

Housing Affordability in a Sea Change Community: Market and Policy Responses to Changing Socio-Demographics

Dr Gail Kelly

CSIRO Sustainable Ecosystems, Canberra
Email: Gail.Kelly@csiro.au
02 6242 1585

Dr Fiona Haslam McKenzie

Housing and Urban Research Institute of Western Australia
Curtin University, Perth
Email: F.mckenzie@curtin.edu.au
08 9266 1087

Abstract

Sea change and tree change communities in Australia are generally located in highly sought after coastal or near-coastal locations. They often have unique environmental features and are being 'discovered' by people wanting to escape their busy urban lives for recreation or alternative lifestyles. The combination of increasing tourism numbers and an increase in 'non-permanent' property owners has led to issues that are multi-faceted and complex. From a planning perspective, problematic issues include development pressures from population and tourism growth leading to pressure on the natural environment, changing social demographics, increased property prices, lack of affordable housing and funding shortages for infrastructure.

Many local government authorities are struggling to maintain infrastructure and service requirements for these rapidly growing communities, and some long term residents and others from the less affluent sectors of the general population are finding themselves unable to afford to live in the community. Dissention and social imbalance between the permanent and non-permanent residents is manifesting as a result of the situation and local government policy response. Furthermore, the lack of affordable housing may have serious implications for the local tourism and agricultural sectors, which are reliant on lower-paid casual workers.

This paper will draw on a Western Australian regional sustainability case study to investigate differentials in permanent and non-permanent residents and the concept of equity at a local government level. It will draw on data representing the values of both types of residents to consider future trends and discuss the plausibility of potential solutions in relation to housing affordability.

Introduction

The sea change and tree change phenomena is attracting a great deal of attention from all levels of government and the media as well as gaining academic traction from a variety of disciplines including social scientists, planners, ecologists and economists. Much of the work thus far has focused on demographic shifts, infrastructure pressures and the experiences of those who move to these coastal or near coastal locations. Limited attention has been paid to the experiences of those who have lived there for a long time and increasingly find it difficult to afford to live in these rapidly changing communities.

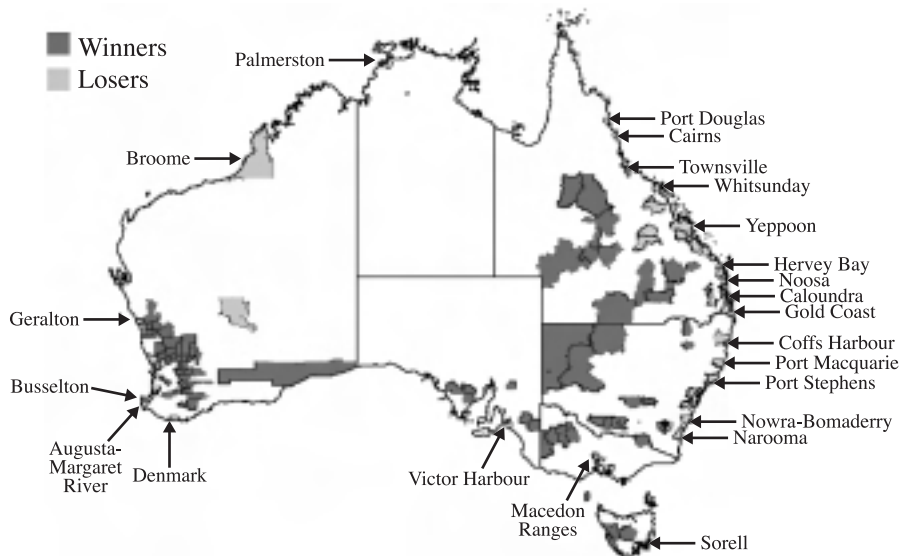
Responsibility for land use planning and residential housing generally lies with local government authorities, which constitute paid, professional employees and elected community members who vote on policy decisions. There is recognition that there are unique challenges for residents and local government authorities in sea change and tree change communities to manage rapidly changing conditions and to plan for sustainable development. It is the purpose of this paper to explore the complexity of these issues, especially in relation to affordable housing, from the perspective of permanent residents. The paper commences with an explanation of our interpretation of housing affordability in sea change and tree change places, with particular reference to its implications for sustainable development. We draw on research in the Augusta-Margaret River Shire in Western Australia to delineate the issues and explore potential responses and their flow-on implications.

Preamble and Definitions

The word 'seachange' (or words sea change) have become important in the Australian vernacular, underscored by the Australian Broadcasting Corporation (ABC) series of the same name. It has come to represent people wanting to escape the city to pursue Arcadian, nostalgic or alternative beachside lifestyles (see, Burnley and Murphy, 2004). The term was first used by William Shakespeare in his play 'The Tempest', and the accepted meaning of the term then, as it is today, is 'a profound, or notable transformation' (Natoli, 2004). An extrapolation of this notion is 'tree change' describing people who choose to 'escape' to usually picturesque inland places, often with a small town or hamlet. Murphy (2002, p.5) however, does not differentiate between the two but rather, suggests that the term "sea change is used in a metaphorical sense to connote people making a fundamental change in their lifestyles". Both terms describe people who have consciously decided to leave their long-term place of residence, usually a capital city, to pursue an alternative lifestyle, which most anticipate will be more tranquil and stress-free. The smaller coastal or near coastal communities that are the target of the new lifestyle have a predominantly rural feel, but according to Burnley and Murphy (2004), after a relatively short period of time, the 'escapees' desire access to the amenities they are used to in their urban environments.

Australian Bureau of Statistics (2004) data show that the population growth of Australian coastal areas is outstripping other parts of rural Australia while rural areas continue to decline. This can be clearly seen in Salt's dramatic graphic in Figure 1.

Figure 1: Demographic Change in Regional Australia. “Bleeding bush ... and the blooming beach”. Areas of population loss and growth between 1976 and 2002



(Source: Salt 2004b, Reproduced with permission)

In 2003, 70,000 people moved to coastal areas, which was 7 per cent more than the previous year (Salt, 2004a). As disposable income and leisure time has increased for some, and transport and road access has improved, coastal areas that are within a 3-4 hour drive from capital cities are now affordable, and these locations draw a high proportion of their migrants from the capital cities (Tonts, Paull and Haslam McKenzie, 2004; Haslam McKenzie and Johnson, 2004; Salt, 2004b; Gray and Lawrence, 2001). The trends in Western Australia reflect those of the rest of Australia. Localities such as Busselton, Margaret River, Denmark and Jurien (between Perth and Geraldton) have all boomed as ‘weekender’ and sea change destinations as they are within an easy 3-hour drive from Perth.

According to Badcock and Beer (2000), Australians outstrip all other countries in the world for their home ownership, even though the proportion of Australians owning their own home is in fact declining. Investment in housing has been the predominant pattern of household savings and private wealth accumulation in Australia for more than 50 years (Yates, et al., 2005; Badcock and Beer, 2000). Housing affordability is the financial ability to own outright, or adequately service mortgage payments so as to build up an asset through the ownership of a house. The National Housing Strategy (1992) suggests that households in the bottom 40 per cent of income groupings must pay less than 30 per cent of their income on housing costs in order to adequately afford their housing. “Households experiencing housing stress find themselves with insufficient income after meeting their

housing costs to purchase the necessities of life and are at increased risk of defaulting on rent and mortgage repayments” (Pendergast, Lambert and Eringa, 2004, p.14). The affordability index, the price of a standard house relative to average earnings, reached an all-time low in the late 1990s (Department of Housing and Works, 2003). Over the last two decades, there has been a sharp rise in the numbers of households falling out of home ownership due to escalating house prices, financial hardship or divorce. Access to housing wealth reflects the disparities in the labour market, and increasingly, there is unequal housing wealth with concentrations in the upper segments of the housing market causing a polarisation of incomes and return on housing investment. According to tourism statistics presented by Frost (2004), high income Australians have made a substantial investment in second homes. Frost’s (2004, p. 162) research shows that visits by ‘tourists’¹ to second homes was the fifth highest category of accommodation for domestic holiday makers in 2000 (4 million visits and 12 million nights). The housing investment trend is exacerbated in ‘hot’ property markets such as sea change and tree change communities.

As discussed later in more detail, the pressure for housing investment in sea change communities is creating major challenges for these regions to be sustainable in the long term. Many local government authorities are examining their planning processes in an attempt to ensure that development is being undertaken in a sustainable manner with minimal impact on the natural resource base. Sustainability principles now firmly underpin rural development policy in Australia (Rural Industries Research and Development Corporation, 2003). In particular, it is well understood that sustainable development requires an integrated and holistic systems approach, whereby bio-physical processes have to be considered in the context of their social-economic drivers and responses. Managing change is a key aspect of sustainability, as the transition to sustainability (O’Riordan, 2001) requires institutional and individual change, empowering citizens to make different decisions and enhancing the capacity of individuals and communities to respond positively to challenges. Heterogeneity or economic and social diversity in a community provides a number of advantages. Salaman (2003, p. 47) argues that “in a dynamic regional economy, diversification gives a town more options than its housing stock or land to sustain it” and a variety of employment choices, giving the community a resilience to market vulnerability but also saving it from “‘boringness’ and self-complacent long term rot” (Stein, 1998, p. 72). Salaman (2003, p. 47) adds that it is important “that business-friendly attitudes and continual dedication to active ‘boosterism’ are used to sustain a mixed-economy town” thereby maintaining dynamism and long-term continuity. This often means identifying and acknowledging the diversity of local values and including multiple perspectives when defining the meaning of ‘regional sustainability’ within local areas as the basis for planning future development. While it is recognised that sustainability remains a contested term (Mog, 2004), for the purposes of this paper, the notion of sustainability is based on the original concept of eco-sustainability, whereby the present generation is expected to meet its needs without compromising the ability of future

¹ Frost (2004) describes ‘tourists’ in this context as those people who are not permanent residents, regardless of their home ownership status in the locality.

generations to meet their own needs (World Commission on Environment and Development, 1987). In a regional context, this is understood to incorporate the environmental, economic and social conditions of a particular geographic area, while achieving a viable lifestyle that will support human well-being in the long term.

Characteristics of Sea Change/Tree Change Communities

Sea change and tree change communities are experiencing unprecedented population growth, defying rural population trends, which have, overall, been in a downward trend for about four decades. The physical amenity, whether it be bushland, cultural and heritage values, the topography or the sea is largely attracting people to these places. In the Australian context, perhaps with the exception of New South Wales, sea change and tree change communities tend to be beyond the daily commuting range of big cities (Murphy, 2002; Smailes, Argent and Griffin, 2002) giving sea changers a sense of escape. Despite the desire to flee the urban environment, many expect that their destinations will have the infrastructure and services (e.g., medical and retail services), and be relatively self-sufficient, not unlike the cities they left. The accelerated gains in population in these once small communities, and (recently) very rapid price increases in land and houses, have enabled some to make significant capital gains from property. This trend however, increasingly makes it difficult for the less wealthy to buy into the area. As discussed by Gallent, Mace and Tewdwr-Jones, (2003) 'open' markets such as sea change communities have a heightened demand for properties because of an inflated number of competitors (locals, second home buyers, investors, retirees), reducing the affordability and access for those on lower incomes. The less wealthy cohort of people who move to sea change and tree change communities for work and for anticipated lifestyle changes in a rural environment are usually also seeking more affordable housing and living costs in comparison to the capital cities. These aspirations however, are often misguided (O'Connor, 2004; Murphy, 2002) as will be discussed in the next section.

Growth in population (and visitors) places a strong demand on local government to both upgrade existing and provide new infrastructure and services (e.g. job opportunities, appropriate health and care services, transport, infrastructure and services). Furthermore, the population demographics are changing; subsequently the expectation of what the community should provide is also changing. The low permanent population and small local government budget typical of most sea change and tree change communities means they usually have a low capacity to provide the level of infrastructure required. Attention to development patterns and community service provision, therefore, is very important.

The tensions and issues

Inevitably, jobs and business opportunities follow population growth, particularly in places that attract a high number of visitors and tourists, such as sea change and tree change communities. It is not unusual for locations that boast a tourism sector to attract an often mobile and unskilled labour force. The industry employs a proportion of unskilled workers as retail workers, wait staff, cleaners, maintenance workers, security staff and domestic

staff, who underpin the tourism service industries. As noted by Burnley and Murphy (p. 238, 2004), “tourism is a notoriously fickle basis for economic development planning”. Although affluence augurs well for new types of food and the wine industry, the nature of demand in communities such as growing coastal locations tends to be “at the low-end of the service economy... because the economies are [usually] narrowly based and not dynamic”. This is supported by Stimson, Baum and O’Connor (2003) who have identified a number of characteristics that consistently describe the sustainability and self-sufficiency of a number of categories of coastal towns around Australia. Many of these coastal communities, including Hervey Bay, Burnett and Bowen in Queensland, Nambucca in New South Wales and Exmouth, and Mandurah, Busselton and Margaret River in Western Australia have grown rapidly but are in fact vulnerable to changing conditions (see, Burnley and Murphy, 2004; Stimson, Baum and O’Connor, 2003). For example, non-metropolitan coastal towns (65%) dominate the bottom twenty towns in terms of per capita income Australia-wide and are prone to high unemployment. Permanent residents often have a low proportion of high income households, small shares of commercial investment, a below average proportion of persons with a university degree, a low proportion of full time labour participation and a high incidence of social security recipients (see, O’Connor, 2004). Other indicators of vulnerability all of which are evident for Augusta-Margaret River permanent residents, include a relatively high incidence of single parent families compared to State averages, underemployment, a significant number of households paying high proportions of their incomes on housing and a considerable proportion of aged households.

Permanent residents of sea change and tree change communities are likely to be made up of a proportion of retirees, many of whom are on fixed incomes and less likely to invest after purchasing their place of residence. This cohort is also potentially demanding of infrastructure such as health and transport services. The sole source of income of a proportion of Augusta-Margaret River residents, albeit not significant, is social security, and while these payments are portable, many people choose to live in these scenic places with the possibility of obtaining casual seasonal work in the agricultural or tourism industries. These types of jobs are prone to market volatility, contributing to the frequent population movements of the younger, unskilled family cohort. Research undertaken by Burnley and Murphy (2004, p. 207) show that in many high population growth communities “there are diverse socio-economic groups, but with a status bipolarity towards professionals and unemployed persons”.

These high amenity areas attract new housing as the ‘sea changers’ build permanent homes, and others build holiday homes (see, Burnley and Murphy, 2004), as well as investment homes for rent to tourists (see, Salt, 2001). While the growth exerts considerable pressure on the available infrastructure, it also brings with it a variety of social issues. In a number of these locations, including the Shires of Busselton and Augusta-Margaret River, more than a third of the properties are owned by Perth or overseas residents who use the properties infrequently during the year. Many of these absentee landowners have invested in substantial and often luxurious holiday homes, frequently occupying premium

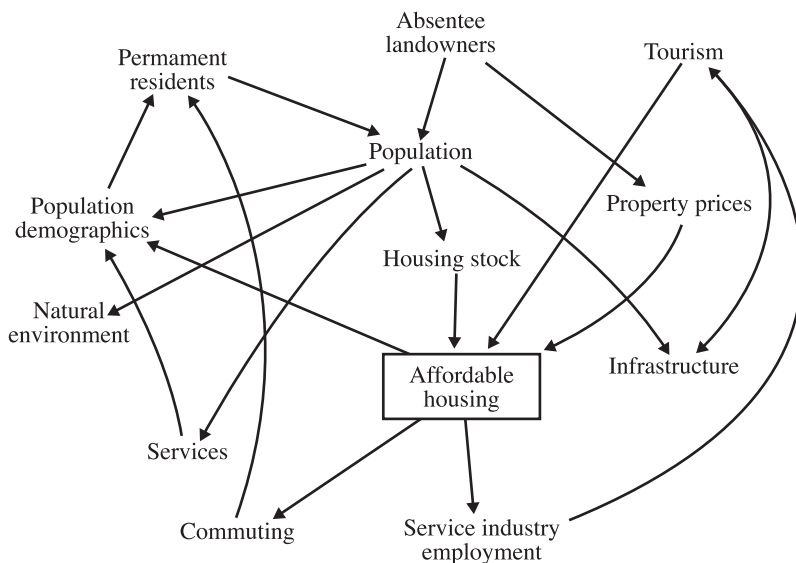
real estate with coastal views. Their capacity to pay higher prices is driving up the value of property and subsequently land taxes and local government rates (see, Sanders, 2000; Economic Consulting Services, 1999). While there is clearly some investment from permanent residents, research (see, Selwood and Tonts, 2004; Haslam McKenzie and Johnson, 2004; Selwood, Curry and Jones, 1996) shows that the critical mass of wealth visits when the sun is shining. These landowners then return to their permanent address elsewhere to create the wealth that drives the growth that is evident in the construction and development industries.

This investment pattern of absentee landowners and the accompanied growth of tourism in sea change and tree change communities, leads to an expensive living environment for the permanent residents of these locations. In particular, housing is a critical issue given that during the peak tourist season (some regions have marketed successfully for both summer and winter peak periods), all forms of accommodation, from modest villas to fully equipped resorts and beach houses are highly sought after with those seeking to escape city life for their annual holiday willing to pay a substantial weekly rent. Concerns are often raised that the less wealthy cohort are being squeezed out of the market by rising prices and sea changers and second home owners are often targeted as the root cause of housing problems (see, Gallent, Mace and Tewdwr-Jones, 2003). However, as Muller, Hall and Keen (2004) argue, the real issue may be housing supply and especially the lack of available decent low cost housing.

Irrespective, the lack of more affordable, low cost housing in sea change and tree change communities has the potential to significantly impact on the long term sustainability of these regions (see, Salamon, 2003). For example, demographic characteristics can become skewed towards higher income people as those on lower incomes can no longer afford to live there. This can create 'elite landscapes' (see, Halseth, 2004a; Halseth, 2004b; Tonts, Paull and Haslam McKenzie, 2004; Halseth, 1998), and in the long term decrease the social and economic diversity of the area making it more vulnerable to exogenous shocks to the system. Lower income workers are needed to maintain the tourist and viticulture industries which drive the local economy, and a lack of local affordable housing could potentially lead to a labour shortage. An increase in commuting by lower income workers (raising living costs for those least able to afford it) from nearby regional centres is likely to occur, leading to increased infrastructure costs and an economic and social 'leakage' from the sea change/tree change community (see, Yates, et. al., 2005).

In Figure 2 we have used systems thinking techniques to capture the key causes and impacts of affordable housing to demonstrate the interaction and complexity of the issues and tensions facing sea change and tree change communities.

Figure 2: Interaction of issues impacting on affordable housing in sea change and tree change communities



(Source: Kelly & Hosking 2004)

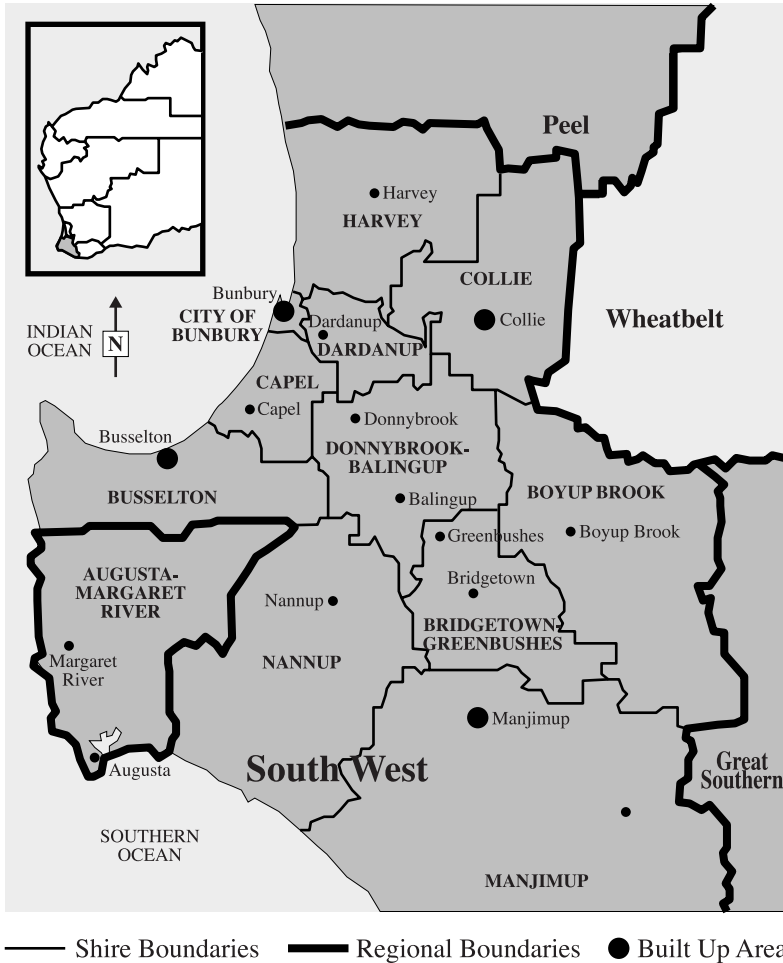
The following section uses the Shire of Augusta-Margaret River as a case study example to explore this in more detail and discuss possible responses.

Case Study - The Shire of Augusta-Margaret River

The Shire² of Augusta-Margaret River is located in the southwest of Western Australia 290 kilometres from Perth. It covers an area of 2370 km², of which approximately one third is freehold with state forest or national park comprising about 998km² (see, Map 1). The Shire has two major urban centres, the town of Margaret River 10 kilometres inland from the coast, midway between the Capes Naturaliste and Leeuwin, and Augusta, 35 kilometres further south at Cape Leeuwin with several small settlements in between (see Map 2). The population (permanent residents) at the 2001 census was 9,851. Two major highways link Perth to Margaret River making the Shire easily accessible from Perth for weekends.

² Shire is the term used for a Local Government Authority area in regional Australia

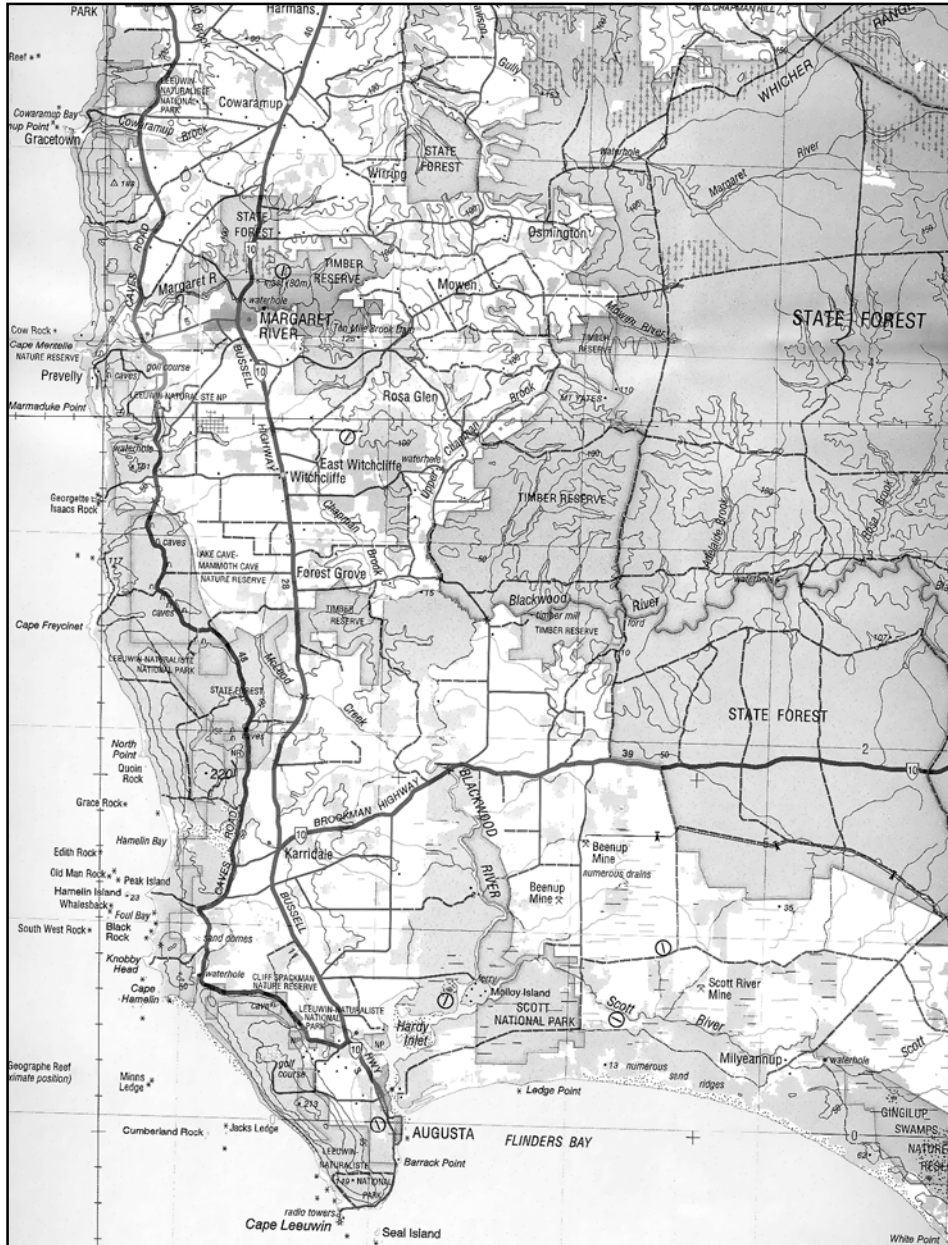
Map 1: The South West of Western Australia, (Shire of Augusta-Margaret River outlined)



Source: Western Australian Regional Development Council

The Augusta-Margaret River region has many attributes, most particularly its natural assets. These include 30 km of varied and picturesque coastline, interesting topography and productive agricultural land. Furthermore, Augusta-Margaret River has a pleasant climate, with relatively warm winter temperatures. Adding to the considerable pressure on the environment are around one million tourists a year, creating a burden on the local population to provide services and protect the fragile coastal ecosystem of the region (see, ALGA, 2005).

Map 2: Details of the Shire of Augusta-Margaret River



Source: AUSLIG Busselton Special NATMAP

The area also has historical significance being one of the first areas settled after the English colonized Western Australia in the nineteenth century. Historically, the area not in State forest produced timber, fish, dairy products, hay and assorted horticultural produce, and the local economy struggled due to the region’s relative isolation (see, Kelly and Horsey, 2004). The nature of the agricultural production has changed significantly over the last 40 years, largely due to the establishment of a world-renowned wine growing industry.

Margaret River is a typical sea change town; until 25 years ago, its *raison d’être* was to service primary industries, earlier small-scale domestic tourism and ‘old economies’. While broadacre agriculture is still important to the local economy, new industries have developed, including viticulture, agricultural value-added produce and boutique artisan production, and tourism and leisure industries such as surfing and fishing. As population and tourist growth has accelerated in the last two decades an entirely different community has grafted onto the original, and there is evidence of both diversification and polarisation in the local economy as more efficient transport has enabled access to diverse markets in Perth and beyond. New industries and social trends have attracted significant numbers of ‘new’ residents to the Augusta-Margaret River area and sophisticated infrastructure has enabled people to access a broad range of services and to enjoy lifestyles considered more common in the city. The parcels of land in private ownership are under significant development pressure, with over 600 development applications received by Council each year (see, ALGA, 2005). As a result, Margaret River has experienced considerable changes in terms of its demographic, industry and economic profiles.

A Polarised Community

The recognition of the Shire of Augusta-Margaret River’s previously unappreciated natural assets has led to a rise in property values (see, Table 1), business development and construction as many visitors bought property as a permanent residence or as a commercial and/or leisure investment (see, O’Connor and Haslam McKenzie, 2003; Salt, 2001). With the construction of expensive homes, both as holiday and permanent residences in the Margaret River area, coupled with the proliferation of wine and boutique food businesses, many have referred to the Augusta-Margaret River-Busselton region as the Chardonnay Coast, insinuating that the region is relatively wealthy, vibrant, thriving and not in need of government assistance or monitoring.

Table 1: Median House Price in Augusta-Margaret River Shire 1995-2005

Shire	1995	2000	2005
Augusta-Margaret River	\$148,000	\$178,500	\$325,000
Busselton	\$138,500	\$177,000	\$339,000

Source: Real Estate Institute of Western Australia, 2005

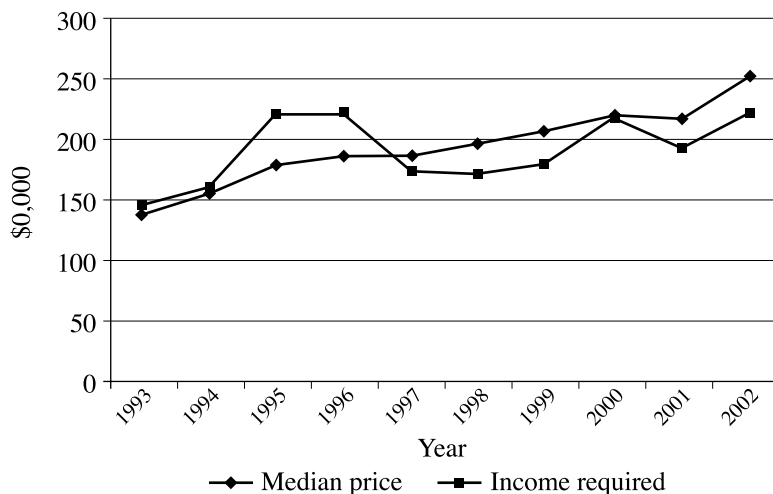
However, the work undertaken by ShelterWA and the CSIRO show there are considerable misconceptions regarding the Augusta-Margaret River economy. These two

separate projects indicate that there is a proportion of the permanent population whose assets, education and personal income descriptors convey a picture of disadvantage. For example, over the last decade, households that constitute couples with children have increased by 42 per cent but single parent households with children have grown by 105 per cent in the same period (see, Pendergast, Lambert and Eringa, 2004). Furthermore, 72 per cent of the latter households received a weekly income within the bottom two quintiles of income (see, Yates, et. al., 2005; Australian Bureau of Statistics, 2001). This cohort and singles generally are highly likely to be dependent on rental housing.

While public housing stock has increased over the last two decades, it has not increased at the same rate as other housing in the area and so, the proportional availability of public housing is declining (see, Yates, et. al., 2005; Pendergast, Lambert and Eringa, 2004). In the decade 1991 – 2001, Augusta-Margaret River housing stock increased by 77 per cent (an average gain of 165 dwellings per annum) and private rental grew by 121 per cent. ShelterWA calculated that “Homeswest grew by 40 per cent, only adding 19 dwellings to its stock, a shortfall of nine dwellings if it were to maintain its low 2 per cent presence and a much bigger shortfall of 93 dwellings if it were to equal the 2001 State average of 4.2 per cent” (see, Pendergast, Lambert and Eringa, 2004, p. 24). The Western Australian Department of Housing and Works (2005) reports that in the year 2003-2004, there were 129 public housing applications in the South West region. The private sector has not been enthusiastic about filling the gap because the price of land is expensive and investment in the tourism market is likely to produce a higher return. Traditional low cost accommodation in the form of caravans and campsites are disappearing from the region because chalets and villas provide a higher return on investment, but these are unaffordable for long term renters and those on the lower income brackets. As a consequence, there is a growing incidence of overcrowding in Margaret River and the number of homeless people, particularly young people, is growing (see, Pendergast, Lambert and Eringa, 2004).

At the same time, not surprisingly, the number of rental properties has consistently increased over the last two decades and renters look to the private market for accommodation. Even though there has been considerable growth in the private rental market within the Shire, demand far exceeds supply of affordable properties for many permanent residents. Over the census period 1996-2001 the number of people suffering housing stress grew by 63 per cent to 129 households. Approximately half of permanent residents who rent in the Shire of Augusta-Margaret River occupy the bottom two quintiles of income (<\$600 per week in 2001). Demand for private rentals and the lack of low cost housing for lower income groups is reflected in the increasing number of bond assistance applicants. Bond assistance figures show a dramatic increase between the years 2001 and 2005, whilst the income threshold has remained the same. Given that the price of housing has increased so quickly (see, Table 1) it is unlikely that this cohort of the population will be able to purchase a home in the Shire. As noted by Pendergast *et. al.* (2004, p. 32), “house purchase in Margaret River is only affordable to households in the top quintiles of income”. This is shown in Figure 3.

Figure 3: Housing Affordability in Shire of Augusta-Margaret River 1993-2002



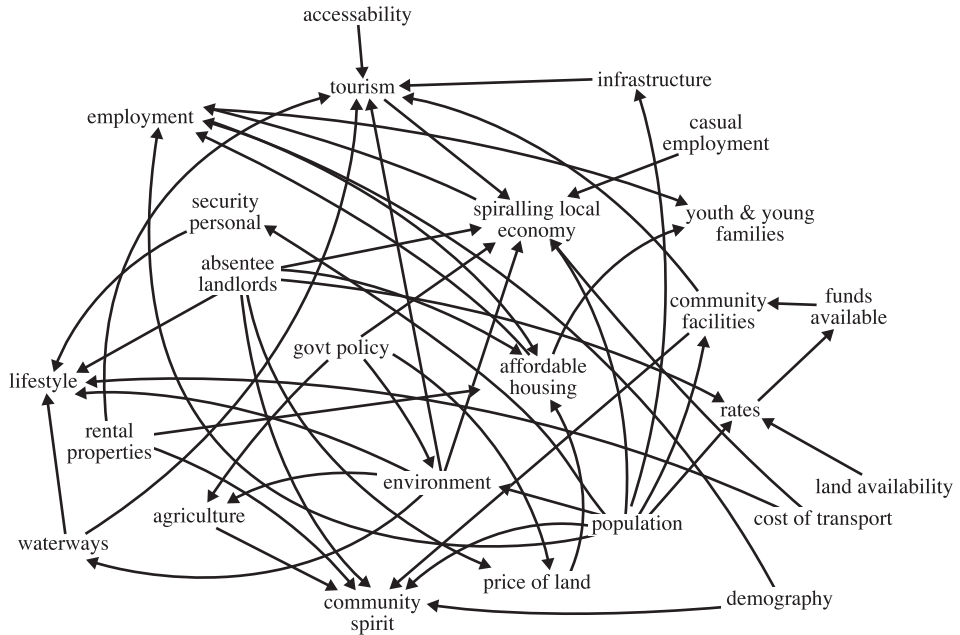
Source: Real Estate Institute of Western Australia. (Income required is the minimum annual household income needed to maintain mortgage repayments without the household expending more than 30 per cent of its income for repayments).

The aggregation of data across a region (even at local government level) can mask variations and differences in impact. The distribution of retirees and absentee ownership is significantly different between the two main towns of Margaret River and Augusta. The CSIRO profile demonstrates a much higher percentage of retirees in Augusta, thus a greater proportion of fixed and lower income people. The percentage of absentee ownership also varies – personal communication with ‘locals’ predict it is as high as 80% in Gracetown (on the coast), 47% in Augusta, and around 20% in Margaret River.

During the consultation period with permanent residents for the CSIRO Sustainable Future project, ‘the underbelly’ or the growing gap between the ‘haves’ and the ‘have nots’, was identified as a critical aspect for the future sustainability of the Shire. Availability of affordable housing was emphasised as one of the high influence factors that will lead to changes in the Shire’s social and economic profile (Kelly and Hosking, 2004). Figures 4, 5 and 6 below, again using systems thinking analysis software, depict the ‘mental models’ of permanent residents who participated in the Augusta locality ‘systems workshops’ as part of that project. Participants were asked to describe the drivers of change in their locality and affordable housing emerged as a top priority.

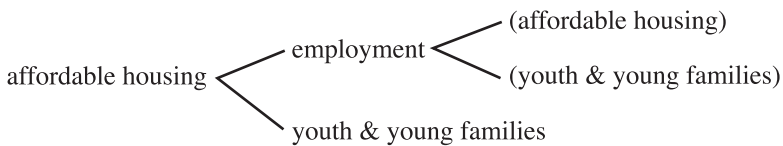
Analysis of residents’ mental models of the system highlights the perceived direct and indirect impacts of the lack of affordable housing in the area (see, Figure 5). Permanent residents believe there is a strong interaction between employment, youth and young families and affordable housing – they described this as a feedback loop and are keen to investigate strategies to break the cycle.

Figure 4: Augusta Local System



(Source: Kelly & Hosking 2004)

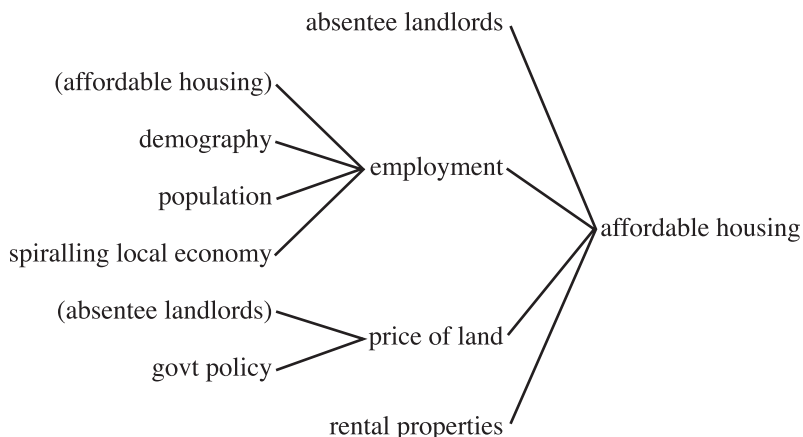
Figure 5: Impacts of Affordable Housing – Augusta Locality



(Source: Kelly & Hosking 2004)

It is also possible to explore residents’ perceptions as to the direct and indirect causes of affordable housing (see, Figure 5). According to Augusta residents, absentee landowners, availability of local employment, the price of property, and the availability and costs of rental properties are the main causes of affordable housing (which residents described as being in short supply).

Figure 6: Causes of Affordable Housing – Augusta Locality



(Source: Kelly & Hosking 2004)

Similar to regions elsewhere (see, Kelly, Blackstock and Horsey, 2005 (forthcoming); Frost, 2004; Hall and Muller, 2004; Muller, Hall and Keen, 2004; Gallent, Mace and Tewdwr-Jones, 2003) absentee or non-permanent residents are perceived to be the cause of the lack of affordable housing. In order to better understand the impact of non-permanent property owners on the sustainability of the Shire, CSIRO conducted a survey of this segment of the population during May and June 2005 (see, Kelly and Hosking, 2005 for a full analysis). The purpose of the survey was to find out more about this group of property owners, especially their views, attitudes and plans with regard to the future of the region³. An initial analysis of the data indicates social and economic differences between the non-permanent respondents and permanent residents⁴ as follows:

- Over 60% of non-permanent respondents are tertiary educated while just over 12% of permanent residents had a tertiary qualification.
- 52% of survey respondents have household incomes in excess of \$100,000 with a further 19% having an income of between \$70,000 and \$100,000 compared with a medium income for permanent residents of between \$31,200-36,348. In addition, 32% of those who responded are self employed; a much higher percentage than in the permanent population.
- 59% of non-permanent respondents *do not* have dependent children while 60% of permanent residents *have* children.
- The medium age of our survey sample was between 50-60 years while the medium age of permanent residents is 35 years
- 69% of respondents fully own their property compared to 42% of the permanent population.

³ The response rate was 48%, usable surveys n=911.

⁴ As at the 2001 Census

While the above clearly demonstrates a social and economic imbalance between the two segments of the population, data collected during the project indicated considerable common ground in terms of values. For example, the desire to maintain the environmental integrity of the region emerged as a high priority value for the majority of both permanent and non-permanent residents. In regards to the latter group, this is congruent with previous research (see, McClymont and O'Hare, 2004; Wester-Herber, 2004; Salamon, 2003; Girard and Gartner, 1993; Gartner, 1986) which found that second home owners – that is non-permanent residents – generally were strongly opposed to future development because of the potential for negative impact on the natural environment. Clearly this group is unlikely to have need of affordable housing in the community and few if any, were concerned by the lack of affordable housing and hence, the likely impact on the available workforce required to service the retail, service and unskilled labour sectors. Their opposition to future development was emulated across the Shire, regardless of tenure in the Shire.

In terms of long-term planning for sustainable development, what are the response options for regions such as Augusta-Margaret River?

Response strategies for affordable housing

Gallent et. al. (2003) in the context of the Welsh experience, argue that changes to social policy have resulted in the loss of public housing, and the planning system can affect the type of housing provided. Consequently, this limits the demographic distribution in places that have experienced high property prices. The scenario reflects similar trends in some parts of Australia. Neo-liberal socio-economic thinking has driven much of public policy globally for more than two decades and in Australia, economic restructuring has wrought a continuing process of tax cuts, public-sector expenditure cuts and reductions in grants to the States (see, Wiseman, 1998). At the local level, this has meant the privatisation and commercialisation of public-sector activities, including public housing. Neo-liberal government policies look to the private sector to fill the market gaps. As a result, the government investment in Homeswest⁵ has not kept abreast of demand in locations such as Augusta Margaret River (see, Pendergast, Lambert and Eringa, 2004).

Sea change, tree change communities have tried to adopt a range of strategies in response to the complex issues they are facing. In the case of Augusta-Margaret River, local government policy introduced a differential rating system where permanent residents were offered a 25 per cent discount in acknowledgement of their voluntary contributions to maintain community services and organisations. Intervention at the Western Australian State government level however, has over-ridden this strategic response. In the case of Byron Bay in New South Wales, the lack of infrastructure (e.g. sewage) has been used as a way to slow down and limit population growth. This could have flow-on implications in terms of creating 'elite landscapes' (see, Halseth, 2004) by putting further pressures on an already scarce resource – that is, the availability of property.

Other strategies mooted by government have been through planning however there is no set policy in Western Australia that sets aside specific proportions of land in new

⁵ Homeswest is the Western Australian government agency public housing provider.

subdivisions or redevelopment sites dedicated to affordable or public housing. State and local government authorities can put pressure on developers to supply affordable housing but there are no mechanisms in place to protect this land from market forces in the future. The Commonwealth endeavours to cushion the impact of the additional costs occurred in the private housing rental environment by the provision of supplementary income support through the Commonwealth Rent Assistance program. However, as noted by Melhuish et. al. (2004) the entitlements are standard across the country, irrespective of market and fashion trends. Because of the dearth of public housing in Augusta-Margaret River, most low income singles and families are reliant on the expensive private rental market – when it is available, but the rent assistance is not sufficient to make this housing affordable for most people.

In the decades that coincided with the introduction of neo-liberal government policy, government has encouraged private home ownership but with the property boom in a number of locations throughout Australia, most particularly in Sydney, Melbourne and key sea change and tree change communities such as Augusta-Margaret River, prices have outstripped the earning capacity of a significant proportion of the population. The Western Australian Department of Housing and Works has acknowledged the housing affordability issues in the Shire of Augusta-Margaret River and the impact this is having on a full-time labour force but prices of land and its lack of availability have now escalated to a point where the government is not able to provide public housing unless it releases more land for development. This idea has not been welcomed by the local community. Government policy has primarily focused on developing rental options rather than initiating business/government housing partnership strategies (see, Yates, et. al., 2005; Melhuish, King and Taylor, 2004). Local government and business have, however, ventured in this direction but only in a small way given the limited opportunity for local government to revenue raise for large scale investments such as housing stock. In the past, the Augusta-Margaret River Shire and Homeswest have collaborated to provide community housing, but the last unit built was in 1996 (see, Pendergast, Lambert and Eringa, 2004). Non government organisations also provide some community housing but the demand outstrips supply (see, Western Australian Department of Housing and Works, 2005).

There are a number of uncertainties, external to the local system, which nonetheless have the potential to have significant impact on housing and market demand in the Augusta-Margaret River area. For example, at a Federal level, government intervention, through an adjustment to social housing policy, an alteration to capital gains tax legislation, or other housing investment policy (for example, negative gearing) could all have an immediate impact on the availability, (or lack), of housing in the region. Market intervention could also have an immediate effect, through, for example, interest rate fluctuations. Tourism is an important industry for the Augusta-Margaret River region and a significant proportion of visitors are from interstate and overseas (see, Western Australian Tourism Commission, 2004). The viability of airlines, international affairs and tourism trends all have a direct influence on tourist visitation to the area and any downturn would test the tourism industry's robustness, with a likely flow-on effect to local businesses and hence, employment opportunities. Second home ownership is particularly vulnerable to all of these policy and market changes. Gallent et. al. (2003)

argue that second home investment follows the same fluctuations as general housing trends. There has already been a peak in real estate prices and this may slow the price increases in sea change tree change communities (see, Real Estate Institute of Western Australia, 2005).

Conclusion

This paper has considered a number of perspectives. It began by explaining the meaning and characteristics of key terms such as sea change and tree change and affordable housing. The shire of Augusta-Margaret River presents a variety of features that are typical of Australian sea change communities; it is located in a highly sought after coastal location and it has very appealing environmental features including a dramatic coastline, iconic beaches, stunning forests, attractive farm holdings, acres of award winning vineyards and appealing towns within its boundaries. For more than two decades, people have been 'escaping Down South' to Margaret River, some of whom have stayed, or bought property there. Property in the area attracts premium prices and a variety of businesses have been established, many of which aim to service the more moneyed visitors.

As a consequence of these changes, those people who have lived in the region for a much longer time, as well as middle - low income newcomers, increasingly find it difficult to live in Augusta-Margaret River because the cost of living has escalated. A significant proportion of those costs is represented by housing and demand for affordable housing outstrips supply. These trends have reflected the growing polarisation of Augusta-Margaret River residents in a number of key indicator areas, which have occurred concurrent with government policy which favours private home ownership. The private sector has not been enthusiastic about filling the gap because the price of land is expensive and investment in the tourism market is likely to produce a higher return. Not surprisingly, this causes concern in the community and non-resident landowners are often accused of pushing the markets to its heady heights. This paper has, however, shown that non-permanent residents are not necessarily landowners only for the potential capital gains. The research undertaken reveals that this cohort has a strong desire to maintain the environmental integrity of the area and a robust sense of commitment to the community and region.

Several affordable housing policy options are reviewed and their potential viability, assessed. The paper concludes by assessing some of the vulnerabilities of the Augusta-Margaret River area. In light of the earlier discussion of community sustainability and resilience, it would seem that the Augusta-Margaret River area does demonstrate some economic and social vulnerabilities. As noted by ShelterWA, an essential component of housing development and provision is the need to cater for a diverse community, and to provide housing that is affordable, appropriate and accessible for low-income consumers. More accessible affordable housing in the Augusta-Margaret River Shire would enable a diversity of residents to continue to live in the region, thereby supplying and patronising a wide variety of businesses. A diversity of residents is likely to promote a broad market base which is not wholly dependent on any particular sector, thus providing the community with some degree of resilience and the heightened ability to accommodate change.

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