Government of Western Australia
Department of Housing

PATHWAYS TO AFFORDABLE HOUSING APR 2014

Department celebrates another Premier’s Award

Pelago East - creating home ownership for Karratha’s key workers

Major milestone for One on Aberdeen

Premier’s Award winning East Kimberley Development Package (EKDP)
Transitional Housing.
**Topping milestone for One on Aberdeen**

The Department of Housing’s One on Aberdeen development recently achieved a key construction milestone with a special event to signify the 13-storey building’s topping-out phase.

The result of a partnership between the Department and Diploma Properties, One on Aberdeen will offer a welcome injection of affordable housing and greater vibrancy and activity to the heart of Perth.

“One on Aberdeen will provide quality, affordable accommodation for people who would otherwise struggle to afford to live in the city,” Tania Loosley-Smith, General Manager Strategy and Policy said.

“The partnership with Diploma is an innovative response to the affordable housing challenge, increasing supply without relying totally on government finance.

“It is also an excellent example of how the Department is changing the way it does business with the private sector.”

As part of the partnership, the Department provided the land, worth around $6 million, allowing Diploma to secure debt and equity finance for the $73 million residential construction project.

One on Aberdeen will include 161 residential apartments, seven dedicated commercial units, 66 apartments allocated to low to moderate income housing, 17 for social housing, 18 for shared-equity home ownership, 14 for key workers and 17 for the National Rental Affordability Scheme (NRAS) where eligible tenants pay at least 20 per cent less than the market rate.

“All apartments have sold, which indicates the high demand for inner city accommodation,” Ms Loosley-Smith said.

The project is due to be completed in July 2014 and supports the State’s Affordable Housing Strategy target of creating 20 000 new affordable homes by 2020.
Department celebrates another Premier’s Award

The Department of Housing has again received the State’s top public sector management award in the Improving Aboriginal Outcomes category at last year’s Premier’s Awards announced in November 2013.

The Department’s win was for the East Kimberley Development Package (EKDP) Transitional Housing Program.

“We are very proud of this achievement as it is recognition at the highest level of our exceptional performance in the implementation and delivery of this program,” Grahame Searle, Director General said.

“The program provides stable, affordable housing to Aboriginal people to help them develop independence and take a significant step towards creating personal wealth and achieving home ownership.”

Mr Searle said partnerships were a key to the Department’s success with the program.

“We could not have achieved this outcome without the expertise of our partners - the Wunan Foundation - in delivering the support services for participants, and Community Housing Limited (CHL) in managing the tenancies,” he said.

“The Wunan Foundation was instrumental in developing the program in partnership with the Department.”

Program participants must be engaged in employment or training, ensure children attend school regularly and participate in the associated support program. The support program includes setting lifestyle goals, financial management and progressing referrals to community support networks like health agencies.

All homes will be available for purchase when participants are ready to transition to private home ownership.

“The program is instrumental in improving the lives of participants and decreasing their dependence on welfare,” Mr Searle said.

“The Department has gone outside the box by partnering with the private sector to deliver services that help empower participants to remain employed and ensure that their children stay in school.

“Some participants never imagined that they could ever become home owners, but through the program’s support services delivered by Wunan, especially financial counselling, they are well on their way to achieving this dream,” he said.

As of November 2013, four participants had already had their home loans approved, with another eight applications in progress.

All participating households meet the employment requirements of the program and school attendance is at 89 per cent for children involved.

Premier Colin Barnett announced the winners for the 2013 Premier’s Awards at a ceremony held at Hale House late last year.

The Department’s Opening Doors Shared Home Ownership Scheme was also recognised as a finalist being in the top three in the Developing the Economy category.

The Department received its first Premier’s Award in the Developing the Economy category in 2011 for management of the Commonwealth Government Nation Building Economic Stimulus Plan.
First key workers housed in Osprey Village

The first key workers have moved into purpose-built units at the Osprey Key Workers’ Village in South Hedland.

Undertaken through the State Government’s Royalties for Regions - Housing for Workers program - the project is a collaboration between the Department and Fleetwood Corporation that aims to address low availability and high housing costs for key workers living in the state’s North-West.

Osprey Key Workers’ Village is located on a 12ha site and will provide fully-contained, contemporary housing options in highly attractive, well-planned grounds designed to encourage a strong sense of community.

Director General, Grahame Searle said he was pleased that close cooperation between the Departments of Regional Development and Housing, the Pilbara Development Commission and the private sector had generated tangible and affordable housing opportunities in the region.

“The ongoing economic growth of the Pilbara relies on the availability of affordable, appropriate and attractive accommodation for key workers,” Mr Searle said.

“Affordable housing at Osprey Village enables employers to attract and retain the staff they need, thereby helping to build and maintain a sustainable community.”

General Manager Commercial and Business Operations, Paul Whyte, said the planned 293 affordable rental dwellings at the workers’ village were an important step towards correcting a large imbalance between household incomes and the average cost of housing in the Pilbara.

“Housing affordability is still a significant issue for key workers, government employees and local businesses in the area,” Mr Whyte said.

“The Osprey Village site was fast-tracked for development by the Department of Housing to meet the high demand for affordable housing, driven by ongoing resource sector activity in the Pilbara.”

The Department of Housing continues to focus on the provision of affordable land and housing options as outlined in the State Government’s Affordable Housing Strategy 2010-2020: Opening Doors to Affordable Housing.

Fleetwood Corporation will also undertake the village’s property and tenancy management.

Home ownership a step closer for Karratha key workers

Home ownership for Karratha’s low-to-medium income earners is now a step closer, with the recent completion of 29 dwellings at the Pelago East development.

The Pelago East units have been developed to accommodate key workers as owner-occupiers, with a selection of one-bedroom apartments. The units will be sold through shared home ownership with up to a 60:40 split where the Department co-owns a percentage of the properties. Other one-bedroom units and three studio apartments will be available at their full selling price.

The Department originally negotiated the purchase of 50 units for a different housing program prior to commencing construction, but saw the opportunity to apply the successful shared equity scheme, Opening Doors Shared Home Ownership, in the North-West before construction was completed in November last year.

General Manager Commercial and Business Operations, Paul Whyte said the Department is acutely aware of the impact of high housing costs in the Pilbara area, particularly for key workers, and confirmed that more affordable housing options will be delivered in the region.

“Purchasing a unit through the Department of Housing’s shared home-ownership scheme with a SharedStart Home Loan product from Keystart enables applicants to bridge the gap between the cost of the property and what they can afford,” Mr Whyte said.

“By undertaking this initiative, the State Government is not only providing stability through home ownership for key workers, but ensuring through these sales that other affordable developments in regional WA can take place.

“This innovative initiative highlights not only the government’s lead in the provision of affordable housing, but also its continued commitment through the Royalties for Regions investment to help build capacity in regional economic centres.”

In March 2012, $355.5 million in Royalties for Regions was allocated to Housing for Workers, a program for key workers in regional WA administered by the Department of Housing.

The Pelago East initiative is being developed by Finbar and was made possible through $30.4 million of the Royalties for Regions funding, with the high-amenity accommodation and commercial complex opened by the Premier and the Minister for Regional Development on 30 November 2013.
Beacon lights the way for Perth’s homeless

The Department of Housing has partnered with The Salvation Army to develop The Beacon—a new hostel for men seeking accommodation for up to six months. Located at the corner of Aberdeen and Nash Streets in Northbridge and opened in February this year, The Beacon replaces the 52-bedroom Lentara Hostel with a vastly superior 102-bedroom development including en-suite and desk facilities.

Director of Complex Projects, Stewart Kestel, said that The Beacon provides much needed high-quality crisis accommodation and transitional support for Perth's homeless men.

"The Salvation Army will deliver a range of centralised services on the ground floor including employment assistance, referrals to drug and alcohol services, the Street to Home program, communal kitchens and training courses," Mr Kestel said.

"At almost double the capacity of the old property, The Beacon is a great example of the Department partnering with the not-for-profit sector and private industry to increase the supply of social housing."

Mr Kestel said the Department received hundreds of applications for a share of the Commonwealth funding under the Nation Building Economic Stimulus Plan.

"The Salvation Army was one of only a few organisations to submit a proposal for crisis accommodation that maximised value for money and directly assisted homeless people," he said.

The Department allocated $16.2 million of Commonwealth funding to the project, increasing the supply of crisis and transitional accommodation as part of the State Government's Affordable Housing Strategy.

The Beacon was constructed at a cost of $23.3 million, excluding the cost of the land, which was supplied by The Salvation Army.

Construction begins on Newman service worker housing

Construction has started on new, affordable housing for service workers in Newman, as part of the State Government's commitment to alleviate housing pressure in areas of high demand.

The project, consisting of 10 two-bedroom rental homes on Homestead Ramble, is expected to be available for occupancy from the end of June 2014.

Western Australian developer and builder, Megara Constructions was awarded the $4.1 million tender for the East Newman residential estate, funded as part of the State Government's Royalties for Regions program.

With 80 per cent of Newman's population currently paying an average of $1500 a week in rent, this new housing will represent a welcomed affordable option for service workers, Land and Housing Development Director, Nigel Hindmarsh said.

"The new homes will certainly lessen some of the pressure of the critical housing shortage and high rents in Newman," he said.

Paul Whyte said the initiative was also crucial to the town's capacity to attract and retain workers essential to the delivery of vital community services.

“This initiative will bring rent relief to a number of people who may otherwise have had to relocate due to the shortage and cost of rental properties," Mr Whyte said.

“It also supports the Newman town centre improvements that offer new opportunities to live, work and invest in this growing town.”

An allocation process will commence early this year and will be open to small and medium-sized businesses as well as employees meeting income eligibility criteria.
**Helen achieves the ‘great Australian dream’**

**Helen has proven that being a grandmother is no barrier to home ownership.**

A public housing resident for nearly 36 years, Helen never expected to realise the ‘great Australian dream’ of owning her own home. Then everything changed after a promotion at work meant she was no longer income-eligible for public housing. While at first quite a daunting prospect, the news represented a very real incentive for Helen to buy her own home.

“It was a very stressful situation, as there were a number of family issues at the time and I didn’t think that I had enough money for a home loan,” Helen said.

“I knew that my cousin had bought her own house, as had other family members, and I knew I could do it too,” she said.

With help from Department officer Tracy Copes from the Housing Pathways Unit (HPU) and a welcome boost from her income tax return, Helen had enough money for a deposit and secured a loan through Keystart, low-to-medium income households were able to secure a mortgage on good quality, affordable housing where the costs were similar to private rents, but with no mortgage insurance costs, a low deposit and repayments beginning on occupation of homes.

“I finally have the ‘great Australian dream’. My son is so proud. He told me “you’ve done it mum”. It really is a great feeling,” Helen said.

Tracy Copes said she was thrilled to be able to assist Helen’s transition into her own home.

“It is always a great joy to follow the journey from dream to reality. I’m so pleased for Helen and it is great to see her settled in her new home,” Tracy said.

A number of options are available to tenants who are no longer income-eligible for public housing including community housing, bond assistance to rent privately, Keystart home loans and SharedStart home loans.

**Former Department of Housing tenant**

**Strong leadership from a market-facing agency**

Low-to-medium income earners have been the big winners from the Opening Doors Shared Home Ownership scheme, which has enabled 722 households in this income group to secure a SharedStart loan on good quality, affordable housing since September 2011.

In recent years median house prices in WA increased so much that key workers such as nurses, local government employees, retail staff and hospitality workers, earning modest wages, were squeezed out of the property market.

In 2011, the State Government released its Affordable Housing Strategy, the blueprint that has enabled the Department of Housing to focus on direct action to provide more entry-point options for those on low-to-medium incomes.

**Addressing ongoing affordability challenges**

Director Market Innovation and Partnerships, Greg Cash, said that while housing affordability is an ongoing challenge, an independent review of the Department’s Opening Doors program has declared it effective and innovative in assisting low-to-medium income households into home-ownership.

“You know you are onto a winning formula when nine out of ten of your customers say they would recommend your product to others, which is strong testimonial,” Mr Cash said.

“It’s hard to measure the benefits from a reduction in expenditure on social housing, any subsidised housing investment usually results in a nil return to the government. It is usual for government housing programs to operate at a loss, despite delivering benefits to individuals.”

**Making a difference in low-to-medium income households**

Opening Doors however, has resulted in a considerable financial difference for low-to-medium income households while also delivering a positive rate of return for the State.

“Up until September 2013, we have been able to create $58 million worth of value in the Department’s equity share in new housing stock, simply by working innovatively with industry, using the EOI procurement process, which assisted us to deliver home ownership opportunities,” Mr Cash said.

“Industry has also been a big winner, with the scheme adding $149 million worth of activity to the WA construction industry, directly supporting 427 construction jobs and 788 jobs in associated fields.”

**Assisting an uncertain market**

The independent review conducted by the Australian Housing and Urban Research Institute (AHURI) in partnership with Pricewaterhouse Coopers, has reported the Expression of Interest project partnership with private builders provided more than 1000 quality, affordable houses into the market at a time when the building industry was uncertain and losing key tradesmen to the mining sector.

“The Department proposed to buy housing products in bulk from developers, securing a discount on the cost of homes by purchasing in larger volumes allowing us to then pass on those benefits through the shared equity scheme,” Mr Cash said.

“By taking out a shared equity loan with Government-lending arm, Keystart, low-to-medium income households were able to secure a mortgage on good quality, affordable housing where the costs were similar to private rents, but with no mortgage insurance costs, a low deposit and repayments beginning on occupation of homes.

“There was a view that the Department of Housing was taking a large risk with this initiative, but this independent report now verifies the approach as an innovative and successful model in delivering more of the affordable entry-points we look to provide.”

**From public housing to home ownership.**
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Ann-Marie Paulsen, Acting Manager, Housing Transitions Team, said that she was very pleased with the success of the HPU.

“It’s really pleasing to see the success that the team has had in the two years since our inception,” Ms Paulsen said.

Director of Housing Programs, Peter Lonsdale, said the two-bedroom villas in the suburb of Mira Mar are ideally located a short walking distance from the town centre, with easy access to public transport, shopping and community facilities.

“The properties also feature clever, energy efficient design to help keep utility costs down and include quantum hot water units, solar power and inverter air conditioning,” Mr Lonsdale said.

Construction of the 12 villas was completed recently at a cost of $3.6 million.

Mr Lonsdale said the partnership with the GSCHA is part of a state-wide strategy to create 20,000 affordable housing opportunities by 2020.

“A key element of the Affordable Housing Strategy is the transfer of housing assets to the community housing sector to enable them to grow their businesses and increase the supply of social and affordable housing stock,” he said.

“The GSCHA was able to borrow funds to build the recently opened homes by leveraging off the 82 properties that the Department of Housing transferred to them over the past three years.

“These assets have allowed GSCHA to deliver a total of 19 additional homes to date. I congratulate GSCHA for completing these properties and wish the new tenants well in their new homes.”

Housing Minister, the Hon. Bill Marmion MLA attended the opening in February this year and congratulated the Department and the GSCHA on their success.

GSCHA has delivered nineteen additional homes to date.

More community housing for seniors in the Great Southern

The Department of Housing’s partnership with the Great Southern Community Housing Association (GSCHA) continues to deliver more affordable housing for seniors and people with disabilities in Albany, with the opening of 12 new properties in the popular retirement destination.

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Housing Pathways Unit making a difference

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