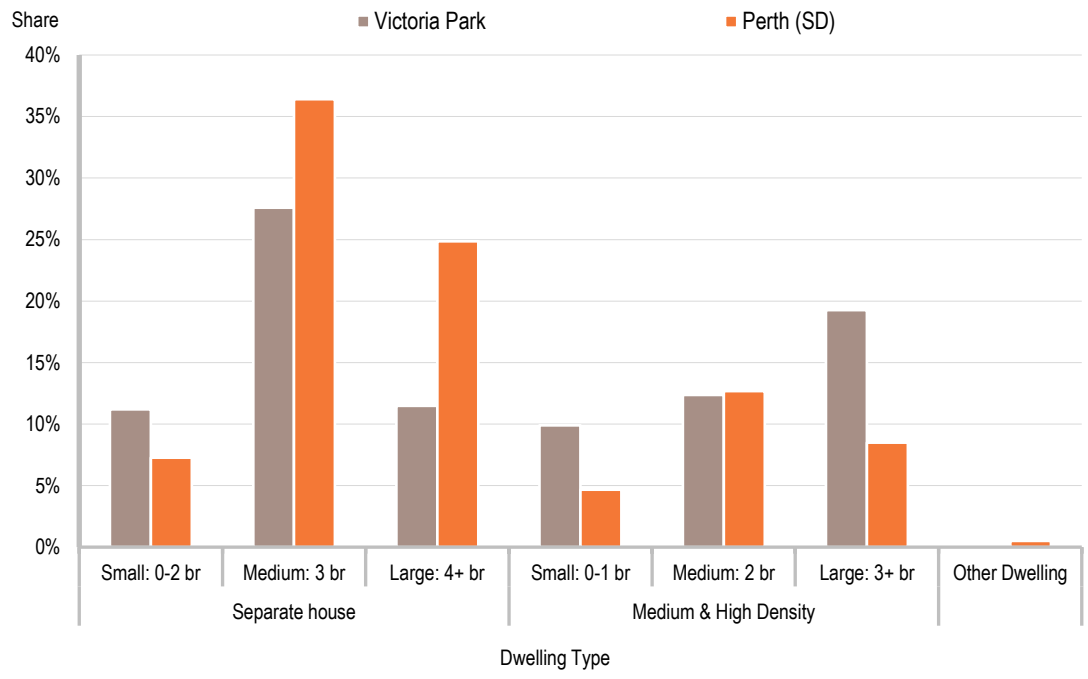
Source: ABS, Census of Population and Housing (2001-2011)

Dwelling types vary widely across the Town and again this is indicative of the urban development of Victoria Park over many decades. In 2011, the highest proportion of separate houses was found in Lathlain (82%), followed by St James (80%). Lathlain developed primarily in the inter war years, and planning controls through the application of the R20 zone restrict the level of development permissible on each block. St James developed in the post war era and until recently was not a favoured location for multi dwelling housing, although this is starting to change.

In contrast, only 14% of dwellings in Burswood were separate houses, a further 27% were medium density dwellings and 58% were high density dwellings. In addition to some of the older apartments along the ridge line, there has been significant development in this area since 2001 consisting of townhouses and apartment towers.

The dwelling profile for Victoria Park shows few similarities to that of the Perth metropolitan area (Figure 18). Victoria Park has quite a high level of dwelling diversity, with much higher proportions of medium and high density housing than the metropolitan Perth average. While separate houses still hold the majority, they are smaller than the Greater Perth average, with more houses having 3 or fewer bedrooms. Housing in Victoria Park is much more likely to be medium or high density dwellings, such as townhouses and apartments. These are larger than many found in Perth, with 19.3% having 3 or more bedrooms, compared to 8.5% across metropolitan Perth.

Figure 18. Share of dwelling type, Victoria Park and Perth – 2011



Source: ABS, Census of Population and Housing (2011)

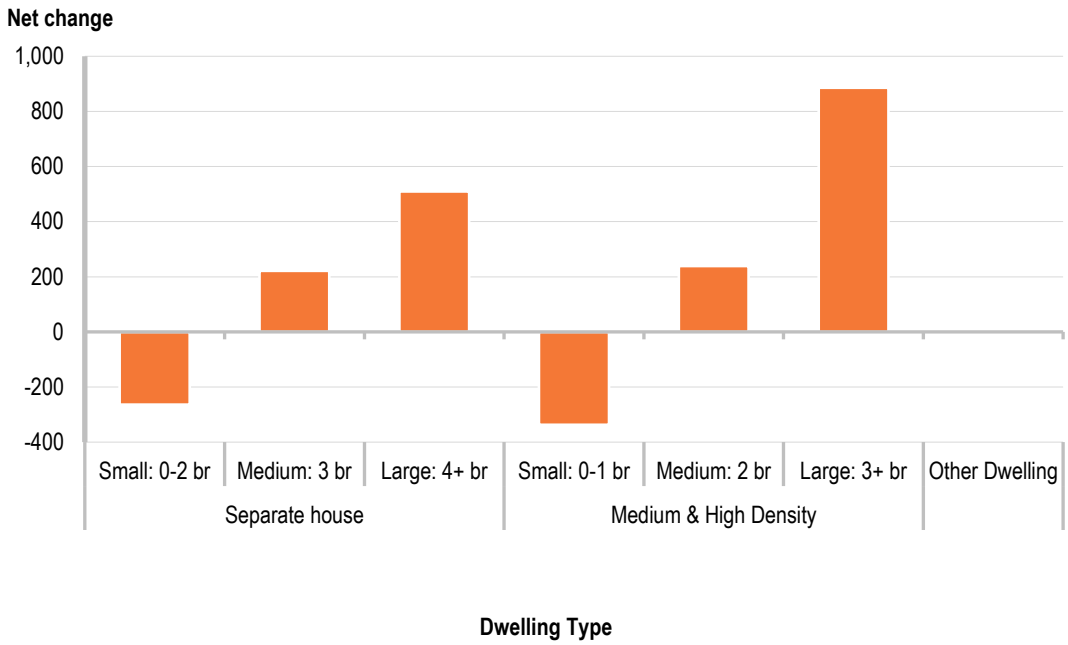
Over time however, there has been a trend in Victoria Park for dwellings to contain more bedrooms. Regardless of the type of dwelling, those with 3 or more bedrooms increased their share slightly from 53.5% in 2001 to 58.4% in 2011 (Figure 19). While the total number of dwellings in Victoria Park increased by 14% over the ten

years, dwellings with 3 or more bedrooms increased by 24.4%. In other words, larger dwellings increased at a faster rate than total dwelling growth. This is part of the Australia wide trend towards larger homes, a trend which may not be environmentally sustainable. Factors which influence this trend include:

- The desire for space - to work from home, to provide a bedroom for every child (including those in separated families) or the desire for a spare room for visitors and family;
- Higher developer profits from large format housing;
- Increased affluence;
- The perception of increased capital gain from buying larger homes.

The increase in larger dwellings does mask some significant changes when the type of dwelling is considered (Figure 19). Notably, there was only a small increase in the number of 3 bedroom separate houses (222 or 6%), but the number of 4 bedroom separate houses increased by 510 (45.9%). This is likely a result of home renovation (adding more bedrooms to an existing dwelling) as well as demolition of older and sub-standard housing, and its replacement with modern and larger dwellings with more bedrooms. The number of medium density dwellings with 3 or more bedrooms almost doubled over the ten years and increased their share from 4.7% to 8.7% of dwellings. Similarly, this is likely the result of medium density developments, such as villa units and townhouses, replacing older separate houses, as well as townhouses on strategic development sites. The trend away from smaller homes is interesting in light of declining average household size and the increase in smaller households, particularly those occupied by one person. Again, this reflects wider trends in the Australian urban housing market, but it has created concern in some circles that one and two person households are “over consuming” the dwellings in which they reside. These concerns do fail however to consider the social and demographic environment in which household types are created, such as the suburban lifecycle.

Figure 19. Change in dwelling types by number of bedrooms, Victoria Park – 2001-2011



Source: ABS, Census of Population and Housing (2001 and 2011)

2.4 What dwellings do households live in?

This section identifies the *dominant and emerging household types*, and looks at the types of dwellings in which they live. The *dominant* household type is the category with the *highest share of households* at the 2011 Census, while an *emerging* household is that with the *highest increase in absolute numbers* between 2001 and 2011.

While there is little qualitative data on housing preference, Census data enables detailed analysis of dwelling consumption by household type to show preferences in the context of supply constraints. Revealed preferences are the types of dwellings that households actually live in, as indicated by Census data. Expressed preferences are those stated by individuals when surveyed as to what sort of housing they would like to live in. The latter is not part of the scope of this report, but there are examples of this type of research being undertaken in Australia, such as the Grattan Institute's 2011 report *"The housing we'd choose".*

This analysis uses Census data to identify the relationship between key dominant and emerging household types and the dwellings they live in. The following household types are analysed:

- Couples with young children (dominant and emerging)
- Young couples without children (dominant and emerging)
- Maturing lone persons households (emerging)
- Older lone person households (dominant)
- Young lone person households

Although young lone person households are neither dominant nor emerging, there was a sharp decline in their numbers over the period 2001-2011. This may relate to housing affordability and hence in the context of this report is worthy of analysis.

2.4.1 Couples with young children

Couples with young children (all under 15 years of age) are the dominant household type in the Town of Victoria Park, comprising 13.7% of the total. Their numbers increased by almost half between 2001 and 2011. As a result, couples with young children were both the dominant and emerging household type in the Town.

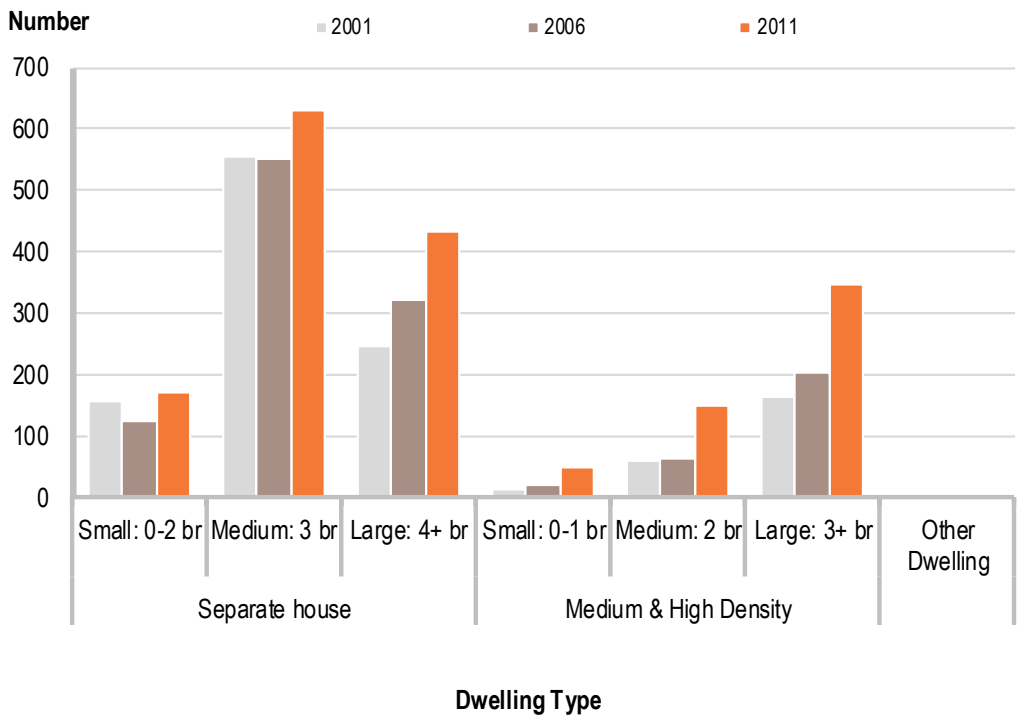
Typically, these households fall into three housing markets:

- Those early in housing career who are buying their first home and may be spending large proportions of their income on housing costs;
- Second and third home-purchasers moving to larger dwellings more distant from the city centre that are more suitable to their changing needs;
- Those living in higher density dwellings, both renters and buyers, who have just had their first child.

In terms of dwelling type, couples with young children were most likely to be living in separate houses with three bedrooms (Figure 20). The numbers were relatively steady between 2001 and 2006, but increased sharply in 2011. The numbers living in separate houses with four or more bedrooms increased, as did those living in medium and high density dwellings with three or more bedrooms. However due to the rapid increase in this household type over time, there were increases in all dwelling types.

Increasing numbers of these households spur demand for children's services and diversify established areas. They also help maintain population levels, as their household size is more likely to grow in the short term. However, it is often difficult for inner urban areas to retain this household type due to the nature of the dwelling stock as many houses have only two bedrooms, or are on a small block with minimal private outdoor space. Generally, the birth of a second or third child triggers a move outwards to a larger home in the outer suburbs.

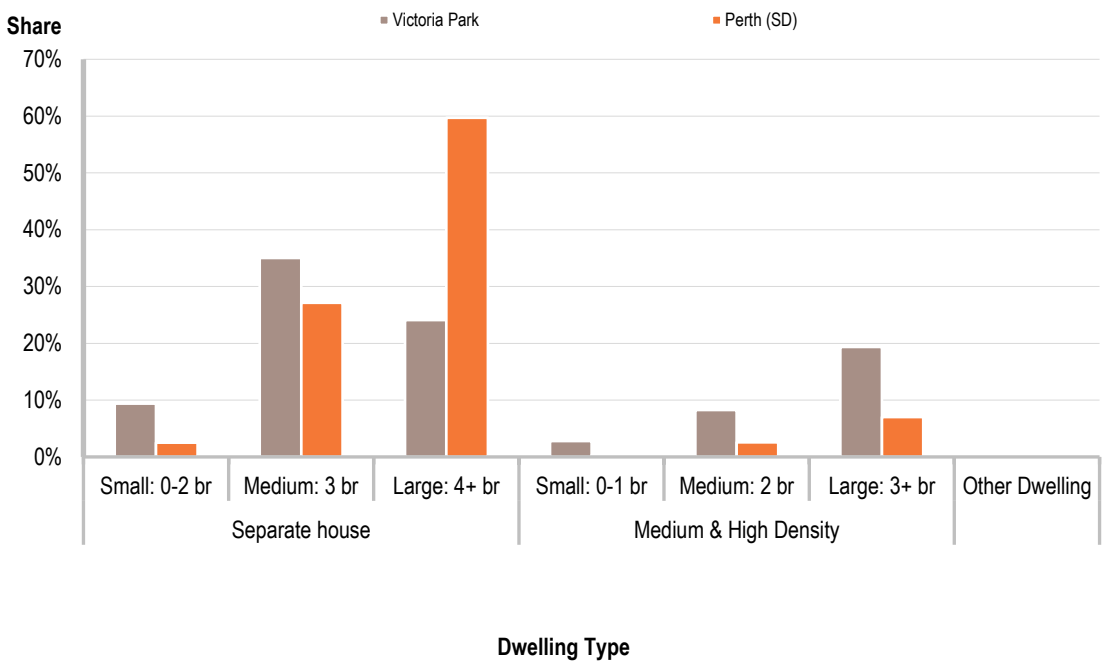
Figure 20. Couples with young children, by dwelling type – 2001-2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

In 2011, around one third of couples with young children lived in separate houses with three bedrooms (Figure 21). This was slightly higher than the Perth metropolitan average of 27.1%. Across metropolitan Perth, a far higher proportion lived in separate houses with four or more bedrooms (almost 60% compared to 24.1%). This largely reflects the differences in the dwelling stock – as mentioned above, three bedroom separate houses are the dominant dwelling type in the Town of Victoria Park. Similarly the Town had a higher proportion of couples with young children living in medium and high density dwellings simply due to the choice available.

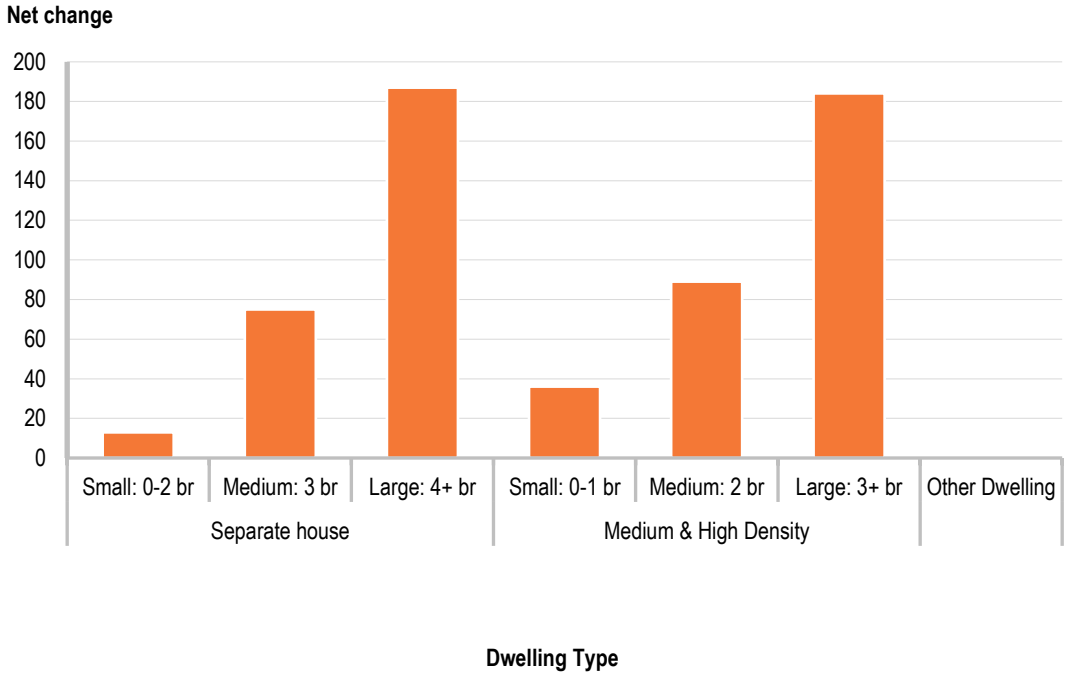
Figure 21. Couples with young children by dwelling type (%) – 2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

In terms of net change between 2001 and 2011 (Figure 22), all dwelling types recorded an increase, but it's clear that this favoured larger dwellings regardless of whether it was a separate house or medium/high density. Larger dwellings are clearly more suitable for family households so where they are available and affordable, there is a preference for families to live in these types of dwellings.

Figure 22. Net change in couples with young children, by dwelling type – 2001-2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

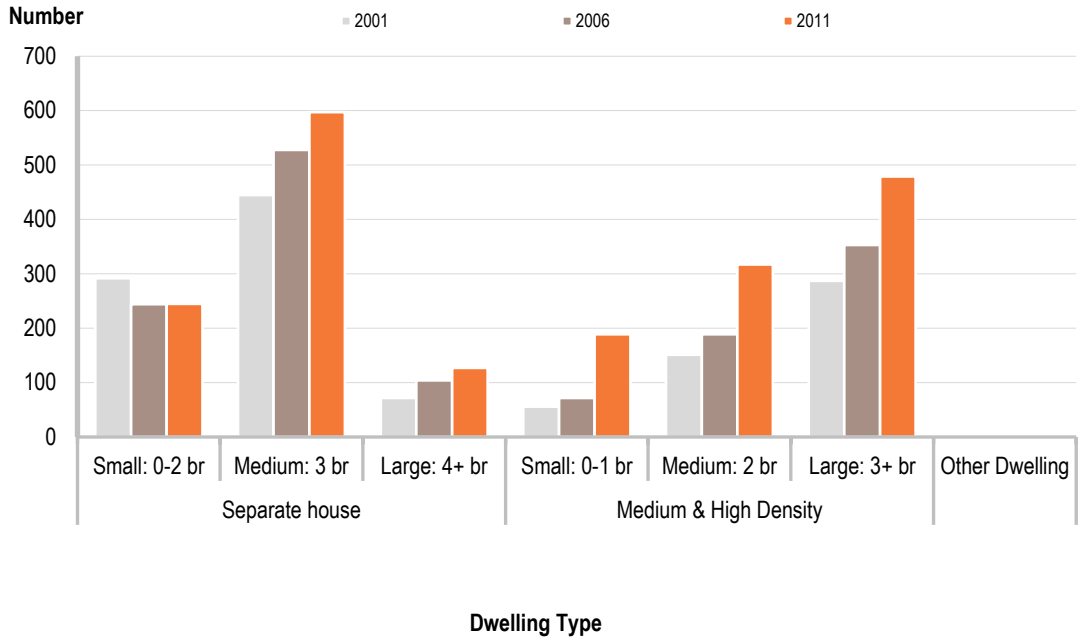
2.4.2 Young couples without children

This household type are early in their housing careers and may be prepared to accept high levels of housing stress to enable them to enter the housing market. This household type is also prepared to compromise on the format of their dwelling to achieve affordability. They are an important group, particularly for well established areas to attract, as they have a high propensity for having children, therefore providing demand for children's services in the future. They play a key role in diversifying well established areas and maintaining population levels as they are likely candidates to have a growing average household size. Within the Town, they tend to be concentrated in Victoria Park and East Victoria Park, particularly along the Albany Highway Corridor.

Despite their smaller household size, young couples without children display similar housing preferences to couples with young children. The growth in young couples without children between 2001 and 2011 meant that most dwelling types recorded increases over the ten years, particularly dwellings with three or more bedrooms (Figure 23). This is a reflection of the available dwelling stock but may also indicate

a preference for larger dwellings to accommodate future changes in household type eg children, or simply a desire for more space.

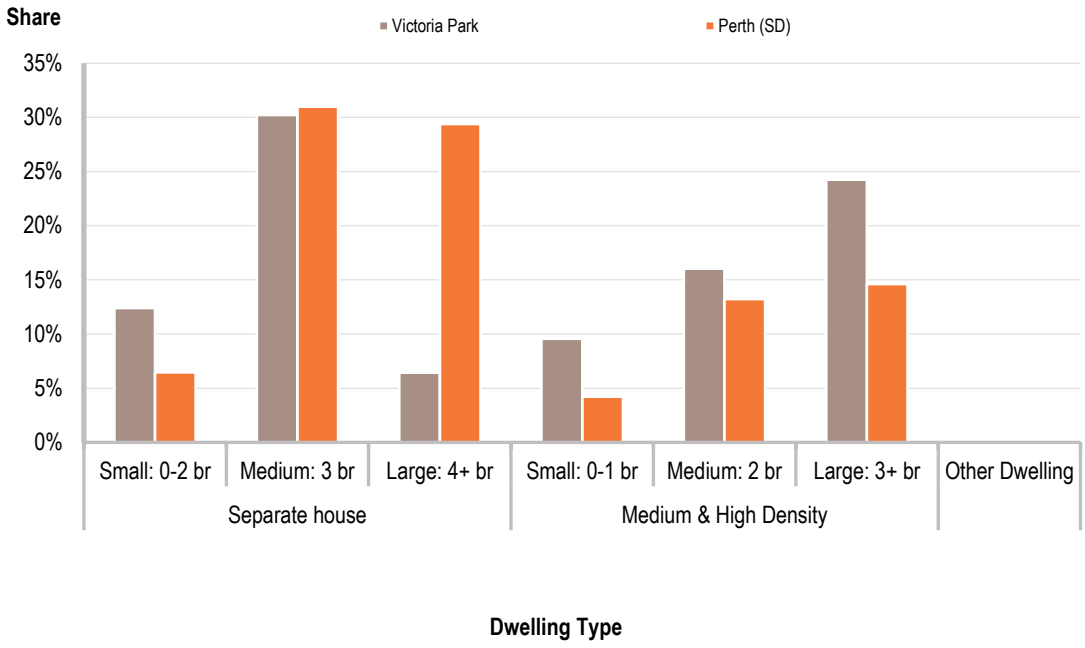
Figure 23. Young couples without children households, by dwelling type – 2001-2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

Figure 24 shows that compared to the Perth metropolitan area, young couples without children have a similar propensity to live in separate houses with three bedrooms (around 30%). In the Town of Victoria Park this household type is far more likely to live in medium and high density dwellings, especially those with three or more bedrooms (24.3% compared with 14.6%). Once again the distinguishing dwelling type was separate houses with four or more bedrooms, with only 6.4% of this household type living in such a dwelling in the Town of Victoria Park, compared with almost 30% in the Perth metropolitan area.

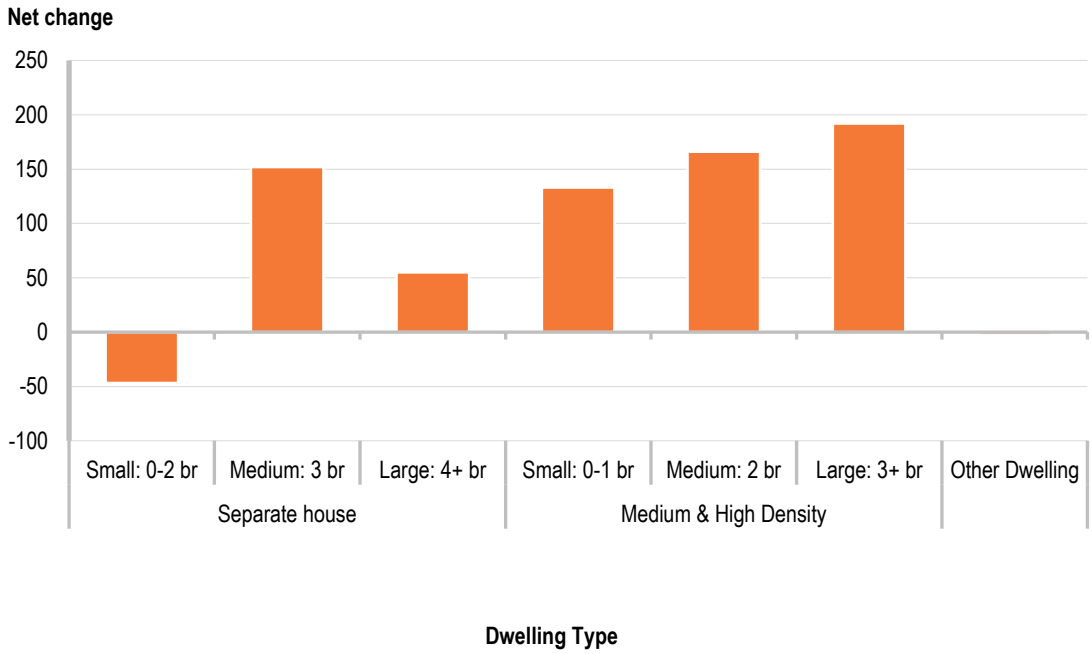
Figure 24. Young couples without children by dwelling type (%) – 2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

Because of the increase in this household type over the ten years, most dwelling types recorded an increase in numbers, but it was higher for medium and high density dwellings (regardless of the number of bedrooms) and three bedroom separate houses. There was a small decline in separate houses with 0-2 bedrooms, in line with the overall trend for this dwelling type.

Figure 25. Net change in young couples without children, by dwelling type – 2001-2011



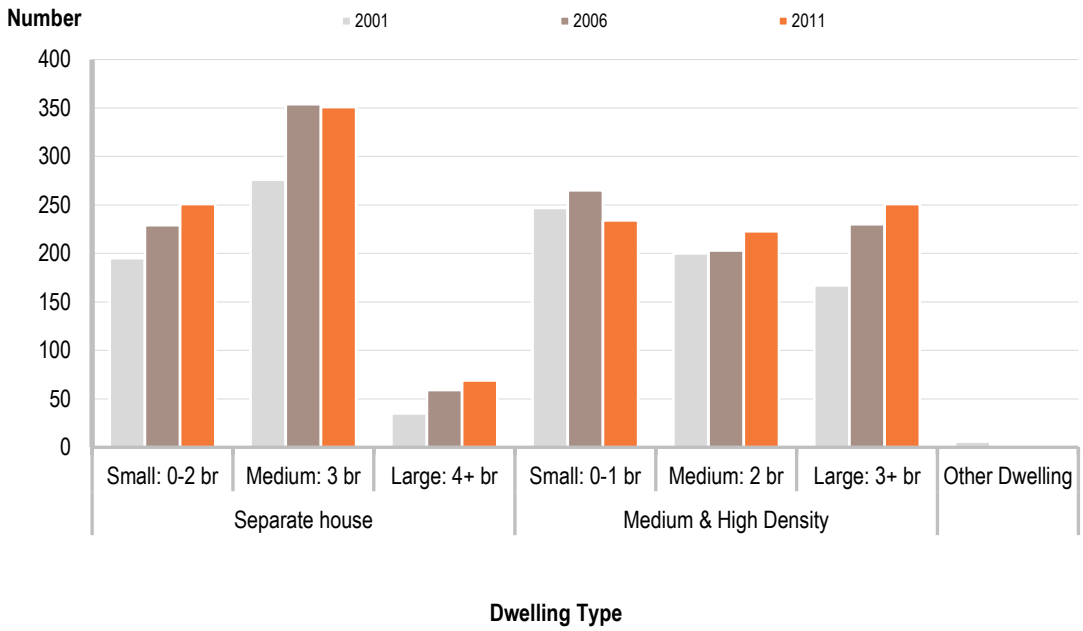
Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

2.4.3 Middle aged lone person households

Middle aged lone person households are often not considered in housing analysis, however, they were the only lone person household type in the Town of Victoria Park to record an increase between 2001 and 2011. This increase is partly the result of ageing in place of younger lone person households, children leaving the home of a single parent ("empty nesters"), but also due to family breakdown. This tends to create a smaller household unit which might consist of one parent leaving the family home to live elsewhere. They are more advanced in their housing careers and are more likely to have considerable housing equity that gives them more choice in the property market. They also may have existing social ties to the community that influences their housing choice.

Over the ten years between 2001 and 2011 middle aged lone person households became more likely to live in larger dwellings, with increases in separate houses with three or more bedrooms, as well as larger medium and high density dwellings. Again, this reflects the available housing stock but may also reflect processes of ageing in place (children leaving the family home), or family breakdown (need for more bedrooms for joint custody arrangements).

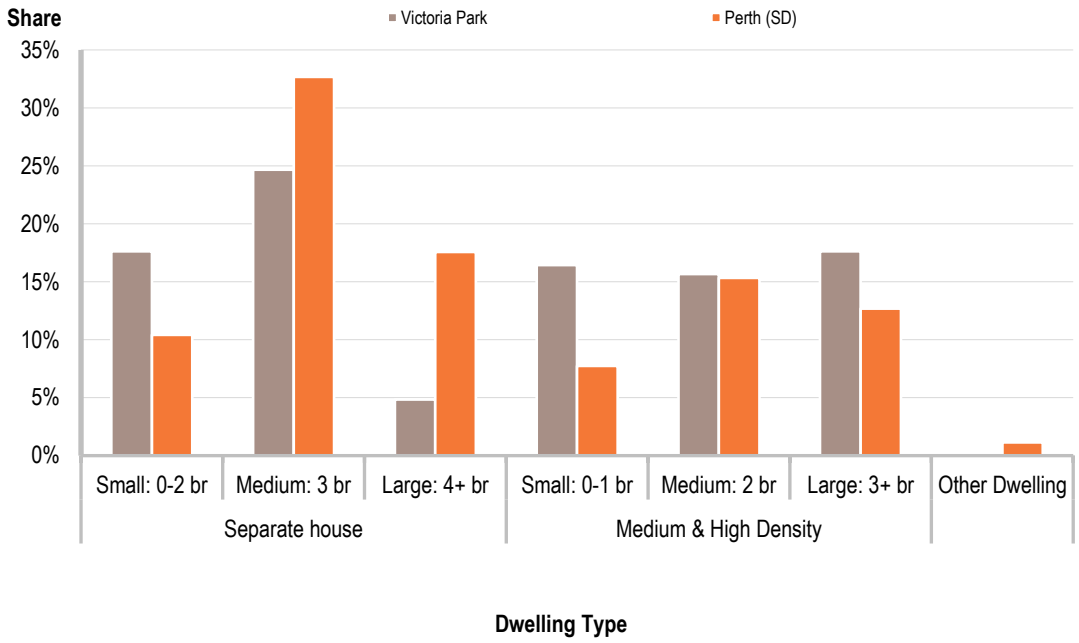
Figure 26. Middle aged lone person households, by dwelling type – 2001-2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

Compared to metropolitan Perth, middle aged lone persons in the Town of Victoria Park are far less likely to live in separate houses, particularly those with four or more bedrooms. In contrast, they are more likely to live in medium and high density dwellings (Figure 27).

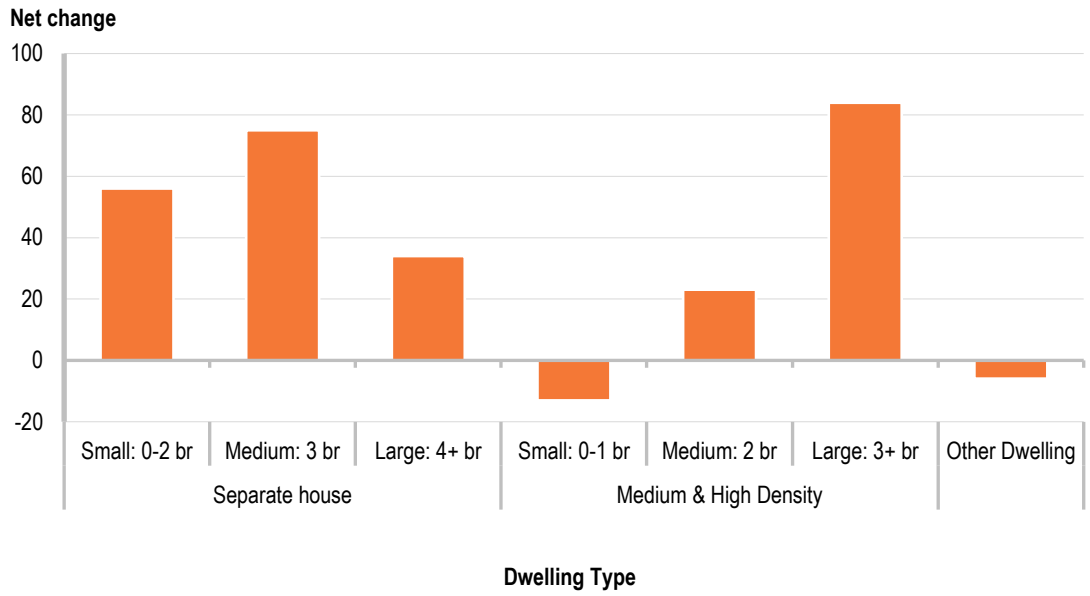
Figure 27. Middle aged lone person households, by dwelling type (%) – 2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

Between 2001 and 2011, middle aged lone person households recorded increases in most dwelling types, including separate houses (regardless of the number of bedrooms), and particularly medium/high density dwellings with three or more bedrooms (Figure 28).

Figure 28. Net change in middle aged lone person households, by dwelling type – 2001-2011



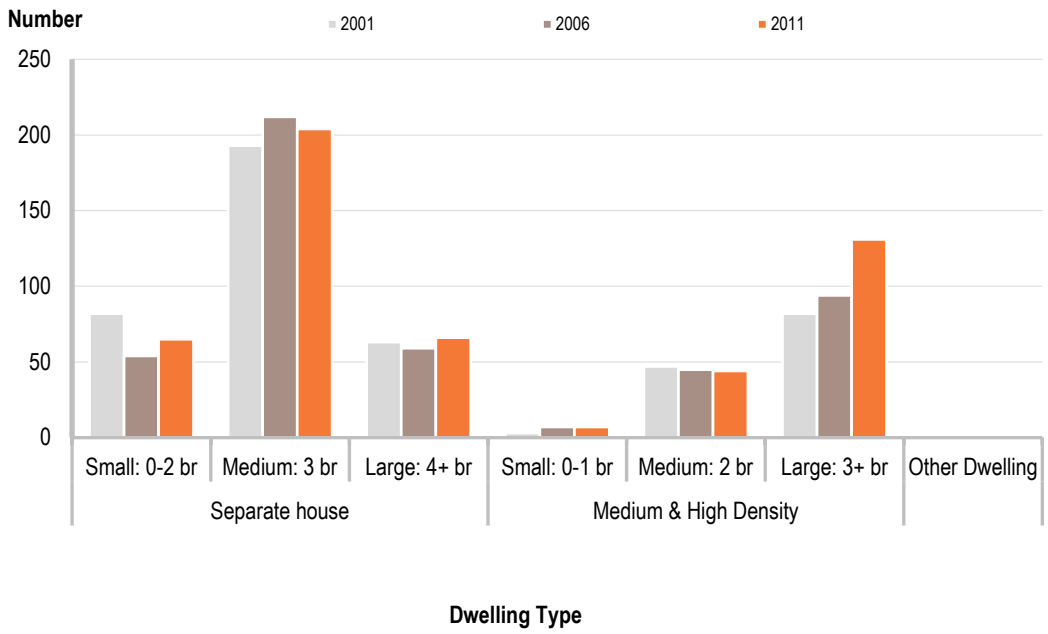
Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

2.4.4 Older lone person households

Despite macro level demographic trends indicating a gradual ageing of the population, the number and proportion of persons aged 65 years and over in the Town of Victoria Park declined between 2001 and 2011. This decline was concentrated in the 70-79 year age cohort and is a result of out migration, but also mortality and the fact that this cohort – largely born in the 1930s – is smaller in size due to low fertility of the time. Despite this, older lone person households remain one of the dominant household types in the Town, comprising 11.6% of the total. This household type is concentrated in Bentley where there is housing aimed at older age groups, but there are also smaller concentrated in Victoria Park and Carlisle.

The housing profile for older lone person households also shows the preference for larger dwellings. Between 2001 and 2011 the largest increase for this housing type was medium and high density dwellings with three or more bedrooms (Figure 29). Other dwelling types remained relatively stable over the ten years.

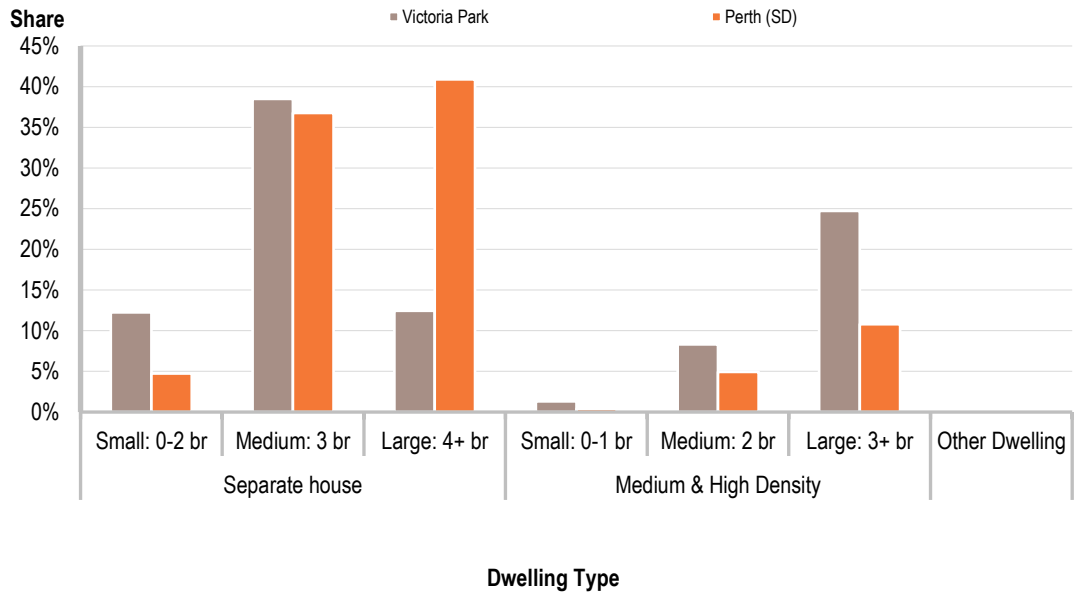
Figure 29. Older lone person households, by dwelling type – 2001-2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

As shown in Figure 30, the most common type of dwelling for older lone person households is the three bedroom separate house (38.5%), followed by medium and high density dwellings with three or more bedrooms (24.7%). Older lone persons households in the Town of Victoria Park showed a far greater propensity to live in medium and high density dwellings compared to the Perth metropolitan average.

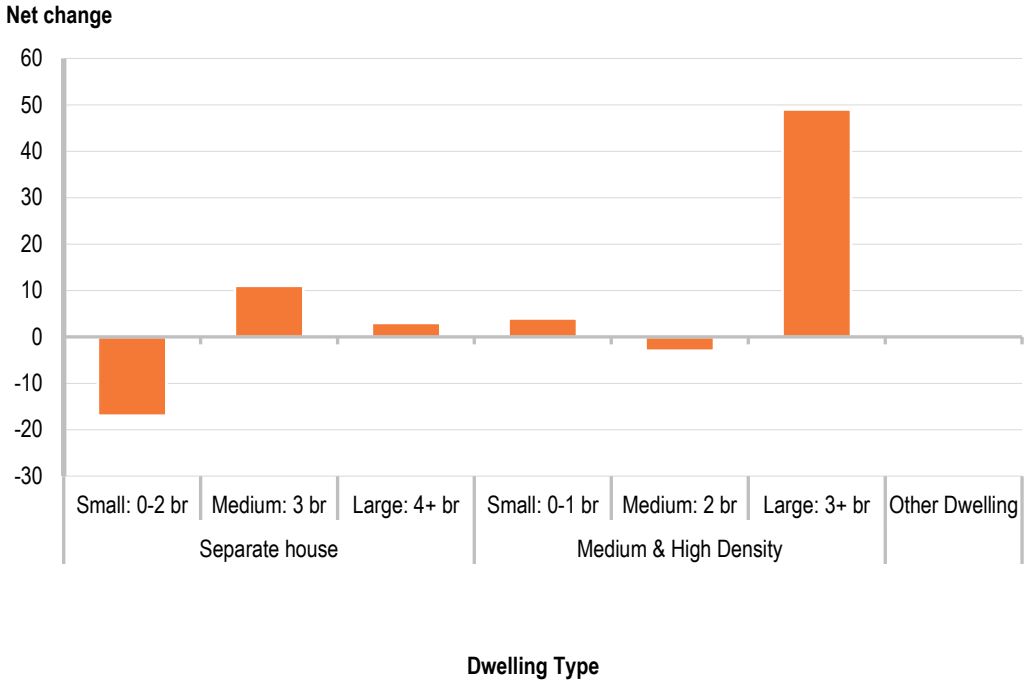
Figure 30. Older lone person households, by dwelling type (%) – 2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

There is a widespread perception that older households will downsize in line with their housing needs, and that if they age in place in the family home then they are "overconsuming" dwellings. However, downsizing takes many forms and can involve a move to a smaller dwelling, which may be a unit rather than a separate house, or it may simply be a smaller house with fewer bedrooms. In many parts of Australian cities older households are bucking this perception. In line with trends for other household types, there was an increase in the number of older lone person households living in larger dwellings, but much of this increase was in large medium and high density dwellings ie three or more bedrooms. Between 2001 and 2011, there was a small decline in the number living in separate houses with 0-2 bedrooms.

Figure 31. Net change in older lone person households, by dwelling type – 2001-2011

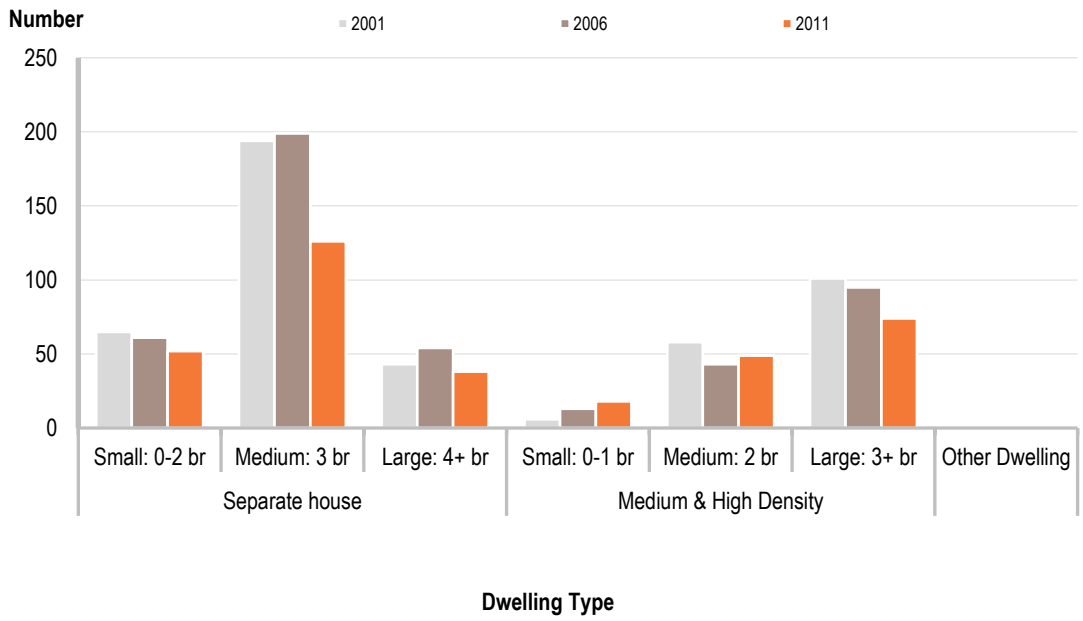


Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

2.4.5 Young lone person households

Although young lone person households are not the dominant or emerging household types, analysis of this household type is useful due to the dramatic decline in their numbers over the period 2001-2011. This is likely a combination of factors, including out-migration, but also a shift to other household types eg lone person households becoming couple households. Between 2001 and 2011 their numbers declined by around 23%. Notably for all dwelling types, except medium and high density dwellings with 0-1 bedrooms, there was a decline in numbers (Figure 32).

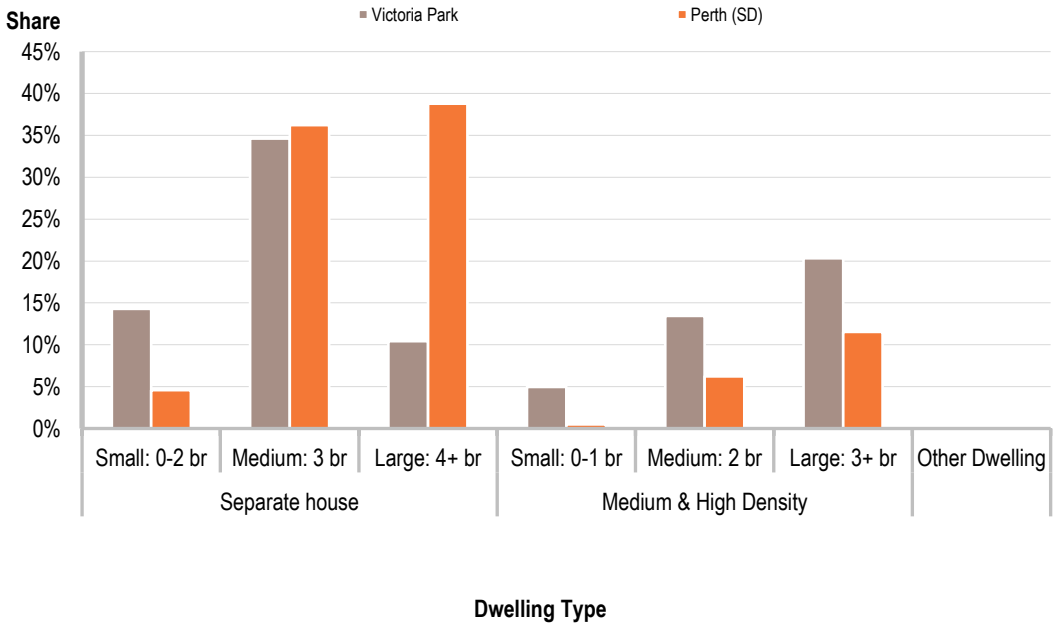
Figure 32. Young lone person households, by dwelling type – 2001-2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

Despite their small household size, young lone person households live in larger dwellings – just over one third in separate houses with three bedrooms, and a further 20% in medium and high density dwellings with three or more bedrooms (Figure 33).

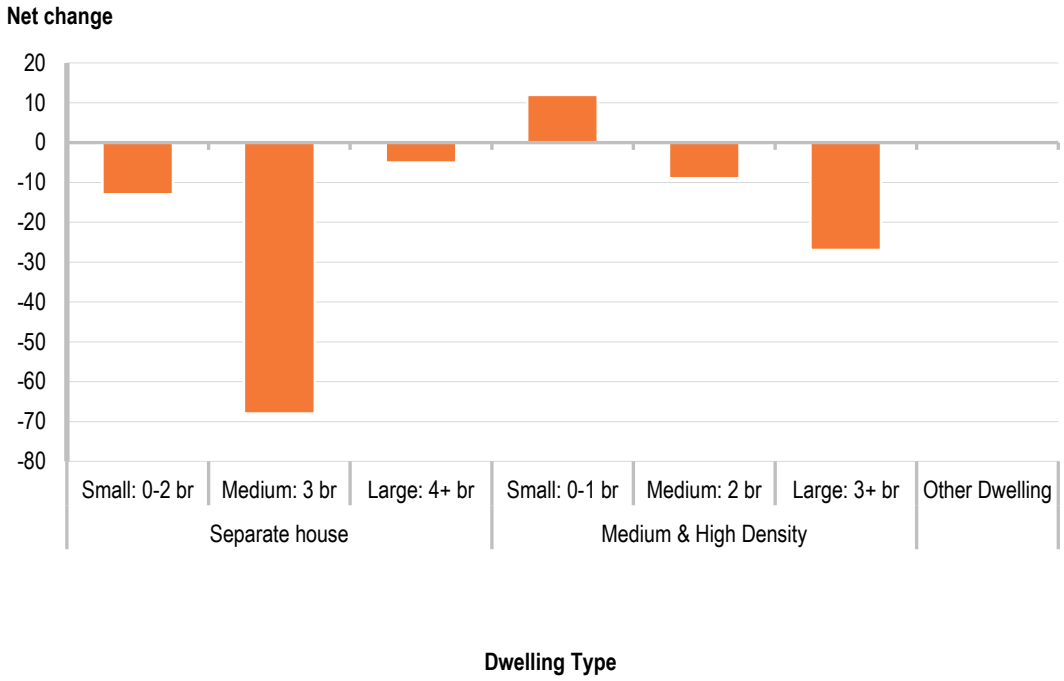
Figure 33. Young lone person households, by dwelling type (%) – 2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

There was a large decline in the number of young lone person households living in separate dwellings with three bedrooms over the period 2001-2011, as shown in Figure 34. This is contrary to the trends for other household types and largely reflects the overall decline in the numbers of this household type.

Figure 34. Net change in young lone person households, by dwelling type – 2001-2011



Source: ABS, Census of Population and Housing (2001, 2006 and 2011)

2.5 What is our level of housing stress?

Housing stress is a specific term which refers to households having trouble meeting their financial housing obligations – rent or mortgage payments. Specifically, this considers a form of financial stress that needs to be objectively measured. However, some households may consider themselves to be in housing stress or not dependent more on their own circumstances than any official benchmark.

2.5.1 Definitions

For those who are purchasing or renting their dwellings, the NATSEM definition of housing stress is used, which is those households with equivalised household income in the lowest two quintiles (40%) of all household incomes in Australia, who

are spending more than 30% of their gross household income on either rent or mortgage repayments.

It is also worth looking at the third quintile (40% to 60% equivalised income) as these people may be paying housing costs in order to be closer to work or maintain a certain standard of living. This is termed “Marginal housing stress”.

There is always an element of choice involved in housing stress – some households will choose to make larger repayments on a home loan, or pay more in rent to live in a more desirable area. However the element of choice is less at the lower end of the income scale, and within particular household types.

Due to these psycho-social factors, housing stress is not the same as housing affordability, but it can provide some insight into it.

2.5.2 Breakdown of households by income and housing stress

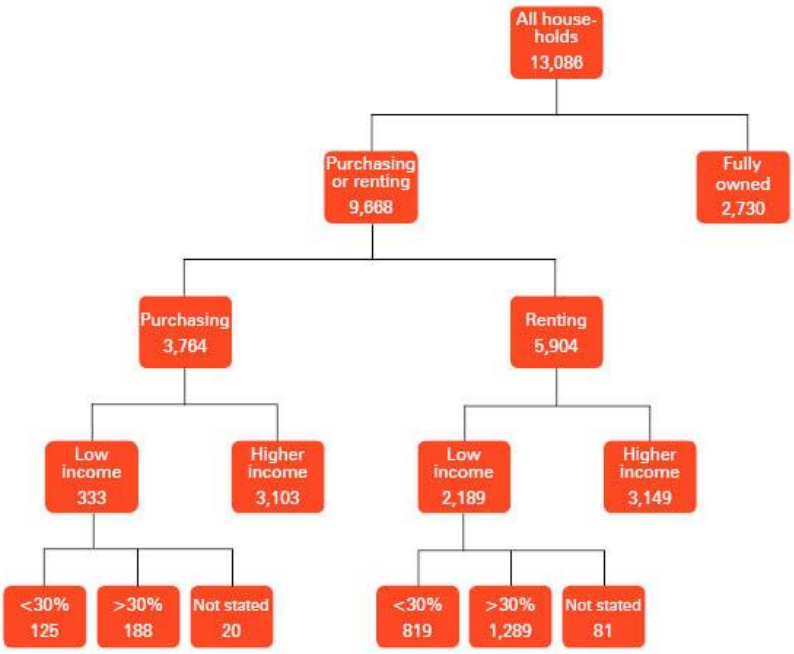
At the time of the 2011 Census, there were a total of 13,086 classifiable households in the Town of Victoria Park. Of these, 2,370 (20.9%) fully owned their homes – which is quite a low rate of full home ownership, but these are automatically assumed to not be in housing stress as they have no mandatory or regular payments. Note that some elderly full home owners do struggle to meet rates and property maintenance costs, but this is beyond the scope of this analysis. 688 households had an unusual tenure type that cannot be covered by the following analysis, or didn’t state their tenure.

Of the remaining households, 38.9% were purchasing their dwellings, but only 8.8% of these were classified as low income (another 11.5% as middle income). Of those in the low income bracket, 188 were paying more than 30% of their income on housing. Mortgages in Victoria Park are primarily taken by high income households, so relatively few are in mortgage stress. Due to high purchase costs in Victoria Park, mortgages are primarily taken out by higher income households, with lower incomes looking to buy generally seeking housing elsewhere, or renting in Victoria Park.

The major tenure type in Victoria Park is rental. In 2011, 45.1% of all households were renting their homes. Of these, 37.1% were considered low income (there is a fairly even split among renting households between low, medium and high in Victoria Park). Those spending over 30% of their income accounted for 59% (1,289

households) of low income renting households. This equates to an overall housing stress level of 11.3% of all households in the Town of Victoria Park. This is above the Greater Perth average, by virtue of the fact that Victoria Park has far more renters as a percentage than Greater Perth. Despite this, rental stress and mortgage stress when considered as a proportion of all households renting or paying off a home, is lower than Perth.

Figure 35. Housing stress breakdown, Victoria Park - 2011



Marginal housing stress, which looks at middle income households, accounted for 532 (4.1%) households in Victoria Park in 2011. This was an increase of 178 households, or approximately 50% on the 2006 figure, from a low base with virtually all of the increase occurring in those who were renting. Clearly there are some people on reasonable incomes paying large amounts on rental to live in this relatively accessible area. While they are not in housing stress by the NATSEM definition, those in marginal stress are potentially at risk in the case of job losses etc.

Though the proportion of households in housing stress declined slightly between 2006 and 2011 (from 11.7% to 11.3%), the actual number increased slightly. This is because the dwelling stock increased at a faster rate over this time period.

Figure 36. Housing stress, Victoria Park

Housing stress - low and middle income households	2011			2006			
	number	%	Greater Perth %	number	%	Greater Perth %	Change 2006-2011
Mortgage stress	188	5.0%	7.8%	150	4.5%	7.4%	38
Marginal mortgage stress	188	5.0%	6.2%	165	5.0%	5.3%	23
Total households with a mortgage	3,764	100.0%	100.0%	3,305	100.0%	100.0%	459
Rental stress	1,289	21.8%	23.1%	1,240	24.0%	24.4%	49
Marginal rental stress	344	5.8%	5.7%	189	3.7%	4.0%	155
Total renting households	5,904	100.0%	100.0%	5,156	100.0%	100.0%	748
Housing stress	1,477	11.3%	9.5%	1,390	11.7%	9.0%	87
Marginal housing stress	532	4.1%	4.0%	354	3.0%	3.1%	178
Total classifiable households	13,086	100.0%	100.0%	11,872	100.0%	100.0%	1,214

2.5.3 Mortgage stress

In 2011, 5.0% of all Victoria Park households with a mortgage were experiencing mortgage stress. In numeric terms, this represents 188 households. This was an increase from 150 households in 2006, or 4.5%, but in both years remained well below the Perth average of 7.4%. As a percentage of total households this percentage was even smaller, at just 1.4%. The majority of those households with a mortgage were in the high income category and so not subject to housing stress by the NATSEM definition. Nevertheless, there were 695 households, classified as middle to high income who were paying more than 30% of their income on a mortgage – about 18% of the total. As Victoria Park housing is quite expensive to buy into, mainly high income earners are doing it, and some are certainly paying high housing costs relative to income.

There were varying levels of mortgage stress amongst the small areas of the Town of Victoria Park. All were below the Perth average and the Australia average, but the highest was in Lathlain, at 5.6%, while the lowest was in Burswood, at 2.9%.

2.5.4 Rental stress

Rental stress in Victoria Park is a far more significant issue than mortgage stress, because more people are renting in the area, and more of them are low income households. This in itself is revealing – those who can't afford a mortgage in the area are likely to be moving away to buy elsewhere – but renters are staying in the area and paying a large proportion of their income on rent.

In 2011, a total of 1,289 households were in rental stress, or 21.8% of all renters in the Town of Victoria Park. This was slightly below the Greater Perth average of 23.1%, and notably had fallen from 24.0% in 2006, though it was still a small increase of 49 households in numeric terms.

Rental stress made up more than 87% of all housing stress in Victoria Park. Another 344 households, 5.8% of all renters were middle income households in "marginal rental stress". In the high income category, despite a large number of renters, very few were paying more than 30% of their income on housing. So this confirms the validity of the NATSEM model here.

There was a considerable variation in rental stress levels across Victoria Park. The highest levels are found in the public housing areas of Bentley (36.5%) and St James (28.2%), while Burswood had the lowest level (15.0%).

2.5.5 Differences in housing stress between household types

In Victoria Park in 2011, the highest level of rental stress as a percentage was among young one parent families, at 49.1%. This compares with 56.5% across the Perth metropolitan area. In terms of numbers, two groups stand out with respect to rental stress. Young couples without children, with 146 households in rental stress, or 13.3%, well above the Perth average of 9.5%. The other group is Couple families with young children, a large increasing group, those in rental stress more than doubling in 5 years, to 158 people, or 22.7%, 4% above the Perth average.

2.5.6 Summary

The level of overall housing stress in Victoria Park is a little higher than the Perth average, and this is mainly due to a high proportion of households renting their dwellings. The main concerns are young couples, both with and without children, where rental stress levels are well above the Perth average. Mortgage stress is not a significant issue, but rises in rental costs are affecting households, though there is an

element of choice here – Victoria Park is a desirable location close to the city, and some households may be choosing to pay extra to live in this accessible location.

2.6 Is housing in our area affordable?

The objective of this analysis is to provide an evidence base for developing affordable housing policy into the overall Victoria Park housing strategy. Like most parts of metropolitan Australia, the Town of Victoria Park has experienced an escalation of housing prices and rents in recent years. A key issue is whether this is associated with gentrification, and does housing remain affordable to people currently living in the Town?

2.6.1 What is affordable housing?

The concept of "affordable" housing has an element of subjectivity to it. What is affordable for one household may not be affordable for another, even keeping disposable income stable. Some people prefer to pay less for housing and are willing to trade off things like longer commutes and less space for the peace-of-mind of knowing they can manage the mortgage. Others may put a premium on close proximity to work, transport and entertainment venues and be willing to pay extra for this, seeing housing stress as a fact of life which enables them to live in a desirable location.

In general, renters are able to be more pragmatic about housing than home owners, and rents in an area tend to reflect the true time-value of housing taking into account dwelling and location features. Housing purchase prices in Australia generally incorporate an ownership premium. This is an extra amount beyond the value which can be explained by the "Net Annual Value" or rent that home buyers pay to be able to make changes to the property, partake in future capital gains and have the security of tenure not generally afforded to those renting. However in times of low interest rates and high activity in the housing market, as has been experienced recently, this home ownership premium moves well outside the usual envelope of rental yields and begins to reflect the effect of speculation on housing – the anticipation that future capital gains can justify any price. For this reason, current housing values are NOT considered as good a measure of the locational value of housing in an area as rent.

Nevertheless, this report, while focussing primarily on rent, will look at the issue of first-home-buyer affordability in the area. Readers should bear in mind that Victoria Park is not really a first home buyer area, and most of those buying property in the LGA area probably bring substantial equity from elsewhere. This is not captured in the affordability calculations.

Among home owners, “housing inertia” can mask an issue with affordability. For instance, those who have lived in the area a long time and either fully own their home or have a small mortgage, may be the dominant group, and could not necessarily afford to buy or rent at current prices. So the demographics of an area can reflect historic housing costs rather than current housing costs. Many existing residents may have wealth tied up in housing.

For the purposes of this report, housing will be considered affordable if it consumes no more than 30% of a household’s gross income. Note that for some low disposable income households even this may create significant housing stress, but it is a generally accepted criterion.

For rents this is a simple comparison of weekly income to reported rental listings, broken down by household type and household size. For home purchasers, it’s a little more complex. While housing values remain very high in Perth, interest rates are at record lows, so affordability in terms of actual monthly payments remains fairly good. However there is the issue of when interest rates increase at some point in the future. This analysis will look at both current interest rates and those at a 2% higher level (still historically quite low), which matches most banks’ lending criteria. It will also assume that housing is being purchased by first home buyers with a 20% deposit. Naturally those buying in with substantial equity from previous ownership may find housing more affordable than first home owners, but it is impossible to model this without knowledge of the level of equity. Stamp duty calculations are also included.

This work then looks at how many actual sales or advertised rents would be affordable (at 30% of income) to first home buyers or renters of particular household type at the median income level for that household type - based on those assumptions, by type of dwelling. It also looks at the percentage of the total stock for sale or rent those make up.

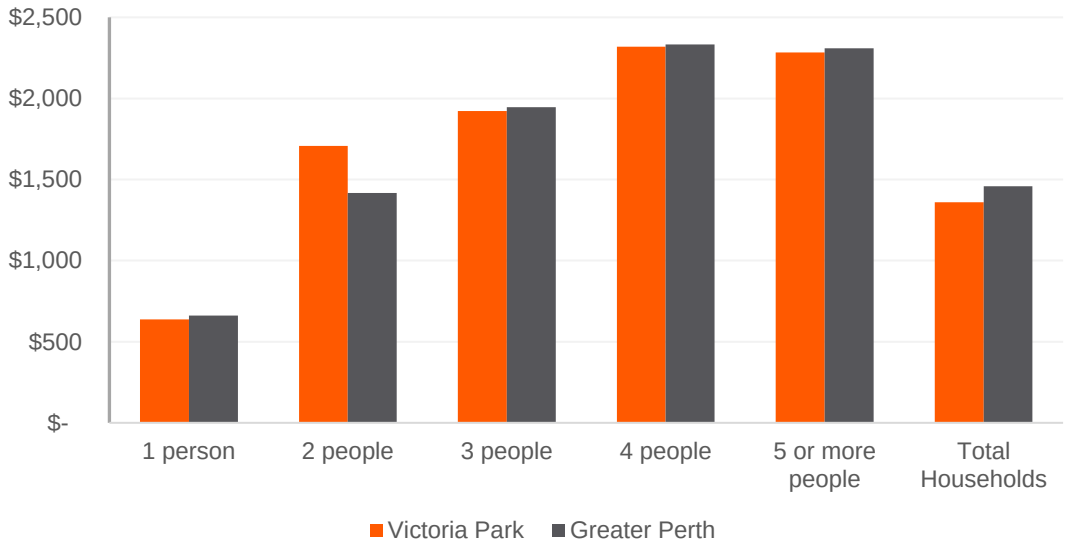
2.6.2 Household income and housing

The Census records weekly income from all sources for every person over the age of 15 years. Household income is the sum of all personal incomes in the household.

Looking at household incomes by number of persons resident in the household gives an idea of the type of housing affordable to different household sizes in Victoria Park.

The overall income levels in Victoria Park are slightly lower than Greater Perth, with a median of $1,359 per week, $100 lower than the Perth average. This, however, is influenced by a smaller average household size in Victoria Park. When separated out by number of persons per household, most incomes are close to the Perth average, with one significant exception – two person households are significantly higher income (median of $1,707 compared to $1,417 per week).

Figure 37. Median weekly income by number of person in households, Victoria Park – 2011



Source: ABS, Census of Population and Housing (2011), unpublished data

These households are largely couples without children, with a significant minority of one parent families with one child, and group households. Most likely this is indicative of the high income professional couples living in the area.

Among three and four person households, household incomes are almost identical to the Perth average, and income peaks for four person households, which are overwhelmingly (85%) couples with two children. The incomes for five person

households are slightly lower, probably due to a higher proportion of stay-at-home parents (single income households).

Before analysing what type of housing is affordable to these household sizes, it is worth noting what types of dwellings they currently occupy. One person households in Victoria Park are most likely (37%) to occupy three bedroom dwellings. While significant numbers also occupy one (24%) and two (30%) bedroom dwellings, there is clearly a large number with extra bedrooms. This however reflects the nature of the housing stock – we have already seen that three bedroom dwellings are the most common type in Victoria Park. Two person households also tend to occupy three bedroom dwellings (53%), again – for similar reasons. However, larger dwellings with four bedrooms or more are more common amongst larger households ie five or more persons. At first glance this provides a perception that smaller households are overconsuming dwellings, but as mentioned above, the nature of the dwelling stock (primarily three bedrooms) as well as social and demographic changes over time need to be considered. This is likely to change in the future as many of the planned high density developments in the Town of Victoria Park consist of one and two bedroom dwellings which will address some of this mismatch.

For the analysis of rents and mortgage comparisons, the Census income levels are adjusted in line with Average Weekly (Ordinary Time) Earnings in Western Australia from May 2011 to May 2016 dollars (15.2% increase).

2.6.3 Renting in Victoria Park

The median rent for all dwellings in Victoria Park was $400 per week in June 2016, which has been relatively stable over the past three years. For units, the median is $380 per week, while houses are $430 per week. It is interesting that there is relatively little difference in the rental values of houses compared to units. In June 2016, the median rents in Victoria Park are shown in Figure 38.

Figure 38. Median weekly rent by number of bedrooms, Town of Victoria Park – June 2016

Number of bedrooms	Median weekly rent (June 2016)	Number of listings
0 or 1 bedrooms	$260	216
2 bedrooms	$370	492
3 bedrooms	$425	1,078
4 or more bedrooms	$570	185
Total	$400	1,984

Source: Hometrack advertised rental data

More than half of all the rental stock advertised had three bedrooms, of which about 70% were houses, and 30% units. There is very little housing stock which has more than three bedrooms, which may indicate that larger families need to move out of the area.

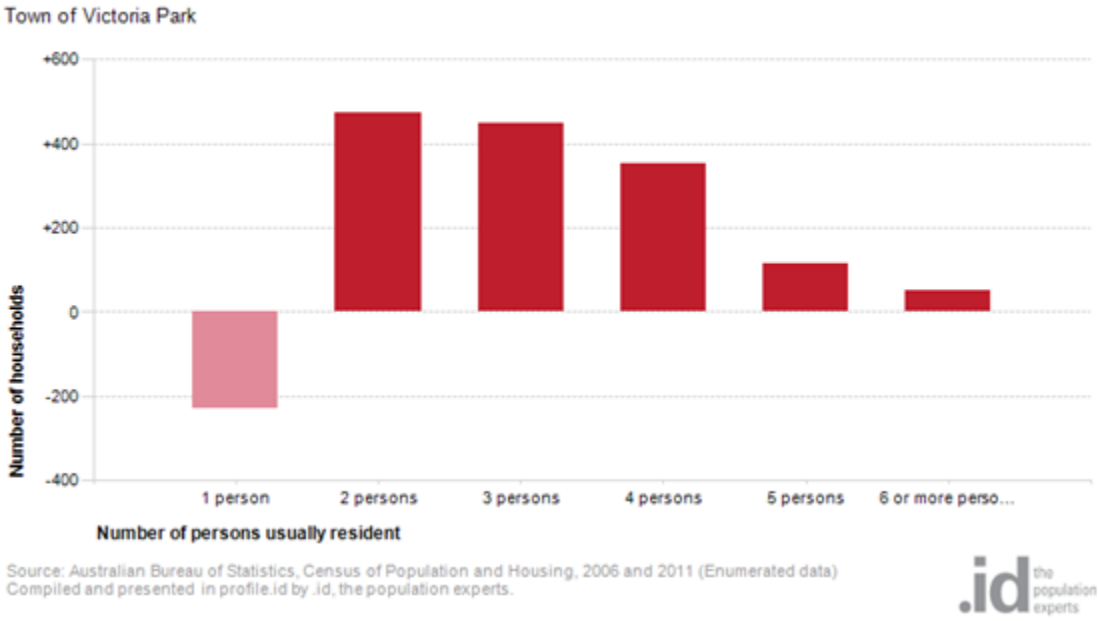
Figure 39. Victoria Park rental affordability

	Number of affordable rentals for a median income household of….					
Number of bedrooms	1 person	2 persons	3 persons	4 persons	5 or more persons	Total rentals
1 bedroom	37	214	215	215	215	216
2 bedrooms	5	474	484	491	490	492
3 bedrooms	14	1,002	1,042	1,068	1,062	1,078
4 bedrooms+	10	102	149	176	172	185
Total bedrooms	66	1,792	1,890	1,950	1,939	1,984
	Percentage of affordable rentals for a median income household of….					
Number of bedrooms	1 person	2 persons	3 persons	4 persons	5 or more persons	Total rentals
1 bedroom	17.1%	99.1%	99.5%	99.5%	99.5%	216
2 bedrooms	1.0%	96.3%	98.4%	99.8%	99.6%	492
3 bedrooms	1.3%	92.9%	96.7%	99.1%	98.5%	1,078
4 bedrooms+	5.4%	55.1%	80.5%	95.1%	93.0%	185
Total bedrooms	3.3%	90.3%	95.3%	98.3%	97.7%	1,984

This table shows the number and proportion of actual advertised rents which would be affordable to a median income household of various sizes in Victoria Park (based on 30% of gross income being the threshold of affordability).

It shows that for one person households, there are very few affordable rentals – even among one bedroom rentals, only 17% are affordable to singles. Nevertheless, for larger households, almost all rentals become affordable. There is an enormous difference between the median incomes of one and two person households in Victoria Park, with the median income for two person households being almost three times that of a single person. This probably indicates that the two persons are young employed couples, while the singles are more likely to be elderly residents on the pension. There is a very high level of affordability in rentals for couples living in the area, and this is really a product of the affluent couples who are moving in. The lack of affordability among one person households and relatively good affordability among larger households correlates well with the phenomenon which was seen in Victoria Park in 2011, which was towards increasing household size over time. We saw a decrease in lone person households and an increase in households with two or more persons. It's apparent that single persons can no longer afford to rent in the area and they are adjusting their living arrangements ie becoming a couple, group or family households, or migrating out of the Town.

Figure 40. Change in household size, 2006 to 2011



Among larger households there is not a significant rental affordability problem at all, at least at median income levels. There is no bedroom size for which there is less than 50% affordability for two or more person households currently living in Victoria Park.

It is very likely that as the area has gentrified, low income households who would not be able to afford the current rentals have moved out of the area, or are in the rent protected environment of public housing.

Nevertheless, likely issues with rental affordability may be felt by:

- Elderly renters – generally people aged 60+ who do not fully own their home are found to be in housing stress.
- Single parent families with young children – often of limited means and in the rental market by necessity.

2.6.4 Who is renting NOT affordable to?

We have seen that housing in Victoria Park is relatively affordable to rent for most household types at median income for that household type, with the exception of single person households. However half of all households fall below the median, so this brief analysis will look at the income level at which only 10% of all rentals in Victoria Park are affordable, and what types of households have that income level.

This income level is approximately $933 per week in current dollars, or $810/week at Census time in 2011. At this income level, only 213 private rentals in Victoria Park were affordable in 2014-15, with most of these being in the suburbs of Victoria Park and East Victoria Park.

The Census only records household income in ranges. The closest range to this level was the $800 per week cut-off in 2011. Households with incomes less than this (about 9,000 households in 2011) were:

- Approximately 31% full home owners – likely to be older populations with full home ownership which are not susceptible to the housing market and can have lower incomes without incurring housing stress.
- 20% in social housing – where rent is capped at a percentage of income. This includes public (government) housing and housing co-op style housing. Clearly social housing provides a significant proportion of housing for low income groups, and may in fact be the only way many low income households can afford to live in Victoria Park.

- 37% of those on lower incomes were aged over 65 (this includes all people, not just renters, and the majority are expected to be full home owners at that age), but 14% were children under 15 years (18% of total population).
- 32% in the private rental market – about 1,200 households – these are likely to be significantly vulnerable households, if they are paying market rents. As we have seen, only 10% of private rentals are affordable to people on this income level, so they are likely to be in housing stress.
- Paying a median of $295 per week rent for those renting in the private market – so a majority are in rental stress.
- Of these low income private renters, the largest share are lone person households (46.7%), followed by couples without children (13.8%) and one parent families (11.1%).

2.6.5 Rental Affordability Conclusions

Overall, it does not appear that there is a major issue with rental affordability in Victoria Park, based on median incomes observed in the Census, and actual rents from 2015-16, and when compared to the metropolitan average.

Nevertheless, there are a few points to consider:

- Public and social housing is a major tenure type for those on low incomes. Like many inner suburban areas across Australia, public housing may provide the only option to live in the area for those on low incomes. While private rents are unaffordable, there is significant public housing in Victoria Park fulfilling this role eg Bentley and St James
- Most rents are unaffordable to median single income households, therefore more than one income per household is required to pay for housing in Victoria Park. Those on single incomes may have left the area or adjusted their living arrangements, and this may partially explain the decline of lone person households since 2006.
- It is worth looking at the migration patterns to see who is leaving the area, potentially due to affordability concerns.
- Most of the rental stock are smaller dwellings, with 2-3 bedrooms, and relatively few four bedroom dwellings available to rent. This is likely to contribute to an exodus of families.

Overall, those who live in Victoria Park can afford to rent there, with the exception of a small, low income group, largely reliant on public housing, or in housing stress in the private rental market.

2.7 Home buying in Victoria Park

The median price for houses in Victoria Park in June 2016 was $626,825, up from $539,093 in 2012, an increase of 16% over four years. However, median prices peaked in 2015, and in the last year have declined around $15,000. Units increased a little from $422,071 to $448,048 over four years, an increase of 6%, but also declined in the last year by over $25,000. This is based on an automated valuation of all dwellings at June 2016.

The first quartile housing price is more indicative of the price likely to be paid by first home buyers. For houses this is $573,233 while for units it is $369,218.

Figure 41. Dwelling prices by bedroom, based on sales during 2015-16.

Number of bedrooms	Median sale price	Number of listings
0 or 1 bedrooms	$269,000	42
2 bedrooms	$549,000	172
3 bedrooms	$599,000	377
4 or more bedrooms	$779,000	133
Total	$599,000	733

Source: Hometrack collected sales prices, 2015-16 financial year

Three bedroom dwellings are the most common dwelling type in Victoria Park, and make up around 50% of all sales, and 60% of all rentals.

To calculate affordability for home purchase we need to make some assumptions. Home purchase can be affordable for any income level, given a large enough deposit. So this analysis assumes we are talking about first home buyers, with a 20% deposit. This is normally the minimum deposit to avoid lenders' mortgage insurance, though many first home buyers often only have a 10% deposit. We also need to make an assumption about interest rates. They are currently at record lows, and this analysis will be based on minimum repayments on a 30-year loan at current standard variable rates, and 2% higher than current standard variable rates (which the banks

usually use to assess ability to repay). Note that many mortgagors pay less than the standard variable rate with professional packages, but this is not consistent between banks. This calculation is intended only as an approximation in any case.

We have also assumed a loan term of 30 years. According to the Commonwealth Bank, nearly 90% of all new home loans are for a 30-year term. The repayment on a 30-year loan at present interest rates is approximately $130 per week per $100,000 borrowed.

Figure 42. Victoria Park first home buyer affordability
(based on current standard variable rates approx. 5.22% pa)

	Number of affordable purchases for a median income household of….					
Number of bedrooms	1 person	2 persons	3 persons	4 persons	5+ persons	Total sales (known bedrooms)
1 bedroom	6	40	40	40	40	42
2 bedrooms	1	94	121	149	148	171
3 bedrooms	1	135	229	312	310	377
4+ bedrooms	3	23	38	61	60	133
Total bedrooms	11	292	428	562	558	723

	Percentage of affordable purchases for a median income household of..					
Number of bedrooms	1 person	2 persons	3 persons	4 persons	5+ persons	Total sales (known bedrooms)
1 bedroom	14.3%	95.2%	95.2%	95.2%	95.2%	42
2 bedrooms	0.6%	55.0%	70.8%	87.1%	86.5%	171
3 bedrooms	0.3%	35.8%	60.7%	82.8%	82.2%	377
4+ bedrooms	2.3%	17.3%	28.6%	45.9%	45.1%	133
Total bedrooms	1.5%	40.4%	59.2%	77.7%	77.2%	723

This table shows that there are virtually no dwellings for sale in Victoria Park which would be affordable to a median income single person at current interest rates. Even one bedroom dwellings are largely out of reach. This may explain why there has been a decline in young lone person households in the last ten years – they may have moved out of the area, or adjusted their living arrangements ie become a couple, or group household.

Among two person households, there is a big increase in affordability, with 40% of all housing stock within range of a median income of this household size. However, when compared to rentals, there is substantially less which is affordable to purchase.

While two person households on median income could afford to rent over 1,700 Victoria Park dwellings, they could only afford to buy 292 of them. This is an indication of both the lower turnover of housing stock for sale, and the ownership premium meaning that home ownership costs substantially more than renting the equivalent dwelling. Notably most of those dwellings which are affordable for two person households are 1-2 bedroom dwellings.

Among three person households, affordability increases again, with 59% of all dwellings within reach, including a majority of three bedroom dwellings. For four and five person households, more than ¾ of all dwellings are affordable. However even here, less than half of four bedroom dwellings would be affordable. Clearly, for those four bedroom dwellings which are in Victoria Park, it is either not first home buyers, or not median income households in any household size who are buying them.

Remember this is based on the minimum repayments on a 30-year loan. Many households endeavour to pay off their home loan sooner and will therefore be paying more than 30% and in housing stress to do this. For higher income households there is more often an element of choice in doing this, and for this reason, higher income households are generally excluded from the calculation for housing stress.

Raising the interest rate by 2% makes a big difference. While we appear to be in a period of sustained low interest rates, the big banks normally still assess ability to pay home loans on 2% above current rates, a rate which is still historically fairly low.

Figure 43. Victoria Park first home buyer affordability
(based on 2% higher interest rates approx. 7.22% pa)

Number of bedrooms	Number of affordable purchases for a median income household of…. 1 person	2 persons	3 persons	4 persons	5+ persons	Total sales (known bedrooms)
1 bedroom	0	36	40	40	40	42
2 bedrooms	1	60	75	113	113	171
3 bedrooms	1	34	86	205	200	377
4+ bedrooms	3	12	14	36	35	133
Total bedrooms	5	142	215	394	388	723

Number of bedrooms	Percentage of affordable purchases for a median income household of.. 1 person	2 persons	3 persons	4 persons	5+ persons	Total sales (known bedrooms)
1 bedroom	0.0%	85.7%	95.2%	95.2%	95.2%	42
2 bedrooms	0.6%	35.1%	43.9%	66.1%	66.1%	171
3 bedrooms	0.3%	9.0%	22.8%	54.4%	53.1%	377
4+ bedrooms	2.3%	9.0%	10.5%	27.1%	26.3%	133
Total bedrooms	0.7%	19.6%	29.7%	54.5%	53.7%	723

At interest rates of 7.22% p.a. there are virtually no properties which would be affordable to a median income single person, and even the relatively high income Victoria Park professional couples category can only afford a majority of one bedroom dwellings, and about a third of two bedroom dwellings. There are a few four bedrooms which seem affordable but this appears to be due to family transfers for very low consideration, and can probably be ignored (for instance a four bedroom home is listed as selling for $7,000). For the highest income households, four person families, just over half of all dwellings are affordable, including 54% of all three bedroom dwellings.

This shows that, given a modest increase in current interest rates, Victoria Park housing would become largely unaffordable for first home buyers, even those on significant incomes. In addition, those currently purchasing in the area are likely to be pushed into housing stress. Even for two bedroom dwellings, around one-third would be unaffordable to a first home buying couple with two children family. At this higher level of interest rates, the bulk of 3-4 bedroom dwellings which would be affordable to a four person household (remembering that four person households have the highest median income in Victoria Park) are in the suburbs of East Victoria Park (77

dwellings) and Carlisle (70 dwellings). This situation is not unique to Victoria Park, however, and is increasingly common across Australia's capital cities.

This shows that, while there are some affordable sales of smaller dwellings, they are really only affordable to larger households with greater incomes, if those households are on median incomes. Obviously higher incomes will make more dwellings affordable, but of course 50% of household incomes in each category fall below the median as well, by definition. So the dwellings which are affordable to purchase tend to be smaller than optimal for the family sizes in Victoria Park, which may explain the migration trend outwards to areas with larger housing at a similar cost (eg. Gosnells, Canning).

What this indicates is that Victoria Park is largely not a first home buyer area – with the possible exception of some high income professional couples. Most first home buyers would be looking further out in the metropolitan area where they can achieve a larger house for a similar or lower cost.

Another point of interest, which demonstrates that home ownership has become disconnected from rents – at the income level at which 10% of rentals (nearly 200 rentals) were affordable (approximately $933 per week), only 30 sales, or approximately 4% of sales were affordable to first home buyers. This indicates that many low to middle income earners are locked into the rental market, where some housing remains relatively affordable. Again, if they are looking to purchase, they would be moving to other parts of the metropolitan area.

It is clear that Victoria Park does have an issue with affordable home purchase and this mainly manifests itself in lower income households leaving the area.

There is little Local Government can do to provide affordable home purchase, so any intervention in the market is best done for rentals. Home prices tend to fluctuate depending on interest rates and the desirability of the area far more than rentals.

2.8 Policy implications

Housing policy frameworks generally try to match future supply with expected changes in demand. This section examines some of the critical housing trends identified in the previous analysis and what this might mean for housing policy on the ground.

2.8.1 Regeneration

Victoria Park is a small but diverse community, encompassing a range of household types that are at different stages of both the household and suburban lifecycles. This reflects the nature of urban development in the municipality, which has spanned several decades. There has been an element of regeneration and gentrification in recent years due to the proximity to the CBD and other parts of inner Perth. This has had a strong impact on both the demographic and social structure. As shown in Figure 2 (page 9), between 2006 and 2011 there were dramatic shifts in the age structure. The number of elderly persons ie 70 years and over declined slightly between these two time periods, as did the proportion (from 12.8% to 10.3%). In contrast, young adults ie 20-34 years grew from 31.0% in 2006 to 33.1% in 2011.

The regeneration process in Victoria Park is largely triggered by the changing needs of households as identified in Figures 7 and 8. Policies that may facilitate the regeneration process include providing suitable housing for:

- Ageing households. It is an established fact that household mobility declines with age, suggesting that many older people "age in place". This means that many stay in the family home as long as possible. Retirement villages and other aged care accommodation developed locally means that older people can downsize to smaller dwellings without losing ties to their local communities and networks. There is a significant amount of retirement and aged care accommodation in the suburb of Bentley.
- Young households. People in their twenties and early thirties are the most mobile households as this is a stage of life coinciding with important migration triggers such as moving out of home, marriage and having children. The needs of young households are diverse – the movement of young families into established suburbs suggests that regeneration is occurring, but at the same time, other young households are influenced by other factors such as the inner city lifestyle as well as access to employment and education.

Additionally, apartments and units provide an opportunity for younger people to gain a foothold in the property market, a factor that is becoming critical with decreasing housing affordability.

2.8.2 Larger dwellings

Australia is often said to have the largest new houses in the world. Larger homes are typically less sustainable from an environmental perspective as they tend to use more energy and they also consume more land, contributing to urban sprawl. In a general sense, larger dwellings are less affordable, hence contributing to any housing affordability issues that may exist. The construction of larger homes also appears to go against the grain of demographic trends which are resulting in lower average household size. ABS Building Activity data on average floor size of new dwellings in Western Australia is shown in Figure 44 below. New houses reached a peak average floor area of 244.5m^2 in 2009-10, but have moderated since that time. New other residential dwellings, which includes apartments and units, remained relatively steady from 2003-04 to 2009-10, but have dropped sharply since that time, reaching 133.9m^2 in 2012-13.

Figure 44. Average floor area of new residential dwellings, Western Australia – 2003-04 – 2012-13

Year	New houses (m^2)	New other residential dwellings (m^2)
2003-04	240.4	145.1
2004-05	234.3	143.8
2005-06	237.4	144.8
2006-07	237.1	139.7
2007-08	242.5	145.5
2008-09	244.3	144.0
2009-10	244.5	147.3
2010-11	238.8	144.8
2011-12	235.0	137.5
2012-13	234.5	137.7

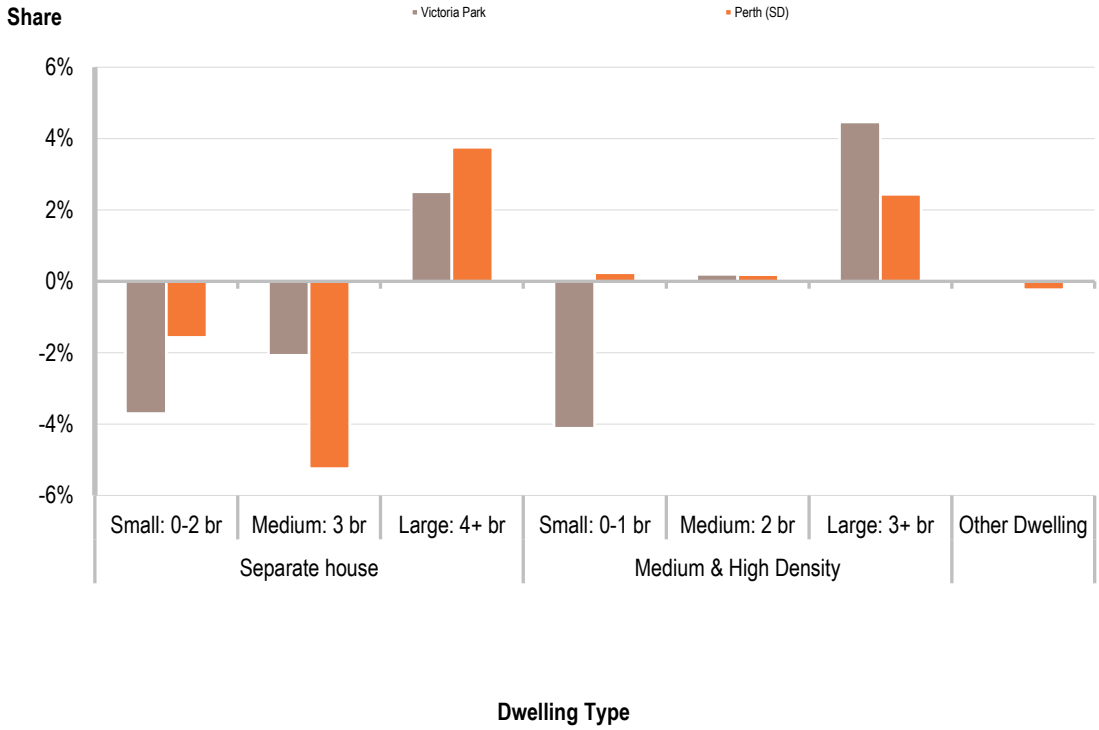
Source: ABS, Building Activity (Cat.no. 8752.0)

When the number of bedrooms is taken into consideration, the trend towards larger dwellings away from smaller ones is also clear (Figure 45). Though three bedroom separate houses are the most common type in the Perth Statistical Division, the ten

year period from 2001-2011 saw a decline in their number. However, there was strong growth in separate houses with four or more bedrooms, and medium and high density dwellings with three or more bedrooms. While some of these new larger dwellings are located on the urban fringe, in Victoria Park – which also saw growth in these dwelling types – they are more likely the result of renovation of existing housing stock, or the replacement of older dwellings on larger blocks with villa units. Interestingly, despite the highly visible changes to the skyline through construction of high density apartment blocks in Burswood, there was a decline in the number of medium and high density dwellings with 0-1 bedrooms across the municipality.

Other ABS data also confirms the trend towards more bedrooms in dwellings. According to the Survey of Housing Occupancy and Costs (Cat. No. 4130.0), the average number of bedrooms per dwelling in Western Australia was 3.1 in 1994-95. This increased to 3.2 in 2000-01 and 3.4 in 2013-14.

Figure 45. Change in dwelling type by number of bedrooms, Town of Victoria Park and Perth Statistical Division – 2001-2011



Source: ABS, Census of Population and Housing (2001 and 2011)

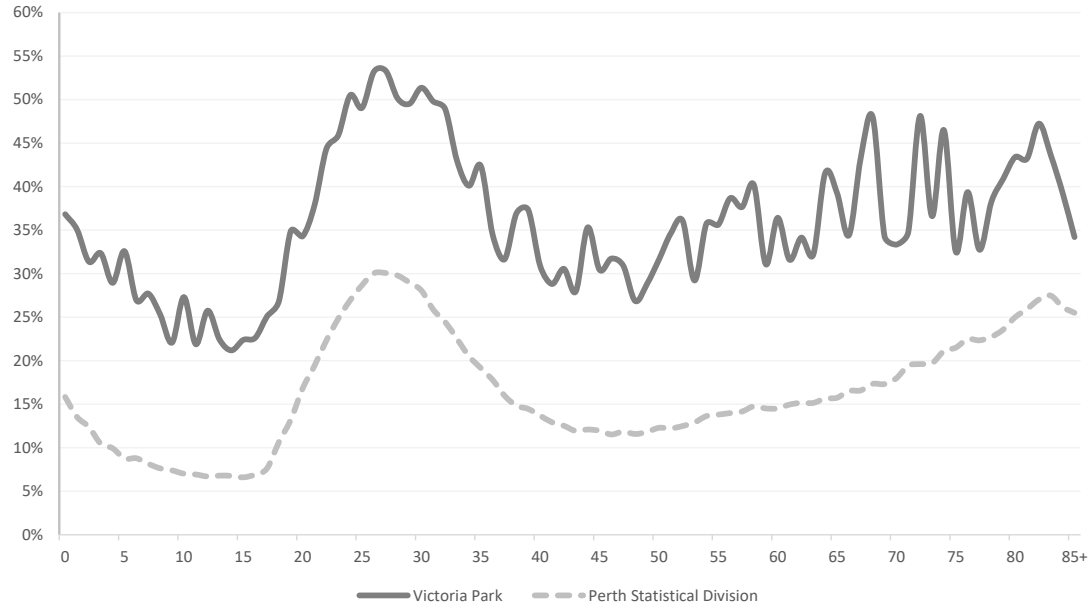
2.8.3 Increasing density

We have already seen that the majority of the housing stock in Victoria Park consists of low density separate houses, but medium and high density housing is increasingly common. This housing pattern has developed incrementally over many decades. Slowly, older or substandard housing stock is demolished and redeveloped as multi-unit dwellings. The grid street pattern, planning controls and larger blocks in parts of the Town have facilitated this process. However, as a well established part of the Perth metropolitan area, there is no scope for greenfield development, and as opportunities for multi-unit dwellings are exhausted, the bulk of future supply can only come through redevelopment of strategic sites as they become available.

Many urban planning policies are generally predicated on the belief that the promotion of compact city models with medium and high density housing is suitable for emerging small households. This belief fails to consider the wider and complex environment in which housing decisions are made, and the reality is that small households do not automatically occupy dwellings with fewer bedrooms. A range of variables come into play when considering housing options, ranging from personal preferences to financial constraints. Furthermore, housing life cycles also need to be considered, as an elderly widow will have a different range of needs and constraints when compared with young persons or middle aged divorced persons.

In 2011, almost two in five persons in Victoria Park lived in medium and high density dwellings (37.8%) compared with about one in six (16.1%) for the Perth Statistical Division. The likelihood of living in higher density dwellings varies considerably by age (Figure 46). There is a peak for young adults in their twenties, before a decline for people aged approximately 30-49 years. From around the age of 50, the likelihood of living in higher density housing increases gradually, with some decline at very advanced ages. This pattern is consistent for both Victoria Park and the Perth Statistical Division.

Figure 46. Share of population in medium and high density dwellings by age, Town of Victoria Park and Perth Statistical Division - 2011



Source: ABS, Census of Population and Housing (2011)

Higher density housing has gradually become more common in Victoria Park in recent years, but it does represent a departure from the historical pattern of development. However, it is clear that the demographic trends, such as an ageing population and declining average household size, augur well for a move in this direction. While Census data tells us much about the characteristics of people living in particular dwelling types, it does not tell us why. Figure 46 clearly shows that twentysomethings, and the elderly, are more likely to live in higher density housing. Qualitative studies on housing needs are rare, but it is obvious that there are different drivers behind the housing needs of these cohorts. For example, high rise apartments are not always suitable for frail aged, as they may have difficulty negotiating stairs and elevators. However, they are suitable for younger households trying to gain a foothold in the housing market, perhaps precipitating a later move to a larger dwelling when they reach a different stage in the housing life cycle.

2.8.4 Declining average household size?

This analysis has confirmed that three bedroom separate houses are the main dwelling type in Victoria Park, comprising around 28% of the dwelling stock. These types of dwellings service family housing markets well, but they also house non-family households in increasing numbers. Demographic trends such as population ageing, family breakdown and relatively low fertility have resulted in declining average household size. Declining average household size increases the demand

for dwellings, such that even where populations are stable or declining, the number of dwellings can still increase.

Victoria Park has one of the lowest average household sizes in the Perth metropolitan area. However, in contrast to past trends the average household size actually increased between 2006 and 2011, from 2.02 to 2.18 persons. This was largely due to a decline in the number of lone person households between 2006 and 2011. As shown in Figure 16, average household size is forecast to increase slightly in the short to medium term before moderating to 2.18 persons in 2036. However, the evidence shows that small households do not automatically live in smaller dwellings. While some population groups may purposefully seek small dwellings eg students, many other small household types have other factors which need consideration when it comes to their housing needs. These include rising affluence (can afford more space) and family requirements (need more space). In addition, the supply of different housing types is a critical determinant of the type of housing people can live in. In some parts of Victoria Park, such as Lathlain, there is a predominance of separate houses. On the other hand, the Burswood Peninsula consists primarily of high density apartments. As mentioned above, there is a lack of qualitative studies on housing needs, but clearly more evidence on the factors influencing the housing decisions of small households is required.

While this section has focussed on the evidence based by examining trends in housing and population, attention will now shift to the supply side of the equation by examining potential dwelling capacity in the Town of Victoria Park.

3. Residential supply

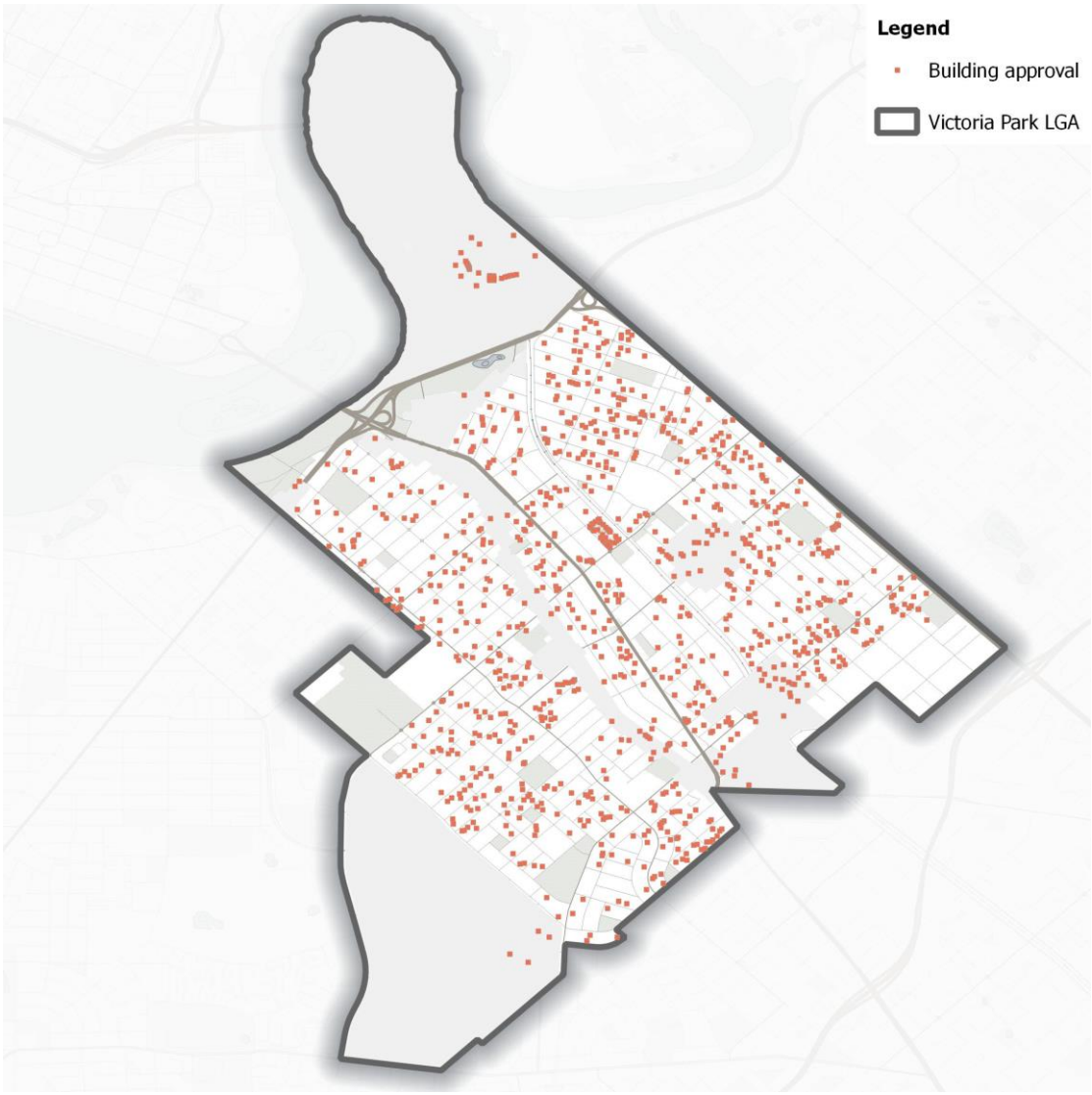
3.1 Where is residential development occurring?

Contemporary urban planning policies in Australia seek to locate residential development into the most suitable places. Allocating specific areas (activity centres, specific redevelopment sites and other appropriate locations) for development protects valued existing residential areas and provides greater certainty and identified opportunities for developers. This section considers housing opportunities from a supply side perspective.

Figures 47 and 48 (following pages) shows the distribution of new dwellings approved and constructed in the Town of Victoria Park between 2007 and 2016. New dwellings were scattered throughout the residential areas of the town with slightly heavier concentrations in locations with major development sites, eg Burswood Peninsula, or where there have been a large number of infill developments on existing residential blocks eg two or three for one replacements. These types of incremental infill developments have been more common in recent years, particularly as the housing stock ages and older residents move away – freeing up the land for redevelopment.

The spatial distribution of new dwellings constructed does not align well with Activity Centres. This primarily reflects the incremental nature by which land available for new housing becomes available in an established urban area. Successive metropolitan planning strategies have emphasised the need to encourage redevelopment around public transport nodes, particularly train stations, and around activity centres. However, current residential zones also permit certain types of development and subdivision on existing blocks.

Figure 47. Location of new dwelling approvals, Town of Victoria Park – 2007-2016



Source: Town of Victoria Park (2016)

Figure 48. New dwellings constructed (yield), Town of Victoria Park – 2007-2016

Source: Town of Victoria Park (2016)

Figure 49, which shows the number of new dwellings approved by location between 2007 and 2016, supports this notion. Approvals in this time period totalled more than 2,900, of which almost 40% located in Activity Centres. The Burswood Peninsula accounted for a significant proportion of this.

The yield ie net number of new dwellings, was 2,349 ie around 80% of approvals. This is due to the very high number of approvals whereby an existing dwelling in demolished, and new one/s built in its place.

Outside of Activity Centres, approvals were distributed fairly evenly across the Town, with the highest proportion of approvals in Carlisle – Welshpool, followed closely by

East Victoria Park, Lathlain and Victoria Park. New dwelling growth in these established suburbs has been driven by the replacement of older homes on large blocks by townhouses and villa units.

Figure 49. Number of new dwellings approved, by location – 2007-2016

Activity Centre	2007-2009	2010-2012	2013-2016	Total	Proportion
Albany Highway Precinct	117	47	20	184	6.3%
Archer Street	31	8	24	63	2.2%
Berwick Precinct	4	28	23	55	1.9%
Burswood Peninsula	433	51	103	587	20.1%
Causeway Precinct	-	-	40	40	1.4%
Curtin Bentley	61	22	44	127	4.3%
Oats Street	20	15	33	68	2.3%
Total	**666**	**171**	**287**	**1,124**	**38.5%**

Small Area	2007-2009	2010-2012	2013-2016	Total	Proportion
Bentley	0	0	0	0	0.0%
Burswood	14	16	32	62	2.1%
Carlisle - Welshpool	118	188	189	495	16.9%
East Victoria Park	111	106	174	391	13.4%
Lathlain	60	66	224	350	12.0%
St James	32	28	62	122	4.2%
Victoria Park	107	98	173	378	12.9%
Total	**442**	**502**	**854**	**1,798**	**61.5%**

Source: Town of Victoria Park (2007-2016)

In the period 2007-2016, the proportion of new dwellings approved in Activity Centres decreased from 60% in 2007-09 to around 25% in 2013-16. The higher share in the earlier is attributable to a greater number of apartment buildings approved in the Burswood Peninsula Activity Centre.

3.2 Opportunity for future residential development

This section will explore the opportunity for future residential development by looking at three key sources of supply – Activity Centres, infill (out of centre development) and strategic development sites. Each of these is considered in turn with a view to quantifying future residential opportunities.

3.2.1 Opportunity for development in Activity Centres

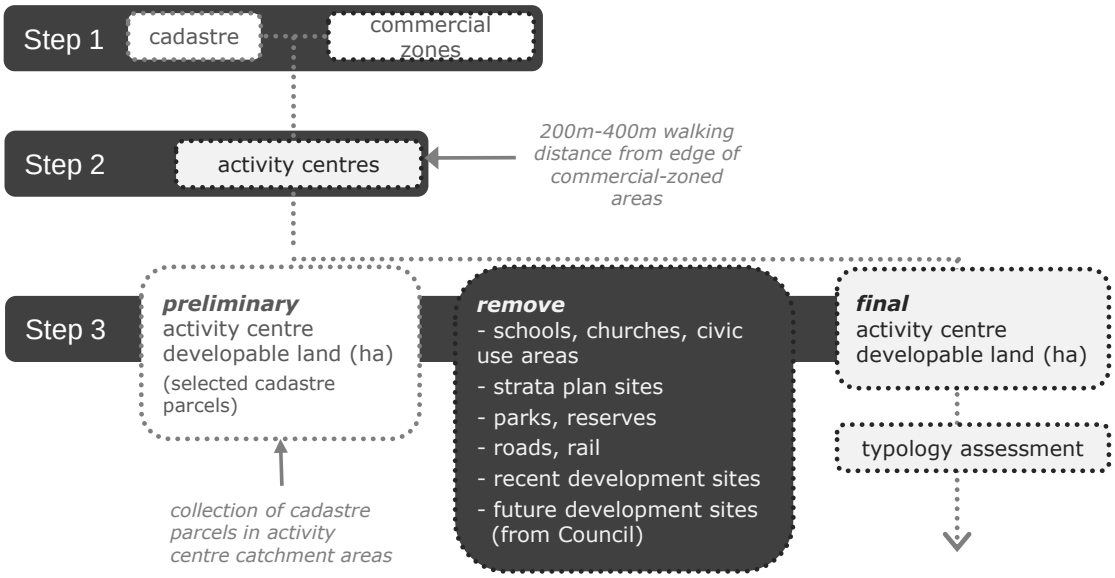
This section will explore the opportunities to promote residential development in locations and patterns most suited to emerging household needs. Many factors

influence the dynamics of dwelling supply and demand. These are manifested in land value, which drives dwelling development densities, dwelling formats and marketing approaches, to effectively create housing markets. For example, the so-called inner city apartment boom is largely a supply driven phenomenon that has satisfied latent demand.

Methodology

Our method for assessing development opportunities in Activity Centres considers local constraints in a regional context to provide a quantified supply scenario (Figure 50). This is a starting point for a residential development strategy that responds to State Government urban policy and meets the changing needs of the Town's residents. This 'first-cut' of development opportunities categorises each centre to identify opportunities and constraints, then applies development densities based on land and dwelling assumptions. There are seven Activity Centres considered as part of this report.

Figure 50. Identifying dwelling opportunities in Activity Centres - methodology



The process is described below –

Step 1: Identify commercially-zoned areas & establish Activity Centres boundaries

Activity Centres and their catchments were identified by Council. There are seven in total, two of which are Specialised Activity Centres. In the case of the Archer Street

Neighbourhood Centre, development potential goes beyond commercial zones to include a 200 metre catchment area within walking distance from the centre.

Step 2: Calculate the amount of developable land

In each catchment area, any parcels of land that are not considered available for development are removed from analysis. This includes open space, reserves and parkland, schools, churches, civic buildings, strata plan sites, roads, rail, and parcels less than 500 square metres. Recent dwelling approvals and major sites are also excluded. This process determines the total hectares available for development, ie the amount of developable land.

Step 3: Activity Centres typology assessment

Not all available land in each centre will be developed. The proportion of land to be developed depends on the attractiveness of the centre and resulting land values. Each centre is assessed to determine its development potential based on the following six attributes:

i. Access to public transport

This indicates the importance and value of the centre as a destination as well as the level of accessibility to people who don't have a car. The more important a centre, the higher the demand for floor space (residential and commercial), the higher the land value and the better the public transport. In general, higher land values make higher density development more viable. The type, frequency and destination of public transport was considered and in addition, this factor was given a higher weighting than the others in recognition of the differences between bus and train services in the City.

ii. Level of services and retailing

This is indicative of the function of a centre. The higher the level of services and retail in a centre then the higher the demand for space in and access to, that centre. This tends to increase the potential for higher density development. Centres with core services such as banks, post office, newsagency and food retailing were given a higher score than those without.

iii. Access to health/education/entertainment facilities

Tertiary education institutions (including regional high schools), health facilities and entertainment (including cafes and restaurants) are major destinations for employment and visitation, and as a consequence generate higher commercial and

residential demand. This also increases transport demand, making public transport more viable.

iv. Urban integration

This is an assessment of the extent to which a centre is integrated into the surrounding residential areas, particularly its walkability. In general, streets laid out in a grid pattern have a higher level of walkability due to their permeability. Areas with numerous cul-de-sacs and crescents with few arterial through roads are less walkable and tend to increase car travel and congestion. Urban integration may also be influenced by the layout of surrounding car parks and whether any main roads have safe crossing points.

v. Proximity to foreshore/public open space

This considers the proximity of an Activity Centre to the foreshore or waterways. It recognises that parts of Victoria Park have high foreshore or waterway amenity and that this can be attractive to developers due to higher land values, especially in an inner urban environment where access to open space is limited.

Step 4: Apply dwelling density assumptions

A mix of densities (50, 75, 100, 150, 200 dwellings per hectare gross) is applied to the resulting land area. Adjustments account for existing stock and some demolition activity. In general, higher scores tend to result in higher densities due to the higher desirability of the centre.

Dwelling density assumptions are derived from examining relevant examples of desirable locations and urban forms, such as areas with high amenity, access to services and open space. Streetscape and aerial photos of recent developments around Victoria Park are illustrated on the following pages to show how densities could appear in existing urban settings (Figures 51-55). The densities have been calculated on the basis of the Statistical Area 1 level (SA1) and number of dwellings.

Note that these examples are merely illustrative and the purpose is to demonstrate the different scale and development, rather than refer to specific examples of housing development in Victoria Park itself.

Very high density (200 dwellings per hectare) – Goodwood Parade, Burswood

Density of site – 190 dwellings per hectare

Density of SA1 – 2 dwellings per hectare

Higher density (150 dwellings per hectare) – Forward Street, East Victoria Park

Density of site – 145 dwellings per hectare

Density of SA1 – 7 dwellings per hectare

High density (100 dwellings per hectare) – Armagh Street, Victoria Park

Density of site – 107 dwellings per hectare

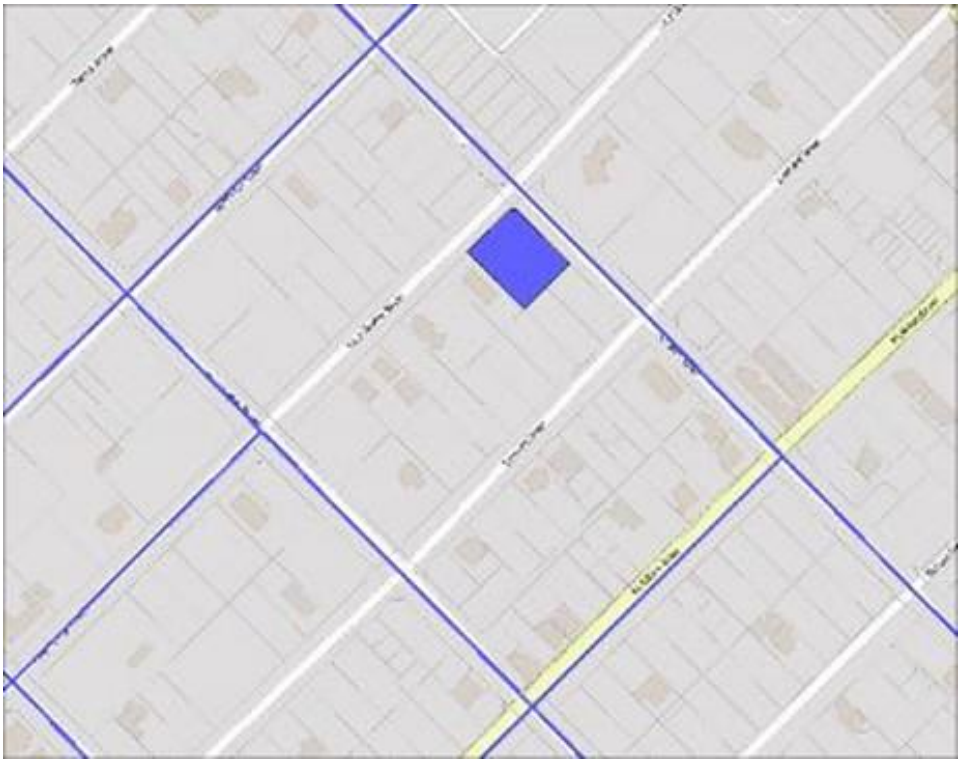
Density of SA1 – 12 dwellings per hectare

Medium/high density (75 dwellings per hectare) – Swansea Street, East Victoria Park

Density of site – 61 dwellings per hectare

Density of SA1 – 7 dwellings per hectare

Medium density (50 dwellings per hectare) – Hordern Street, Victoria Park



Density of site – 50 dwellings per hectare

Density of SA1 – 37 dwellings per hectare

Assumptions

Figure 51 presents the results of the activity centres analysis. The scores are calculated on the current characteristics of each centre and do not consider potential changes in land use or transport infrastructure. This impacts on the Burswood Peninsula in particular, as the structure plan for this area outlines a vision, which if realised, will impact on the scoring. However, this provides a starting point from which Council can assess where to direct resources and services.

Albany Highway Precinct received the highest score possible when measured against the five attributes ie one point for each. This was followed by Curtin Bentley Precinct (4 points) and Causeway Precinct (3.5 points).

Albany Highway Precinct follows the highway of the same name and runs from the Canning Highway in the north to Welshpool Road on the southern boundary of the Town. The public transport access is very good, with high frequency bus routes running the length of the Precinct. There are two major shopping centres along the highway, along with restaurants, cafes that create high levels of visitation. Urban integration is very high, and walkability has improved with the lowering of the speed limit to 40km/h.

Curtin Bentley Precinct scored a full point for public transport as there is a significant number of bus routes across Perth's southern suburbs in particular. Given its status as a Specialised Activity Centre with a major university, it naturally scored one point for major health/education/entertainment facilities. However it didn't score as well on urban integration (major road and the size of the centre makes walking difficult) and proximity to foreshore/public open space.

At the other end of the scale, Archer Street Precinct recorded the lowest score, receiving 2 points out of 5. It did score a full point for urban integration due to its high level of walkability and grid street pattern, but it lacks the access to health/education/entertainment facilities and proximity to foreshore and public open space that makes it more attractive to development.

As an established part of inner southern Perth, most centres scored well on public transport, but interestingly, not all scored well for urban integration. Burswood Peninsula was notable for not scoring at all on this attribute, and this is due to its physical size and the presence of both a major road (Victoria Park Drive) and railway

line with just one pedestrian crossing. Improvements in to these would have a positive effect on the scoring for this centre.

Figure 51. Activity Centre analysis – assumptions and scores

Activity Centre	Analysis
Albany Highway Precinct Secondary Activity Centre **Score: 5.0** *Public transport access: 1* *Significant services/retail component: 1* *Major health/education/entertainment facility: 1* *Urban integration: 1* *Proximity to foreshore/public open space: 1*	The Albany Highway Precinct runs the length of the Albany Highway through the Town of Victoria Park, covering three suburbs (Victoria Park, East Victoria Park and St James). There is a wide range of land uses, including strip shopping centres, supermarkets and commercial space. In Victoria Park, there is a predominance of cafes and restaurants. High frequency bus services run the length of the Albany Highway. In recent years, small scale shop top developments, typically comprising 10-12 dwellings, have become more common in East Victoria Park. The centre has a number of sub precincts in the Activity Centre Strategy but they are not treated separately in this study. Based on our typology assessment, the Albany Highway Precinct is very well placed for more intensive forms of development in the future, scoring the maximum 5.0 points. Assumed 40% of developable land in the centre for future residential development of at least 150 dwellings per hectare.
Curtin Bentley Precinct Specialised Activity Centre **Score: 4.0** *Public transport access: 1* *Significant services/retail component: 1* *Major health/education/entertainment facility: 1* *Urban integration: 0.5* *Proximity to foreshore/public open space: 0.5*	Located in the south west corner of the Town, the Curtin Bentley Precinct takes in a range of land uses, ranging from Curtin University, the Curtin Technology Precinct (commercial) and a residential area catering to the aged population comprising aged care facilities and retirement homes. There is also a range of student accommodation associated with the university. This is quite a distinct precinct with specific dwelling targets catering to the university and building on the aged care precinct. Future dwelling numbers are based on the structure plan for this precinct, however there is scope for additional development. Assume 32% of developable land in the centre not part of the structure plan, of at least 150 dwellings per hectare.
Causeway Precinct **Score: 3.5** *Public transport access: 1* *Significant services/retail component: 0* *Major health/education/entertainment facility: 0.5* *Urban integration: 1* *Proximity to foreshore/public open space: 1*	The Causeway Precinct is traditionally non-residential with a range of light industrial and commercial uses. In more recent years, this type of land use has become less viable, particularly given its proximity to central Perth, and some premises have become vacant. There is no retail core, but there are a couple of smaller cafes that service the day time community. In terms of public transport, it is adjacent to the Armadale train line, but there is no station within the precinct. However there are some

Activity Centre	Analysis
	bus services. The precinct is surrounded by low density residential that has character overlays, and as such there has been minimal development. There have been some approvals for high density development, but not all projects have commenced construction. Based on our typology assessment, the Causeway Precinct is well placed for more intensive forms of development, but also faces "competition" from the nearby Burswood Peninsula and central Perth developments. Assumed 28% of developable land in the centre for future residential development of at least 150 dwellings per hectare.
Burswood Precinct Specialised Activity Centre **Score: 3.0** *Public transport access: 1* *Significant services/retail component: 0* *Major health/education/entertainment facility: 1* *Urban integration: 0* *Proximity to foreshore/public open space: 1*	The Burswood Peninsula is located in the north of the Town and as the name suggests, is located on a peninsula on the south side of the Swan River. It is dominated by the Perth Entertainment Centre, Burswood Casino and hotel, and the new Perth sports stadium. In recent years there has been significant levels of residential construction, including high rise apartments, townhouses and a small number of separate dwellings. Many more are planned but construction has slowed in recent years. The precinct is bisected by the Armadale train line and the Burswood Station services the precinct. The eastern boundary is the Graham Farmer freeway. In between the railway line and the freeway is an older industrial area that has significant potential to turnover for residential purposes. In recent years there have been some residential approvals for high density apartments, and one has already been constructed on Goodwood Parade. The Burswood Peninsula is a specialised activity centre and a Structure Plan forms the basis for future residential planning in this area. As a result, there are no additional areas available for development and therefore no additional assumptions regarding future residential development have been made.
Oats Street Precinct District Activity Centre **Score: 3.0** *Public transport access: 1* *Significant services/retail component: 0* *Major health/education/entertainment facility: 1* *Urban integration: 1* *Proximity to foreshore/public open space: 0*	The Oats Street Precinct is centred around the railway station and comprises a range of land uses, including residential, industrial, community and some commercial/retail. In recent years many older homes in this precinct have been demolished and replaced with villa units and dual occupancies, typically around 40-50 dwellings per hectare. Depending on land use zoning changes, this centre could accommodate significantly more residential development as there is the potential for much of the industrial land to be turned over for residential purposes. There is also the possibility that the Oat Street train station may move in the future, but this should not influence the assessment

Activity Centre	Analysis
	of the precinct for this study. Based on our typology assessment, the Oats Street Precinct is well placed for more intensive forms of development. Assumed 24% of developable land in and around the centre for future residential development of at least 75 dwellings per hectare.
Berwick Precinct Neighbourhood Centre **Score: 3.0** *Public transport access: 1* *Significant services/retail component: 0* *Major health/education/entertainment facility: 0* *Urban integration: 0.5* *Proximity to foreshore/public open space:1*	This small centre is located at the junction of the Canning Highway and Berwick Street in Victoria Park, abutting the boundary with the City of South Perth. The Canning Highway is one of the main arterial roads in Perth and consequently reduces the cohesiveness of the centre in terms of walkability. There is a mix of small case commercial land uses along the highway but no significant retail services. The centre is surrounded by a low density residential that has a character overlay. High frequency bus routes service the Canning Highway. In recent years there has been some higher density residential development along the Canning Highway and more recently on Berwick Street. Based on our typology assessment, this centre has potential for more intensive forms of residential development, capitalising on the proximity to central Perth. Assumed 20% of developable land in and around the centre for future residential development of at least 100 dwellings per hectare.
Archer Street **Neighbourhood Centre** **Score: 2.0** *Public transport access: 0.5* *Significant services/retail component: 0.5* *Major health/education/entertainment facility: 0* *Urban integration: 1* *Proximity to foreshore/public open space: 0*	This is a small, older strip shopping centre based around Archer Street in the suburb of Carlisle. There is a range of shops, cafes and services that generally cater for local needs. The area is extremely walkable and the street pattern such that residential subdivision is relatively easy. However, there has not been any dwelling approvals in the centre in recent years, but there has been small scale villa and dual occupancy developments in the surrounding streets. Based on our typology assessment, the centre has some potential for future residential development, but at a smaller scale. Archer Street is serviced by a bus route, but the train station is located approximately 300 metres from the western edge of the Centre. Assumed 16% of developable land in and around the centre for future residential development of between 50-75 dwellings per hectare.

The scores, developable land and the assumed development density are summarised in Figure 52. Developable land excludes significant landscape, open space areas and forecast development sites. The latter in particular impacts on the Specialised Activity Centres where there is a Structure Plan outlining future dwelling

targets. This includes Burswood Peninsula, Curtin Bentley Precinct and Causeway Precinct. Overall, just under 25% of developable land in Activity Centres is assumed to be developed.

Figure 52. Activity Centre analysis – land and residential density development assumptions

Centre type	Score	Developable Land (ha)	Land development assumption (%)	Development density - dwellings per hectare (DPH) 200	150	100	75	50
Albany Highway Precinct	5.0	34.9	40%	50%	50%	0%	0%	0%
Archer Street	2.0	15.3	16%	0%	0%	0%	50%	50%
Berwick Precinct	2.5	2.1	20%	0%	75%	25%	0%	0%
Burswood Precinct	3.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a
Causeway Precinct	3.5	1.0	28%	50%	50%	0%	0%	0%
Curtin Bentley Precinct	4.0	43.9	32%	50%	50%	0%	0%	0%
Oats Street Precinct	3.0	8.8	24%	0%	0%	75%	25%	0%

Source: .id (2016), Town of Victoria Park (2016)

Results

This assessment conservatively identifies opportunity for 5,358 additional dwellings in nominated Activity Centres (Figure 53). Removing dwellings assumed to be lost to demolition (131) and then accounting for dwellings on forecast development sites the net result would be 22,220 additional dwellings. This is based on opportunities identified in 2016 and is not related to any specific timeframe.

Burswood Precinct has the most net dwellings identified through this process (12,476) and this is detailed in the Structure Plan for this Precinct. No additional land was assumed to be developable. Curtin Bentley Precinct also has a Structure Plan, but nevertheless there were 2,458 additional dwellings identified. This, together with the forecast.id development sites and accounting for demolitions, results in opportunity for an additional 5,586 dwellings in this precinct.

As expected, the smaller centres with lower scores had the least number of additional dwellings identified. Just 54 were identified in Berwick Precinct, where there was less than half a hectare of land available for development, and 134 identified in the small neighbourhood centre of Archer Street.

Figure 53. Activity Centre analysis – development density results

		Number of dwellings by density assumptions								
Centre Name	Centre type	200	150	100	75	50	Additional dwellings	Demolitions	Dwellings from forecast.id	Net dwellings
Albany Highway Precinct	Secondary	1,395	1,046	0	0	0	2,441	80	132	2,493
Archer Street	Neighbourhood	0	0	0	92	61	153	19	0	134
Berwick Precinct	Neighbourhood	0	46	10	0	0	57	3	0	54
Burswood Precinct	Specialised	0	0	0	0	0	0	0	12,476	12,476
Causeway Precinct	n/a	29	22	0	0	0	51	0	1,150	1,201
Curtin Bentley Precinct	Specialised	1,404	1,053	0	0	0	2,458	16	3,144	5,586
Oats Street Precinct	District	0	0	159	40	0	199	17	95	276
TOTAL		**2,828**	**2,168**	**169**	**131**	**61**	**5,358**	**135**	**16,997**	**22,220**

Source: .id (2016), Town of Victoria Park (2016)

3.2.2 Opportunity for infill and other residential development outside Activity Centres

The gradual ageing of the dwelling stock, particularly where it falls into disrepair, is an important source of new housing supply in established parts of Australian cities. Infill development, typified by the demolition of an older house and its replacement by two or more new houses, has been one of the main drivers of dwelling growth in established suburbs across Australian cities, and Victoria Park has not been immune to this trend. This section looks at the potential for infill development outside the identified Activity Centres in Victoria Park based on an analysis of lot size and residentially zoned land.

Methodology

The conservative methodology to assess infill development potential outside Activity Centres defines out-of-centre boundaries and categorises developable land by lot size (Figure 54). The process for assessing opportunities in R20, R30 and R40 zones is described below:

Step 1: Identify suitable residential zones

The Town of Victoria Park has a range of residential zones, from R20 through to R80. Most of the Town is covered by R20-R40 zones, and outside of Activity Centres there is a small amount of R60 and R80. Though residential uses are permitted in other zones, they were not included as part of this analysis.

Step 2: Establish out-of-centre boundaries

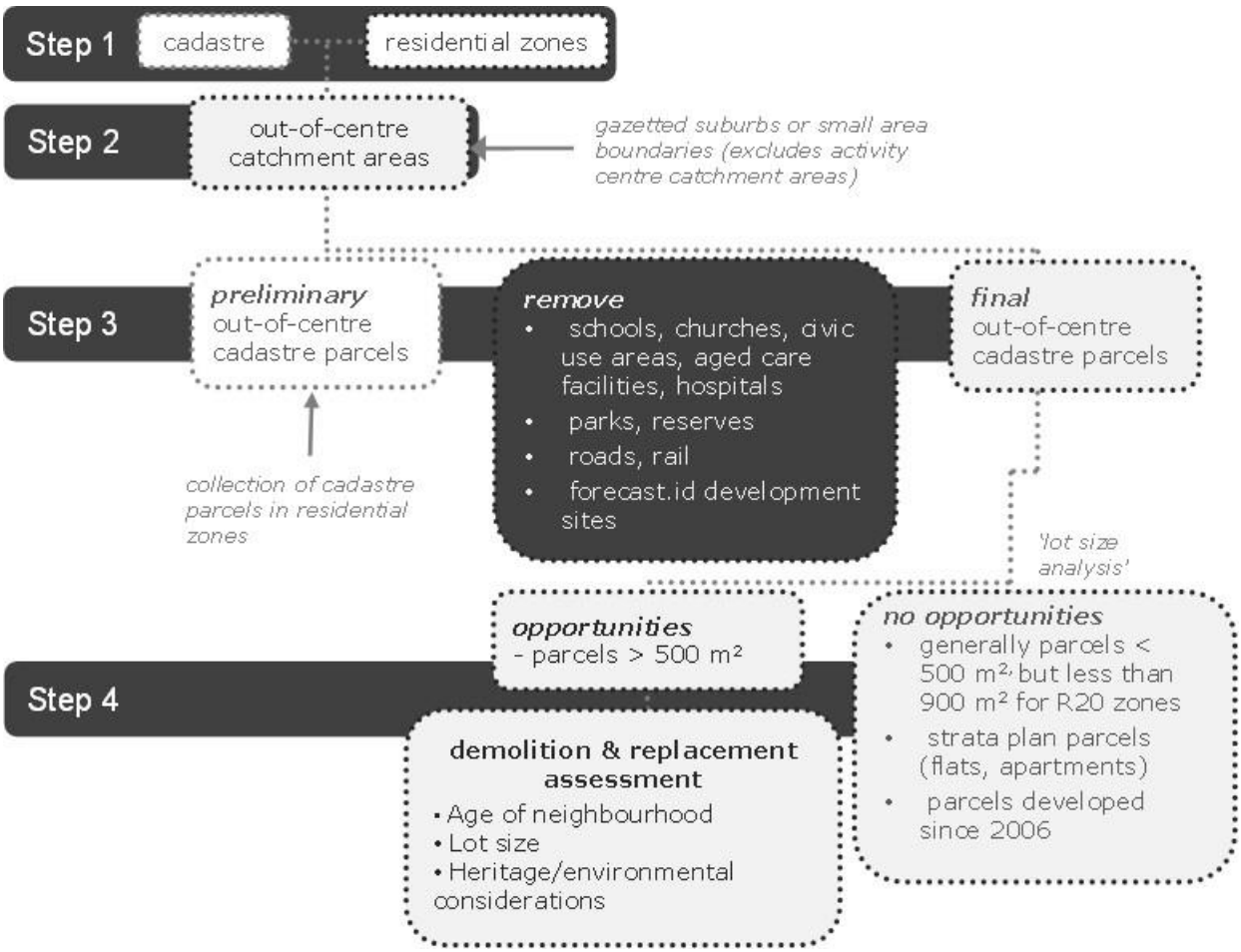
Essentially the spatial unit under analysis is the land that falls within suburbs, but outside the Activity Centres.

Step 3: Calculate gross developable land

Land parcels unavailable for development are removed, resulting in a specified area of land available for development. This includes parcels that have been developed

since 2007 (using the data presented in Figures 47 and 48) as well as non-residential uses.

Figure 54. Assessing infill development opportunities



Step 4: Identify developable land parcels

Development potential is influenced by parcel or lot size. For the purposes of this report, parcels less than 500m^2, or with an existing flat or apartment, or areas recently developed (since 2006) are regarded as having no development potential.

Step 5: Demolition and replacement assessment

The assessment is based on the following considerations:

i. Lot size

This indicates the potential (or attractiveness) for a lot to be redeveloped at a higher density. With a larger lot, the potential for higher yield increases. Residential lots less than 500 m^2 are regarded as parcels with 'no

opportunity'. Residential lots with flats and apartments (strata parcels) are also regarded as parcels with 'no opportunity'.

ii. Age of existing dwelling stock

Older residential areas have a greater potential to be redeveloped for newer developments. The age of the housing stock can mean it is often more economical to demolish a dwelling and replace it with higher density developments (units, townhouses etc). In general, the older the area, the more likely it will attract higher density redevelopment activity. In contrast, areas developed in the last 10 years are less like to be developed in the next 20-30 years. Recent development sites are regarded as parcels with 'no opportunity' for a similar reason.

iii. Planning, heritage or environmental significance

Many older residential areas have some heritage significance and this influences the form of any residential redevelopment. Such constraints are often reflected in planning policies through parameters such as height limits, dwelling densities and forms considerate of neighbourhood characteristics. Assumptions for redevelopment in these areas reflect any relevant constraints.

Lot size analysis by location

Dwelling growth in Perth's established suburbs occurs through redevelopment of former industrial (and other) sites which become available for this purpose. However, this is not a readily available form of supply, and development trends indicate that a major source of additional dwelling supply is infill development on existing residential blocks. This is typified by the demolition of an existing dwelling, or subdivision of an existing block, and the construction of two or more new dwellings, therefore making more efficient use of urban land.

Figure 55 shows the number of existing lots in infill locations by small area. As described above, lots below 500m^2 are excluded from this table as they are deemed to be too small for infill development. Also excluded from this table are centres and sites identified in the previous section. This process identifies just over 4,352 lots above 500m^2 in the Town of Victoria Park, with the majority of these (70%) under 700m^2.

Figure 55. Lot size analysis – existing lots in infill areas, by small area – 2016

Small Area	Existing lots 501-700m^2	Existing lots 701-900m^2	Existing lots 901-1000m^2	Existing lots 1001-1200m2	Existing lots greater than 1,200m2	Total
Bentley	0	0	0	0	0	0
Burswood	56	12	1	31	4	104
Carlisle - Welshpool	100	318	67	185	21	691
East Victoria Park - Kensington	769	523	119	152	25	1,588
Lathlain	88	276	45	337	4	750
St James	158	283	42	11	8	502
Victoria Park	351	135	13	214	4	717
TOTAL	**1,522**	**1,547**	**287**	**930**	**66**	**4,352**

Source: .id (2016)

However, not all parcels of land in established suburbs will be redeveloped, nor is the demand for infill development uniform across a municipality. Recent trends in Australian cities have shown that suburbs with older housing stock, particularly those closer to the CBD, are more likely to be redeveloped. Older housing stock is sometimes of inferior quality and expensive to bring up to contemporary housing standards eg through renovation or retrofitting with modern materials and appliances. From this pool of potential infill supply outlined in Figure 55, we can make assumptions about the likely rate of development in each small area, and therefore make a determination on the potential number of additional dwellings that can be achieved through infill development. Assumptions are largely conservative and consider the following:

- Contemporary patterns of building and subdivision activity
- The age of the existing dwelling stock
- Proximity to the CBD and public transport nodes
- The size of the existing lot, with assumptions about the number of additional dwellings in the residential zones applied in the following way:

	Number of additional dwellings (yield)		
Lot size	R20	R30	R40
Less than 500m^2	0	0	0
501-700m^2	0	1.5	1.75
701-900m^2	0	1.75	2.5
901-1,000m^2	1	2	3
1,001-1,200m^2	1	2.25	3.5
1,200m^2 or more	1	3	4

The process for calculating residential opportunities in R60 and R80 zones was treated separately due to the higher density nature of development in recent years.

Since 2011, gross residential density in these areas has been more than 100 dwellings per hectare, and the evidence from more recent applications suggests that developers are submitting applications with even higher densities. As such, the traditional lot size analysis method by which additional dwellings per cadastral parcel are calculated does not work as well. Instead, the amount of developable land in each zone was calculated as per the method above, but then a residential density assumption was applied rather than assuming additional dwellings per block.

The results of these assumptions are shown below (Figures 56 and 57).

Figure 56. Dwelling opportunities on existing lots (R20, R30, R40) (excluding Activity Centres and forecast.id development sites) – 2016

Small Area	Assumed development (%)	Opportunity on 501-700m² lots	Opportunity on 701-900m² lots	Opportunity on 901-1000m² lots	Opportunity on 1001-1200m² lots	Opportunity on 1201+m² lots	TOTAL
Bentley	2	0	0	0	0	0	0
Burswood	5	4	1	0	3	1	9
Carlisle - Welshpool	5	8	28	7	21	3	67
East Victoria Park - Kensington	5	106	61	27	50	9	253
Lathlain	5	0	2	3	18	0	23
St James	15	2	4	4	1	1	12
Victoria Park	15	78	38	5	79	1	201
TOTAL		**198**	**134**	**46**	**172**	**15**	**565**

Source: .id (2016)

Figure 57. Dwelling opportunities on existing lots (R60 and R80) (excluding Activity Centres and forecast.id development sites) – 2016

Small area	Residential zone	Developable area (ha)	Assumed density	Number of additional dwellings
Burswood	R80	1.97	165	325
Victoria Park	R60	0.72	150	108
Victoria Park	R80	3.17	165	523
Total		**5.86**		**956**

Source: .id (2016)

The results of these assumptions indicate that there is opportunity for an additional **1,521 dwellings** in the Town of Victoria Park (excluding forecast.id development sites, activity centres and heritage areas) through infill development.

3.2.3 Major development supply assessment – strategic redevelopment sites

The other major source of housing supply are redevelopment sites, which are scattered throughout the Town and are typically on land formerly used for industrial or commercial purposes. The Town of Victoria Park has a long and varied industrial history but some of the sites are no longer suitable for the needs of modern manufacturing. Some of these manufacturers have moved to industrial estates further on the urban fringe, or even interstate or offshore, freeing up the land for other purposes. Other development sites become available simply through transfer of ownership or rezoning processes.

In late 2015, .id reviewed its population forecast for the Town of Victoria Park and a number of strategic redevelopment sites (where the dwelling yield is 10 or more) were identified through this process. A significant number of development sites are located within Activity Centres and those assumed dwelling additions are included in Figure 53. A summary of the SRAs with assumptions for additional dwellings from 2016 onwards (outside Activity Centres), are provided in Figure 58. This indicates opportunity for 275 dwellings.

Figure 58. Dwellings assumed, identified development sites outside Activity Centres

Small Area	Dwellings assumed
East Victoria Park - Kensington	15
Lathlain	139
Victoria Park	121
Total	275

Source: forecast.id

3.3 Housing supply summary

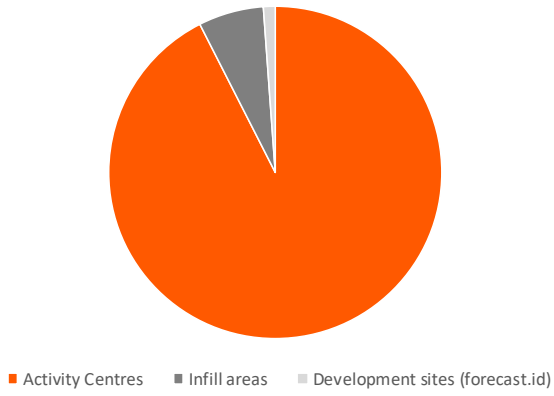
Conservatively, the Town of Victoria Park has development sites available to provide a net gain of **24,016** dwellings (Figure 59). Opportunities for gains include:

- Development of designated Activity Centres;
- Realisation of strategic redevelopment sites;
- Redevelopment of larger residential lots outside Activity Centres.

No assumptions have been made about the conversion of additional industrial or commercial land being rezoned for residential purposes and the dwelling yields that might arise from such a process.

Figure 59. Dwelling opportunity summary, Town of Victoria Park

Source	Opportunity	Share
Activity Centres	22,220	93%
Infill areas	1,521	6%
Development sites (forecast.	275	1%
TOTAL	**24,016**	100%



Source: .id and Town of Victoria Park (2016)

Based on the number of dwellings counted in the Census in 2006 and 2011 (approximately 269 per annum), this represents about **89 years** of supply. However this considers traditional forms of residential development, whereas in the future most development will be at much higher densities. For instance, forecast.id assumes a gain of 393 dwellings per annum between 2017 and 2021, and 502 between 2022 and 2026. At these rates, this would result in approximately 61 and 48 years of supply respectively.

4. Conclusion

4.1 Housing consumption

4.1.1 The dominant group

The dominant household type in the Town of Victoria Park is *lone person households*, comprising about one-third of the total. However, the actual numbers of these households has declined since 2001, primarily driven by a sharp decline in young lone person households. *Couples without children* comprised about one in four households, and *couples with children* about one in five.

The share of household types is dissimilar to that of metropolitan Perth, with a far greater share of lone person households and a lower share of family households. This reflects several factors including the role and function of the Town, cultural aspirations around home ownership, the available dwelling stock and possibly housing affordability issues. Although three bedroom separate houses are the dominant dwelling type in the Town, the proportion of separate houses with three, four or more bedrooms across metropolitan Perth is far higher. Many of these are located in greenfield estates on the urban fringe, that are popular with young families seeking relatively affordable home owning opportunities. Moreover, new dwellings in the Town are highly likely to be in medium and high density developments, and in the context of the Australian housing market these are not viewed as suitable for young families. The role and function played by the Town of Victoria Park is similar to other inner areas across Australia. They attract young adults who wish to be close to employment, education and lifestyle opportunities, but when they reach the family forming life cycle stage it triggers a re-evaluation of their housing needs, which may involve a move to a suburban location.

The spatial distribution of the different household types is critical in planning for services but at the same time, it is important to recognise how and why these are changing over time. Changing age structures mean that Council resources need periodic review in order to ensure that age related services such as schools and aged care are provided in the right place at the right time.

The current housing stock in the Town of Victoria Park is quite diverse, containing a mix of original houses on separate blocks, the redevelopment of these into dual occupancies and multi-unit developments and higher density apartments. In some locations high density apartments have been part of the urban fabric since the 1970s eg walk up apartments in Victoria Park. With no greenfield estates, future dwellings in the Town can only come from redevelopment of non-residential land and further infill opportunities – which are becoming more limited. Diversifying housing choice by facilitating alternative housing options is crucial to meet future needs of emerging households and help maintain population levels to support a wide range of services and facilities, particularly as areas undergo regeneration.

4.1.2 The emerging group

The housing consumption analysis clearly identifies a shift away from smaller households towards couple and family households over the ten years. Although the average household size in the Town of Victoria Park is lower than the metropolitan Perth average, it has stabilised since 2006 as a result of these changing household types. Between 2001 and 2011, the key emerging household types were *couples without children* and *couples with young children*, both of which grew by around 4.1% per annum over this time period. In contrast, lone person households declined over the ten years, yet they still remain the dominant household type in the Town of Victoria Park.

These shifts in household types reflect movements through the suburb life cycle (including ageing in place) as well as changing preferences in living arrangements. Life cycle events often trigger changes in household types eg children leaving home, as do housing affordability issues eg move away from lone person households to couple, group or even family households. The challenge is how to ensure that developers provide the right dwelling stock for emerging households and their revealed preferences, enabling residents to stay in the area and maintaining demand for services. While Council can facilitate the location and form of development through the planning system, developers and builders will respond to perceived housing preferences.

4.1.3 Housing stress and housing affordability

Housing stress was evaluated in terms of mortgage stress, ie home purchasers, and rental stress. The data found that the former was not a significant issue in the Town of Victoria Park, possibly because those that cannot afford to live in the area, given their housing needs and desires, have purchased elsewhere. However rental stress was significantly higher than the Perth metropolitan average, mainly because many rental households are on low incomes. Some of this relates to the availability of public housing in Bentley, but it could also mean that some renters are prepared to accept a trade off in housing costs to live in an area that has good accessibility to employment, education and life style opportunities.

Housing affordability has an element of subjectivity to it because it can mean different things to different households, and there are a range of factors that affect affordability. However, given assumptions about market conditions and interest rates, the data indicates that the Town of Victoria Park is largely unaffordable to lone person households. This is significant in light of the decline in the number of young lone person households in particular, indicating either that they have moved elsewhere, or have adjusted their living arrangements to become a two or more person household.

4.2 Housing opportunity

Housing supply comes from three mutually exclusive sources:

- Centres – identified in this report as Activity Centres
- Strategic Redevelopment Sites – particularly involving transfer of land use from industrial to residential
- Infill –residential development of older housing stock or on underutilised land, typically resulting in small increases in density through the replacement of one dwelling with two or more new ones

Using various methodologies in each of these sources, this report has identified opportunities within the Town of Victoria Park to provide a net gain of 24,016 dwellings, representing approximately 89 years of supply. However future residential development is likely to be at higher densities and this will reduce the number of years of supply. The overwhelming source of future supply (93%) is located in Activity Centres, and most of this is located in the Burswood Peninsula Precinct.

It is important to recognise that housing opportunity does not equate to housing demand. The numbers presented here are about opportunity, whereas housing markets and demographics will influence the level of demand for additional housing in the Town of Victoria Park. It is also important to consider that many large scale housing projects, such as those on the scale proposed on the Burswood Peninsula, require a degree of capital investment (eg pre-sales) before finance can be obtained. In addition, housing opportunity is not confined to a timeframe – what is presented here is merely reflective of assumptions made about future supply in 2016.

4.3 Policy considerations

The legacy of planning decisions made in previous decades provide significant challenges for the future. In terms of housing policy, the key issue is how to encourage development of different dwelling types and sizes to cater for a diverse and evolving population. Changing housing preferences in the Town of Victoria Park present a number of challenges. Almost half of the existing stock consists of dwellings with three or more bedrooms (both separate houses and medium/high density), yet there is a high proportion of households with just one or two persons. At first glance these households would appear to be overconsuming dwellings, but there is also a growth in family households, for which these types of dwellings are suitable.

Housing affordability remains a significant social issue but other than land use zoning provisions, it is difficult for local government to directly intervene in the housing market. Furthermore, housing choices involve a range of criteria other than cost, many of which are personal in nature.

Another clear trend in the Town of Victoria Park is the shift away from small dwellings ie 0-1 bedrooms, towards larger dwellings ie 3 or more bedrooms. This is consistent with trends across metropolitan Australia, and in established areas much of it is the result of renovation or redevelopment of older housing stock. In the Town of Victoria Park, small dwellings declined by over 10% between 2001 and 2011, and larger dwellings (separate houses with 4 or more bedrooms and medium/high density with 3 or more bedrooms) increased by almost half over the same time period. Although larger dwellings accommodate a wider range of household types, they are also less affordable and this may exacerbate existing issues and reduce population diversity.

The current metropolitan planning strategy, *Perth and Peel@3.5million*, was released in 2015 and outlined a vision for the future of the Perth and Peel region to 2050. It is typical of contemporary metropolitan planning strategies with regard to urban development eg intensifying residential development around key transport and employment nodes, and reducing the urban footprint by encouraging more residential development in established areas. It contains a suite of sub-regional planning framework documents that cover the region, but the one relevant to the Town of Victoria Park is the *Draft Central sub-regional planning framework* which covers 19 local government areas. The framework specifies infill housing targets for each of these local government areas – the figure for the Town of Victoria Park is 19,400 by 2050. All up, there is a target of approximately 215,000 new dwellings to be accommodated in the central region.

The Town of Victoria is well placed with regard to meeting this target. Not only is there significant supply of future residential land on strategic sites within Activity Centres, but this report has identified scope for additional dwellings at densities ranging from 50-200 dwellings per hectare. This is important because the potential for future infill development on large blocks outside centres is diminishing, and hence other sources of future supply need to be identified. Intensification in and around key sites can offer lifestyle choice to a range of housing markets, particularly given the access to local facilities, services and transport infrastructure.

As populations grow and evolve, the challenge for local government is to ensure that housing needs adapt accordingly. The Town of Victoria Park has a diverse housing stock that caters for a range of household types and hence encourages the sustainability of local communities. A focus of smaller dwellings, while potentially alleviating housing affordability issues, will generally only appeal to smaller households as they are generally not suitable for families. At the same time however, smaller households also provide downsizing options for maturing households without having to migrate out of the area. The development of higher density dwellings should be complemented by other physical improvements in terms of amenity and attractiveness. This will ensure that development is occurring that will maximise the desirability to a range of housing markets.

It is often assumed that older people downsize from their family homes to units or retirement villages after the children leave home. However, the evidence and other

research[3] does not support this assertion. It is clear from the Census data that smaller households with older people still overwhelmingly live in separate houses – albeit they are less likely to do so than family households. This is a legacy of the existing supply of housing in the Town of Victoria Park (and the wider Perth metropolitan area) which is dominated by the separate house. However it does suggest that where smaller dwellings are available, smaller households may prefer to live in these.

The cultural preference for larger dwellings is a well-entrenched attribute in the Australian urban landscape. How this will translate into demand for smaller dwellings in higher density developments is unclear. Housing choice is influenced by a number of factors including finance, job location, and personal circumstances. Surveys on housing choice and aspirations are rare but can offer valuable insights into the reasons behind housing decisions. This is where primary research can complement the findings of this report and provide further insight into the dynamics of the Town of Victoria Park housing market.

[3] For example, B. Judd et al, "Downsizing amongst older Australians" AHURI Report No. 214 (January 2014)

5. Glossary

Activity Centre – A designated suburban centre, close to existing infrastructure, including transport and services, which has been earmarked in strategic planning documents for further development at higher densities than the surrounding region. As well as residential growth, commercial growth is also expected to focus on activity centres.

Apartment – A dwelling, usually part of a multi storey building. These dwellings usually do not have private grounds and usually share a common entrance foyer or stairwell.

Couple family without children – A household consisting of a couple by marriage or defacto relationship (including same-sex) who have no children present in the household.

Couple family with children - A household consisting of a couple by marriage or defacto relationship (including same-sex) with children present in the household

Family – Two or more people living in the same household, related by either a parent-child or couple relationship (either registered or defacto, and including same-sex couples). A family need not include children.

Flat – A dwelling, usually part of a multi storey building. These dwellings usually share a common entrance foyer or stairwell. Flats are similar to apartments but usually refer to buildings constructed between the 1930s and 1970s, generally between two and four storeys.

GCCSA (Greater Capital City Statistical Area) – this is a spatial unit defined in the 2011 Australian Statistical Geography Standard for the State capital cities. It is slightly larger than the Perth Statistical Division and encompasses the City of Mandurah and part of Murray Shire.

Infill development – Dispersed housing redevelopment on existing sites in residential areas, usually currently containing older dwellings.

High Density Dwellings (using Census data) – Flats, units or apartments, generally without their own grounds, in a 3 or more storey block. Note that this definition is NOT based on the number of dwellings per hectare, as this is not available from Census. However high density housing is typically in the range of 50+ dwellings per hectare.

Household – A group of people living in the same dwelling, who generally make shared provision for food and other essentials.

Household Reference Person – Generally the first adult listed on the Census form. Usually defined by a parent-child or couple relationship. Other relationships in the same household are defined with reference to this person.

Lone person household – A household with only one person usually resident

Major sites – Sites identified by Council or through the Urban Development Program as large redevelopment areas for future growth.

Maturing couple family with children – Couple family with children aged both under and over 15.

Maturing couple family without children – A couple family without children, where the household reference person is aged 45-64 inclusive.

Maturing (or middle-aged) lone person household – A household with only one person usually resident, who is aged between 45 and 64 inclusive.

Middle-aged lone person household – See Maturing Lone Person Household.

Medium Density Dwellings (using Census data) – Semi-detached, terraces and villa units, with their own grounds but attached to another dwelling on at least one side, as well as flats or apartments without their own grounds, in 1 or 2 storey blocks. Note that this definition is NOT based on the number of dwellings per hectare, as this is not available from Census. However medium density housing is typically in the range of 25 to 50 dwellings per hectare.

Net migration – The difference between the number of people living in an area who lived elsewhere 5 years before, and the number who lived in the area 5 years before and now live elsewhere.

Older couple family with children – Couple family with children over 15 only.

Older couple family without children – A couple family without children, where the household reference person is aged 65+.

Older lone person household – A household with only one person usually resident, who is aged 65 or over.

Perth metropolitan area – refers to the combined area of the 30 LGAs which comprise the urban area of Perth.

Perth Greater Capital City Statistical Area – this is a spatial unit introduced by the ABS in 2011. It covers the Perth metropolitan area but also encompasses the City of Mandurah and part of Murray Shire.

Perth Statistical Division – this is the spatial unit used to define Perth in statistical terms. It is identical to the Perth metropolitan area.

Separate Houses – Houses on their own block, separated on all sides from other dwellings by at least 50cm. Commonly called detached dwellings.

Townhouse – An attached or semi-detached dwelling, usually of two storeys, with small amounts of private open space and a separate entrance. These dwellings often replace lower density single dwellings on larger suburban allotments.

Units – A dwelling, usually of one storey, with small amounts of private open space and a separate entrance. These dwellings often replace lower density single dwellings on larger suburban allotments. The term usually applies to dwellings constructed in the 1960s and 1970s.

Young couple family with children – Couple family with children under 15 only

Young couple family without children – A couple family without children, where the household reference person is aged 15-44 inclusive.

Young lone person household – A household with only one person usually resident, who is aged between 15 and 44 inclusive.