



23 JANUARY 2023

Shire of Esperance

ORDINARY COUNCIL

24 JANUARY 2023

SUPPLEMENTARY ITEMS

we make it

happy

16. URGENT BUSINESS APPROVED BY DECISION

Item: 16.1

Staff Housing Proposal - Short and Long Term

Author/s	Shane Burge	Chief Executive Officer
Authorisor/s	Shane Burge	Chief Executive Officer

File Ref: D23/1490

Applicant

Shire of Esperance

Location/Address

Esperance

Executive Summary

For Council to consider short and long term solutions to address critical housing requirements for Shire staff.

Recommendation in Brief

That the Shire purchase suitable residential properties for interim staff housing and call tenders to build and construct residential dwellings on three vacant Shire-owned properties.

Background

Recent improvements to labour market and economic conditions have coincided with a current lack of residential rental stock in Esperance. This has translated to a historically low vacancy rate of 0% in Esperance at certain times.

Such low vacancy rates have resulted in increased rental costs. As of December 2021, asking rents were up \$100 / week on pre-Covid-19 levels. Rents have continued to increase in the first half of 2022, albeit at a slower rate.

The situation is effectively at emergency levels with the strong demand for limited available stock far outpacing supply. This is leading to increased pressure on social housing and informal housing (e.g. short stay, caravan parks etc.) creating additional pressures on Shire services.

The Shire does not own any staff housing in Esperance. Historically the Shire has assisted staff by renting properties on their behalf and passing on the rental costs. Evidently, the Shire is not immune to the effects of a heated housing market given many existing or prospective staff have not been able to attain rental properties.

It is difficult to attract prospective staff to Esperance in the current labour market. This is further exacerbated by low accommodation vacancy rates. Staff turnover is a natural occurrence in the organisation and the lack of housing options for prospective employees is constantly raised as an issue.

Positions will remain vacant unless the matter of housing for prospective employees is addressed. This will eventually lead to reduced service delivery to the community.

Officer's Comment

There are two options that are considered the most suitable to assist in addressing staff housing accommodation requirements.

Short Term

If the Shire was to purchase two or three existing residential properties, these would be offered to rent to staff at market rates. Thus, allowing staff an interim solution to find alternate permanent housing. This is perceived to be the only real short term option at this time.

Residential properties are currently moving quickly so the Shire would need to be agile in its decision making to purchase any suitable properties. It is proposed the Chief Executive Officer is delegated to sign "Offer and Acceptance" forms for suitable properties with one of the "conditions of sale" being approval by Council.

A report back to Council on any proposed purchase will ensure the property meets the requirements of the Shire while enabling funds to allow the purchase to proceed.

It is anticipated that only a small number of properties would be acquired at this time, provided properties are constructed by the Shire in the longer term. These properties can then be used as transitional properties for new employees during probation periods, allowing them time to source permanent housing.

Long Term

In addition to the acquisition of residential rental properties, it is proposed the Shire builds residential dwellings on land held by the Shire. However, in the current construction climate, this is estimated to be a two-year process.

The Shire currently owns three vacant lots that have been for sale for a considerable period of time. Residential construction on these vacant lots will make them more attractive for sale with the added benefit of assisting to mitigate local accommodation and housing issues.

The properties are as follows:

- Lot 1035 Voile Lane - This property is 1,830m² and has the capacity for up to four dwellings. A unit style development consisting of two to three bedrooms and one bathroom with a shared common driveway is considered the most suitable;
- 45 Hockey Place - This property is 567m². It is an undulating site that is suitable for a three bedroom, two bathroom residence; and
- 46 Hockey Place - This property is 571m². It is an undulating corner block that is suitable for a three bedroom, two bathroom residence.

Once constructed, a determination can be made by Council on whether to sell the properties or retain them for staff housing, renting on the open market or for Government Regional Officer Housing (GROH) accommodation.

The building industry is currently under stress due to limitations on supplies, materials and trades. To ensure a residential building tender is as attractive as possible for local builders it is proposed the Shire undertakes a design and construct tender for all three properties.

Consultation

Local real estate agents

Local builders

Financial Implications

The financial implications arising from this report are unknown at this stage. Results from a tender process or any proposed purchase of properties will be subject to further reports being presented back to Council for consideration.

It would be proposed that the existing properties be funded from the Land Purchase and Development Reserve which is currently estimated to have a closing balance at the end of the 2022/23 year in excess of \$2 million.

Asset Management Implications

Nil

Statutory Implications

Nil

Policy Implications

Nil

Strategic Implications

Council Plan 2022 – 2032

Leadership

A financially sustainable and supportive organisation achieving operational excellence
Provide responsible resource and planning management for now and the future.

Environmental Considerations

Nil

Attachments

Nil

Officer's Recommendation

That Council-

1. Delegate authority to the CEO to source suitable residential staff housing to purchase including executing an "Offer and Acceptance" form on any suitable properties subject to a condition of sale being final approval by Council.
2. Authorise the CEO to advertise a "Design and Construct" tender for residential construction at:
 - a. Lot 1035 Voile Lane, Castletown;
 - b. 45 Hockey Place, West Beach; and
 - c. 46 Hockey Place, West Beach.

Voting Requirement Absolute Majority

17. MATTERS BEHIND CLOSED DOORS