



Town of Port Hedland Staff Housing Strategy

DRAFT

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1. Executive Summary

This housing strategy builds on the *Housing and Accommodation Current State Assessment* and on the outputs of the Work Force Plan 2012 - 2016 (WFP); a component in identifying workforce requirements and strategies for current and future operations, to recommend a four-year housing strategy for Town of Port Hedland (Town) staff. The WFP and this Housing Strategy underpins the Corporate Business Plan (CBP), which provides a dynamic overview of the services, operations and projects to be delivered by the Town until 2016. In these initiatives it is acknowledged that fundamental to any significant infrastructure and services objectives being achieved within the four-year period, a workforce comprising suitably qualified and motivated staff must be attracted and retained to the area.

Of the existing 41 dwellings, eight are units, 11 are multiple house developments and 22 are single detached houses. Of the 22 single detached houses, zoning and high level lot analysis indicate the subdivision of eight of these lots would be possible. Noting that all Town properties are occupied, it would not be possible to redevelop the eight until alternate accommodation had been constructed. On the basis it will take a year or two to clear the backlog of existing housing demand, redevelopment of existing houses will not occur until late in the four year strategy window.

With 45% of Town dwellings having one or two occupants and 55% with three or more occupants, a variety of housing can be provided to lower the average cost of house construction. This strategy is based on the maximum use of 'manufactured housing' as these dwellings now achieve good design, aesthetic and energy performance at a lower cost and faster delivery than insitu housing.

With the median cost of renting a house¹ in Port Hedland (\$2,000/wk) over four times the median cost of renting a house in Perth (\$450/wk), housing assistance is required to attract and retain staff. With the Town's current stock of 41 dwellings and significant growth in Town staff, demand for housing for Town staff exceeds available supply. Any new supply being considered by the Town must contain a varied product mix to suit a range of lifestyles, and have the ability to accommodate changing needs of employees.

It is anticipated the cost housing differential between Port Hedland and Perth will ease in the years to come, however the size of the differential ensures normalisation will take years to achieve.

Housing policy settings have been provided by the Town for use in devising this strategy. In summary, the positions that are to generally receive housing are the CEO / Directors / Managers / Level 6 staff and Technical Level staff that are unlikely to be sourced from the local community. Positions that are likely to require recruitment from outside the Town will require incentives to attract the skills needed. Provision of housing is a key element to the incentive packages offered.

Based on the above housing policy settings there is a current shortfall of 19 houses for Town staff. Over the next four years, the WFP indicates this shortage will grow to 58 houses without the addition of new stock. A summary of the WFP FTE count and housing shortfall is shown in the Table 1 below:

¹ REIWA Jul-Sept quarter 2012 house rental median (excludes multi unit residences)



	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
Total FTE based on the WFP	189	221	292	335	366
Total FTE Provided with Housing (Based on CEO, Directors, Managers, Level 6 positions and assumed technical Lvl 5)	61	71	88	95	100
New Houses Required p.a. (ToPH currently own 41)	20	10	17	7	5
Cumulative new housing required (over and above the 41 already owned)	19	29	46	53	58

Table 1: Housing Supply Required for WFP

Beyond providing housing for the above positions, there remains a housing affordability issue for lower paid staff within the Town. Assisting lower paid positions find accommodation will become increasingly important as longer serving staff retire and new staff need to be attracted from outside Port Hedland.

The Town may need to assist lower paid staff through initiatives such as the Department of Housing or access to the Service Workers Accommodation Project that provides quality subsidised leased housing to individuals whose roles are considered essential to the Town.

The Town owns very little residential land, with the exception of vacant land located at Catamore Court which is zoned for a combination of purposes. Competing for land on the open market is not recommended as part of this strategy due to the high cost of land. There is limited land value data as sample sizes are too small for statistical analysis. Best estimates indicate an average South Hedland vacant lot of 680m² would cost between \$400,000 and \$600,000 with vacant waterfront lots in Port Hedland between \$1.25million and \$1.5million.

An alternative source of land is the Department of Regional Development and Lands (RDL) 'Lazy Lands' program. The Lazy Lands residential infill project, run by the Pilbara Development Commission, identifies under-utilised or surplus Crown land that can be brought into the housing development pipeline. Several parcels of land zoned Recreation or Parks have been identified as surplus to open space requirements. These combined with land recently vested at Catamore Court and land at adjacent to the JD Hardie Centre will provide at least 76² lots for the Town to develop.

At face value, these lots would provide sufficient land for the Town to meet its four year housing forecast requirement. With Catamore providing approximately 33 lots and the JD Hardie site providing approximately 43 lots (refer Table 20), these two developments account for over half the 'Lazy Lands' program. It is recommended however that no more than one in every two houses in a single development is occupied by Town staff to prevent staff living and working together. Consequently, 16 of the Catamore Court lots and 21 of the JD Hardie lots are recommended for either sale or lease to non Town staff. Unrequired lots can be either sold as vacant lots or developed and sold or leased to assist in funding the Town's house construction costs.

² Based on the assumption of 100m² multi dwellings utilising maximum plot ratio for R30 zoning



Of the initial 129 lots, 69 lots hold potential for development of housing for the Town. Although this exceeds the requirement of 58 lots, should further investigation render any of these lots not viable it is recommended that other land sources be acknowledged. In reviewing the Town's land, one of the largest undeveloped land assets is the Town's open drain network. In developing this strategy, the open drain network was considered as a potential source of land for housing by converting the underground concrete drains and built over. However, following examination of the South Hedland Flood Study (February 2011), it is concluded that this option is not feasible as the more down-stream culverts are subject to a high volume of water flow in heavy rain. It may be possible to release between three and six lots by focussing on the 'head-water' culverts where flows are low. This will require a detailed hydraulic study to verify which 'head-water' culverts could be economically and safely developed.

It is recommended that this strategy be reviewed on an annual basis at a minimum, or as appropriate.

In summary, this strategy recommends:

1. 58 houses be constructed over the next four years to meet staff housing demand;
2. Noting all land zoned Residential has been developed to full capacity, Part 1 of this strategy is to initially seek to develop lots at Catamore Court and South Hedland that are currently zoned Residential, which appear to be less constrained from a planning sense (as per Table 20);
3. Part 2 of this strategy is to develop the balance as per Table 20, which will initiatively involve modifying the Land Tenure to Residential land use;
4. Monitor the progress of acquisition of Pretty Pool landholding which may yield 3 lots, of which 2 may be sold to fund the Town's retention of yield;
5. Seek to convert landholdings vested as Parks and Recreation reserves listed in Table 21 to Residential to meet remaining requirement of eight dwellings for the Town;
6. Seek to develop lots utilising a combination of minimum and maximum yields, supplemented by the rental market to meet required number of 57 lots for the Town;
7. An alternative to strategy 4 will be to monitor the fall in the median cost of a house over the next year to determine if open market purchases in 2014 and 2015 may provide a viable alternative to developing;
8. Development of long term sustainable and commercially profitable housing stock that can support the operation of the Town.

The cost provision to provide the 58 required created lots and house construction is estimated at approximately \$30m. Financial implications of this strategy are that total estimated funds will be required in the region of approximately \$57m on the basis of the sale of 130 dwellings in addition to the 58 required for Town housing. Possible alternative funding options to be explored by the Town include joint venture arrangements and house or land exchanges.

In addition to the above, it is recommended that the Town of Port Hedland undertake a due diligence and feasibility study / business case of all proposed sites and prepare an implementation plan to delineate the delivery of the sites, inclusive of any further investigations and consultants required to manage the process going forward.

Once the required number of houses is constructed Town will possess a potential long-term investment property portfolio, with the ability to hold, sell or lease these assets in accordance with



current market conditions and demand. Despite some housing always being required, once normalisation occurs the demand gap will gradually reduce. It is recommended that an annual review take place to examine the current market status and thus maximise the Town's ability to respond to cyclical supply vs. demand fluctuations.

2. Introduction

2.1. Background

Attraction and retention of high quality staff is an ongoing challenge for regional councils. This is compounded when:

1. The cost of living in the regional centre is high;
2. There is competition for quality staff within a regional centre from private companies paying much higher salaries;
3. The regional council is understaffed (requiring existing staff to work harder than their remuneration package would typically require); and
4. Working conditions or environment is substandard.

The Town of Port Hedland has all of these impediments to the attraction and retention of quality staff.

One strategy to attract and retain staff is to provide housing. This has become essential as the cost of housing has spiraled beyond what can be afforded under the Town's remuneration structure.

With the rapid growth in the size of the Town's staff base, the Town has consumed all its owned housing and must now compete on the open market for additional housing. While the rapid growth experienced in the Town over the last few years will not continue indefinitely, the immediate need to provide additional housing dictates that houses must be procured within an overheated market.

2.2. Strategy Objectives

This document is a strategy, not a business case. This strategy sets out the housing demand to meet the Town's needs and provides a suggested strategy to deliver housing to meet those needs. This is a four year strategy in line with the four year WFP and CBP.

This strategy seeks to provide a method of achieving these housing goals using a minimum of capital. With the median cost of a house in the Port Hedland urban area at approximately \$800,000, purchasing 60 houses at market rates is not economically viable. Also, the median price may fall over the next few years with the retreat in investment by mining companies. Purchasing on market will hence likely result in losses being carried forward.

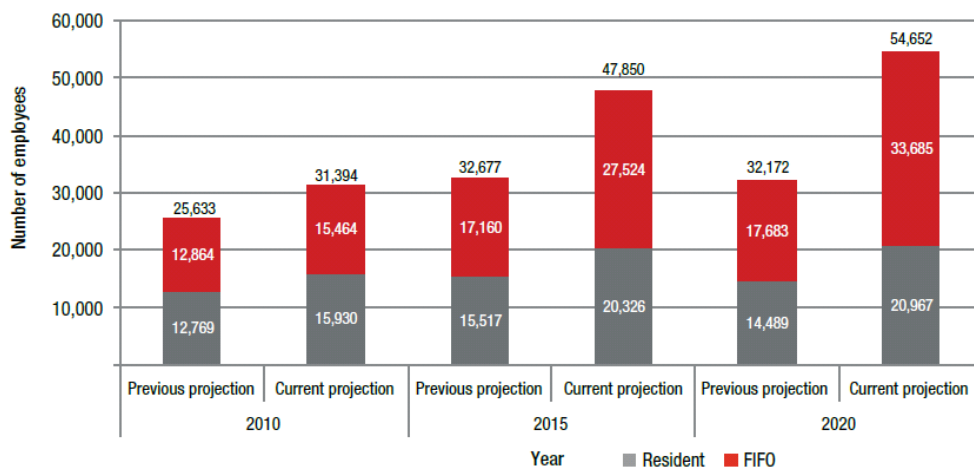
This strategy therefore seeks to make best use of existing Town assets to meet the housing need over the next four years.



3. Economic Analysis

3.1. Population

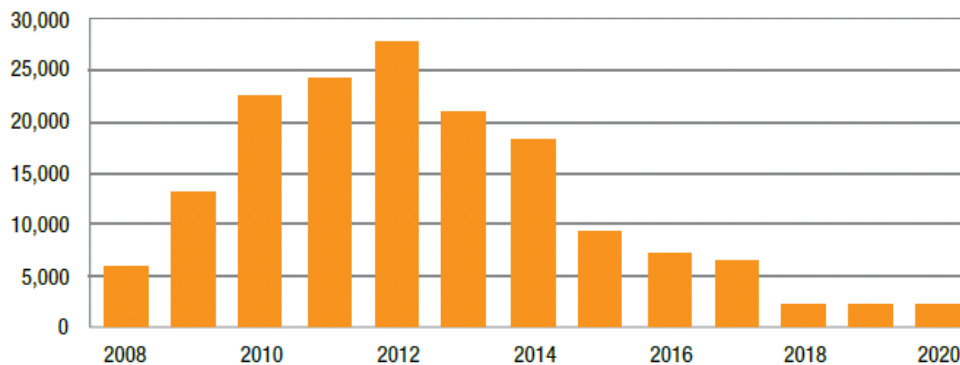
Economic forecasting for Port Hedland is fraught with difficulty. As can be seen from August and September 2012, the underpinning commercial investment profile of iron ore miners can swing economic assumptions very quickly. Below (Table 2: Population Forecast Variance) is a comparison of projections produced in 2010. Projections were significantly upgraded in 2010 however it expected that these will be downgraded in the next review.



Source: Pilbara Industry's Community Council (PICC): Revised employment and Population Projections to 2020 (2010)

Table 2: Population Forecast Variance

As can be seen from above, the fly in, fly out (FIFO) population is the largest factor on town population fluctuation. While many of these workers will be housed in private camps, contractors and service support industries will seek housing for FIFO staff. The graph below (Table 3: Construction Population) predates the movements in the last few months but shows the Town has reached its 'high water mark' for construction population. With the construction of additional productive capacity will come additional sustaining staff and operations staff but they are likely to be around 10% of the construction workforce.



Source: Pilbara Industry's Community Council (PICC): Revised employment and Population Projections to 2020 (2010)

Table 3: Construction Population



The Pilbara Industry Community Council (PICC) figures below (Table 4: Population Forecast) show the population of the Town growing above the Western Australian Planning Commission projections but this illustrates the difficulty in defining the underlying definition of ‘resident population’.

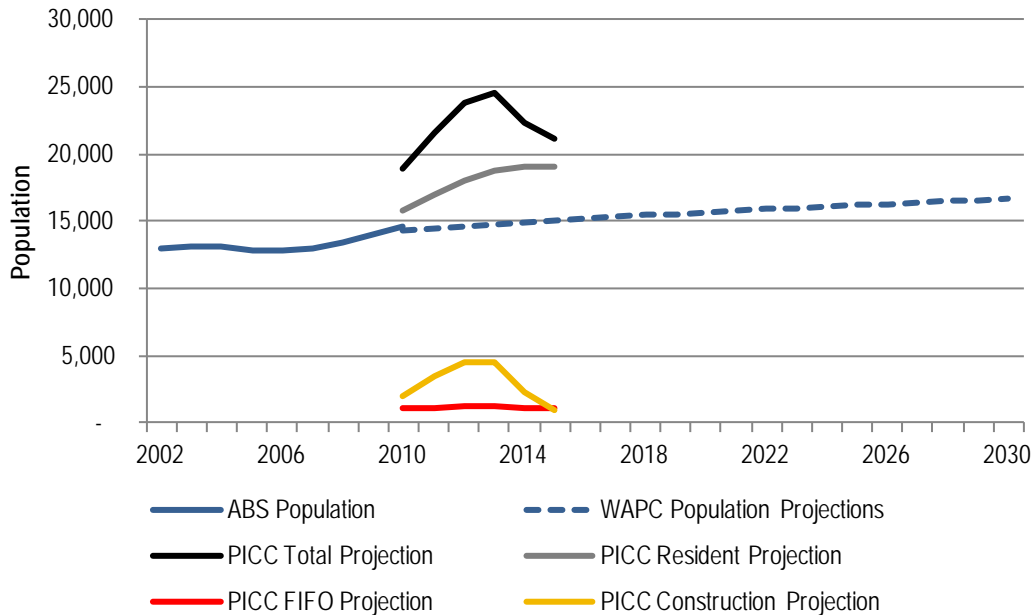


Table 4: Population Forecast

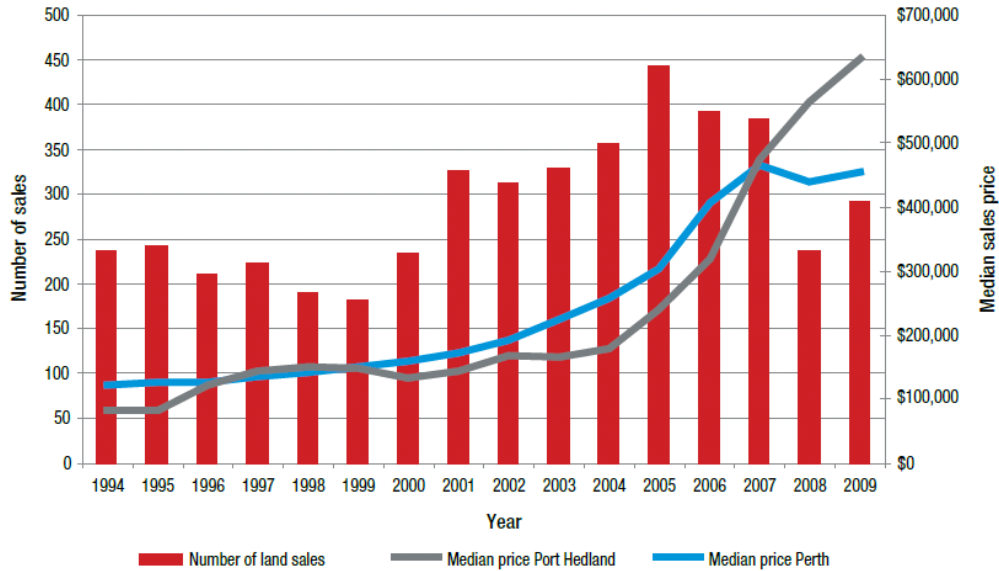
What is absolutely clear is that unless additional economic activity is generated in the Town away from iron ore, the population will not reach the 50,000 Pilbara Development Commission objective by 2035. The threefold difference between natural growth projections and accelerated growth objectives underscores the long term forecasting difficulty.

If Port Hedland did reach a 50,000 population by 2035, a sustained pressure on housing affordability would be experienced.



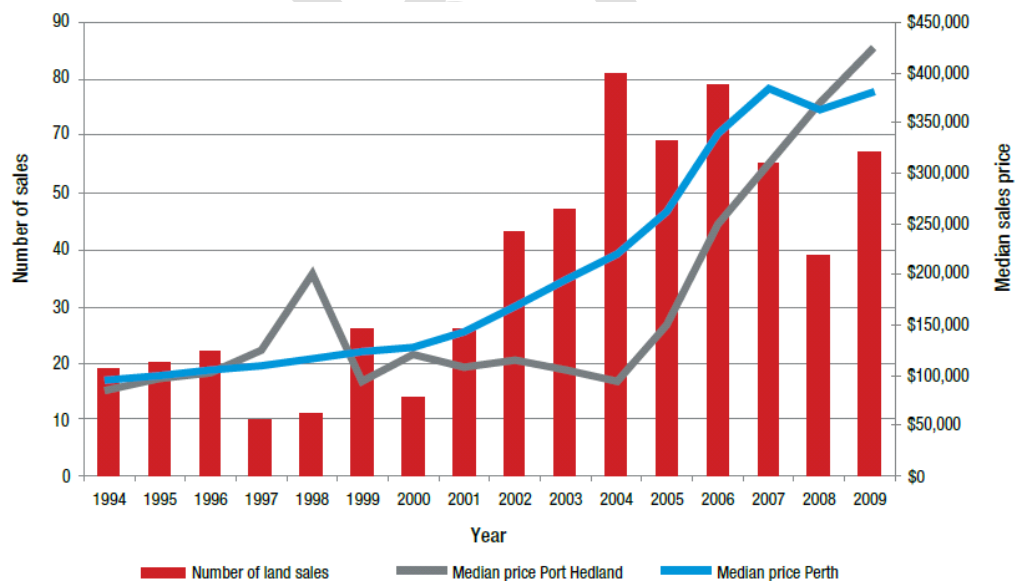
3.2. House Prices – Current

The graph below (Table 5: Median House Sale Trend) shows median house costs in Perth and Port Hedland being reasonably similar up to 2000 when Perth began to accelerate ahead of Port Hedland. Perth hit its peak in 2007; however, as can be seen Port Hedland continued to grow.



Source: Real Estate Institute of Western Australia (2010)
Excludes properties >1 ha

Table 5: Median House Sale Trend



Source: Real Estate Institute of Western Australia (2010) Excludes properties >1 ha

Table 6: Median Unit Sale Trend



The preceding graphs track prices to 2009 however the following graphs (Table 7 / Table 8) show in detail the price trends over the last four years. Comparing Port Hedland to regional WA and within the Town of Port Hedland itself shows the gap in affordability when trying to attract or retain staff.

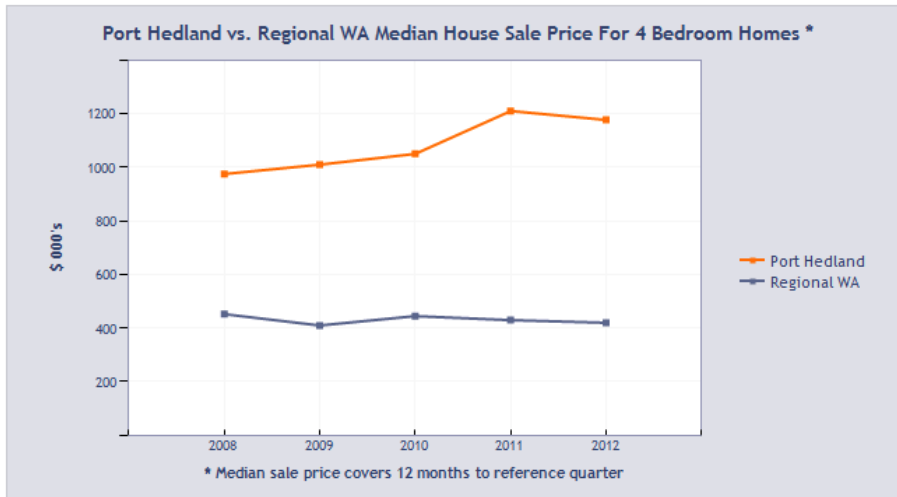


Table 7

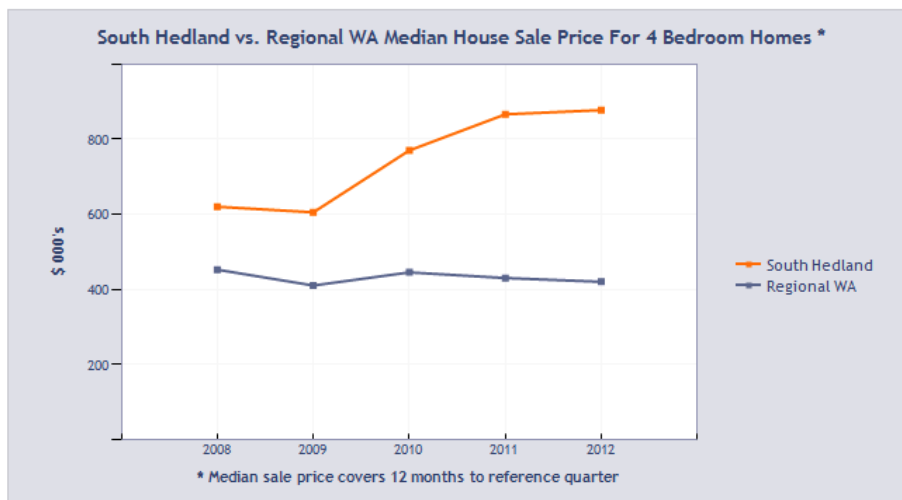


Table 8



The gap in the larger house prices is even wider when reviewing one and two bedroom housing (Table 9 / Table 10). The graphs below illustrate the demand for smaller houses is very high in support of the FIFO population.

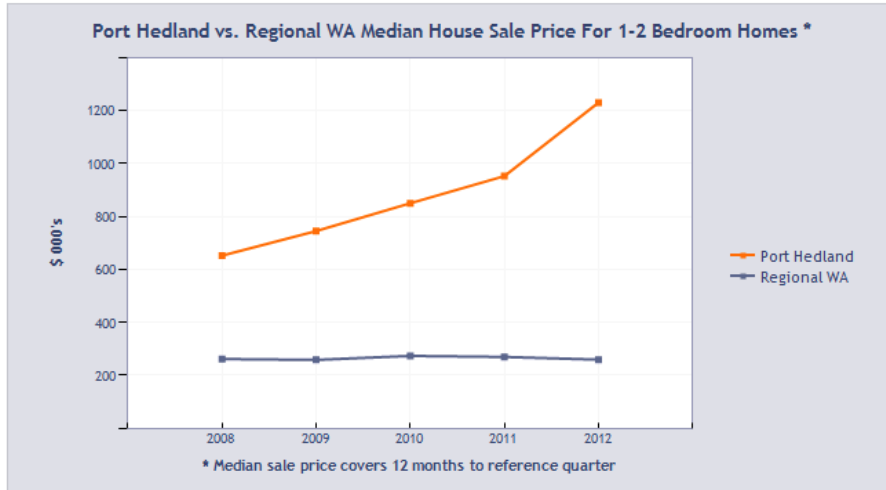


Table 9

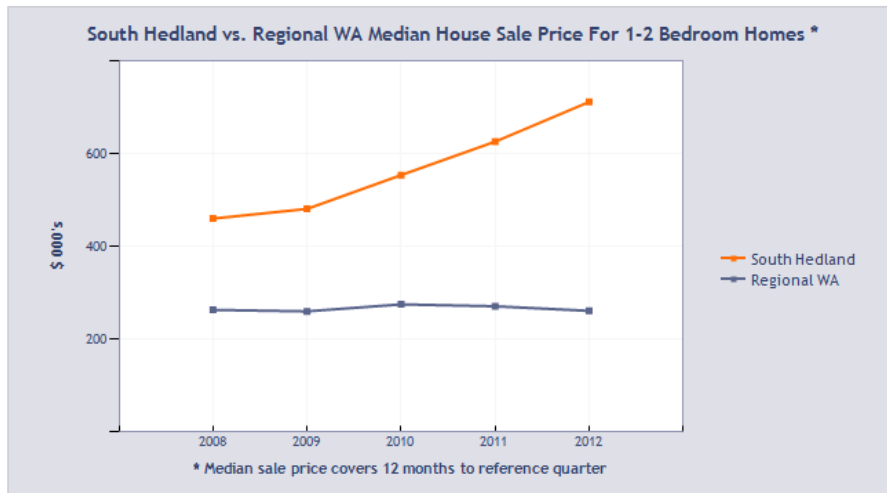


Table 10



Combining house and apartment price data, it can be seen that Port Hedland holds a significant premium to South Hedland (Table 11 / Table 12). The 50% premium is attributed to ocean views and a tighter market.

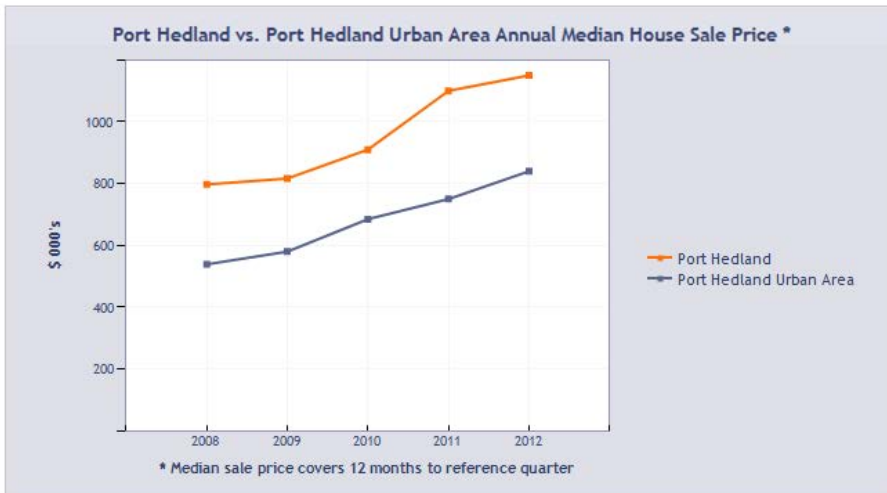


Table 11

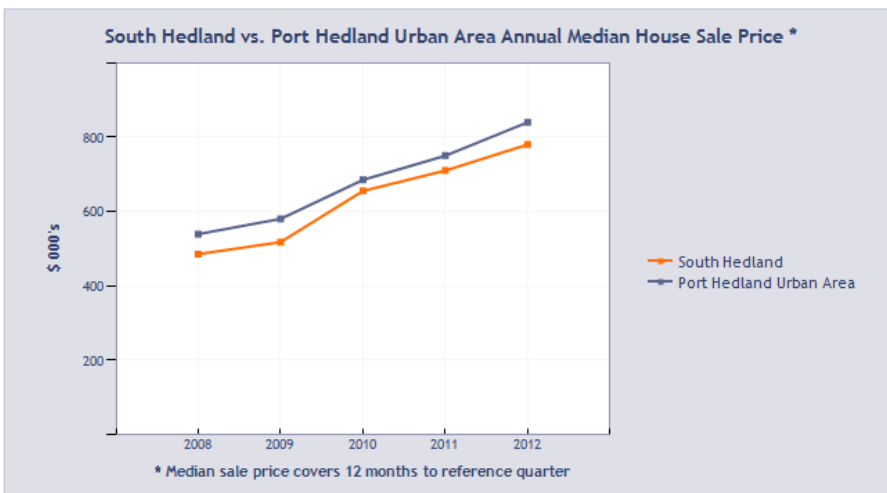


Table 12



3.3. Accommodation Supply Forecast

The table below (Table 13: Accommodation Supply Forecast) is once again based on data prior to the recent down turn in activity, sourced from the *Port Hedland Regional HotSpots Land Supply Update; April 2011*. What this data shows is that for the next two years, supply may not catch demand on the basis that there is an over-hang in demand. Depending on assumptions, supply will meet demand in two to five years.

Growth rates/ assumptions	Short-term (0-2yrs)	Medium-term (2-5yrs)	Medium-term (5-10yrs)
Assuming no existing unmet demand			
1.5% average annual demand growth	5856	6123	6596
Projected over/under supply	+548	+2702	+4729
2.0% average annual demand growth	5943	6306	6963
Projected over/under supply	+461	+2519	+4362
3.0% average annual demand growth	6119	6687	7752
Projected over/under supply	+285	+2138	+3573
4.0% average annual demand growth	6299	7086	8621
Projected over/under supply	+105	+1739	+2704
5.0% average annual demand growth	6483	7504	9578
Projected over/under supply	-79	+1321	+1747
Assuming existing unmet demand of 1400 dwellings (as determined by Pilbara Towns Housing Study)			
1.5% average annual demand growth	7256	7523	7996
Projected over/under supply	-852	+1302	+3329
2.0% average annual demand growth	7343	7706	8363
Projected over/under supply	-939	+1119	+2962
3.0% average annual demand growth	7519	8087	9152
Projected over/under supply	-1115	+738	+2173
4.0% average annual demand growth	7699	8486	10,021
Projected over/under supply	-1295	+339	+1304
5.0% average annual demand growth	7883	8904	10,978
Projected over/under supply	-1479	-79	+347

¹ Calculated using assumption of 2.5 persons per dwelling, and dwelling stock in mid-2010 at 5394 dwellings. Resident population at mid-2009 assumed at 14,000 persons. Potential additional dwelling yield over medium term (5-10 yrs) assumed at 500 dwellings per annum. Population and dwelling requirement calculated as at end of each time period (0-2 yrs calculated as at mid-2012, 2-5 yrs calculated as at mid-2015).

Table 13: Accommodation Supply Forecast



3.4. House Prices - Forecast

In the past five years, there has been a sustained growth in the Port Hedland median housing price. This strategy is not concerned with the absolute median housing price but focuses on the gap between the Perth and Port Hedland median housing prices. If Port Hedland’s median house price was similar to Perth’s, the Town would not be providing housing to staff.

The graph below shows the effects of various scenarios with regard to the Port Hedland median housing price versus the Perth median house price. Given Perth has been through five years of house price correction; the consensus view is that Perth has found its floor for median house prices. On this basis, we have escalated the Perth median house price at 4% per annum. While some commentators such as BIS Shrapnel are forecasting faster growth rates, most of these forecasts were before the iron ore price corrected.

The converging trends of increased land release and iron ore miners fall back to a more modest growth rate should result in preventing the median house price of Port Hedland rising any further. Port Hedland is likely to have reached its high point in terms of median house price and more than likely will see a decline in its relative value compared to Perth.

The graph (Table 14: Median House Price Normalisation Sensitivity) below provides various scenarios in the rate of that decline. It is anticipated there will not be a straight line decline but a correction followed by a floor being reached for a period of time. Under any scenario, parity will be several years at least, potentially taking a decade to achieve. On this basis, the Town will need to provide housing for years to come and median house prices will not affect the recommendations of this strategy.

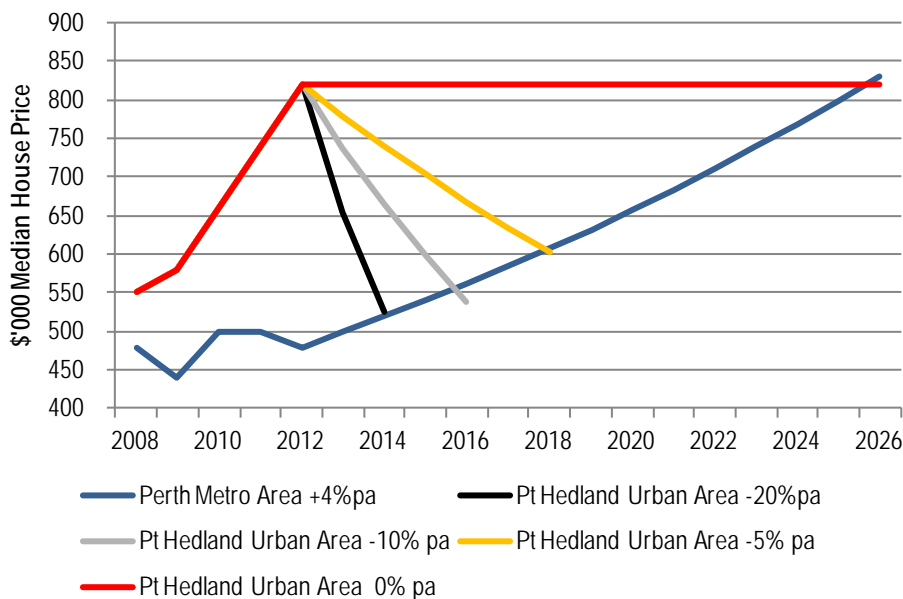
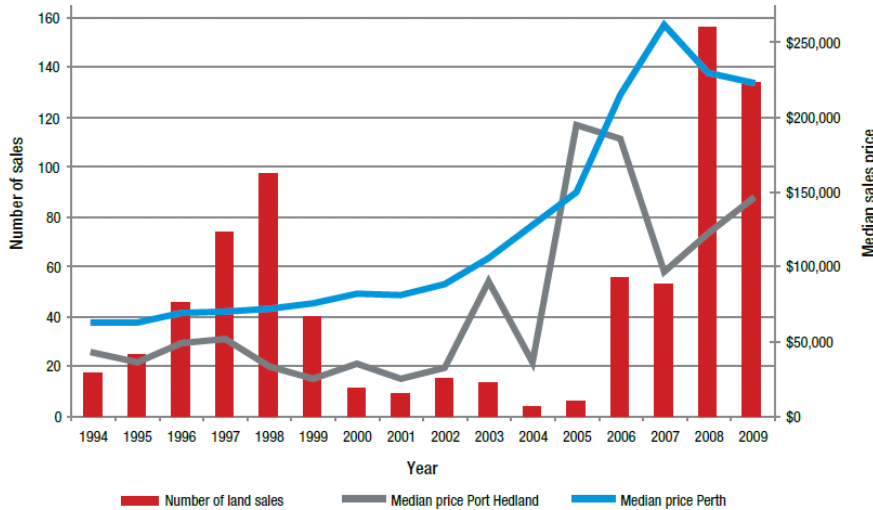


Table 14: Median House Price Normalisation Sensitivity



3.5. Land Price - Forecast

Land price data is difficult to draw conclusion on due to the small number of sales. Landgate is not providing land sales trends for the Town of Port Hedland due to the sample size being statistically too small. The table (Table 15: Median Land Sale Price Trend) below shows that to the end of 2009, land was still significantly cheaper in Port Hedland than Perth.



Source: Real Estate Institute of Western Australia (2010)

Table 15: Median Land Sale Price Trend

The graph (Table 16: Perth Median Land Sale Price Trend) below shows a slight lift in the Perth land price since 2009 but overall still resting around \$250,000 per land sale.

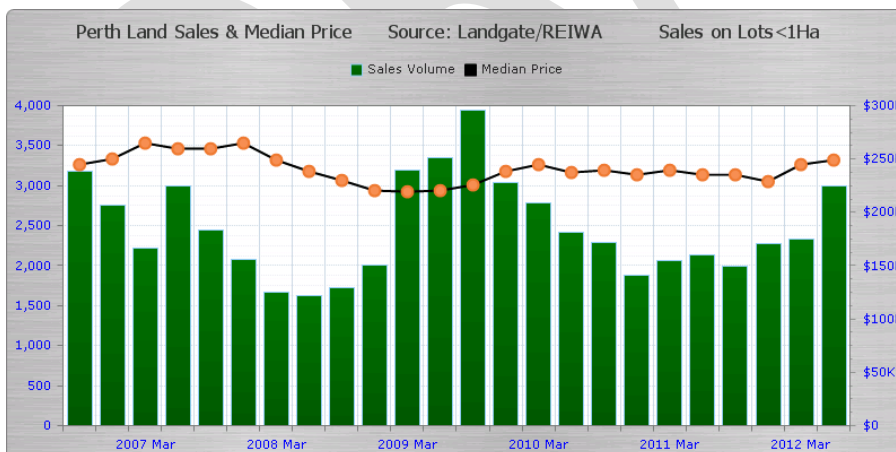


Table 16: Perth Median Land Sale Price Trend

Taking the limited land sale data available and comparing house and land sales with an allowance for the house deducted, an order of cost per square meter for vacant land is estimated at between \$600 and \$900. The average lot size is approximately 680m² giving an estimated land value of approximately \$400,000 to \$600,000. By comparison, vacant waterfront lots in Port Hedland are estimated to be worth between \$1.25million and \$1.5million.



3.6. Rental Market Analysis

The below table provides the current available stock listing for a total of 73 rental properties in Port Hedland and South Hedland as at 21st November 2012³. Such limited supply suggests it would be improbable that enough rental stock would be available at a given time to service the Town’s housing requirements in its entirety, in competition with the general public demand for housing. Long term state government growth plans for the area and projected expansion predictions for the current port facilities are further indicators that population growth is not likely to recede in the medium to long term, further supporting the requirement of assured housing to accommodate current and future local government employees.

Notwithstanding the above, the potential to source housing from the rental market should be monitored at all stages of housing demand, as there may be opportunities to supplement short term demand for housing through the rental market.

Port Hedland					
Bedrooms	\$ per week	Bedrooms	\$ per week	Bedrooms	\$ per week
2	\$ 1,200	3	\$ 2,000	4	\$ 2,600
	\$ 1,500		\$ 1,600		\$ 2,900
	\$ 1,000		\$ 1,900		\$ 3,800
	\$ 1,700		\$ 1,800		\$ 2,300
	\$ 1,500		\$ 1,600		\$ 2,800
	\$ 1,900		\$ 1,900		\$ 3,000
	\$ 1,450		\$ 1,650		\$ 2,800
	\$ 1,850		\$ 2,000		\$ 3,200
			\$ 2,300		
			\$ 2,000		
			\$ 3,000		
Average	\$ 1,513	Average	\$ 1,977	Average	\$ 2,925

South Hedland					
Bedrooms	\$ per week	Bedrooms	\$ per week	Bedrooms	\$ per week
2	\$ 1,300	3	\$ 1,500	4	\$ 2,400
	\$ 1,550		\$ 1,600		\$ 1,800
	\$ 1,400		\$ 1,900		\$ 2,200
	\$ 1,500		\$ 1,800		\$ 2,400
	\$ 1,300		\$ 1,800		\$ 1,850
	\$ 1,200		\$ 1,800		\$ 2,600
	\$ 1,700		\$ 1,700		\$ 2,400
			\$ 1,650		\$ 2,900
			\$ 1,250		\$ 2,000
			\$ 1,800		\$ 1,900
			\$ 1,600		\$ 2,600
			\$ 1,500		\$ 2,800
			\$ 2,000		\$ 2,300
			\$ 1,600		\$ 1,800
			\$ 1,800		
			\$ 1,650		
			\$ 1,400		
			\$ 1,500		
			\$ 1,800		
			\$ 1,700		
			\$ 1,600		
			\$ 1,400		
			\$ 1,600		
			\$ 1,300		
			\$ 1,800		
Average	\$ 1,421	Average	\$ 1,642	Average	\$ 2,282

Table 17: Available rental properties as at 19th November 2012

³ Data sourced from www.realestate.com.au



4. Town of Port Hedland Staff Housing Demand

4.1. Housing Policy

The executive of the Town have provided a policy position on which staff would be provided with housing. The positions are nominated as follows:

1. CEO and Directors
2. Managers
3. Coordinators/Level 6 Officers
4. Level 5 Officers whose position is considered of a technical or specialist nature and unlikely to be sourced from existing residents. This is very subjective and may alter over time.

There remains a housing affordability issue for lower paid staff within the Town. Assisting lower paid positions find accommodation will become increasingly important given the significant impact on the delivery of essential services for the community as new staff and skill sets may need to be attracted from outside Port Hedland.

The Town may need to assist lower paid staff through initiatives such as the Department of Housing, Service Workers Accommodation Project that provides quality subsidised leased housing to individuals whose roles are considered essential to the Town.



4.2. Workforce Plan Analysis

Each Directorate has been assessed against the policy criteria listed in section 4.1. The green boxes in the tables below (Table 18: Housing Provision per Directorate) indicate the positions that are scheduled to be provided with a house, as per the WFP 2012 – 2016.

Directorate	Total FTE				
	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
Office of CEO	4	4	34	39	41
Corporate Services	35	42	29	33	33
Engineering Services	89	106	136	131	139
Planning & Development	30	32	40	54	58
Community Development	31	34	47	55	69
Airport Redevelopment	0	3	7	23	26
Total FTE - All Directorates	189	221	292	335	366

The subsequent information expands on data provided in the above table;

	Office of CEO				
	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
CEO	1	0	0	0	0
Directors	0	0	0	0	0
Managers	1	0	2	0	0
Coordinators/ Lvl 6	0	0	7	0	1
Technical Lvl 5	0	0	5	0	0
Admin Lvl 5	2	0	3	0	1
Admin Lvl 4	0	0	12	3	0
Admin Lvl 3	0	0	1	2	0
Admin Lvl 2	0	0	0	0	0
FTE added in the year		0	30	5	2
Total FTE	4	4	34	39	41

	Corporate Services				
	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
CEO	0	0	0	0	0
Directors	1	0	0	0	0
Managers	4	0	-2	0	0
Coordinators/ Lvl 6	7	1	-4	2	0
Technical Lvl 5	2	0	0	0	0
Admin Lvl 5	3	3	-2	2	0
Admin Lvl 4	14	3	-1	-1	0
Admin Lvl 3	4	0	-4	0	0
Admin Lvl 2	0	0	0	0	0
FTE added in the year		7	-13	3	0
Total FTE	35	42	29	32	32



	Engineering Services				
	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
CEO	0	0	0	0	0
Directors	1	0	0	0	0
Managers	6	0	1	-2	0
Coordinators/ Lvl 6	9	2	2	-2	0
Technical Lvl 5	7	2	2	0	0
Admin Lvl 5	11	2	3	-3	0
Admin Lvl 4	30	10	12	-6	3
Admin Lvl 3	25	1	10	8	5
Admin Lvl 2	0	0	0	0	0
FTE added in the year		17	30	-5	8
Total FTE	89	106	136	131	139

	Planning & Development				
	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
CEO	0	0	0	0	0
Directors	1	0	0	0	0
Managers	4	0	0	1	0
Coordinators/ Lvl 6	7	1	1	4	-2
Technical Lvl 5	1	0	0	1	0
Admin Lvl 5	8	1	7	3	6
Admin Lvl 4	5	0	0	5	0
Admin Lvl 3	4	0	0	0	0
Admin Lvl 2	0	0	0	0	0
FTE added in the year		2	8	14	4
Total FTE	30	32	40	54	58

	Community Development				
	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
CEO	0	0	0	0	0
Directors	1	0	0	0	0
Managers	3	0	0	0	0
Coordinators/ Lvl 6	4	2	0	0	6
Technical Lvl 5	1	0	0	0	0
Admin Lvl 5	4	1	6	3	2
Admin Lvl 4	7	0	7	5	6
Admin Lvl 3	10	0	0	0	0
Admin Lvl 2	1	0	0	0	0
FTE added in the year		3	13	8	14
Total FTE	31	34	47	55	69



	Airport Redevelopment				
	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
CEO	0	0	0	0	0
Directors	0	1	0	0	0
Managers	0	0	3	0	0
Coordinators/ Lvl 6	0	0	0	3	0
Technical Lvl 5	0	1	0	0	0
Admin Lvl 5	0	0	1	13	1
Admin Lvl 4	0	1	0	0	0
Admin Lvl 3	0	0	0	0	2
Admin Lvl 2	0	0	0	0	0
FTE added in the year		3	4	16	3
Total FTE	0	3	7	23	26

Table 18: Housing Provision per Directorate

To summarise the above tables, the following (Table 19: Cumulative Housing Requirement) provides the total number of staff requiring housing starting at 61 in 2011-12 and rising to 100 in 2015-16.

Noting that the Town currently owns 41 houses or apartments, the shortfall is 20 in 2011-12 rising to 58 in 2015-16.

	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
Total FTE based on the WFP	189	221	292	335	366
Total FTE Provided with Housing (Based on CEO, Directors, Managers, Level 6 positions and assumed technical Lvl 5)	61	71	88	95	100
New Houses Required p.a. (ToPH currently own 41)	20	10	17	7	5
Cumulative new housing required (over and above the 41 already owned)	19	29	46	53	58

Table 19: Cumulative Housing Requirement



5. Land Availability

With the exception of Catamore Court (refer Table 20), all land owned by the Town that is zoned Residential has been developed. However there are a number of land parcels zoned Residential that are vested in the Town for other uses (refer Table 20) that could be developed with minimal planning constraints. With estimated land value between \$400,000 and \$600,000 for an average block, purchasing a large number of blocks on market is not viable. Upcoming land releases will likely be cheaper however the Town does not have time to wait for the first 30 or so blocks as the houses are required either immediately or in the next two years.

Waterfront lots in Port Hedland are currently selling for between \$1.25million and \$1.5million. As the Town owns five waterfront lots, these could be sold to fund 15 South Hedland lots however this is not recommended as firstly they are occupied and secondly they are a source of attraction for executive staff.

An alternative source of land is the Department of Regional Development and Lands 'Lazy Lands' program. The Lazy Lands residential infill project, run by the Pilbara Development Commission Office, identifies under-utilised or surplus Crown land that can be brought into the housing development pipeline. In the most part, parcels of land zoned Recreation or Parks have been identified as surplus to open space requirements. Not all land zoned Recreation or Parks can be rezoned as a reasonable quantity of public open space must be maintained. Of the nine smaller blocks of Recreation or Parks identified by the Town, four have been confirmed as available for rezoning with others in negotiation.

Two larger parcels of land have been approved for residential development. Catamore Court and land adjacent to the JD Hardie Centre will provide at least 76 lots for the Town to develop (Refer Table 20). At face value, these lots would provide sufficient land for the Town to meet its four year housing forecast requirement. With Catamore providing approximately 33 lots and the JD Hardie site providing approximately 43 lots, these two developments account for over half the 'Lazy Lands' program.

Despite additional land ownership along Morgan Street, the option to sell may prove attractive to the Town subject to consideration of the broader housing strategy and long-term housing requirements.

It is recommended however that no more than one in every two houses in a single development is occupied by Town staff. Once economic conditions normalise this will be applied; however, in the short term this may not be achievable. Mixing staff amongst the community is essential to prevent the feeling of Town accommodation enclaves. Staff are also unlikely to want to work and live together. Consequently, 16 of the Catamore Court lots and 21 of the JD Hardie lots are recommended for either sale or lease to non Town staff. Unrequired lots can be either sold as vacant lots or developed and sold or leased. Any of these options will assist in funding the Town's house construction costs.

Of the initial 129 lots identified in the 'Lazy Lands' program, 69 lots are recommended for Town housing. Although on face value these lots alone are sufficient to meet the housing requirement, it is recommended that all potential land sources are considered as an alternative, should any of the 'Lazy Lands' lots be deemed non-viable.



In reviewing the Town's land, one of the largest undeveloped land assets is the Town's open drain network. These drainage reserves were examined in the South Hedland Flood Study of February 2011 whereby it was indicated that hydraulic limitations, and easement and access restrictions would render a large majority of the landholdings undevelopable. In summary, it is assumed the more down-stream culverts are best left undeveloped due to the large quantity of water that flows in heavy rains. By focussing on the 'head-water' culverts where flows are low, between three and six lots may possibly be developed (refer Table 20), subject to an expert being commissioned to study the hydraulic limitations of this proposal and thus confirm the likely yield.

The South Hedland Flood Study of February 2011 does not recommend development of the drainage network without a full investigation and design process. It is worth noting that the flood study focussed on four development proposals that were generally 'down-stream' rather than 'up-stream' whereas this strategy is focussed on the 'up-stream' where flows are lower. It is also noted that much of the flood study was looking at 'bottle-necks' in the system where drains of insufficient size pass under roads and walk ways. The removal of these restrictions would likely be required to facilitate the development of the up-stream reserves.

DRAFT



5.1. 'Lazy Lands' Yield

The table below (Table 20: Priority 1 – Catamore Ct / Priority 2 – 'Lazy Lands' / Priority 3 – JD Hardie Land) summarises the Catamore Court, miscellaneous Parks and Recreation Reserves and the JD Hardie land yields. The red rows are Parks and Recreation Reserves that have either been rejected for conversion to residential land or were still in negotiation at the time of compiling this report. The column titled 'Town Yield' is the number of blocks recommended for housing development for the Town's purposes. Further investigation by a Town Planner is recommended to determine potential minimum and maximum yield from each landholding.

Project Name	Asset Number	Reserve No.	Lot	Survey	Street Name	Area	Reserve Purpose	Vesting/ MO	Native Title	Planning/ Zoning	HLAP Reference	Proposed Rezoning	'R' Value Yield	Town Yield	Sale or Lease to others
Catamore Court	Not Identified in Asset Register		2333	D46898, P70111	Catamore Court	0.6678		ToPH owned freehold	Extin-guished	Combination	Lot 2333	R30	33	17	16
Acquisition of 9 recreation reserves project	South Hedland														
	Not Identified in Asset Register	47918	2	D100648	Oriole Way	0.0493	Recreation & Drainage	ToPH 10/09/04	Extin-guished	Other public purposes water & drainage	SP07/44	R20	1	1	0
	Not Identified in Asset Register	45855	6070	P22662	Limpet Crescent/ Clam Court	0.0656	Recreation	ToPH 21/09/99	Extin-guished	Residential	SP07/152	R20	1	1	0
	350059	37564	3544	214186	Murdoch Drive & Koombana Avenue	0.3371	Parkland	ToPH 08/01/82	Extin-guished	Parks & Recreation	SP11/189	R30	14	7	7
	A130061	37547	3581	214186	Captain Way and Yanderra Crescent	0.6515	Parkland	ToPH 08/01/82	Extin-guished	Parks & Recreation	SP13/188	R30	7	4	3
	A130065	40088	4051, 8007	215416, 58916	Masters Way & Dowitcher Avenue Jabiru Loop	0.6774	Park	ToPH 31/07/87	Extin-guished NOT Extin-guished	Parks & Recreation	SP13/198	R30/ 50	20	10	10
	A130065	40088	4000	215416	Egret Crescent	0.0668	Park	ToPH 31/07/87	Extin-guished	Residential	SP13/241	R30	2	2	0
	A130065	35321	3706	214019	Kybra Close	0.726	Parklands & Pedestrian	ToPH 18/12/81	Extin-guished	Other public purposes water & drainage	SP12/184	R20	1	1	0
	A130048	37551		214187	Masters Way	0.7344	Parkland	ToPH 18/12	Extin-guished	Residential	SP13/232	R20	11	0	0
	Sub Total													46	26
Port Hedland															
A802201	40652	5863	P191022	Butler Way	0.2156	Recreation	ToPH	Extin-guished	Residential	PH09/158	R30	7	4	3	
JD Hardie	A130019	41675	Part 5991	P219898	Cottier Drive	0.8600	Parks & Recreation	ToPH	Extin-guished	Residential	SHSP08	R30	43	22	21
Likely Immediate Available Yield (Green)													129	69	60

Table 20: Priority 1 – Catamore Ct / Priority 2 – 'Lazy Lands' / Priority 3 – JD Hardie Land

It is interesting to note the small proportion of yield represented by possible development over lots zoned for water and drainage (maximum: 6, minimum: 3), which have a minimal impact on overall yields.

It is emphasised that the assumptions in relation to the development of this aspect of the strategy are indicative only, and are subject to the Town rezoning approval, timing and potential cost implications.



Upon purchasing any of the above landholdings, it is understood that 5% of the purchase price, as stipulated by the Valuer General, will be transferred to the Crown as consideration. The remaining 95% is “frozen” as a value, whereby upon the future sale of the land by the Town, the Town will be required to expend this sum towards the original use of the land.

Whilst it is not possible to determine an accurate value of the lots, which will, in any event, be determined by the Valuer General on behalf of RDL upon commencement of the application process, the Town has obtained a valuation report for Part Lot 5991⁴ which is a landholding listed in Table 20. The report suggests an average selling price of \$550 - \$600 per sqm which is supportive of the \$600 per sqm sales price assumption in Section 8.2 of this report. On this basis, the combined value of the lots listed in the above table is approximately \$22m, of which approximately \$1m (5%) would be required as payment to the Crown following the land purchase, with the balance expended on the original land use in the future.

Preceding any purchase of land, the Town will be required to relinquish its vested interest to the Department of Regional Development & Lands (RDL) whereby it is at the discretion of RDL to elect to onsell this land back to the Town or to advertise for sale to the open market. This process is subject to communications with RDL at the appropriate time.

Selected sites are illustrated in the following figures (Figure 1: Priority 1/2/3 Land Map 1 /

Figure 2: Priority 1/2/3 Land Map 2 / Figure 3: Priority 1/2/3 Land Map 3).



Figure 1: Priority 1/2/3 Land Map 1

⁴ Australian Property Consultants Report and Valuation for Part Lot 5991 Cottier Drive, South Hedland



Figure 2: Priority 1/2/3 Land Map 2

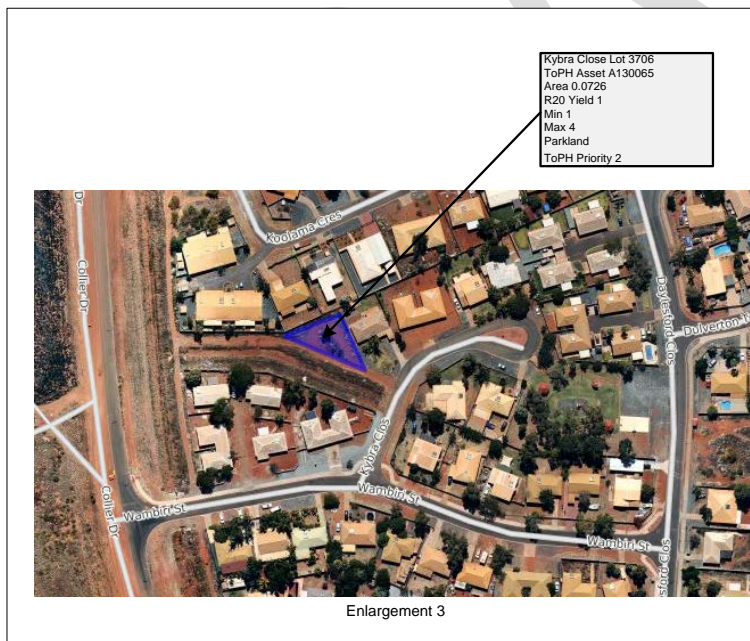


Figure 3: Priority 1/2/3 Land Map 3



5.2. Other Land Opportunities

The table below (Table 21: Priority 4 Land) holds land listed as vested in the Town under Parkland and / or Recreation Reserve.

As noted earlier in the document above, although the existing drainage network suggests an extensive landholding of land zoned drainage, a large majority of this land is likely to be undevelopable as considerations to access, easements and advice provided in the South Hedland Flood Study of February 2011 need to be considered. Of the 'Lazy Lands' sites, a minimum of 69 lots out of the potential 129 (refer Table 20) are recommended for development, which will meet the requirement of 58 dwellings should the majority of these lots be viable. Should there be a need to seek land from other sources, Table 21: Priority 4 Land outlines drainage reserves that may be considered for development.

It must be emphasised that the table below is a theoretical assessment and it is unlikely that all lots in their entirety can be created.

Project Name	Asset Number	Lot	Street Name	Area	Reserve Purpose	Vesting/ MO	Planning/ Zoning	Proposed Rezoning	Potential Yield
ToPH vacant land as per asset registry	A130019	Part 5991	Cottier Drive	0.92	Parks & Recreation	ToPH	Residential	R20	18
	A130613	5829	Acacia Way	0.1155	Parkland	ToPH	Residential	R20	2
	A802436	44830, 500	Paton Road	1.8	Parkland	ToPH	Residential	R30	33
	A130423	3463	Kwinana St	0.1216	Parkland	ToPH	Residential	R20	2
	A130418	3348	Koolama Crescent	0.056	Parkland	ToPH	Residential	R20	1
	A130055	3487	Collier Drive	0.7614	Parkland	ToPH	Residential	R20	15
	A802434	44778, 5961	Cottier Drive	945	Parkland	ToPH	Residential	R30	2
Total Park & Rec Yield Sub Total									71

Table 21: Priority 4 Land

Creation of Cottier Drive is subject to confirmation from RDL as to whether other arrangements have been made for this lot.

The map below indicates the extent of land owned or vested in the Town zoned as drainage. The areas to the south (bottom of map) are most appropriate for development as they are the 'head waters' of the drains and will require much smaller infrastructure to develop into residential lots.



The map below (Figure 4: Land not included in 'Lazy Lands' program) shows additional Parks and Recreation land not included under the 'Lazy Lands' assessment above.

ToPH Development Opportunities – Parks & Rec

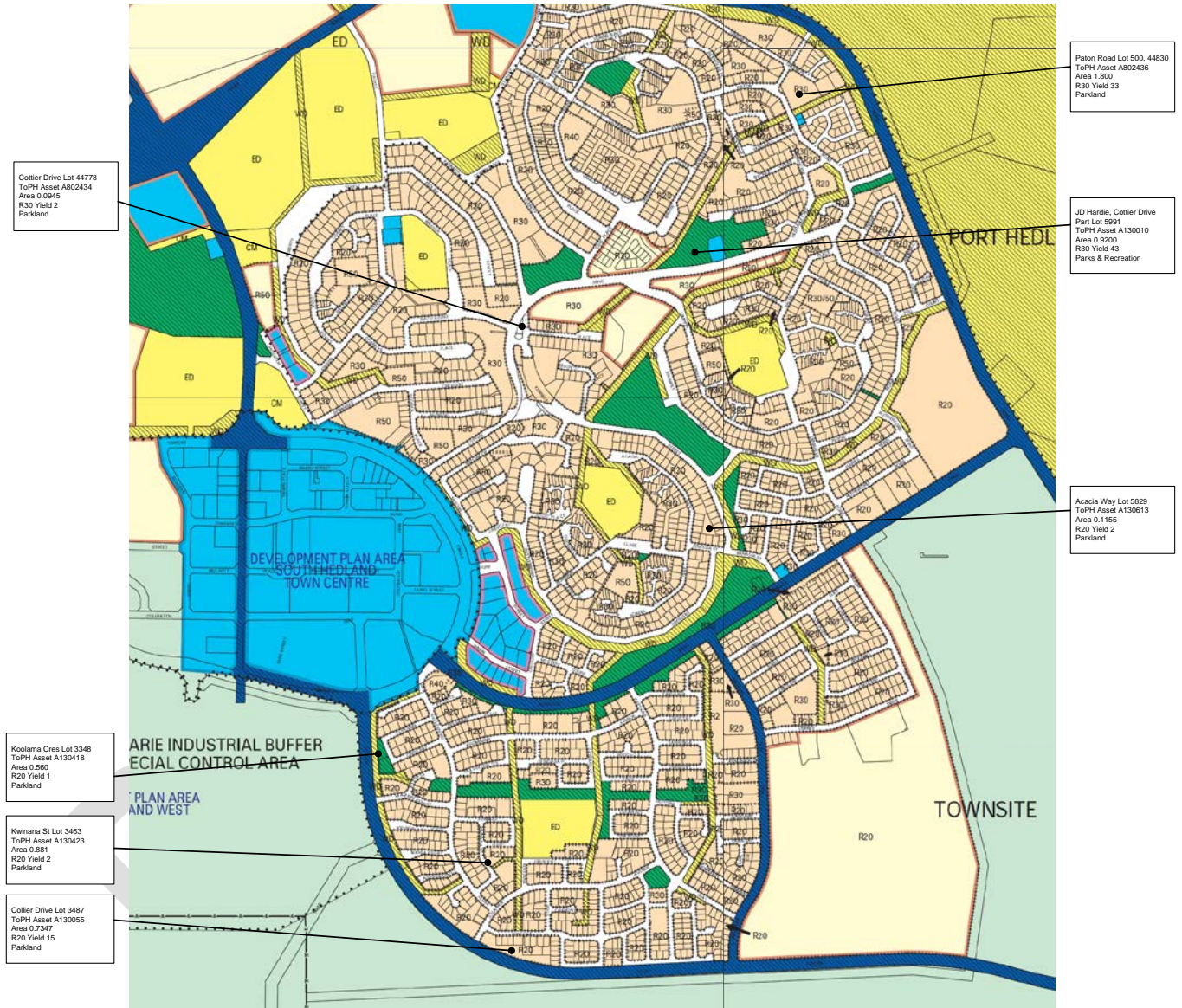


Figure 4: Land not included in 'Lazy Lands' program



5.3. Existing House Lots

Beyond the creation of new lots, existing housing can also be redeveloped (refer below Table 22: Existing Town Housing that could facilitate greater housing density). In the first instance, new housing needs to be created before the old housing can be decanted. In this respect, it is not considered practical to include redevelopment of existing Town housing in this four year strategy. It is anticipated that the Town will be fully committed keeping up with the demand created by the WFP and will unlikely be able to decant existing housing until beyond the window covered by this strategy.

Notwithstanding, from the existing housing database maintained by the Town of Port Hedland there are eight properties where the land area and zoning would permit a subdivision of the land (refer below). The following lots have been extracted from this database on the basis that the existing dwelling could possibly be demolished and two lots created, as such not all lots in the database have been considered.

ToPH Priority	Project Name	Asset Number	Lot	Street Name	Area	Reserve Purpose	Property Condition	Planning / Zoning	Potential Yield
5	ToPH Existing Housing Stock	A115801	6	14 Koolama Crescent South Hedland	0.0646	Staff Housing-House	Fair	R30	1
		A114760	14	82 Sutherland Street Port Hedland 6721	0.0885	Staff Housing-House	Fair	R30	1
		A800220	23	85 Sutherland Street Port Hedland 6721	0.0885	Staff Housing-House	Fair	R15	1
		A800190	1112	32 Moseley Street Port Hedland 6721	0.0923	Staff Housing-House	Fair	R15	2
		A800050	1516	96 Sutherland Street Port Hedland 6721	0.0832	Staff Housing-House	Fair	R25	2
		A800080	1554	26 Robinson Street Port Hedland 6721	0.0850	Staff Housing-House	New	R25	2
		A800270	3167	3 Mitchie Crescent South Hedland	0.0680	Staff Housing-House	Fair	R20	1
		A800210	5768, 1800	18-20 Logue Court South Hedland	0.0689	Staff Housing-House	Fair	R20	2

Table 22: Existing Town Housing that could facilitate greater housing density

Whilst it is reasonably forecast that required demand for new housing will be met through the construction of new dwellings, beyond 2016 there may exist opportunity to dispose of existing residential landholdings to fund the acquisition of new landholdings with a higher density. Should this option be explored it is recommended that the re-zoning of existing lots also be considered as an alternative to sale.



6. Land Supply

6.1. Lot Yield

The combined green coded residential parcels identified in Table 20 and the total Potential Yield as per Table 21 could potentially yield a total of 200 lots. However the drainage land may not yield its theoretical total number of lots due to the narrow disposition of the land parcels.

Lots	Reference	Yield
Catamore Court	Table 20	33
Lazy Lands	Table 20	53
JD Hardie Site	Table 20	43
Other parks and reserves	refer Table 21; Total Park and Rec Yield	71
	Total (theoretical maximum)	200

6.2. Yield Assumptions

The assumptions used in calculating the above are dependent on:

- Change of existing land use to residential zone;
- Drainage improvements / diversions.

Inhibiting factors include:

- Irregular shape of land parcels;
- Access to land parcels in drainage network;
- Flood study preventing drainage land being developed;
- Lot design to enable easements on drainage network.



6.3. Housing Targets

The development programme for staff accommodation is proposed to provide ample coverage of the Town's FTE requirements. With only one new director being added in the forward estimates, the bulk of the housing should be provided in South Hedland.

The table below (Table 23: Housing Locations and Schedule) also assumes 11 houses will be commenced or provided in 2014/15 rather than the seven required to provide some smoothing to the supply process.

	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
CEO	1	0	0	0	0	1
Directors	4	1	0	0	0	5
Managers	18	0	4	-1	0	21
Coordinators/ Lvl 6	27	6	6	7	5	51
Technical LVL 5	11	3	7	1	0	22
Total Housing Requirement	61	10	17	7	5	100
Shortfall Cumulative (41 existing houses)	20	30	47	54	59	
Build Target		20	17	11	10	58
Pt Hedland		1				1
South Hedland		19	17	11	10	57

Table 23: Housing Locations and Schedule

Once the required number of houses is constructed the Town will possess a potential long-term investment property portfolio, with the ability to hold, sell or lease these assets in accordance with current market conditions and demand. Despite some housing always being required, once normalisation occurs the demand gap will gradually reduce. It is recommended that an annual review take place to examine the current market status and thus maximise the Town's ability to respond to cyclical supply vs demand fluctuations.



7. Housing Supply

7.1. Planning Controls

The Local Council is the statutory agency responsible for controlling land use and planning the future growth of the Town.

The key statutory planning document is the Town Planning Scheme No.5 (the Scheme) which provides the policy framework for the administration of development in the region and compliments the Western Australian Residential Design Codes (R Codes).

Where realising any future land supply involves the modification to existing Crown land tenure, the Department of Regional Development and Lands is the statutory body that will act under the Land Administration Act 1997 (WA) to govern this process. This is further considered in Section 8.5 of this strategy.

7.1.1. Authority Approvals

The Scheme directs development into 3 classes for planning approval:

- Uses which do not require public notification;
- Uses which require notification; and
- Uses which are exempt from planning approval.

The majority of applications do not require public notification and can be dealt with under delegated authority by Council.

If an application is to be determined by the Council's Development Assessment Panel, the processing time can be considerably lengthened.

7.1.2. Non-Planning Statutory Controls and Requirements

In addition to the Local Authority Planning & Building regulations and requirements, all residential development must also conform to:

- Australian Standards – relevant to Domestic Class A buildings
- Building Code of Australia
- National Construction Code 2011
- Building Regulations 1989
- Electrical codes and regulations

Due to the dramatic climate conditions experienced in the Pilbara region, all buildings are to adhere to Region D, importance level 2, Terrain Category 2 and Climate Zone 1 to 4 of the BCA. All dwellings must be built to comply with performance requirements relating to the BCA- 'Part 3.10.1 - High Wind Areas', and specifically the management of the uplift force in a potential cyclonic event are to be adhered to.



7.2. Housing Design Guidelines & Development Standards

The foundations of facilitating a high standard sustainable housing development are the creation of solid housing design guidelines and development standards to specify the technical requirements of the design, construction and ongoing functionality of all new housing.

It is recommended the Town implement a set of housing design requirements for new buildings in the Pilbara Region which consider the climate and environment with respect to energy use and that focus on maximising the function and comfort level of internal and external living areas. A minimum energy rating of '6 star' should be set.

7.3. Housing Accommodation Types

7.3.1. Housing mix.

With 45% of Town dwellings having one or two occupants and 55% with three or more occupants, a variety of housing can be provided to lower the average cost of house construction. This strategy is based on the maximum use of 'manufactured housing' as these dwellings now achieve good design, aesthetic and energy performance at a lower cost and faster delivery than in-situ housing.

7.3.2. In-situ

The only in-situ built housing is recommended to be for the CEO and the Directors in Port Hedland. As can be noted from the house price differential between Port Hedland and South Hedland, Port Hedland is considered by the market to be superior. In-situ housing will sit more comfortably amongst the existing housing in Port Hedland, as will manufactured housing in South Hedland.

7.3.3. Manufactured Housing

Manufactured or modular housing has developed rapidly in terms of aesthetics and livability. The range of builders and products has also significantly increased enabling personal taste and natural variability to influence street scapes for the better.

The energy rating of manufactured houses has also improved significantly and is well suited to the Pilbara environment.

The time taken to build these houses and the cost of these houses is also far lower than in-situ built houses which will suit the Town's need to construct a large number of houses quickly.

According to the WFP 2012 - 2016 and this Housing Strategy, 58 new houses are required. Of these, 57 are recommended for South Hedland and to be manufactured or modular in their construction type.

Average costs of this house are derived in the table below (Table 24: Pilbara New Housing Cost Analysis) from the advertised prices of Pilbara housing from various suppliers.



Company	Model	Beds / Baths	Star Rating	Area (m2)	Price	Cost / m2	Average Area (m2)	Average Cost /m2	Average House Cost
Formas	Alto H211	2 by 1	6-8	80	276,220	3,453			
BGC Modular	The Amethyst	2 by 2	7.1	121	385,500	3,186	101	3,319	333,595
Alternative Living	The Pinnacle	3 by 2	8	126	413,936	3,285			
Ausco Modular	The Gambier	3 by 2	6	124	437,800	3,531			
Eaton Building	The Cossack	3 by 2	7.5	122	429,000	3,516			
Ganan Group	The Wirruna	3 by 2	6+	104	463,500	4,457			
McGrath Homes	The Leinster NW	3 by 2	7	120	413,500	3,446	117	3,765	440,901
Pilbara Residential Builders	Sovereign Collection MK4	3 by 2	6	105	429,800	4,093			
Rapley Wilkinson	The Howesion	3 by 2	5	101	437,159	4,328			
Summit North West	The Stirling	3 by 2	7	120	416,582	3,472			
TJR Building	The Koolinda	3 by 2	7.5	132	495,698	3,755			
Aussie Portables	The Residence	4 by 2	8.5	189	498,529	2,638			
Colin Wilkinson Developments	Ellenbrea MKIII	4 by 2	6.5	163	468,810	2,876			
Mitie Construction	The Cove	4 by 2	7.5	155	492,929	3,180			
Prefab Building Systems Australia	The Pilbara	4 by 2	7.5	172	359,000	2,087	170	2,805	477,753
Timik Developments	The Baynton	4 by 2	8.3	162	496,646	3,066			
TR Homes	Echo Beach	4 by 2	6.5	181	539,727	2,982			

Table 24: Pilbara New Housing Cost Analysis

7.4. Example Housing Providers

7.4.1. Mc Grath Homes



'Pilbara' house design by M^cGrath Homes



7.4.2. T&R Homes



'Killara' House Design by T&R Homes



'Echo Beach' house design by T&R Homes



8. Funding

8.1. Site Acquisition

Further to commentary in Section 5.1 regarding the cost of acquiring any of the sites as listed in Table 20, the exact nature and method of transferring these lots, and the subsequent cost involved, is subject to further investigation. However, it should be noted that this cost will need to be included in any financial assessment undertaken by a relevant expert.

The funding strategy for supply of staff housing is from land sale or long term lease revenue. As many of the land development opportunities realize numerous blocks, there is a need to sell or lease some of the lots to prevent enclaves of staff being created and to achieve better integration of Town staff within the community.

8.2. Land Sale Price

As noted in Section 3.5, an order of cost for vacant land is estimated at between \$600 and \$900 per square meter. The average lot size is approximately 680m² giving an estimated land value of approximately \$400,000 to \$600,000 in South Hedland. With the down-turn in forward investment by BHPB and FMG, and the planned release of new land, much of the pressure on land prices may reduce. It is anticipated the lots created by this strategy will be smaller than the 680m² average. Lot sizes of 500m² for land zoned R20 and lot sizes of 333m² for land zoned R30 are more likely than lot sizes of 680m². For the calculations in this strategy, a mid-point of \$300,000 per lot will be used (Table 25: Average Lot Sale Price Assumption).

Lot Size	Lot Value at \$600/m ²	Lot Value at \$900/m ²
333	\$200,000	\$300,000
Mid-point	\$300,000	
500	\$300,000	\$450,000

Table 25: Average Lot Sale Price Assumption

By comparison, vacant waterfront lots in Port Hedland are estimated to be worth between \$1.25million and \$1.5million.

The above land pricing is against the Perth metropolitan median land price of \$250,000 and the regional WA median land price of \$168,000⁵. It is not anticipated that the Port Hedland median land price will normalise in the short term given the cost of creating lots will still incur a regional mark-up for the construction trades involved (refer below).

8.3. Land Development Cost

The cost of developing the Town's parks, recreation reserves and drainage reserves needs to be considered in the business case that follows this strategy. The cost of providing subdivisional services, roads, kerbs, street lighting, etc must be considered. This will be minimal where lots are

⁵ REIWA Property Market Indicators for June Quarter as at 20 July 2012



adjacent to existing roads and services, or more onerous where a subdivision is required (eg Catamore Court or the JD Hardie block). As an average, \$100,000 per lot is selected for use in this strategy as the cost of creating each lot. This figure is established from examining a spread of costs throughout the Perth metro area and adjusting this in accordance with the regional location of the Town. Whilst variances between individual lots will occur, limited access to equipment and services required for lot development is the primary driver of the associated cost increase.

It should be noted that from a land development perspective, infrastructure costs vary across development types depending on the relevant zoning. Where a higher density is proposed the cost of shared amenity such as public open space, recreation reserves and roads etc are reduced on a per lot basis, however the service cost to each lot is evidently higher.

8.4. Net Return on Lot Development

Section 8.1 developed the assumption that the average sale price for vacant lots would be \$300,000.

Section 8.3 similarly developed the assumption that the average cost of developing a vacant lot for sale would be \$100,000.

For the calculations in this strategy, the assumption is that the net return to the Town for developing lots is \$200,000 per lot. This figure assumes the cost of the land to the Town prior to subdivision is nil.

As mentioned earlier, the option for the Town is to lease the land rather than sell the land. This has not been developed in this strategy as the returns would be limited in the short term placing a far higher funding requirement on the Town. Refer to Section 9 for further information regarding funding arrangements.

The below table illustrates the assumed lot development cost of \$100,000 together with the cost of providing a suitable dwelling to provide indicative costs of developing each site with both the minimum and maximum potential yields;

A	B	C	D	E	F	G	I	J
Lot	Area	Cost of Land	Min Yield	Cost to Provide Dwelling	Total Cost (C + E)	Town Yield	Cost to Provide Dwelling	Total Cost (C + I)
Catamore Court	0.6678	\$ 100,000	1	\$ 459,327	\$ 559,327	17	\$ 6,583,216	\$ 6,683,216
2	0.0493	\$ 100,000	1	\$ 459,327	\$ 559,327	1	\$ 387,248	\$ 487,248
6070	0.0656	\$ 100,000	1	\$ 459,327	\$ 559,327	1	\$ 387,248	\$ 487,248
3544	0.3371	\$ 100,000	1	\$ 459,327	\$ 559,327	7	\$ 2,710,736	\$ 2,810,736
3581	0.6515	\$ 100,000	1	\$ 459,327	\$ 559,327	4	\$ 1,548,992	\$ 1,648,992
4051, 8007	0.6774	\$ 100,000	1	\$ 459,327	\$ 559,327	10	\$ 3,872,480	\$ 3,972,480
4000	0.0668	\$ 100,000	1	\$ 459,327	\$ 559,327	2	\$ 774,496	\$ 874,496
3706	0.726	\$ 100,000	1	\$ 459,327	\$ 559,327	1	\$ 387,248	\$ 487,248
5863	0.2156	\$ 100,000	1	\$ 459,327	\$ 559,327	4	\$ 1,548,992	\$ 1,648,992
JD Hardie	0.86	\$ 100,000	1	\$ 459,327	\$ 559,327	22	\$ 8,519,456	\$ 8,619,456
					\$5,593,270	123	\$ 26,720,112	\$ 27,720,112

Table 26: Summarised cost to provide housing



The above table asserts the following assumptions:

- Column E adopts the Average House Cost of the 3 x 2 and 4 x 2 dwellings provided in Table 23;
- Column G reflects the Town Yield as per Table 20;
- Column I adopts the Average House Cost of the 2 x 2 and 3 x 2 dwellings provided in Table 23, being \$387,248.

8.5. Development Timing

As varying land tenures exist across the subject sites, the planning process will also vary and may involve the conversion of Crown Land to Freehold; lifting the vesting from the Crown to the Town of Port Hedland in order to modify the land tenure to Residential use; and then applying for Development Approval which may involve rezoning to increase the current density. The extent to which each site will be exposed to these processes will involve further legal advice and planning investigation in the due diligence phase.

The following Table 27: South Hedland Total Lots to be Developed High Level Implementation Plan, summarises the recommended staging for lots identified in Table 20, based on assumed planning constraints for each lot.

Summary Table for South Hedland Lot Requirement																							
Year	2012-2013	2013-2014	2014-2015	2015-2016	Timeframe																		
					0-3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57
Lot Number	19	17	11	10																			
Catamore Court (2333)	17																						
6070	1																						
4000	1																						
2			7																				
3544			4																				
3581			10																				
4051, 8007				2																			
3706				1																			
5863				4																			
Part 5991					22																		
Priority 4 Land (Table 21)																							
Priority 4 Land (Table 21)																							
Surplus from Developing Max Yield	0	4	0	12																			
Cost from Developing Max Yield	\$ 7,657,712	\$ 8,432,208	\$ 3,010,736	\$ 8,619,456																			
Total				\$ 27,720,112																			

Table 27: High Level Implementation Plan

The above table asserts the following assumptions:

- Lots are listed in descending order of preference, with initial three lots zoned existing Residential (as per Table 20);
- Lots required per year as per Table 28 in section 9.1, minus one lot in 2012-2013 to reflect one in-situ house constructed in Port Hedland;
- The planning & approvals process (assumed timeframe of 9 months) commences immediately for all proposed sites, upon which approved development can commence as required;



- Development costs as per Table 26: Summarised cost to provide housing;
- 12 month timeframe from construction commencement to completion.

A detailed timing schedule is subject to further investigation into which lots have the option to be developed as per the yield as indicated in Table 20.

8.5.1. Residential Zoning

Initial development should involve lots currently zoned Residential as existing approval for land use significantly reduces development timing, being lots 2333, 6070 and 4000 (refer Table 27). Assuming Catamore Court is successfully rezoned to R30 within the proposed 9 month planning approval timeframe and nil construction delays, 19 lots could be available for occupation within 20 – 24 months.

8.5.2. Other Zoning

The remaining lots classified land uses other than Residential may require the Town to relinquish the vesting of that land under the Land Administration Act 1997 (WA), as the proposed use differs to the use under the vested interest. The Town will then rely on the Department of Regional Development and Lands to cede these lots back to the Town for development. Without further due diligence it is not possible to accurately estimate the timing of this process for each site. However an assumption for a reasonably unconstrained site would be approximately 6 – 9 months. This process can be undertaken concurrently with the abovementioned rezoning and Development Approval process, and therefore may possibly not increase the timing of the planning approvals process.



9. Strategy

9.1. Houses per year required

The table below (Table 28: Number of Houses Required Per Annum) indicates the number of houses required to be built per annum to meet WFP demand. Note that in 2013-14 the number of houses is increased (and in 2014-15 the number is decreased) to smooth the building demand on industry.

	2011 - 2012	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
CEO	1	0	0	0	0	1
Directors	4	1	0	0	0	5
Managers	18	0	4	-1	0	21
Coordinators/ Lvl 6	27	6	6	7	5	51
Technical LVL 5	11	3	7	1	0	22
Total Housing Requirement	61	10	17	7	5	100
Shortfall Cumulative (41 existing houses)	20	30	47	54	59	
Build Target		20	17	11	10	58
Port Hedland		1				1
South Hedland		19	17	11	10	57

Table 28: Number of Houses Required Per Annum

9.2. Housing Types

One in-situ built house is required in Port Hedland for the new Director position created in 2012-13. The cost of this house at say \$700,000 (nominally double the cost of a manufactured house) is not factored into the lot sales equation following. It is noted that the Town has allocated \$2.5m per annum in the 2012/13 annual budget for rental cost associated with staff housing. Based on the housing availability and requirements of the WFP this allocation may potentially increase substantially in future if the current rental conditions persist. The first five manufactured houses will possibly obviate the need for rental accommodation whereupon the Town can redirect this cashflow to construction of housing – principally the new Director's house initially.

Fifty seven manufactured or modular houses are required in South Hedland.

The table below (Table 29: Existing Town Housing Population) indicates 45% of Town houses have three or four occupants. Conversely, 55% have one or two occupants. This ratio of 2.6 people per dwelling is identical to the Town's own research from 2010 where 14,443 persons were found to be housed in 5,555 dwellings. On this basis, but to maintain some flexibility, this strategy recommends less than 40% of housing be 2x2 bedroom / bathroom dwellings and over 60% be three or four bedroom dwellings.



Number of People in House	Number of Houses	Total Population	Overall Multiplier	1&2 Beds vs 3&4 Beds
1	5	5		
2	17	34		55%
3	7	21		
4	11	44		45%
Total	40	104	2.6	

Table 29: Existing Town Housing Population

The Director's house is recommended to be a four bedroom dwelling to cater for any eventuality in the family unit size (Table 30: Port Hedland Housing Requirement).

Beds / Baths	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
4 by 2	1	0	0	0	1

Table 30: Port Hedland Housing Requirement

Based on the demographic split discussed above, the following (Table 31: South Hedland Housing Requirement) split of housing types is recommended. The following is a balance between providing flexibility in housing varying family units and minimising the cost of construction.

Beds / Baths	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
2 by 2	8	6	3	4	21
3 by 2	7	5	4	3	19
4 by 2	5	6	4	3	18
Total	20	17	11	10	58

Table 31: South Hedland Housing Requirement



9.3. Cost of Provision

The cost of creating lots (refer section 8.3) has been assumed for the purposes of this strategy as \$100,000 per lot. The table below (Table 32: South Hedland Lot Creation Cost) shows the annual cost of lot creation for the Town's houses.

Beds / Baths	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
\$100,000	2,000,000	1,700,000	1,100,000	1,000,000	5,800,000

Table 32: South Hedland Lot Creation Cost

Should the Town decide to proceed with Recommendation Item 2 and develop Catamore Court and lots currently zoned Residential as per Table 20, the below Table 34: South Hedland House Construction Cost indicates the cost of lot creation for both the minimum and maximum potential yields.

Lot	Cost per lot	Min Yield	Total Cost Min	Max Yield	Total Cost Max
Catamore Court	\$ 100,000	21	\$ 2,100,000	46	\$ 4,600,000
6070	\$ 100,000	1	\$ 100,000	4	\$ 400,000
4000	\$ 100,000	2	\$ 200,000	4	\$ 400,000
		Total Cost	\$ 2,400,000		\$ 5,400,000

Table 33: South Hedland Lot Creation Cost as per Recommendation Item 2

The table below (Table 34: South Hedland House Construction Cost) takes the supply profile (section 9.2 above) and multiplies the number of dwellings by the average cost of a manufactured dwelling (section 7.3).

Beds / Baths	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
2 by 2	2,668,758	2,001,568	1,000,784	1,334,379	7,005,489
3 by 2	3,086,304	2,204,503	1,763,602	1,322,702	8,377,112
4 by 2	2,388,767	2,866,520	1,911,013	1,433,260	8,599,560
Total	8,143,828	7,072,591	4,675,400	4,090,341	23,982,160

Table 34: South Hedland House Construction Cost

The table below (Table 35: South Hedland Lot Creation and House Build Cost) is the total cost of lot creation and house construction for the Town's housing requirement (58 houses).

Beds / Baths	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
Total	10,143,828	8,772,591	5,775,400	5,090,341	29,782,160

Table 35: South Hedland Lot Creation and House Build Cost



9.4. Funds Required

9.4.1. Funds Required

To fund the above there are various possibilities, ranging from the Town's own resources, to State Government regional development programs and corporate donation. Further alternate funding options to be explored by the Town include joint venture arrangements and house or land exchanges. For the purposes of this strategy, funding has been calculated based on raising funds from lot development and sale to the public.

Based on a profit of \$200,000 per lot (refer section 8), the following table (Table 36: South Hedland Lot Sales Required to Fund Lot and House Cost) indicates the number of lots required to fund the Town's development cost.

Profit on lot sale	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
\$200,000	51	35	23	20	130

Table 36: South Hedland Lot Sales Required to Fund Lot and House Cost

To fund these lots, the \$100,000 cost of creating a lot for sale also needs to be considered. The table below (Table 37: South Hedland Total Lots to be Developed) provides the total number of lots that need to be developed for sale and for development by the Town.

	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	Total
Total Lots	71	52	34	30	188

Table 37: South Hedland Total Lots to be Developed

It must be noted that financial reassessment may be required following the outcomes of further advice regarding purchase price apportionments imposed by RDL as discussed in Section 5.1.



9.5. Recommendation

In summary, this strategy recommends the following to achieve the required 58 houses by 2016:

1. 58 houses be constructed over the next four years to meet staff housing demand;
2. Noting all land zoned Residential has been developed to full capacity, Part 1 of this strategy is to initially seek to develop lots at Catamore Court and South Hedland that are currently zoned Residential, which appear to be less constrained from a planning sense (as per Table 20);
3. Part 2 of this strategy is to develop the balance as per Table 20, which will initiatively involve modifying the Land Tenure to Residential land use;
4. Monitor the progress of acquisition of Pretty Pool landholding which may yield 3 lots, of which 2 may be sold to fund the Town's retention of yield;
5. Seek to convert landholdings vested as Parks and Recreation reserves listed in Table 21 to Residential to meet remaining requirement of eight dwellings for the Town;
6. Seek to develop lots utilising a combination of minimum and maximum yields, supplemented by the rental market to meet required number of 57 lots for the Town;
7. An alternative to strategy 4 will be to monitor the fall in the median cost of a house over the next year to determine if open market purchases in 2014 and 2015 may provide a viable alternative to developing;
8. Development of long term sustainable and commercially profitable housing stock that can support the operation of the Town.

9.6. Next Steps

In the implementation of this strategy it is recommended that the Town conduct thorough due diligence on all potential subject sites discussed, which should involve the engagement of consultants to provide advice on planning, legal, engineering, environmental and surveying issues of each site.

Key issues identified as a result of the due diligence will assist in the creation of a business case, which will address the details of the strategy options.



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