Lockyer Valley Regional Council

PART A: HOUSING ANALYSIS REVIEW

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Queensland Department of Housing and Public Works

CONTENTS

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Executive Summary of Housing Analysis Review

The Housing Analysis is intended to assist Council with the preparation of a housing needs assessment as outlined in the *State Planning Policy 1/07: Housing and Residential Development* (SPP 1/07). A housing needs assessment assists in indicating a range of appropriate housing options that respond to identified housing needs. SPP 1/07 envisages that the housing needs assessment, in conjunction with a planning scheme analysis, will inform planning scheme measures that provide opportunities for these housing options.

This Housing Analysis provides a summary of the findings of a review of the demographic characteristics, the housing market characteristics, and housing needs characteristics. These findings are reported for the Lockyer Valley Regional Council area and are benchmarked against the South East Queensland Planning Region (SEQPR) and the whole of Queensland. The analysis provides an integrated overview of the implications of the findings on reviewing and estimating the range of housing options that would respond to existing and future housing needs in the Lockyer Valley Regional Council area.

Key points of the Housing Analysis for the Lockyer Valley include:

Demographic

- Couple only (30%) and couple family with children households (30%) comprise the majority of households in Lockyer Valley.

- Lockyer Valley has greater proportions of couple only households (30%) than SEQPR (26%) and Queensland (27%) but slightly lower proportions of lone person households (19%) in comparison to SEQPR and Queensland (21%). Proportions of lone parent households are similar to the SEQPR and Queensland at 11%.

- Between 2001 and 2011, proportions of couple family with children households in Lockyer Valley have declined at a more rapid rate than those for the SEQPR and Queensland while proportions of one parent family, couple only, and group households have increased at faster rates, and in the case of lone person households, increased rather than declined.

- By 2031 it is estimated that the majority of households (53.6%) in Lockyer Valley will comprise small households (single person and couple only). The predominance of couple only households is expected to grow over this period to 32% of all households and couple family with children households are expected to shrink to 27% of all households.

- Over this period, couple only households are expected to comprise 34% of all new households formed in Lockyer Valley and couple with family household, 23%, of all new households.

- Over the same period, lone person households and lone parent households as a proportion of all households are expected to expand to 22% and 13% respectively. In terms of new households formed, it is expected that lone person households will comprise 23% of all households and lone family households, 14%.

- It is estimated that 13,000 new households may form in, or be drawn to, Lockyer Valley between 2006 and 2031. Estimated household growth rates for the census interval periods are expected to be between 30% and 60% higher than SEQPR and Queensland.

- The Lockyer Valley community profile is distinct from SEQPR and Queensland in that it comprises larger proportions of dependent children (0-14 age group) and older adults (45-54 and 55-64 age groups) and lesser proportions of younger adults (25-34 and 35-44 age groups). These lesser proportions of young working age adults are consistent with other rural regions not linked to the mining resource sector.

- Between 2001 and 2011, the Lockyer Valley community profile has been ageing across the age group spectrum as per SEQPR and Queensland trends, except that the 65+ age groups have been ageing at a faster rate.

- Due to Lockyer Valley's existing community profile it is estimated that it will vary from future SEQPR Queensland community profiles and approximate aspects of their existing community profiles, i.e. Lockyer Valley proportions of persons in the 25-34 and 35-44 age groups are expected to be greater. Whether regional transport infrastructure to non-local work opportunities and local employment growth opportunities in Lockyer Valley will be sufficient to prove these estimates correct is an issue for consideration.

- Lockyer Valley is expected to significantly expand proportions of 75+ persons, but whether it will realise these estimates is an issue for consideration given low levels of housing diversity and higher level health facilities and services in larger regional centres such as Toowoomba.

- Lockyer Valley is expected to maintain a higher than SEQPR and Queensland average proportion of persons in the 44-54 age group but not its higher proportion of persons in the 55-64 age group. Given the relative housing affordability and 'tree change' phenomena this estimated change in this 55-64 age group is an issue for consideration when reviewing anticipated population and age estimates.

- Population growth rates for Lockyer Valley are expected to be in the order of 14% per census interval as opposed to lower growth rates of between 8 to 10% for SEQPR and Queensland.

- Lockyer Valley has lower median household incomes than SEQPR and Queensland and greater proportions of households in the bottom 40 per cent of the Queensland income distribution.

- Lockyer Valley has higher proportions (6.4%) of persons self-identifying as needing assistance with core 'living' activities than those for the SEQPR (4.5%) and Queensland (4.7%).

Housing

- Lockyer Valley has higher proportions of fully owned or being purchased tenures and substantially lower proportions of private rental tenure than SEQPR and Queensland.

- Between 2001 and 2011, fully owned housing tenure declined in Lockyer Valley, SEQPR and Queensland by almost 25%. Correspondingly, all regions experienced increases in proportions of housing purchase and private rental tenure over this period, with Lockyer Valley recording lower rates of growth in home purchase but higher rates of growth in private rental tenure

- Lockyer Valley has minimal diversity in its housing stock and comprises very high proportions of separate houses (94%) and very low proportions of semi-detached dwellings (1%) and flats (3%). Thus housing diversity splits (for these dwelling types) for Lockyer Valley and these larger regions are significantly different - Lockyer Valley (94%/1%/3%), SEQPR (75%/10%/14%) and Queensland (77%/8%/12%).

- Lockyer Valley's lack of housing diversity means that separate houses have to accommodate almost all the community's tenure types, household types and age groups. Declining housing affordability, high proportions of low income households and an ageing population are likely to be issues for consideration in relation to the ongoing capacity of this diversity split to meet the community's housing needs.

- Lockyer Valley dwelling approvals trends for houses and other dwellings (semi-detached dwellings (etc) and Flats (etc)) provide additional evidence that the housing market is not delivering housing diversity at the levels being provided in the SEQPR and Queensland. While lower levels of housing diversity are expected in small rural regions, the pronounced variation in the performance of these housing markets suggest that there may be existing planning scheme barriers to the provision of housing diversity in Lockyer Valley.

- Between 2005/6 and 2010/11, the averaged five yearly growth rate of all private rental dwellings (13.8%) has been significantly higher than the Queensland average (4.9%), particularly for detached dwellings (13.8% and 5.0% respectively).

- Median rents across all bedroom sizes in Lockyer Valley are significantly lower than the Queensland average, but the differentials in median rents between these regions for one, two and three bedroom dwellings have eroded since 2006/7, i.e. relative affordability has declined for these dwelling sizes.

- Since 2008/9, Lockyer Valley annual private rental vacancy rates have moved between 3.0% and 4.4% indicating a sound and consistent rental market as measured by the 3 per cent vacancy rate for identifying a balanced rental housing market.

- Median detached dwelling, flat/townhouse and land prices in Lockyer Valley are significantly lower than the Queensland average ($325,000 to $420,000, $247,500 to $356,000 and $132,000 to $187,000), but the differential in prices between the regions have eroded since 2006/7.

- Proportions of very low and low income households in rental housing stress (36.5%) in Lockyer Valley are lower than the Queensland average (40.8%).

- First home purchase affordability in Lockyer Valley (as measured in terms of not being required to pay more than 30% of gross local resident median household income on housing) is not good, but it has improved from the housing affordability low point reached in 2007/2008, just prior to the Global Financial Crisis. In addition, it is superior to first home purchase affordability in the SEQPR and Queensland.

- 40th percentile dwelling prices in Lockyer Valley ($300,000) are significantly lower than those for the SEQPR ($425,000) and Queensland ($385,000) and this would normally equate to much better first home purchase affordability levels than these other regions if it was not for the lower relative median household incomes of Lockyer Valley residents. SEQPR tree changers could potentially take advantage of this relatively low cost housing and place additional pressure on a housing market where prices have been increasing at a greater rate than those for the SEQPR and Queensland.

Housing Needs Outputs

In comparison to Queensland, Lockyer Valley has not been effective in facilitating the delivery of a diverse range of housing options for its community. Consequently, the indicative mismatch of small and large dwellings in Lockyer Valley is much more pronounced than the Queensland average. This can be attributed to the higher proportions of separate (detached) dwellings in Lockyer Valley which are mostly three bedroom and greater in size.

As is the case in Queensland in general, households with an existing saleable housing asset and/or moderate to high incomes will be much better placed to access a range of housing options in any housing market. Lockyer Valley is potentially well placed to attract non local households with an existing saleable housing asset or moderate to high income due to the affordability of its limited housing options. Migration levels from other areas will depend on whether these limited housing options match the preferred lifestyle requirements of these households, many of whom may be categorised as discretionary home purchasers.

Existing local households are likely to be less well placed to meet their housing needs in the Lockyer Valley now and in the future due to their increasing age and low relative incomes and a housing market that is delivering poor housing diversity and declining real and relative housing affordability. The above factors combined with lower relative levels of health facilities/services and employment opportunities in Lockyer Valley (in comparison to larger regional centres) may well mean that it may not realise anticipated household and population and age projections.

Many older singles and lone parent families have a lesser income and asset base than the other major household groups and may not be well placed to access housing in the locality unless more appropriate housing options are facilitated by planning scheme provisions and then delivered by the market. Older households, and in particular retirees with no asset base, are likely to continue to experience difficulties in accessing appropriate housing options in Lockyer Valley. This lack of housing options and lower relative levels of health facilities/services may result in older households seeking housing options in larger regional centres.

Analysis of a range of affordability measures shows the housing market in Lockyer Valley is characterised by median rents and dwelling and land prices that are increasing at a faster rate than those for SEQPR and Queensland. The estimated high indicative mismatch of dwelling stock in Lockyer Valley also supports a case for facilitating the delivery of smaller, cost effective dwellings that respond to the needs of older persons and lower income households. Due to low levels of, and low rates of approval for, diverse housing types, affecting significant change to Lockyer Valley's housing stock to better meet the projected needs of the community is likely to represent a significant challenge for the Council. Consequently, expected household and population/age estimates may not be realised, if for example, significant numbers of older households seek more diverse housing options in larger regional centres.

On the basis of the Housing Analysis outputs and emerging development sector approaches to delivering housing diversity and affordability, the department recommends that consideration be given to a range of small and large dwellings in either detached dwelling or attached/unit formats in an appropriate range of zone/precinct scenarios.

The department envisages that its contribution to assessing and identifying housing and planning issues, needs and options for Lockyer Valley will be supplemented by, and considered in the context of, inputs from local government, other State agencies, the development sector and community groups.

State Planning Policy for Housing and Residential Development

Part A: Housing Analysis Review

Introduction

The Housing Analysis is intended to assist Council with the preparation of a housing needs assessment as outlined in the State Planning Policy 1/07 (including Guideline): Housing and Residential Development (SPP 1/07). A housing needs assessment is expected to culminate in the identification of a range of appropriate housing options that respond to identified housing needs. SPP 1/07 envisages that the housing needs assessment, in conjunction with a planning scheme analysis, will inform planning scheme measures that provide opportunities for these housing options.

This part of the Housing Analysis provides an integrated overview of Part B: Contextual Housing Information and Part C: Housing Analysis Data to identify implications for the Council's housing needs assessment, in particular, for an appropriate range of housing options responsive to identified housing needs.

Part B: Contextual Housing Information provides an overview of a generic housing career model outlining how housing choices change over the lifetime of different household types. This is supplemented with Queensland and national housing consumption data for different household and dwelling types from a range of sources. NB this data has not been updated at this stage, but detailed 2011 ABS Census housing consumption data across a wider range of spatial levels (Statistical Local Area (SLA), Local Government Area (LGA) and the South East Queensland Planning Region (SEQPR) and Queensland) has now been added to Part C.

Part C: includes the data tables generally as identified in Appendix 4 of the SPP 1/07 Guideline (some titles vary from the Guideline), together with some supplementary tables that are useful for this Housing Analysis Review and the preparation of the housing needs assessment.

The following sections of this part of the Housing Analysis firstly consider a general approach for preparing a housing needs assessment and then provide a summary of the findings on a review of the demographic characteristics, the housing market characteristics, and the housing needs characteristics contained in Part C of the Housing Analysis.

These findings are reported firstly for the Lockyer Valley Regional Council area and are benchmarked against the South East Queensland Planning Region and the whole of Queensland. The text then addresses ways in which the characteristics of the Statistical Local Areas (SLAs) vary from those of the whole Council. Explanatory comments on findings in these sections of Part A are informed by the contextual housing information contained in Part B.

The final section of Part A provides an integrated overview of the implications of the findings of the previous sections on reviewing and estimating the range of housing options that would respond to existing and future housing needs in the Lockyer Valley Regional Council area.

NB The findings in all instances will pertain to an analysis of the most recent data and/or the rate of change over a specified period will be as outlined in the table referenced in the text,unless otherwise specified.

Approach to preparing a housing needs assessment

The data and findings of the Housing Analysis need to be supplemented with other information available to the Council in order to prepare a housing needs assessment. For example, the Indicative Need for dwellings and Existing Stock of dwellings identified in Tables 19, 20, 22, 23 and 24 of Part C are based on household estimates and projections, i.e. estimated resident households.

In addition to these dwelling need estimates, allowances need to be made for dwellings used for visitor only or tourist accommodation and a proportion of vacant dwelling stock required for effective operation of the housing market. The Office of Economic and Statistical Research (OESR) projections for dwelling and underlying demand for new dwellings have been added to the above estimated needs and stock data to assist with this task.

The overall assessment of future housing needs should be consistent with population, household and dwelling need projections/estimates adopted for the purpose of future land use and zoning allocations and infrastructure planning within Council's planning scheme. Given that projections/estimates are all based on assumptions, it is best to consider ranges of housing needs and options rather than working to identify one definitive set of numbers.

This approach can inform a more flexible planning scheme capable of supporting a range of housing outcomes, that are responsive to changing circumstances, and in particular those that may be contrary to the key assumptions underpinning Council's adopted dwelling need projections/estimates. Likewise, zone allocations and sequenced infrastructure planning for areas within these zones should make appropriate allowance for variations in projected and planned for dwelling mix proportions and absolute dwelling numbers within the life of the planning scheme.

Analysis of Housing Analysis Data

Demographic characteristics - Lockyer Valley Regional Council LGA

Demographic characteristics that have implications for the range of housing types in the Lockyer Valley Regional Council include:

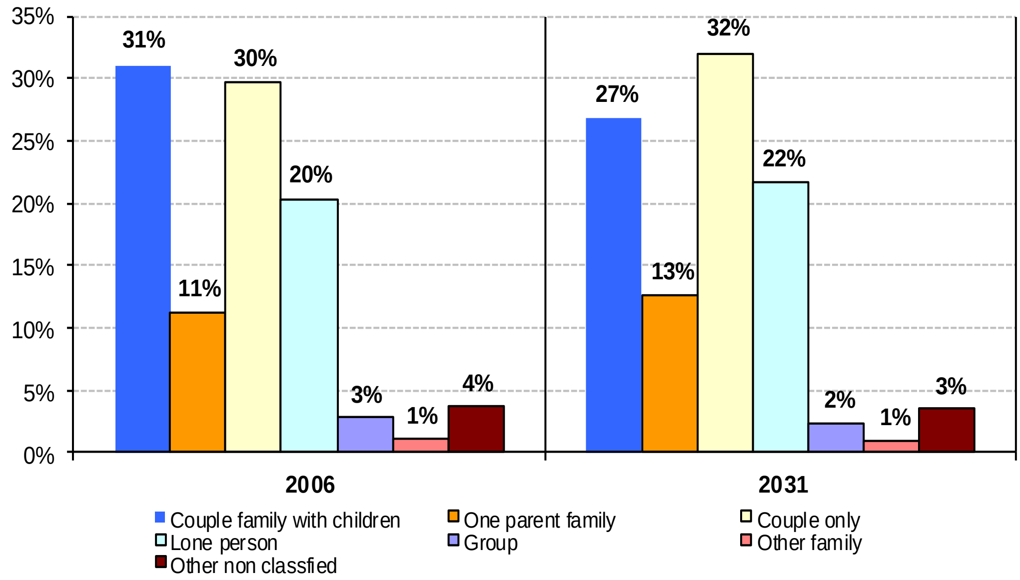
Community Profile - Household Formation Trends

- Couple only household and couple family with children households comprise the majority of household types in Lockyer Valley, which is consistent with the South East Queensland Planning Region (SEQPR) and Queensland. Lockyer Valley varies from these regions in that is has a larger proportion of couple only households (30%) than the SEQPR (26.3%) and Queensland (26.6%). The proportion of small households (lone person and couple only) in Lockyer Valley is significant at 49.1%, and greater than the proportion of these small households in the SEQPR (47.6%) and Queensland (48%). Lockyer Valley has similar proportions of single parent with children households at 11.0% (SEQPR (11.0%) and QLD (10.7%)). (Refer **Table 1 LGA**).

- Between 2001 and 2011, couple family with children households as a proportion of total households has declined at a more rapid rate (-15.8%) than the rates for SEQPR and Queensland. Over the same period, proportions of one parent family, couple only, and group households have increased at faster rates, and in the case of lone person households, increased rather than declined. Other family households as a proportion of total households declined (-16.2%) at a more rapid rate than those for SEQPR and Queensland (Refer **Table 1 LGA**).

- Group households (a small household group - 504 households) as a proportion of all households (12,561 households) have increased at a much higher rate (28.4%) than those for SEQPR (4.3%) and Queensland (4.0%). Given the size of the variation, this high growth rate group household-share house/home formation may be attributable to the flood event in the Lockyer Valley region.

Table 2A LGA Graph: Household Projections 2006 and 2031 - Lockyer Valley Regional Council



Source: OESR (Proportions (%) rounded up to nearest whole number)

- By 2031, the proportion of small households (single person and couple only households) in Lockyer Valley is expected to increase to 53.6% of total households and the proportion of couple parent households is projected to decline (to 26.8% from 31.1% - estimated figures (Refer **Table 2 LGA and Table 2A Graph**). This represents a rate of decline of 13.9% in these household. These trends are also expected to occur in the SEQPR and Queensland although the rates of decline will be greater (-16.1% (SEQPR) and -17.3% (Queensland)).

Demographic characteristics - Lockyer Valley Regional Council LGA (cont)

- The household projections/estimates indicate that the majority of new households in Lockyer Valley will comprise couple only households (4,411 (34.3%)), lone person households (2,937 (22.8%)), couple parent family households (2,936 (26.8%)) and lone parent households (1,788 (13.9%)).

- The most significant rate of change in household formation in Lockyer Valley is expected to occur with lone parent households (12.1%), followed by couple only (8.1%) and lone person households (6.3%). These trends are also expected to occur in the SEQPR and Queensland, although it is expected that rates of growth in lone parent families will be of a much lower order in these regions. Conversely, it is estimated that the rate of change in couple only households will be slightly lower and the rate of change in lone person households much less than those for SEQPR and Queensland (Refer **Table 2 LGA**).

- These differences in rates of change may be linked to relative housing affordability and employment/service accessibility of the Lockyer Valley Council region for able lone parent households and the availability of services in larger urban areas for lone person households (which comprise large proportions of older persons). Differences in couple household change rates are likely to be less pronounced as this household group tends to have a broader spread across age groups. Likewise, older couple only households have greater capacity for self-sufficiency as one of the couple may be capable of supporting the other less able partner and maintaining the family home. NB the SEQPR data and thereby Queensland data is heavily influenced by significant population concentrations in large serviced urban conurbations within the SEQ region. NB the proposed correctional institution in Lockyer Valley is likely to accelerate the trend in lone parent household formation.

- Significant rates of decline in proportions of group households (a small household group as a proportion of all households in all these regions) are expected to occur in Lockyer Valley (-13.3%), but at a lower rate than the SEQPR and Queensland (-17.1%) (Refer **Table 2 LGA**). This decline is at odds with the 2011 ABS Census data for all these regions, although the Lockyer Valley data may be influenced by the impacts of the flood event in Lockyer Valley. In relation to this conflicting data it should be noted that projections/estimates are based on assumptions and determinations on the application of historical census trend data. Between 2001 and 2006, the census data indicated a small decline in group households which will have influenced the most current household projections material, as it does not incorporate 2011 Census data (Refer **Table 1 LGA**). Current OESR work schedules envisage the production and release of population and household projections incorporating 2011 census data late in the 2013 calendar year.

- In addition, household formation/projections tend to be more responsive to less major economic changes than population projections. More specifically, changes in housing affordability can influence household formation, i.e. young tertiary students and/or working adults can defer forming new households by staying in the family household home or if they have moved out and experience financial difficulties (or want to save to purchase a home), may move from a lone, couple only or group household back to the family household. Likewise existing lone and couple only households may seek to form a group household with a person/s from a previous lone person household and or persons from couple or group households affected by the previous scenario, to assist with rental and/or home purchase payments. These changes can impact on the total numbers and typology of households formed over conventional five year projection periods.

- OESR household projection data indicates that approximately 13,000 new households may form in, or be drawn to, Lockyer Valley between 2006 and 2031 (refer **Table 2 LGA**). Lockyer Valley is expected to experience consistently higher rates of household growth than the SEQPR and Queensland (refer **Table 2 LGA**). From 2006 to 2031, household formation in Lockyer Valley is expected to range between 30-60 per cent higher than the estimated rates of household growth for the SEQPR and Queensland. Estimated rates of household growth in Lockyer Valley are expected to be 15.3% (2011-2106), 14.7% (2016-2021), 15.0% (2021-2026) and 14.0% (2026-2031) (refer **Table 2 LGA**).

Community Profile - Population Age Trends

- Between 2006 and 2011, the Lockyer Valley community has been ageing as indicated by the proportional declines in the younger age groups (0-14, 15-24, 25-34 and 35-44) and proportional increases in the older age groups (45-54, 55-64, 65-74 and 75+) over this period (Refer **Table 3 LGA**). This overall ageing trend is generally consistent with SEQPR and Queensland, although Lockyer Valley is aberrant in that it has increased proportions in the 45-54 age group (Refer **Table 3 LGA**). This trend may stem from the relative affordability of housing in Lockyer Valley and related to this issue - the 'tree change' phenomenon.

Demographic characteristics - Lockyer Valley Regional Council LGA (cont)

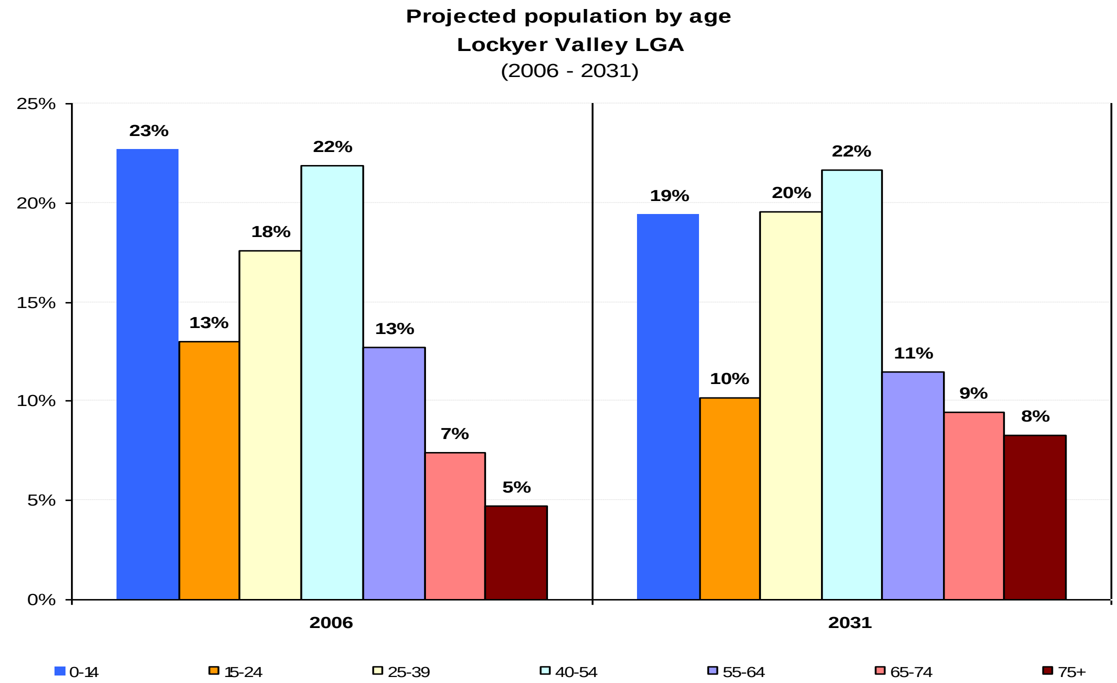
- Lockyer Valley does not have age group proportions that are markedly different to those for the SEQPR and Queensland, other than lesser proportions of persons in the 25-44 age group and greater proportions of younger dependent children (0-14) (Refer **Table 3 LGA**). Less pronounced variations include greater proportions in the 44 -74 age bracket, but less in the 75+ bracket. Variations in core working age (25-44) groups are likely to be attributable to the availability of greater lifestyle/work opportunities in larger cities outside of the local region. Variations in the form of greater proportions of older age groups are common to rural regions, as relative proportions for this group are affected by the migration of more mobile younger persons in these regions to larger urban conurbations. What is different about the Lockyer Valley data is that in comparison to other rural regions close to regional cities/large urban conurbations, it has comparatively low proportions of 75+ persons, and for that matter, persons in the 65-74 age bracket.

- Rates of change in age group proportions for Lockyer Valley between 2001 and 2011 indicate that significant changes have been occurring within these age brackets. For example, the rate of increase (31.3%) in the 65-74 over this period, has been much greater than the rates of increase for SEQPR (10.3%) and the Queensland average (14.0%) (Refer **Table 3 LGA**). Lockyer Valley now has slightly higher proportions of persons in this age group (8.3%) in comparison to the SEQPR ((7.4%) and Queensland (7.8%).

- Likewise, the rate of increase in the 75+ age bracket has at 24.5% been significantly higher than the rates of increase for the SEQPR (3.1%) and Queensland (6.6%). Lockyer Valley proportions for the 75+ age group (5.2%) are now approaching those for the SEQPR (6.0%) and Queensland (5.9%) (Refer **Table 3 LGA**).

- The rate of increase in the 55-64 age group in Lockyer Valley has also been significant at 18.4%, but this change is generally equivalent to, but slightly lower than, the rate of increase for the SEQPR and Queensland. A significant rate of decline (-17.1%) in proportions of the 35-44 age group has occurred in Lockyer Valley and this rate of decline is much greater than that for the SEQPR (-2.8%) and Queensland (-4.9%) (Refer **Table 3 LGA**). The rate of decline in proportions of persons in the 25-34 age group in Lockyer Valley has been less pronounced, but is still greater than the rates of decline for the SEQPR and Queensland. Lockyer Valley has experienced a modest rate of increase in the 45-54 age group, while the SEQPR and Queensland have seen modest rates of decline in this age group.

Table 3A LGA Graph: Projected population by Age for Lockyer Valley Regional Council



Source: OESR (Proportions (%) rounded up to nearest w hole number)

Demographic characteristics - Lockyer Valley Regional Council LGA (cont)

- The proportions and 'equivalised' rates of change for projected age groups for Lockyer Valley, SEQPR and Queensland deliver a different community profile snapshot of these regions than the one provided by the review of past and recent ABS Census data. However given that these projections are based in part, on 2001 and 2006 ABS Census material, but not 2011 ABS Census data, it is not difficult to see how the projection modelling is delivering a transfer of different age groups variations in these regions through the age spectrum.

- More specifically, the existing higher than average proportion of 0-14 persons in Lockyer Valley is expected to lead to an increase in the proportion of persons in the 25-34 and 35-44 age groups. This will correspond with switches from past rates of declines in these age groups (that have been greater than those for SEQPR and Queensland) to future rates of increase (Refer **Table 4 LGA**). This expected change will be at odds with the SEQPR and Queensland, which are expected to maintain past rates of decline, as measured in 'equivalised' terms.

- Correspondingly, the existing lower than average proportion of persons in the 25-34 and 35-44 age groups in Lockyer Valley are expected to lead to a reduction in proportions of persons in the 55-64 age group; such that they are likely to fall back to just above the estimated proportions for SEQPR and Queensland.

- The existing low proportion of persons in 35-44 age bracket is also expected to lead to more modest rates of increase in the 65-74 age bracket than the SEQPR and Queensland estimated rates for this age bracket. Estimated proportions for this age group are expected to be similar for all regions and high in historic terms for Lockyer Valley (9.4%), SEQPR (9.6%) and Queensland (9.7%) (Refer **Table 4 LGA**).

- Due to Lockyer Valley's existing community profile it is estimated that it will vary from the future SEQPR Queensland community profile and approximate aspects of existing community profiles in these larger regions - e.g. contain larger than existing proportions of persons in the 25-34 and 35-44 age groups. Whether regional transport infrastructure to non-local work opportunities and local employment growth opportunities in Lockyer Valley will be sufficient to prove these estimates correct is an issue for consideration. Likewise whether Lockyer Valley will realise estimated proportions of older persons is an issue for consideration given low levels of housing diversity and higher level health facilities and services in larger regional centres such as Toowoomba.

- Lockyer Valley is expected to maintain a higher than SEQPR and Queensland average proportion of persons in the 44-54 age group but not its higher proportion of persons in the 55-64 age group. Given the relative housing affordability and the 'tree change' phenomena this estimated change in this 55-64 age group is an issue for consideration when reviewing anticipated population and age estimates.

- Estimated rates of increases (in equivalised terms) are significant for the 75+ age bracket, and estimated proportions for this age group are also expected to be similar and significantly high in historic terms for Lockyer Valley (8.3%), SEQPR (10.0%) and Queensland (9.8%) (Refer **Table 4 LGA**).

- OESR population projection data indicates that an additional 31,600 persons may be living in Lockyer Valley by 2031 (refer **Table 4 LGA**). Lockyer Valley is expected to experience consistently higher rates of population growth than the SEQPR and Queensland (refer **Table 4 LGA**). From 2011 to 2031, Lockyer Valley is expected to experience growth rates in the order of 14% per census period interval, while the SEQPR and Queensland is expected to experience population growth rates in the order of 8 to 10% per census period interval.

Community Profile - Population Age - Disability Trends

- Lockyer Valley has higher proportions (6.4%) requiring assistance with core activities than the SEQPR (4.5%) and Queensland (4.7%) (Refer **Table 5 LGA**). This data is sourced from ABS census questionnaire respondents self-identifying as requiring assistance with core activities.

- Proportions of persons requiring assistance in all regions have increased between 2006 and 2011 and are likely to be attributable to the ageing of the population over this period. The correlation between increased need for assistance with core activities is demonstrated by the changes in proportions of the 0-64, 65-74 and 75+ age groups requiring assistance with core activities (Refer **Table 5 LGA**).

Demographic characteristics - Lockyer Valley Regional Council LGA (cont)

- Approximately 2,070 persons have self-identified through the ABS 2011 Census as requiring assistance with core 'living' activities. The majority of these persons (1230) are under 65, as notwithstanding low disability rates in this age group, it represents the largest proportion of the total population. The others are in the 65-74 age group (305 persons) and the 75+ age group (537 persons) (Refer **Table 5 LGA**).

Demographic characteristics - Lockyer Valley Regional Council SLAs

(SLAs - Gatton and Laidley)

A comparison of demographic characteristics of the SLAs with those of Lockyer Valley indicates:

Community Profile - Household Formation Trends

- Couple only and couple family with children households comprise the majority of household types in Lockyer Valley. The proportions of these households in each of the Lockyer Valley SLAs is similar to those for the LGA, i.e. there is little variation between the SLAs. Lockyer Valley - Laidley has higher proportions of one parent families than Lockyer Valley-Gatton and the Lockyer Valley LGA (Refer **Table 1 LGA** and **Table 1 SLA**).

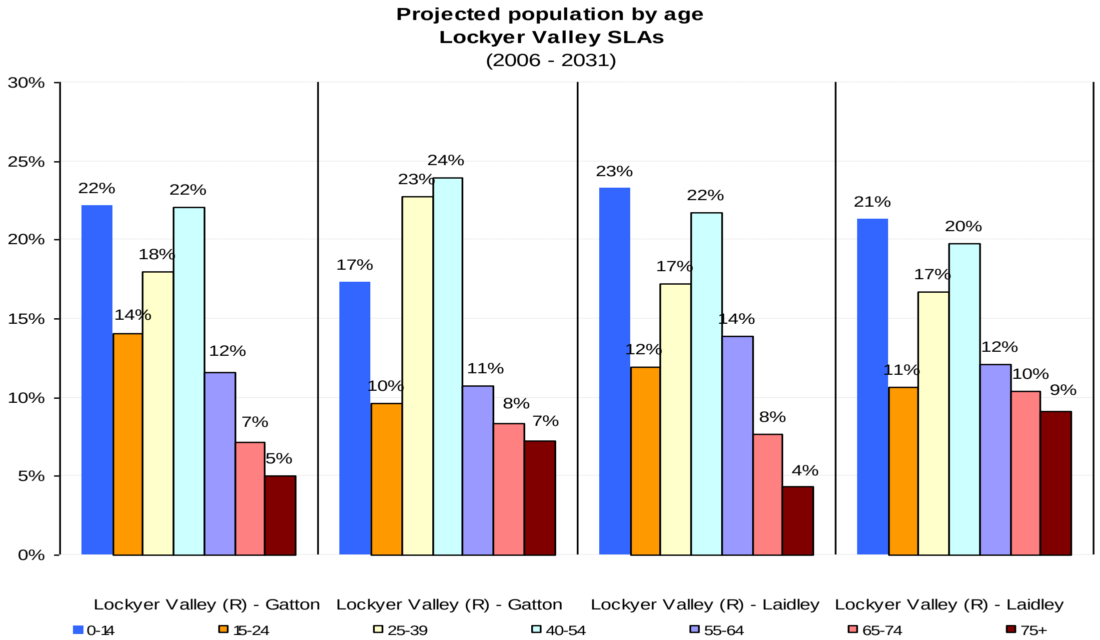
- Between 2001 and 2011, couple family with children households as a proportion of total households declined at a more rapid rate in Lockyer Valley-Gatton (-17.9%) than Lockyer Valley-Laidley (-12.8%) and the Lockyer Valley LGA (-15.8%). Lone person households in Lockyer Valley-Gatton have increased at a higher rate than the Lockyer Valley LGA, whereas in Lockyer Valley-Laidley, rates are slightly negative. One parent family households in Lockyer Valley-Laidley have increased at higher rate than Lockyer Valley-Gatton and Lockyer Valley LGA. The remaining household groups (excluding other family households) for these SLAs have rates of increase or decrease which are generally consistent with each other and the Lockyer Valley LGA (Refer **Table 1 LGA** and **Table 1 SLA**).

Community Profile - Population Age Trends

- The Lockyer Valley SLAs do have substantially different age profiles from each other and the Lockyer Valley LGA. The more substantive, but still not significant differences are that Lockyer Valley-Gatton has higher proportions of 15-24 and 25-34 age groups and lesser proportions of 0-14 and 55-64 age groups than Lockyer Valley-Laidley (Refer **Table 3 LGA** and **Table 3 SLA**).

- Reference to rates of change in age group proportions for the Lockyer Valley LGA and its SLAs between 2001 and 2011 does indicate that the more pronounced variations in rates have occurred in the 25-34, 65-74 and 75+ age groups. In comparison to the Lockyer Valley LGA, proportional rates of decline in the 25-34 age group have been greater in Lockyer Valley-Laidley and lower in Lockyer Valley-Gatton. Rates of increase in the 65-74 age group in Lockyer Valley-Laidley have been double those for Lockyer Valley-Gatton and rates of increase in the 75+ age group in Lockyer Valley-Gatton have been triple those for Lockyer Valley-Laidley (Refer **Table 3 LGA** and **Table 3 SLA**).

Table 3A SLA Graph: Projected population by Age for Lockyer Valley Regional Council SLAs



Source: OESR

Demographic characteristics - Lockyer Valley Regional Council SLAs (cont)

- Between 2006 and 2011, the communities in the Lockyer Valley SLAs and Lockyer Valley LGA have in broad terms been ageing in a similar way with each recording growth in the 45-54 age group over this period unlike the SEQPR and Queensland (Refer **Table 3 LGA** and **Table 3 SLA)**).

- The proportions and 'equivalised' rates of change for projected age groups for Lockyer Valley LGA and its SLAs deliver a different community profile snapshot of these regions than the one provided by the review of past and recent ABS Census data. However given that these projections are based in part, on 2001 and 2006 ABS Census material, but not 2011 ABS Census data, it is not difficult to see how the projection modelling is delivering a transfer of different age groups variations in these regions through the age spectrum.

- More specifically, the existing higher than average proportion of 0-14 persons in Lockyer Valley LGA and its SLAs is expected to lead to an increase in the proportion of persons in the 25-34 and 35-44 age groups. This will correspond with switches from past rates of declines in these age groups (that have been greater than those for SEQPR and Queensland) to future rates of increase It is estimated that the rate of growth in proportions in these age groups in Lockyer Valley-Gatton will be more than double that of Lockyer Valley-Laidley and thereby deliver higher than LGA average proportions of these age groups to this SLA. Differences in growth rates between the SLAs are expected to deliver higher proportions of the 0-14 and 65-74 and 75+ age groups than the LGA average in Lockyer Valley-Laidley. (Refer **Table 4 LGA and Table SLA**).

Community Profile - Population Age - Disability Trends

- Lockyer Valley-Laidley has higher proportions (6.8%) requiring assistance with core activities than Laidley Valley-Gatton (4.3%) and Lockyer Valley LGA (6.4%). (Refer **Table 5 LGA and Table 5 SLA**). This data is sourced from ABS census questionnaire respondents self-identifying as requiring assistance with core activities.

- Proportions of persons requiring assistance in the Lockyer Valley LGA and its SLAs have increased between 2006 and 2011 and are likely to be attributable to the ageing of the population over this period. The correlation between increased need for assistance with core activities is demonstrated by the changes in proportions of the 0-64, 65-74 and 75+ age groups requiring assistance with core activities (Refer **Table 5 LGA and Table 5 SLA**).

- Lockyer Valley-Laidley has higher proportions than Lockyer Valley-Gatton of persons requiring assistance with core activities across each of the the three measured age groups. Approximately 1180 persons in Lockyer Valley-Laidley and 890 persons in Lockyer Valley-Gatton have self-identified through the ABS 2011 Census as requiring assistance with core 'living' activities (Refer **Table 5 SLA**).

Housing market characteristics - Lockyer Valley Regional Council LGA

Housing market characteristics that have implications for the range of housing types in the Lockyer Valley include:

Dwelling Tenure Profile Trends

- The proportions of dwellings in Lockyer Valley that are fully owned (30.9%) or being purchased (36.1%) are higher than those for SEQPR (27.2% and 34.4%) and Queensland (28.4% and 32.6%) (Refer **Table 6 LGA**). Compared to SEQPR and Queensland, Lockyer Valley has a lower proportion of private rental tenure (agent and owner managed) at 20.4% compared to the SEQPR (26.6%) and Queensland (25.2%).

- All three regions experienced a decline in the proportions of fully owned housing tenure between 2001 and 2011 (Lockyer Valley from 40.5% in 2001 to 30.9% in 2011; SEQPR 35.8% in 2001 to 27.2% in 2011; and Queensland from 36.6% in 2001 to 28.4% in 2006), and an increase in the rate of housing purchase tenure (Refer **Table 6 LGA**). These declines in proportions translate to significant rates of declines in outright home ownership of -23% to -24%. It is likely that a number of households that may have fully owned their home or could have reached outright ownership over this period may have chosen to borrow against the value of their homes to invest in home upgrades, other asset classes or other lifestyle arrangements. Marriage/partnership dissolution is also likely to be playing a role in underpinning the need to obtain new mortgages for the existing family home or alternative homes.

- A general overall trend of declining housing affordability is also likely to have contributed to the increase in proportions of private rental tenure (agent and owner managed between 2001 and 2011. These increases have been as follows: - Lockyer Valley (from 18.4% in 2001 to 20.4% in 2011); SEQPR (24.8% in 2001 to 26.6% in 2011) and Queensland (23.6% in 2001 to 25.2% in 2011).

- Detached houses are overwhelmingly the primary source of dwellings for all tenures, including private rental tenure (agent and owner managed) in the Lockyer Valley (Refer **Table 7 LGA**). In the SEQPR and Queensland greater proportions of all tenure types are spread more widely across dwelling types, with semi-detached dwellings (etc) and flats (etc) playing a small but increasing house purchase option, in addition to an ongoing major role in providing diversity in private rental tenure (Refer **Table 7 LGA**). As noted elsewhere, Queensland census data is significantly affected by the SEQPR census data which captures large well serviced urban conurbations with diverse housing options and large housing markets serving large populations.

Dwelling Tenure and Household Profile Trends

Analysis of household use within individual dwelling types

- Detached houses are primarily used by couple only and couple family households, although lone parent and lone person households are also major users in Lockyer Valley (Refer **Table 8 LGA**). In Lockyer Valley these trends have not changed significantly between 2001 and 2011, other than a decline in the proportion of couple family households using detached houses, not as a consequence of a change to other dwelling types, but because the relative proportion of these households has declined over this period. Group households as a very minor household group are minor users of detached houses, but it represents the most used housing option for this group in the Lockyer Valley (Refer **Table 8 LGA**).

- Semi-detached dwellings (etc) and flats (etc) where available in Lockyer Valley (numbers of these dwelling types are very limited) are primarily used by lone person households and to a much lesser extent couple only and lone parent households. Couple parent households are also minor users of semi-detached dwellings (etc) (Refer **Table 8 LGA**).

Housing market characteristics - Lockyer Valley Regional Council LGA (cont)

- The consumption characteristics of detached houses by households in the SEQPR and Queensland are not markedly different from Lockyer Valley (Refer **Table 8 LGA**). The greater housing diversity available in the SEQPR and by default Queensland, means households in both these regions make greater use of semi-detached dwellings (etc) and flats (etc). Consequently couple only households are much greater users of semi-detached dwellings (etc) and flats (etc) in SEQPR and Queensland than their counterparts in Lockyer Valley. In addition, lesser, but still very significant proportions of lone person households use semi-detached dwellings (etc) and flats (etc) in the SEQPR and Queensland (Refer **Table 8 LGA**).

- In Lockyer Valley, lesser proportions of lone parent family households use semi-detached dwellings (etc) than in the SEQPR and Queensland. Conversely, in comparison to the SEQPR and Queensland, Lockyer Valley has larger proportions of these households using flats (Refer **Table 8 LGA**).

Analysis of household use across all dwelling types

- Additional insight into household use of dwelling types is provided by reference to **Table 9 LGA** as it is configured to present proportions of different household types using the different volumes of dwelling types in the housing market. In other words unlike the data in **Table 8 LGA**, the proportions of the different households using the different dwelling types take account of numbers and proportions of available dwelling types (or housing diversity) in the relevant housing market.

- For example the lack of housing diversity in Lockyer Valley, is clearly demonstrated in **Table 9 LGA** as all household groups in Lockyer Valley make greater use of detached houses than their counterparts in the SEQPR and Queensland. While it is to be expected that Lockyer Valley as a small rural region will exhibit lower levels of housing diversity than the SEQPR and Queensland, the data also indicates that housing diversity for most household groups has declined or not improved significantly between 2001 and 2011 (Refer **Table 9 LGA**). In the SEQPR and Queensland, housing diversity for a significant number of household groups has improved and in some instances quite significantly e.g. for couple only households.

- The lack of housing diversity in Lockyer Valley is likely to be contributing to the high than SEQPR and Queensland average proportions of lone person households in this region using available semi-detached dwellings (etc) and flats (etc) (Refer **Table 8 LGA**).

Dwelling Type Profile Trends

- **Table 10 LGA** very clearly outlines the differences in housing diversity between the SEQPR and Queensland. Detached houses represent 93.8% of available housing stock in comparison to the SEQPR (74.8%) and Queensland (76.6%). In addition, where there have been modest rates of declines in this dwelling type in the SEQPR and Queensland between 2001 and 2011, there has been a modest rate of increase (1.7%) in Lockyer Valley. Lockyer Valley has much smaller proportions of semi detached dwelling etc (1.3%) and flats etc (2.9%) than the SEQPR (10.3% and 13.7% respectively) and Queensland (8.3% and 12.4% respectively) (refer **Table 10 LGA**).

- While the Lockyer Valley housing market is delivering below average SEQPR and Queensland levels of general housing diversity, it is delivering rates of increases in flats that have been much greater than the SEQPR and Queensland average (refer **Table 10 LGA**). However the very small numbers of flats in Lockyer Valley ensure that the delivery of small numbers of flats significantly alters rates of increase. Lockyer Valley housing market trends are significantly different from SEQPR and Queensland market trends which have seen significant increases in proportions and rates for semi-detached dwellings etc. In Lockyer Valley these trends have been going in the opposite direction, with real declines in semi-detached (etc) stock numbers and correspondingly declines in proportions and rates for these dwelling types. This market trend may be related to restrictive planning scheme provisions for this dwelling type in Lockyer Valley.

Housing market characteristics - Lockyer Valley Regional Council LGA (cont)

Dwelling Type by Bedroom Numbers

- Lockyer Valley has slightly greater proportions of smaller detached and semi-detached dwellings (etc) dwellings than the SEQPR and Queensland (Refer **Table 11 LGA**). Conversely, Lockyer Valley has smaller proportions of small flats (etc), and more specifically one bedroom flats. The proportion of larger detached dwellings (4 or more bedrooms) has been increasing between 2001 and 2011 (Refer **Table 11 LGA**). This market trend is consistent with similar trends in the SEQPR and Queensland.

Dwelling Type Approval Trends

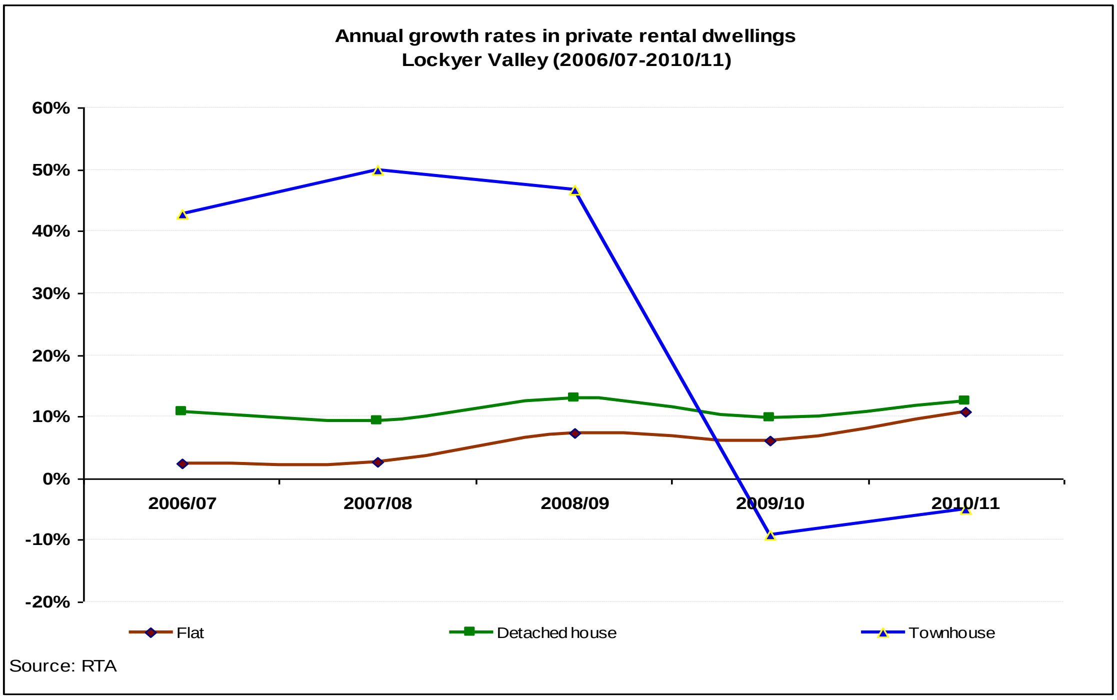
- Lockyer Valley dwelling approvals trends for houses and other dwellings (semi-detached dwellings (etc) and Flats (etc)) provide additional evidence that the housing market is not delivering the level of housing diversity being provided by the larger SEQPR and Queensland housing markets (Refer **Table 12 LGA**). Notwithstanding the lesser capacity of smaller housing markets to deliver market housing diversity, the significant variations in the performance of these housing markets suggest that there may be existing planning scheme barriers to the provision of housing diversity in Lockyer Valley.

Rental Market Trends

- Lockyer Valley rental market trends indicate higher rates of increase of total rental dwelling stock than the Queensland average (12.6% to 4.9%) and particularly detached houses (13.8% to 5.0%) (Refer **Table 13 LGA** and **Table 13 LGA Graph**). Rates of increase in townhouses have been significant in both regions, but these growth rates have only produced significant results in Queensland, as actual increases in townhouse stock in Lockyer Valley have been negligible due to the low stock base the market has been building on since 2005/6 - seven townhouses. The modest rates of increases in flats have delivered significant stock increases in both regions due to the higher relative stock base sizes the market has been building on since 2005/6.

- It is likely that the differences in housing diversity approval trends in the regions identified in **Table 12 LGA** are influencing the changes in regional rental market splits as rental detached houses in Lockyer Valley have increased their market share (from 81.9% to 84.9%) whereas for Queensland the market share has remained ostensibly static (54.8% to 55.0%). Current rental market shares of dwelling types in Lockyer Valley are significantly different from those for Queensland (detached dwellings - 84.9% to 55.0%, townhouses - 0.7% to 8.1% and flats (14.4% to 36.9%) (Refer **Table 13 LGA**).

Table 13 LGA Graph: Rental Dwelling Growth Rates for Lockyer Valley Regional Council



Source: RTA

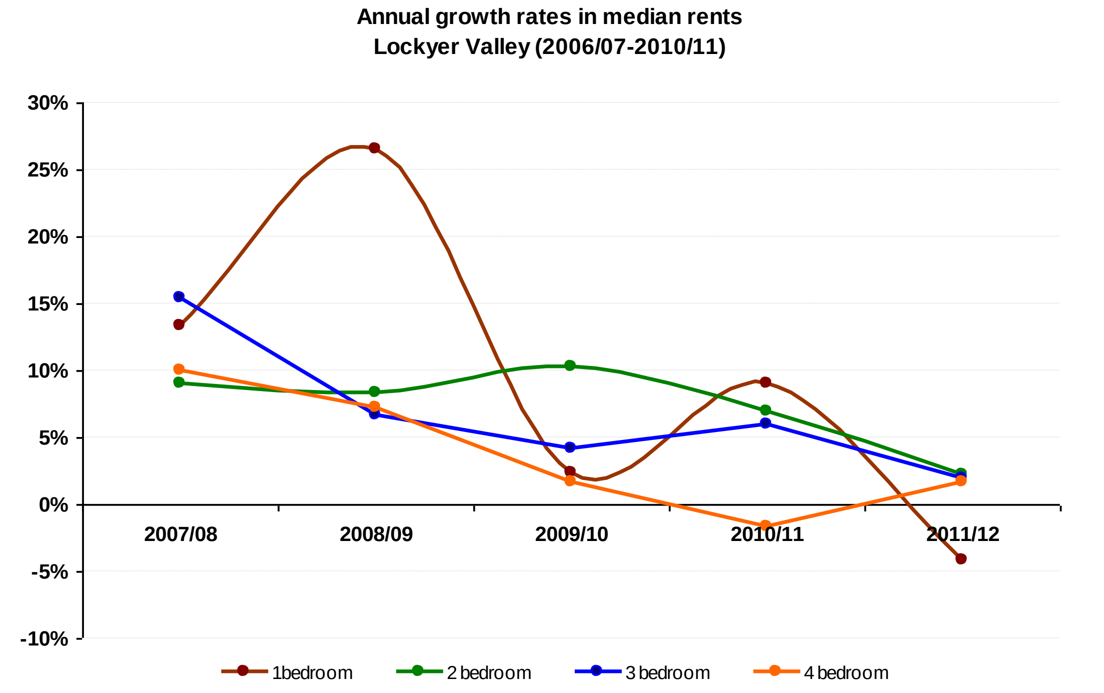
Housing market characteristics - Lockyer Valley Regional Council LGA (cont)

Rental Cost Trends

- Lockyer Valley median rental levels for one, two and three bedroom stock were well below Queensland annual averages for 2005/6, and while 2011/12 median rentals for these stock sizes are still well below Queensland averages, growth rates of between 50 and 100% greater than the Queensland rates since 2005/6 have eroded these differentials (Refer **Table 14 LGA**). Rates of increases in rents for four bedroom dwellings have been similar in both regions.

- As of 2011/12, median rent differentials between Lockyer Valley and Queensland were still significant (1-bedroom - $115 to $260 (or -126%), 2-bedroom - $235 to $310 (or - 32%), 3- bedroom - $270 to $350 (-30%) and 4-bedroom - $300 to $400 (-33%) (Refer **Table 14 LGA**). Annual growth rates in median rents by dwelling size (bedroom numbers) are illustrated in the **Table 14 LGA Graph** and have been trending downwards since 2007/8.

Table 14 LGA Graph: Median Rent Growth Rates for Lockyer Valley Regional Council



Source: RTA

Rental Supply - Vacancy Rate Trends

- Since 2008/9, annual rental vacancy rates for Lockyer Valley have been trending upwards from the nominal market balance rate of 3 per cent to its current annual 2011/12 rate of 4.4% (Refer **Table 15 LGA**). By comparison, the vacancy rate for Queensland went up in 2009/10 financial year and has been tracking downwards since then, but at, 3.4%, still remains above the nominal market balance rate of 3 per cent.

Rental Market Affordability Trends

- Lockyer Valley has a smaller proportion of very low and low income households (38.6%) in housing stress (paying greater than 30% of household income on housing) than the Queensland average (46.3%) (Refer **Table 16 LGA**). Table 16 LGA uses households on Centrelink benefits with verified rent details to identify proportions of very low to low income households in rental stress. As such, Table 16 is likely to understate the level of housing stress in these regional rental housing markets as it will not capture the 'working poor' or self funded retirees who are not in receipt of Centrelink benefits (Refer **Table 16 LGA notes**).

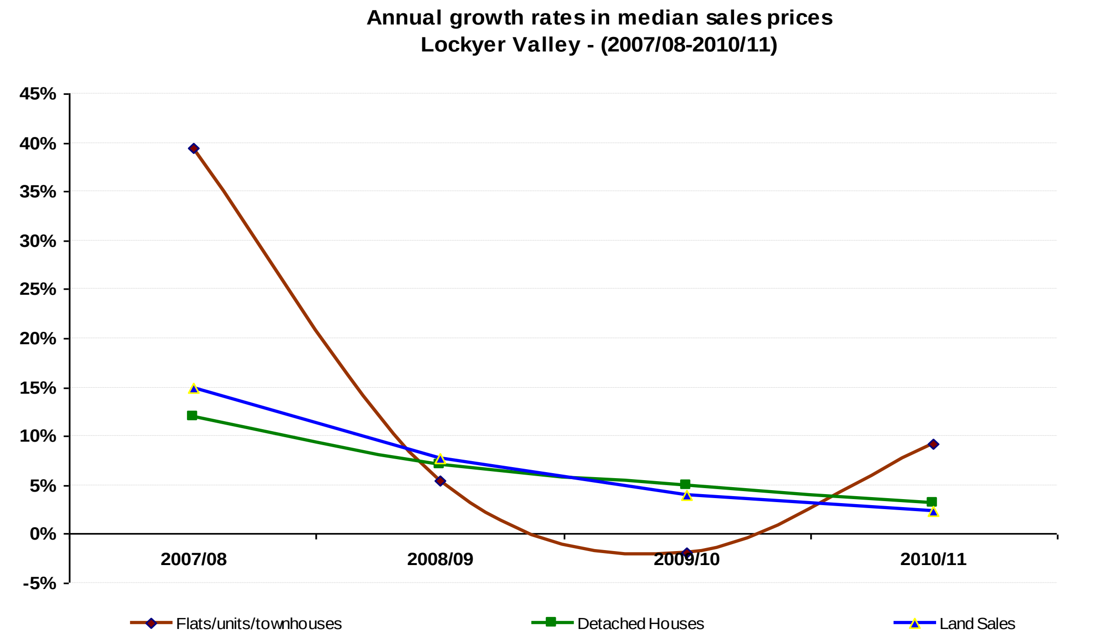
Housing market characteristics - Lockyer Valley Regional Council LGA (cont)

Home and Land Purchase Price Trends

- Lockyer Valley median sale prices for detached houses, flats/units/townhouses and land were well below the Queensland average in 2005/6, and while 2010/11 median prices were still well below the Queensland averages, growth rates of between 50 and 400% greater than Queensland rates since 2005/6 have eroded these differentials (Refer **Table 17 LGA**).

- As of 2010/11, median price differentials between Lockyer Valley and Queensland were still significant (flats/units/townhouses - $247,500 to $356,000 (or - 44%), detached houses - $325,000 to $420,000 (or – 29%), land - $132,000 to $187,000 (-42%) (Refer **Table 17 LGA**). **Table 17 LGA Graph 17** indicates the high price growth rates associated with the overheated housing market preceding the Global Economic Crisis and the generally declining growth rates since 2007/08.

Table 17 LGA Graph: Median Sale Price Growth Rates for Lockyer Valley Regional Council



Source: DNRM

First Home Purchase Affordability Trends

- First home purchase affordability in Lockyer Valley (based on Lockyer Valley-Gatton data) was superior to the SEQPR and Queensland in 2005/6 and was this was still the case in 2010/11, even though higher price growth rates than these larger regions since 2005/6 have eroded the differences in 40th percentile house prices (Refer **Table 18 LGA**). For example, the lower cost (40th percentile) house price in Lockyer Valley has increased from $207,000 in 2005/6 to $300,000 in 2010/11 (or 45%). Over this same period, the lower cost (40th percentile) house price in SEQPR has increased from $325,000 to $425,000 (or 31%) and for Queensland from $280,000 to $385,000 (37.5%) (Refer **Table 18 LGA**).

- While current comparatively low house prices in Lockyer Valley might suggest good levels of housing affordability, for local residents this advantage is eroded significantly by their lower median wages in comparison to the SEQPR and Queensland. For example, in Lockyer Valley (based on adjusted Gatton 2006 LGA/SLA data) key first home buyer renter couples (aged 25-40) were estimated to have a median income of $1,200 per week in comparison to their counterparts in SEQPR ($1,540) and Queensland ($1,500). At first examination, comparative analysis of all household income data is more encouraging, but the lower proportions of older low income households (such as existing home owning pensioners) in Lockyer Valley will have played a significant role in producing an all household income median that is less divergent from those for the SEQPR and Queensland.

- ***Housing market characteristics - Lockyer Valley Regional Council LGA (cont)***

- Reference to the most recent ABS 2011 census data indicates that all household and family household median income data for Lockyer Valley-Gatton ($1064 and $1453 respectively) is higher than for Lockyer Valley-Laidley ($957 and $1097 respectively) and thereby the Lockyer Valley LGA ($1003 and $1163) (Reference ABS Community Profile Data Table 2 - Selected Medians and Averages. Therefore the use of Lockyer Valley-Gatton median income data to evaluate relative housing affordability for Lockyer Valley in **Table 18 LGA** overstates the relative housing affordability for the local community in Lockyer Valley as a whole.

- The price growth rate in Lockyer Valley means that not only has its relative housing affordability declined, but that the local housing market has moved from affordability to unaffordability as measured by this indicator within a period of five years (Refer **Table 18 LGA**).

Housing market characteristics - Lockyer Valley Regional Council SLAs

(SLAs - Gatton and Laidley)

Housing market characteristics that have implications for the range of housing types in the Lockyer Valley include:

Dwelling Tenure Profile Trends

- The tenure proportions of the Lockyer Valley SLAs do not exhibit significant variations from each other and the Lockyer Valley LGA. The more significant variations are in the house purchase tenure category with Lockyer Valley-Laidley (39.8%) being above, and Lockyer Valley-Gatton (32.4%) being below, the LGA average (36.1%) (Refer **Table 6 LGA and Table 6 SLA**). Proportions of state and employee/ residential park rental housing in Lockyer Valley-Gatton are well above those for Lockyer Valley-Laidley and slightly above those for the LGA.

- The Lockyer Valley LGA and its SLAs all experienced relatively consistent levels of decline in the proportions of fully owned housing tenure between 2001 and 2011 and corresponding increases in the proportions of housing purchase tenure (Refer **Table 6 LGA and Table 6 SLA**). These declines in proportions translate to significant rates of declines in outright home ownership of -21% to -25%.

- Detached houses are overwhelmingly the primary source of dwellings for all tenures, including private rental tenure (agent and owner managed) in the Lockyer Valley LGA and its SLAs (Refer **Table 7 LGA and Table 7 SLA**). In Lockyer Valley-Gatton, semidetached etc, flats etc and other dwellings play a much greater role in providing rental tenure options than they do in Lockyer Valley-Laidley (Refer **Table 7 LGA and Table 7 SLA**).

Dwelling Tenure and Household Profile Trends

Analysis of household use within individual dwelling types

- The proportions of couple only and couple family households in Lockyer Valley LGA and its SLAs residing in detached dwellings are almost identical (Refer **Table 8 LGA** and **Table 8 SLA**). Flats accommodate a greater proportion of lone person households in Lockyer Valley-Laidley than they do in Lockyer Valley-Gatton and the LGA as a whole (Refer **Table 8 LGA** and **Table 8 SLA**).

- Semi-detached dwellings (etc) and flats (etc) in both Lockyer Valley SLAs (numbers of these dwelling types are very limited) are primarily used by lone person households and to a much lesser extent couple only and lone parent households. Couple parent households are also minor users of semi-detached dwellings (etc) in both SLAs (Refer **Table 8 LGA** and **Table 8 SLA**).

Analysis of household use across all dwelling types

- Additional insight into household use of dwelling types is provided by reference to **Table 9 LGA** and **Table 9 SLA** as it is configured to present proportions of different household types using the different volumes of dwelling types in the housing market. In other words unlike the data in **Table 8 LGA and Table 8 SLA**, the proportions of the different households using the different dwelling types take account of numbers and proportions of available dwelling types (or housing diversity) in the relevant housing market.

- For example, the lack of housing diversity in Lockyer Valley LGA and its two SLAs is clearly demonstrated in **Table 9 LGA** and **Table 9 SLA** as all household groups in Lockyer Valley make greater use of detached houses than their counterparts in the SEQPR and Queensland. While it is to be expected that Lockyer Valley as a small rural region will exhibit lower levels of housing diversity than the SEQPR and Queensland, the data also indicates that housing diversity for most household groups has declined or not improved significantly over this between 2001 and 2011 (Refer **Table 9 LGA and Table 9 SLA**). At the SLA level, Lockyer Valley-Gatton has shown some minor improvement in housing diversity across the major household groups, but this has been more than offset by the Lockyer Valley-SLA to produce an overall decline in housing diversity in Lockyer Valley as a whole.

Housing market characteristics - Lockyer Valley Regional Council SLAs (cont)

Analysis of household use across all dwelling types (cont)

- The lack of housing diversity in Lockyer Valley is likely to be contributing to the higher than SEQPR and Queensland average proportions of lone person households in this region using available semi-detached dwellings (etc) and flats (etc) in Lockyer Valley and its SLAs (Refer **Table 8 LGA** & **SLA**).

Dwelling Type Profile Trends

- **Table 10 SLA** more clearly outlines the differences in housing diversity between the Lockyer Valley-Gatton and Lockyer Valley-Laidley and Lockyer valley as a whole (refer **Table 10 LGA** and **Table 10 SLA**). Nevertheless, **Table 10 SLA** contradicts the tentative improvements in housing diversity suggested in **Table 9 SLA**, other than minor overall modest improvements in stocks of flats etc. **Table 10 SLA** does however indicate that Lockyer Valley-Gatton has higher levels of diversity than Lockyer Valley-Laidley as follows: - detached houses (90.5 to 97.0%); semi-detached dwellings etc (2.2% to 0.4%): flats etc (4.3% to 1.6%): and caravans etc (2.6% to 0.8%).

Dwelling Type by Bedroom Numbers

- Lockyer Valley-Laidley has greater proportions of smaller detached, semi-detached dwellings (etc) and flats etc than Lockyer Valley-Gatton and Lockyer Valley as a whole (refer **Table 11 LGA** and **Table SLA**). The proportion of larger detached dwellings (4 or more bedrooms) has been increasing between 2001 and 2011 in Lockyer Valley and its SLAs (Refer **Table 11 LGA** and **Table SLA**).

Dwelling Type Approval Trends

- Between 2003/4 and 2010/11 annual dwelling approval rates for Lockyer Valley-Laidley have been consistently higher apart from 2008/9 than those for Lockyer Valley-Gatton and the Lockyer Valley LGA (Refer **Table 12 LGA** and **Table SLA**). Annual dwelling approval rates for other dwellings (semi-detached dwellings etc and flats etc) in the SLAs have been consistently low over this period except for 2010/11 period for Lockyer Valley-Gatton.

Rental Market Trends

- Between 2005/6 and 2010/11, Lockyer Valley-Laidley experienced greater rates of increase in total rental stock than Lockyer Valley-Gatton and the Lockyer Valley LGA (15.3%, 10.4% and 12.6% respectively) (Refer **Table 13 LGA** and **Table 13 SLA and Table 13A Graphs**).

- Rates of increase in detached dwelling rental stock have been substantial in Lockyer Valley-Laidley (16.4%) and in Lockyer Valley-Gatton rates of increase for townhouses have been significant (31.4%). The latter growth rate has not made a substantive difference to the diversity in total rental housing stock in Lockyer Valley-Gatton as it has only led to a modest increase in townhouses (7 to 18). Nevertheless, Lockyer Valley-Gatton offers a greater diversity of rental housing stock than Lockyer Valley-Laidley as follows: - detached dwellings (77.6% to 92.9%), townhouses etc (1,3% to 0.0%) and flats etc (21.1% to 7.1%) (Refer **Table 13 SLA**).

- Putting aside the very modest increase in townhouses in Lockyer Valley-Gatton, the diversity of rental housing stock in both SLAs has declined between 2005/06 and 2010/11. Detached dwelling stock as a proportion of all rental housing stock has increased and the combined proportions of townhouses etc and flats etc has declined in both of the Lockyer Valley SLAs (Refer **Table 13 SLA**).

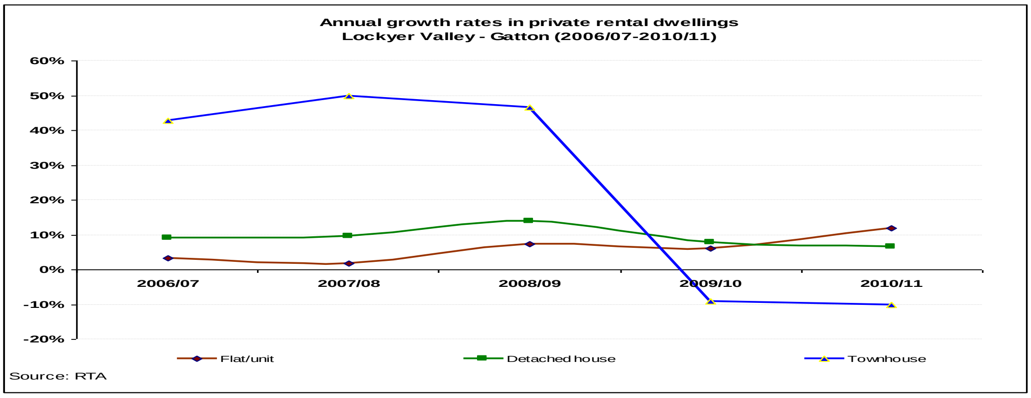
Rental Cost Trends

- Median rental levels for one, three and four bedroom stock in Lockyer Valley-Laidley are lower than those for Lockyer Valley-Gatton and the LGA as a whole. The median rent level for two bedroom stock in Lockyer Valley-Laidley is slightly higher than those Lockyer Valley-Gatton and the LGA (refer Table 14 LGA and Table 14 SLA).

- Annual growth rates in median rents by dwelling size (bedroom numbers) in the Lockyer Valley SLAs have been trending downwards since 2007/8 and are illustrated in the **Table 14 SLA Graphs.**

Housing market characteristics - Lockyer Valley Regional Council SLAs (cont)

Table 13 SLA Graphs: Rental Dwelling Growth Rates for Lockyer Valley Regional Council SLAs



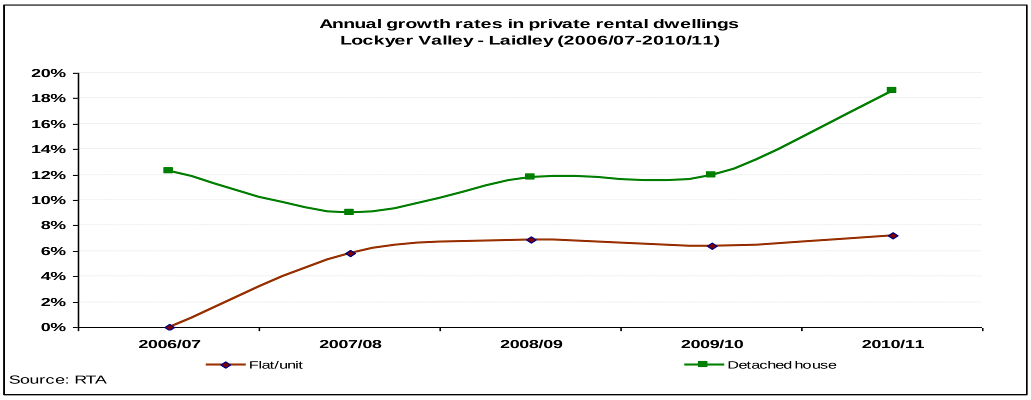
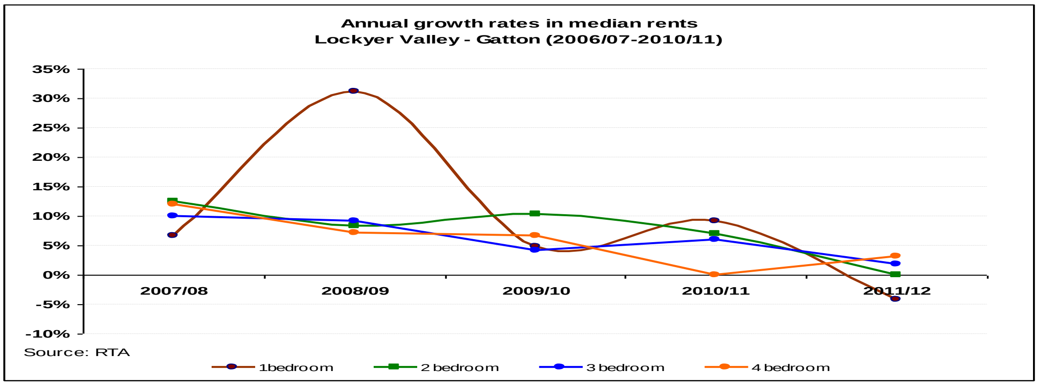
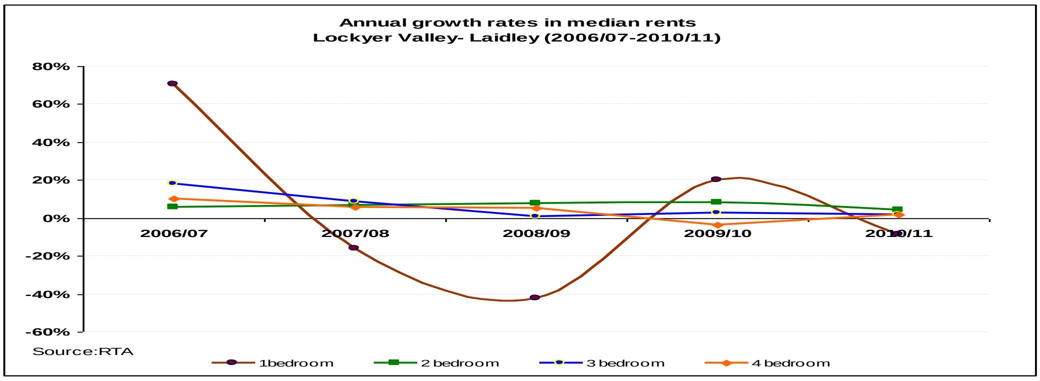


Table 14 SLA Graphs: Median Rent Growth Rates for Lockyer Valley Regional Council SLAs





Rental Supply - Vacancy Rate Trends

- Annual rental vacancy rates at the SLA level are not available.

Rental Market Affordability Trends

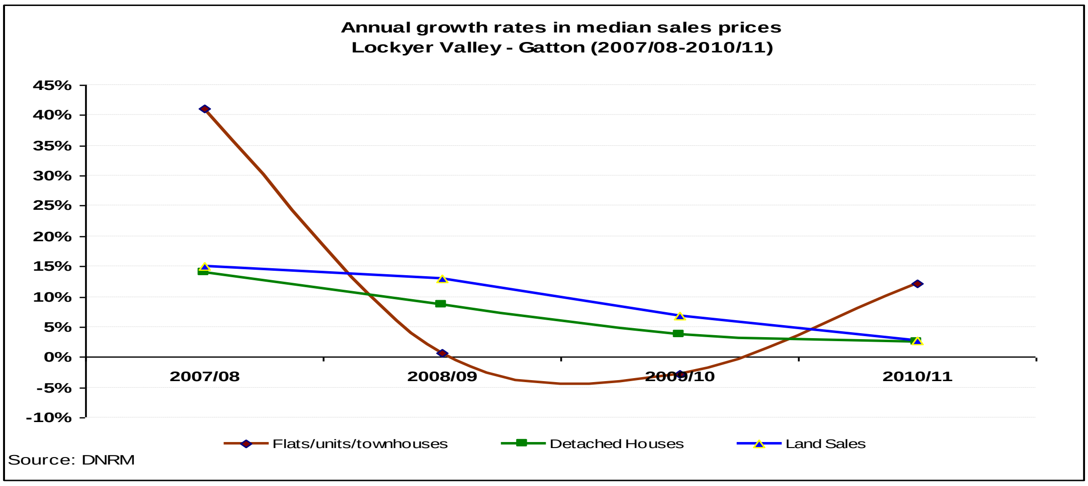
- Proportions of very low and low income households in rental stress are not available at the SLA level at this stage in the development of the updated housing analysis data.

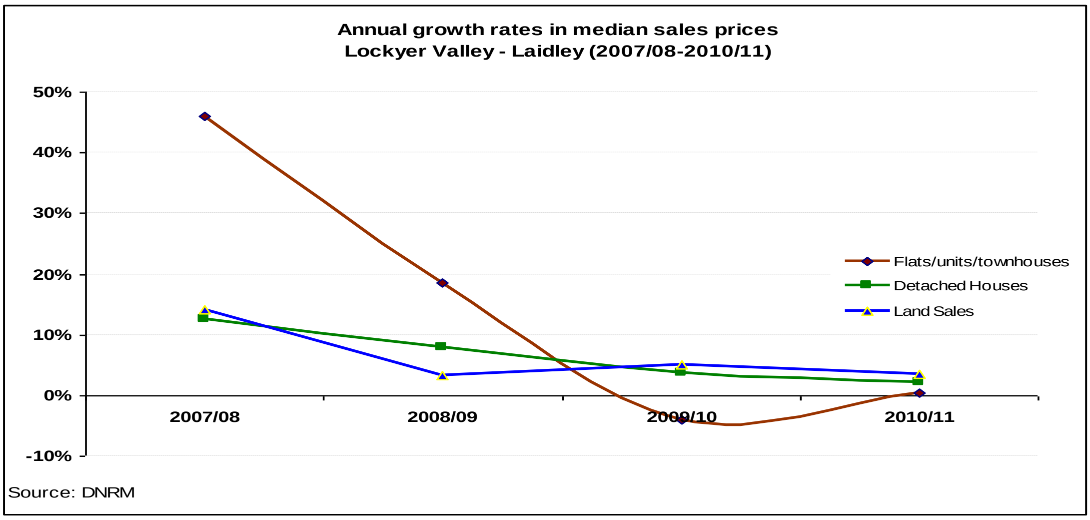
Home and Land Purchase Price Trends

- 4 year averaged growth rates in median sale prices for detached houses have been generally consistent in the Lockyer Valley SLAs (Refer **Table 17 SLA**). The 4 year averaged growth rate in median sale prices for land has been greater in Lockyer Valley-Gatton than Lockyer Valley-Laidley and this converse has occurred with flats, units, townhouses etc (Refer **Table 17 SLA**). The **Table 17 SLA Graphs** indicates the high price growth rates associated with the overheated housing market in 2007/8 that preceded the Global Economic Crisis. Since then growth rates in prices the Lockyer Valley SLAs have been trending downwards.

- As of 2010/11, median price differentials between Lockyer Valley-Gatton and Lockyer Valley-Laidley were not significant as indicated: - flats/units/townhouses ($245,000 to $250,000); detached houses ($329,500 to $317,000), land ($142,750 to $129,500) (Refer **Table 17 LGA**).

Table 14 SLA Graphs: Median Sales Price Growth Rates for Lockyer Valley Regional Council SLAs





First Home Purchase Affordability Trends

- Refer to LGA section on first home purchase affordability trends.

Housing needs characteristics

General considerations

In identifying findings and deriving implications for the range of housing types, it is important to understand the following limiting assumptions of the housing needs model (see **Tables 19-24 LGA**) for the model outputs):

- The model assumes the same proportional split of households in the future, in terms of the need for small and large dwellings, as measured at the 2006 Census. This is even though the detailed household and age-sex projections suggest an even greater proportion of small households, with a need or preference for small dwellings, in 2031.

- The Indicative Need for small and large dwellings assumes that all small, low income households are better accommodated in small dwellings. This includes most retirees, most of whom use large dwellings, generally separate houses, which they own outright, significantly reducing any affordability concerns associated with small households occupying large dwellings. These small households may choose to remain in large dwellings for a range of personal, family, financial and lifestyle reasons, even though their normal bedroom and space needs might be met by small dwellings.

- The existing stock of dwellings identified in **Tables 19-24 LGA** is equivalent to housing consumption by the estimated number of resident households. This is less than the total stock of dwellings, which also includes a proportion of vacant dwellings and dwellings occupied by visitors only.

Lockyer Valley Regional Council

The outputs of the housing needs model (see **Tables 19-24 LGA**) that have implications for the range of housing types in Lockyer Valley include:

- Lockyer Valley has a mismatch between the indicative need for small and large dwellings and the actual existing stock of dwellings (see **Table 19 LGA**). This estimated or indicative mismatch (approximately 24%) of existing stock is lower than the proportions for Queensland (approximately 16%). The model indicates that there is an undersupply of small dwellings and a corresponding oversupply of large dwellings compared to the indicative need. This output should be considered in the context of the limiting assumptions of the model as noted in the preceding sub-section.

- The indicative mismatch of small and large dwellings in Lockyer Valley is more pronounced than the Queensland average. This can be attributed to the much lower proportions of housing diversity in Lockyer Valley. As Lockyer Valley has high proportions of households (50%) falling within the bottom 40 percent of the Queensland income distribution, appropriate planning scheme responses at this juncture are likely to be important to facilitating housing options for these households and locally formed future households (Refer **Table 21 LGA**).

- A breakdown of this mismatch across low income household types indicates that it occurs primarily among single person and couple households (see **Table 20 LGA**). This outcome is consistent with the assumptions underpinning the model and the relatively high proportions of single and couple households in Lockyer Valley and the broader community generally.

- As inferred above, the model potentially overstates the need for small dwellings for single person and couple households as many are comprised of retirees who own their own home and are not in housing stress. Nonetheless older (75+) retirees are likely to seek smaller, more manageable dwellings as their capacity and willingness to maintain larger dwellings diminishes. In relation to this general point, it is worth noting that this characteristic of the model may be counterbalanced by younger single and couple household on low to moderate incomes who may be placed in housing stress by rising housing prices in Lockyer Valley. Given the assumptions underpinning the model it is worth stressing that it can also potentially understate the need for small dwellings in areas with high house prices as moderate income households in housing stress will not be identified as needing smaller, lower cost, housing forms.

- Projected need for dwelling stock is outlined in **Table 22 LGA** but should be adjusted to make allowances for visitor only or tourist accommodation as well as a proportion of vacant dwelling stock to support the effective operation of the housing market. Projected indicative need for small and large dwellings outlined in **Tables 23 LGA** and **24 LGA** provides some baseline data for modelling purposes. **Table 25 and Table**

26 LGA contains data on dwelling projections and underlying demand for dwellings prepared by the Office of Statistical Research (OESR). These OESR dwelling projections are used in **Table 22 LGA**, **Table 23 LGA** and **Table 24 LGA**.

Implications for the range of housing types

Introduction

The department envisages that its contributions to assessing and identifying housing and planning issues, needs and options for a Council area will be supplemented by, and considered in the context of, appropriate inputs from local government, other state agencies, development and community groups as recommended in the State Planning Policy for Housing and Residential Development 1/07.

The housing needs model was developed to provide a starting point only for measuring housing needs in a local community and is intended to be reviewed in the context of other housing analysis findings and the contextual information contained in Part B. On the basis of this type of analysis the department views the outputs of the housing needs model as an indication only of the estimated need for a basic range of housing sizes; the meaning and nuances of which need to be reviewed in the context of existing and projected trends obtained from a range of sources.

In addition, the department is aware that the housing needs model assumption that all new small dwellings will be cheaper than all new large dwellings, is not borne out by current data, and that is because not all dwelling types are viewed or treated the same by the development and local government sector and the community. For example, smaller dwellings delivered in the form of townhouses rather than detached dwellings, are not standardised, delivered at scale, minimally assessed or provided on individual allotments.

For this reason their cost structure is higher than detached dwellings and as a consequence some developers seeking to address housing affordability issues in larger urban areas are now proposing small two bedroom houses on lots ranging from 135 to 200 square metres. More recent evidence, suggests developers are also revisiting standardised townhouse designs, which can be delivered in duplex or multiple residential unit configurations and at scale. Developers are also looking to reduce the cost of flats by employing multiple use spaces to reduce building footprints and material usage and, in well serviced locations, offering these modest flats with no car parking, to further reduce costs.

Unfortunately planning schemes have a tendency to be non-supportive of diversity in flat, townhouse or detached dwelling product. These issues are a primary focus of the SPP which recommends the use of graduated standards to support a greater range of product whilst maintaining amenity standards and improved affordability. State legislative support for and investment in transit oriented development, in larger urban areas, also supports a case for the development of more considered approaches to car parking requirements for dwellings in locations designated for this form of development to facilitate housing diversity and affordability.

Key Housing Analysis outputs

In comparison to Queensland, Lockyer Valley has not been effective in facilitating the delivery of a diverse range of housing options for its community. Consequently, the indicative mismatch of small and large dwellings in Lockyer Valley is much more pronounced than the Queensland average. This can be attributed to the higher proportions of separate (detached) dwellings in Lockyer Valley which are mostly three bedroom and greater in size.

As is the case in Queensland in general, households with an existing saleable housing asset and/or moderate to high incomes will be much better placed to access a range of housing options in any housing market. Lockyer Valley is potentially well placed to attract non local households with an existing saleable housing asset or moderate to high income due to the affordability of its limited housing options. Migration levels from other areas will depend on whether these limited housing options match the preferred lifestyle requirements of these households, many of whom may be categorised as discretionary home purchasers.

Existing local households are likely to be less well placed to meet their housing needs in the Lockyer Valley now and in the future due to their increasing age and low relative incomes and a housing market that is delivering poor housing diversity and declining real and relative housing affordability. The above factors combined with lower relative levels of health facilities/services and employment opportunities in Lockyer

Valley (in comparison to larger regional centres) may well mean that it may not realise anticipated household and population and age projections.

Many older singles and lone parent families have a lesser income and asset base than the other major household groups and may not be well placed to access housing in the locality unless more appropriate housing options are facilitated by planning scheme provisions and then delivered by the market. Older households, and in particular retirees with no asset base, are likely to continue to experience difficulties in accessing appropriate housing options in Lockyer Valley. This lack of housing options and lower relative levels of health facilities/services may result in older households seeking housing options in larger regional centres.

Analysis of a range of affordability measures shows that the housing market in Lockyer Valley is currently subject to rates of increase in median rents and median sales prices that are greater than those for the SEQPR and Queensland. While rents and house prices in Lockyer Valley are still significantly lower than the average in these larger regions, the local community also has a lesser capacity to absorb ongoing rises in rents and house prices as it accommodates larger proportions of low income households than the SEQPR and Queensland.

Collectively these housing analysis outputs suggest that Council may need to consider new ways of planning for and facilitating the delivery of greater housing diversity to ensure scheme provisions play their role in supporting the provision of a range of housing that meets the needs of the community.

On the basis of the Housing Analysis outputs and emerging development sector approaches to delivering housing diversity and affordability, the Department recommends that consideration be given to a range of small and large dwellings in either detached dwelling or attached/unit formats in an appropriate range of zone/precinct scenarios.

Housing Demand Characteristics

Housing needs data in Part C: Housing Analysis data has also been supplemented with Office of Statistical Research (OESR) dwelling projection and projected underlying dwelling demand data.

The OESR underlying demand model (see **Table 26**) uses the 2011 housing projection data and incorporates adjustments for changes in vacant dwellings and replacement of dwelling loss. The inputs to the OESR dwelling projections (see **Table 25**) are less clear, but each of these three models produce similar projections for total numbers of new dwellings needed for the period extending between 2006 and 2031. OESR should be contacted in relation to the assumptions and data underpinning the outputs of their dwelling projection and projected underlying dwelling demand models.

Comment on Housing Analysis Outputs

The department envisages that its contribution to assessing and identifying housing and planning issues, needs and options for Lockyer Valley will be supplemented by, and considered in the context of, inputs from local government, other State agencies, the development sector and community groups.

The Housing Analysis provides a range of data that can be used together with other information available to the Council to inform assumed future proportional splits of the different housing types in the different parts of Lockyer Valley.

This data can be used to support a more conventional planning approach to addressing future housing need and/or a range of different scenarios as suggested in Appendix 1. In any event, the data is intended to assist Council with adopting appropriate allocations of zoned land in the planning scheme, taking into account household projections and suitable assumptions regarding dwelling density, vacant dwellings and visitor accommodation. It should also be stressed that it is intended to inform planning scheme provisions that will facilitate opportunities to deliver a broad mix of housing types and allotment sizes with a wide range of price points, notwithstanding the different available approaches to planning for future housing needs.

Range of Housing Types

Ranges of dwelling types consistent with a more flexible planning system linked to characteristics identified in the Housing Analysis are outlined below.

Detached dwellings (separate houses)

A wide range of small to large dwellings at different densities and price points in an appropriate range of zones/precincts on the basis of the needs of households from all income groups, including those with housing affordability and/or house maintenance capacity issues.

Attached dwellings

A wide range of small to large semi-detached dwellings, row and town houses at different densities and price points in an appropriate range of zones/precincts on the basis of the needs of households from all income groups, including those with housing affordability and/or house maintenance capacity issues.

Multi-unit dwellings

Need for a wide range of small to large units at different densities and price points in an appropriate range of zones/precincts on the basis of the needs of households from all income groups, including those with housing affordability and/or house maintenance capacity issues.

Boarding houses

Need for studio style accommodation in appropriate locations to address the needs of transient, semi-transient and other homeless persons.

Retirement villages and Aged Care Facilities

Need for a wide range of small to large units at different densities and price points to address an ageing population more of whom will have a smaller asset base in the future (e.g. more retirees will come from a single parent family background).

Caravan parks

Need for caravan parks in appropriate locations to address the needs of transient, semi-transient and other homeless persons.

Nursing Homes

Need for nursing homes in appropriate locations to address an ageing population.

Specific Design Issues

The increasing proportion of elderly people and age-related disabilities means a greater need for adaptable home design features to support movement through the home and use of its facilities.

Appendix

Housing Analysis

Introduction

These additional notes have been prepared to complement advice outlined in the State Planning Policy (SPP) Guideline for Housing and Residential Development on the preparation of a housing needs assessment.

A housing needs assessment is intended to inform Council decisions on planning for the range of housing options suitable for their existing and future residents. The SPP envisages that this assessment in conjunction with a planning scheme analysis will inform planning scheme measures that provide opportunities for these housing options.

The SPP Guideline outlines a minimum set of housing analysis data for undertaking this task, but also stresses that each Council will need to use data from other sources, including local knowledge, to complete this task. Since the formulation of the SPP Guideline data set, the Office of Economic and Statistical Research (an important data source for Councils) has released a range of local government area household projections by household type. This data in combination with housing analysis data is extremely useful for identifying likely future Council and regional community profiles and has been included in this document.

In addition, some readily available Australian Bureau of Statistics data on housing consumption (demand) and existing stock (housing supply) data has been added to this document to supplement the standard housing analysis data set. This has been done to aid the review of standard housing analysis data by both the department and Council, and will minimise the need for Council to independently source other data.

The SPP Guideline housing needs assessment methodology recommends that each Council should consider demographic (community profile), housing consumption (demand), existing stock (housing supply) and housing needs model data output characteristics to identify suitable housing options for their existing and future residents. The abovementioned supplementary data has been included in this document to make it easier for Council to prepare a housing needs assessment that is consistent with this methodology.

An approach for preparing a housing needs assessment

In preparing a housing needs assessment, it is important for Council to be clear about what it is seeking to do with the assessment information and how they intend to compile, document and apply it. It is recommended that Council review relevant higher level spatial data to inform a ‘big picture’ analysis of broad demographic and housing trends. The high level review of emerging trends can then be used to inform the development of a range of possible (low to high change) scenarios that might stem from combinations of these trends.

All forecasting units use this type of approach and Council needs to be clear about the assumptions and limitations of their modelling scenarios and their data outputs as well as those of any applied data inputs from a forecasting unit or other data source. Forecasting units can only provide best possible forecast estimates based on a range of assumptions and available data. Data forecast projections are based on a series of trend assumptions and provide a range of estimates, the accuracy of which can only be determined by subsequent census data.

For this reason, it is useful for Council to think in terms of ranges of housing needs and options that could satisfy future residents rather than working to identify one definitive set of numbers. This approach could inform a residential planning strategy capable of supporting a greater range of future outcomes within a planning scheme.

Once Council has identified the broad demographic and housing trends and conceptualised them via a range of possible future scenarios, it can commence a review process involving input from external stakeholders and testing against selected detailed data. The scenarios can then be tested in terms of their ramifications for land use and infrastructure planning at lower spatial levels.

The Planning Information Forecasting Unit (Household Projections Report 2007) developed a series of council typologies to aid analysis of different combinations of emerging population and household formation growth trends at these higher spatial levels. This report also provides useful information on how household change impacts upon household numbers and population change. The SPP Housing Analysis Context module also provides an overview of a generic housing career model outlining how housing choices change over the lifetime of different household types. This overview is supplemented with housing consumption data for these different household types from a range of sources.

Limitations of data available for preparing a housing needs assessment.

All data sets used in a housing needs assessment from any source will have their limitations. Some of these limitations have been highlighted in the previous section.

Other data limitations may include: the age of the data, the comparability of data (given ongoing adjustments to data presentation methodologies, spatial units and data categorisation) and the specificity of the data (i.e. broad categorisation data in lieu of unavailable specific data). These limitations apply to the analysis of a range of previous and current (2011) census data sets and any data projections based on a trend analysis of these data sets.

These issues have informed the preparation of these data sets and have prevented the department from undertaking trend analyses of some demographic and housing characteristics, and in other instances, comprehensive analyses of specific characteristics. Council needs to be aware of these issues when using department and alternatively sourced data for the purposes of preparing a housing needs assessment.

Key elements of a housing needs assessment

The preparation of a housing needs assessment involves the review of demographic (community profile), housing consumption (demand), existing stock (housing supply) and housing needs model data output characteristics. All these elements are interlinked and data projection modelling based on each has different strengths and weaknesses. This section provides an overview of these matters.

Demographic (community profile characteristics)

Household growth and change is influenced by a range of factors, including population ageing, societal changes and migration. The degree to which these characteristics will contribute to household change is likely to vary with the size and characteristics of the existing population as well as those of any migrant population.

Household type, age and income are significant determinants of housing choice as indicated in the generic housing career model and housing consumption characteristics outlined in the housing analysis context module and the attached data sets.

Household type projections are not disaggregated by age and need to be cross referenced with population projections (which are disaggregated by age groups) to gain insight into likely household type by age formation trends. The SPP Housing Needs model custom ABS Census data (adjusted to incorporate OESR 2011 household projections into how household type and income affects housing choice.

Housing Consumption (Demand) Characteristics

The housing consumption data provides information on the consumption characteristics of different household types by dwelling type and dwelling size (refer standard 2001, 2006 and 2011 ABS Census data provided in Module C. This data examines the whole housing market at census intervals and is not indicative of consumption or demand trends pertaining to new housing supply. However, as new housing supply generally only ever meets a small portion of total housing demand at any given point in time, the examination of these characteristics is relevant.

An examination of changes in housing stock over the most recent census periods will provide some insight into recent consumption or demand trends on newer housing supply if this data had been presented in comparable formats. An alternative approach involves reviewing recent new dwelling approval data and working on the premise that it is representative of demand for new dwelling stock. Housing demand and supply are patently interlinked but housing affordability trends need to be considered in this equation, as the maintenance of current demand levels (and ultimately supply) will be influenced by the price points at which new dwellings can be brought to the market.

Existing Stock (Housing Supply) Characteristics

The housing consumption data provides information on existing stock or housing supply. New housing supply data contained in this data set is obtained from the Office of Statistical and Economic Research. The Office of Statistical and Economic Research also provides data on dwelling approvals and Council is also likely to have access to its own data and local knowledge on new dwelling supply characteristics. While housing suppliers often lead demand, through marketing and the controlled release of product, they are ultimately responsive to key demand characteristics which are influenced by housing affordability characteristics.

Housing Need Characteristics

The SPP Housing Needs Model establishes a framework for determining indicative estimates of appropriate and preferred dwelling sizes for different household sizes based on household incomes. The model works on two key assumptions:

- that the housing choices of low income households (bottom 40% of the income distribution) are more constrained than those of higher income households and that their needs would be better met by smaller housing which should be more affordable than larger housing, all other things being equal.
- that the housing choices of higher income households (top 60% of the income distribution) are less constrained and that their needs can be satisfied in accordance with their housing consumption (demand) patterns.

The SPP Guideline acknowledges the limitations of the Model's assumptions and data inputs and stresses that its indicative outputs must be reviewed in the context of other relevant data from the housing analysis and other sources.

Variations in housing prices and numbers of retired low income, house owning households within and between councils are two key characteristics which need to be considered when interpreting the model's outputs.