

An aerial photograph of Melbourne, Australia, showing the city skyline across the Yarra River. The foreground is dominated by lush green trees and a winding path along the riverbank. In the middle ground, the river flows through the city, with a bridge visible. The background features a dense cluster of skyscrapers, including the Eureka Tower. A semi-transparent dark grey banner is overlaid across the middle of the image, containing the title and date.

Defining Key Worker Housing

October 2023

What is the problem we are trying to solve?

Why?

- Key worker housing is not defined in local or state government policy.
- CoM has more key workers than any local government area in Victoria. Key workers are critical to the functioning of our city, but with rental prices increasing faster than wages, lower income key workers face housing stress and long commutes.
- Without an endorsed position the state government and development sector are using varying terms or approaches, creating inconsistency in the market.
- The research helps us identify where efforts should be focused for key worker housing.

Outcomes

- Support achievement of Council's objectives, including to inform development on CoM land, advocacy opportunities and planning permit approvals.
- Address a range of planning and housing policy aspirations.
- Facilitating affordable housing for key workers enables more productive, diverse, inclusive and resilient communities.
- Reduce commute times for key workers with resulting environmental and health benefits.
- Provide more housing options for local workers who earn very low to moderate incomes.

The Affordable Housing Crisis

Wage growth is not keeping up with rental price increases. This is leading to significant rental stress, particularly for very low to moderate income households.

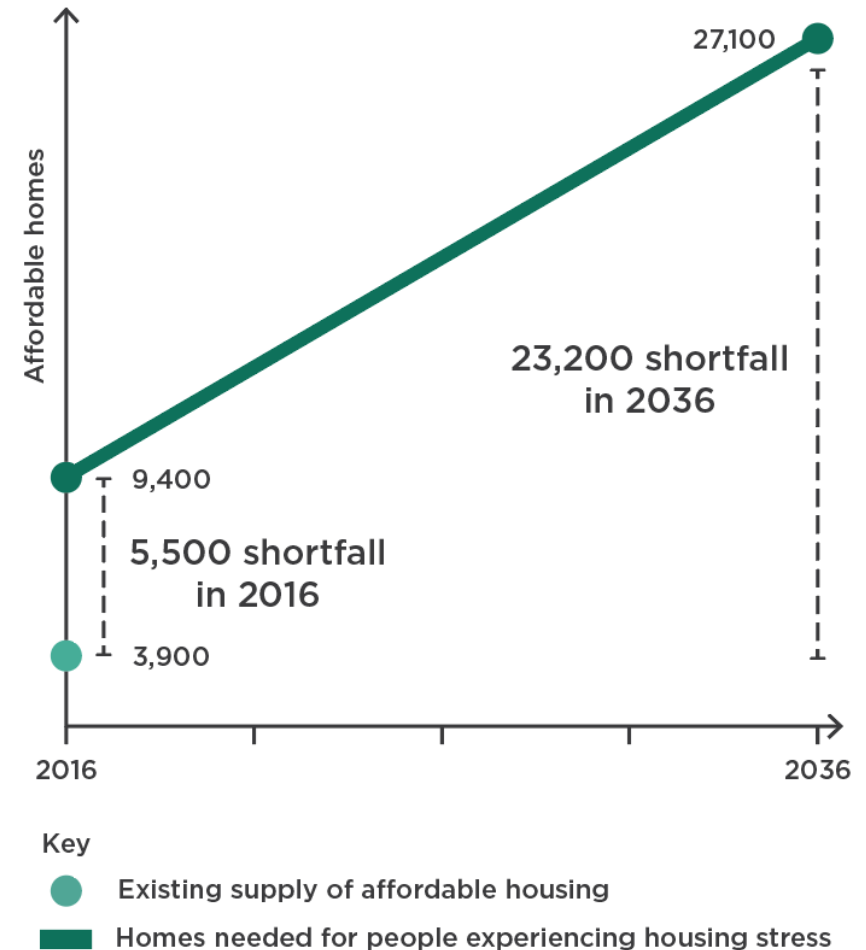
3.6%

Growth in the
Wage Price Index
to June 2023
ABS, 2023

15.7%

12-month change
in Melbourne rents
to June 2023
Homes Vic, 2023

Existing and forecast demand for affordable housing in the City of Melbourne, 2016 - 2036



What research did we undertake to inform this?

Date	Input
07 February 2023	Scoping phase
12 February 2023	Internal workshop with relevant Council officers
June/July 2023	Detailed ABS data analysis undertaken to test initial thinking and understand demand
June/July 2023	Community engagement process completed to source insights from local workers
June/July 2023	Testing of findings with various internal and external stakeholders.
08 August 2023	Draft key worker definition was presented at Councillor Forum
05 September 2023	Draft Key worker definition presented at Future Melbourne Committee meeting

What is our conclusion?

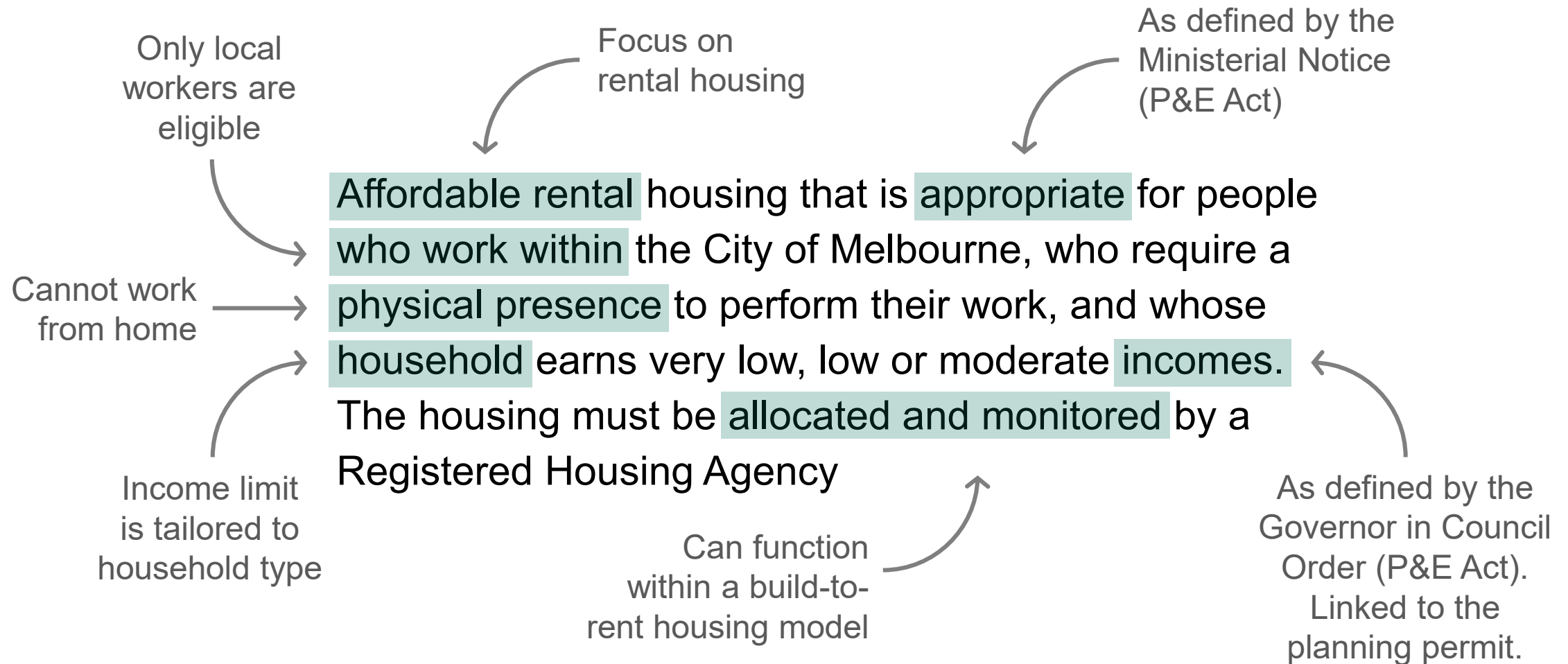
The research showed us:

- CoM has more key workers than any other Victorian LGA (approx. 142,000).
- 48% of CoM key worker households earn very low to moderate incomes.
- 20% of CoM key worker households earning very low to moderate incomes are in 'housing stress'.
- 'Traditional' key workers such as paramedics, firefighters and teachers are less likely to be in housing stress.
- 22% of key workers are travelling more than 30km to CoM.
- 64% of surveyed key workers are interested in moving to CoM.

This indicates:

- There is a need for more Affordable Housing in CoM for key worker households.
- Lower income key worker households would benefit most from subsidised rental housing.
- A definition of key worker housing that incorporates income limits is required.
- Application of the existing Affordable Housing income ranges (very low to moderate) is appropriate.

The proposed definition of key worker housing



Why have we recommended this approach?

Unpacking the definition

‘Affordable rental’	Focusing on rental housing is consistent with the Affordable Housing Strategy. ‘Affordable’ means that rents are set at less than 30% of household income.
‘Appropriate’	This term is defined in the Ministerial Notice in the P&E Act. Includes allocation, affordability, longevity, tenure, location, integration and need.
‘Who work within’	Only people who work with CoM are eligible. Community benefit is retained locally and commuting distances are reduced.
‘Physical presence’	Key workers are typically unable to work from home to perform their work activity.
‘Household’	Only one member of the household needs to be a key worker, but rental stress is tested through income eligibility being based on the household income.
‘Incomes’	Defined in the Governor in Council Order in the P&E Act. This utilises an existing regulatory tool that is updated annually.
‘Allocated and monitored’	A housing provider must allocate tenants and monitor their eligibility. This utilises an existing regulated sector to ensure outcomes are achieved. Daily ‘management’ by a housing provider is generally not compatible with a build-to-rent model.

Eligibility for affordable housing (very low, low and moderate income ranges)

Affordable housing eligibility income ranges, June 2023

Household type	Very low income	Low income	Moderate income
Single	Up to \$29,770	\$29,771 to \$47,630	\$47,631 to \$71,450
Couple	Up to \$44,650	\$44,651 to \$71,450	\$71,451 to \$107,170
Family	Up to \$62,510	\$62,511 to \$100,030	\$100,031 to \$150,030

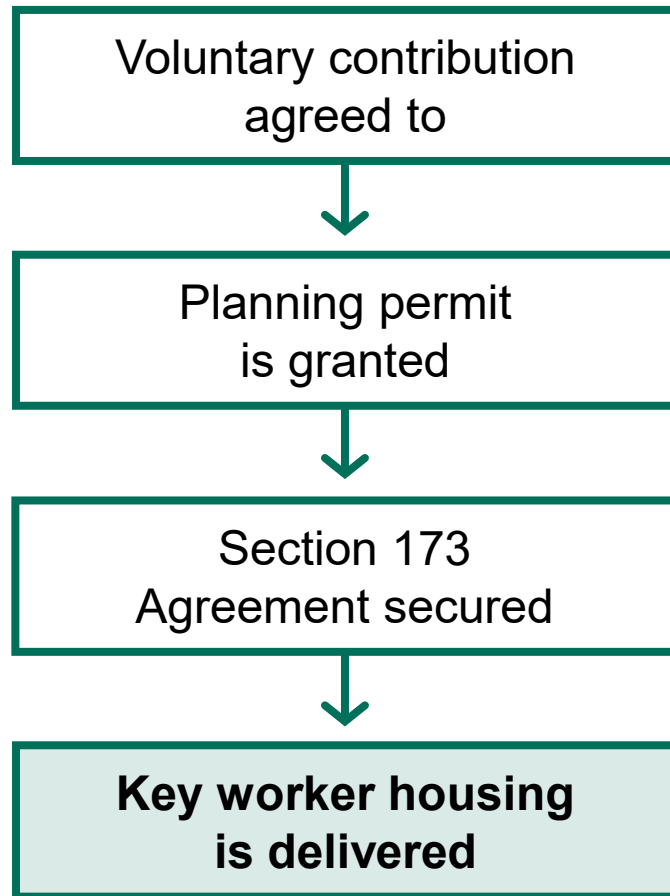
Planning and Environment Act, 1987

Maximum affordable weekly rents for eligible households, June 2023

Household type	Very low income	Low income	Moderate income
Single	\$172	\$275	\$412
Couple	\$258	\$412	\$618
Family	\$361	\$577	\$866

Planning and Environment Act, 1987

How does this align with affordable housing?



Policy alignment

- Key worker housing is a type of affordable housing.
- It would be facilitated in the same way as affordable housing, using existing planning processes and regulatory tools.
- All key worker housing contributions would be voluntary agreements.
- To assist with alignment, the key worker housing definition is modelled on the affordable housing definition:

“housing, including social housing, that is appropriate for the housing needs of very low, low, and moderate-income households”
(P&E Act)

How will we use the definition?

Implementation

Research

- Reinforces and builds on research outlined in the Affordable Housing Strategy.
- Establishes a clear demand for Affordable Housing from key workers, as required by the Ministerial Notice in the P&E Act.

Advocacy

- Provides a strong advocacy platform for local, state and federal government policy to ensure community benefit is realised.
- Establishes a policy position that could be refined through implementation, testing and iteration with industry and government partners.
- Ensures affordable housing is being delivered for our most vulnerable residents, including those who are key workers.
- Maximises our ability to optimise opportunities on state (and others land) within the municipality e.g. Arden.

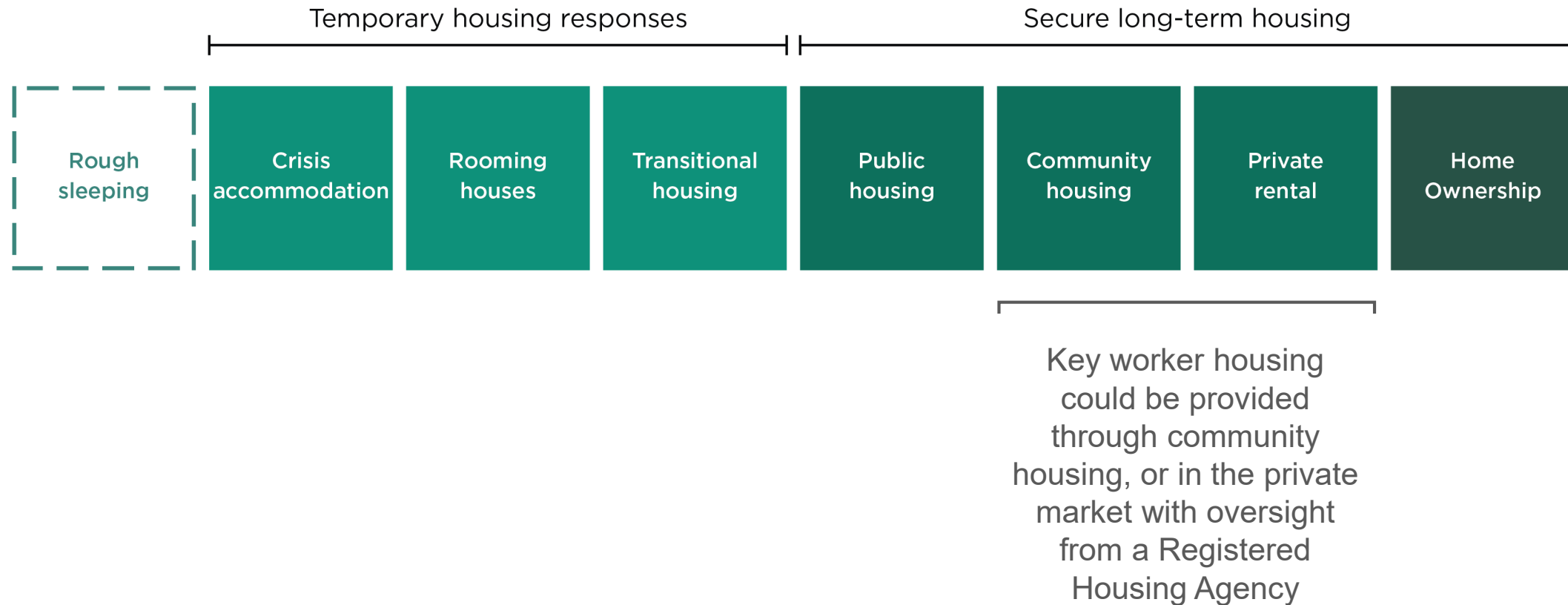
Delivery

- Informs affordable housing projects being delivered on CoM land.
- Assists with assessment of planning permit applications that are seeking to include key worker housing.

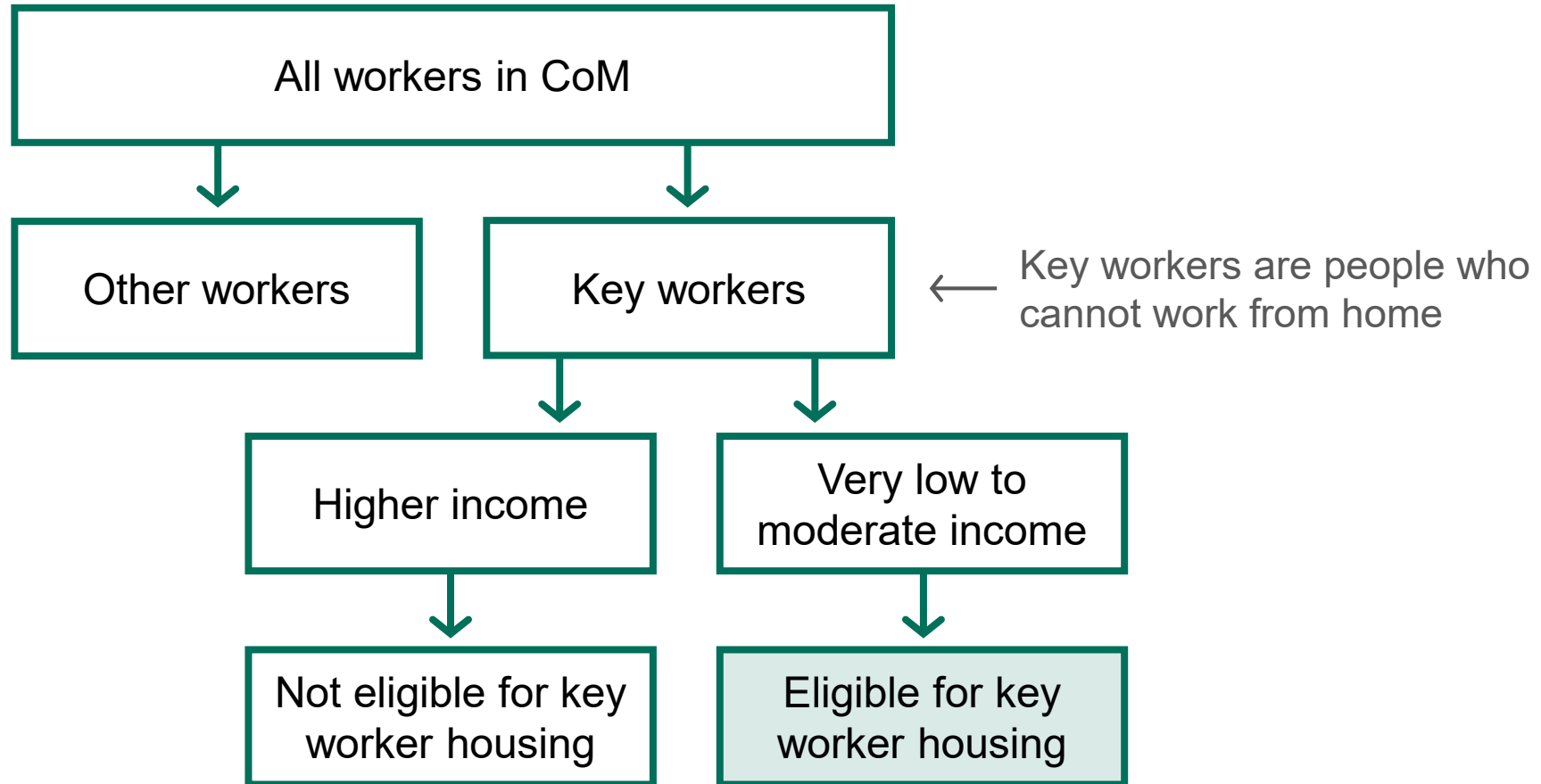
Appendix

Background information

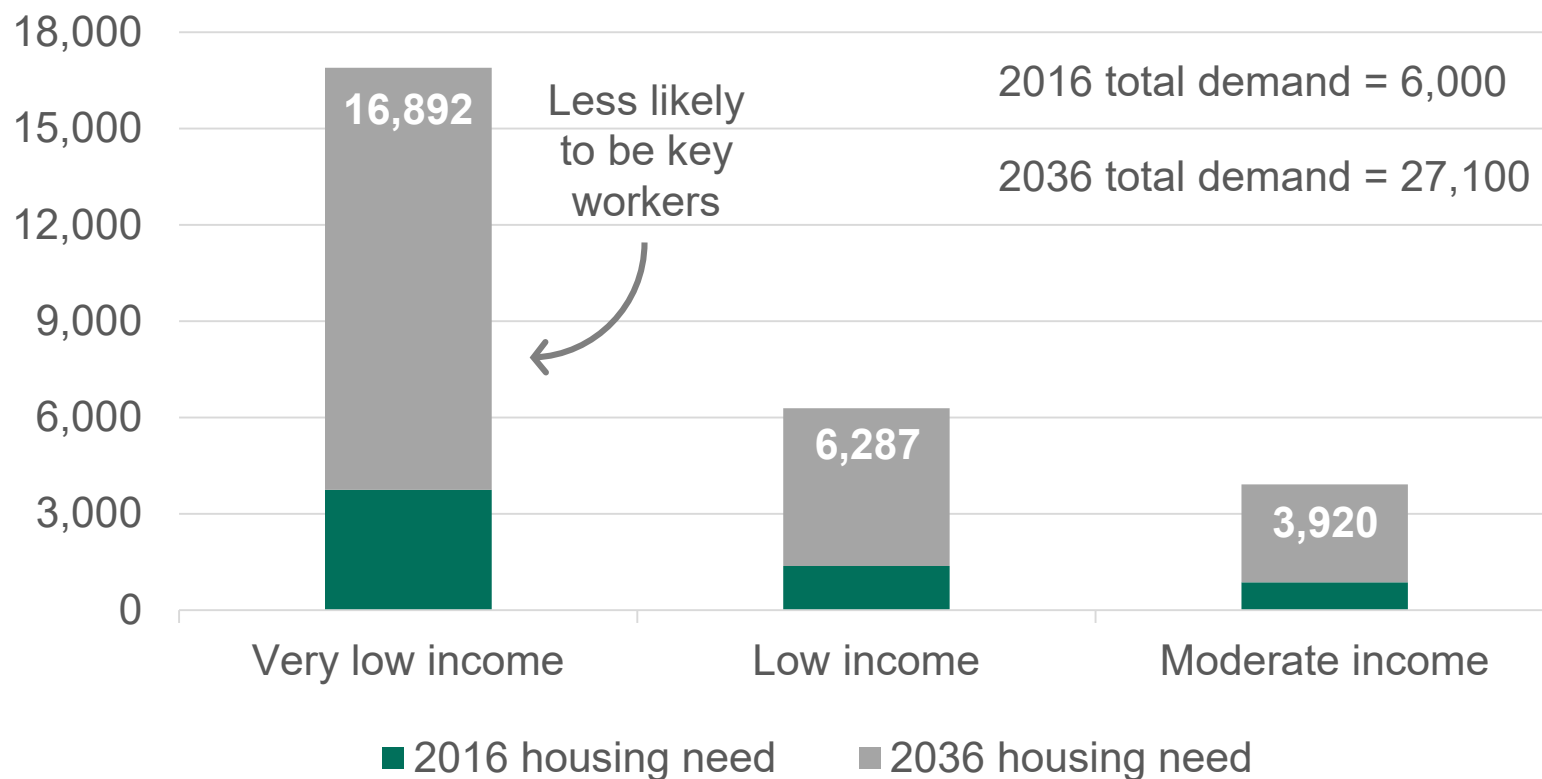
The housing spectrum



Who would be eligible for key worker housing?



Forecast demand for affordable housing in CoM by income range to 2036

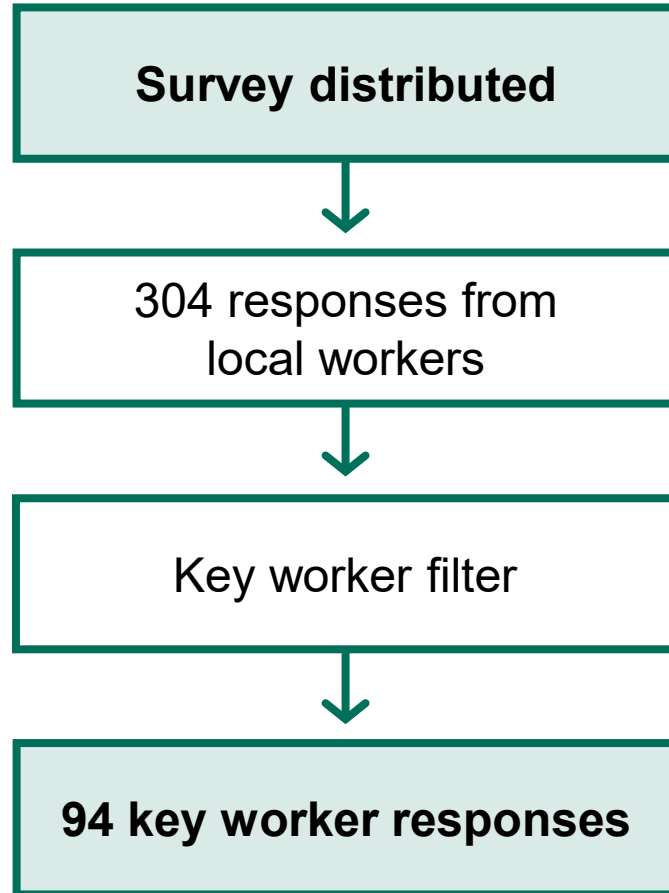


SGS Housing Needs Analysis, 2019

Community Engagement Results

Key worker survey

Community engagement – Phase 1

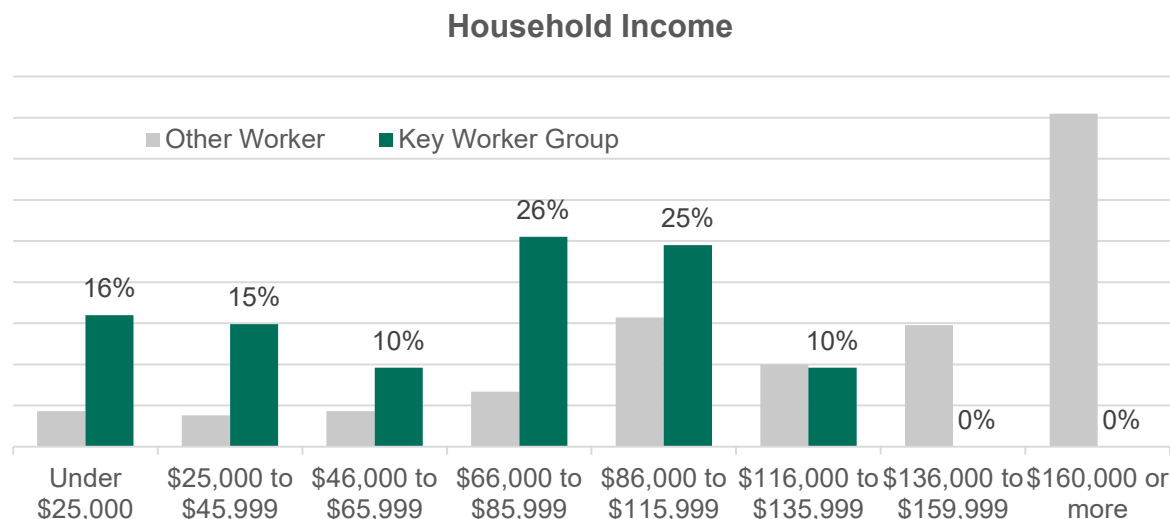


- Community engagement was undertaken with all workers in the City of Melbourne.
- 304 online survey and intercept surveys were undertaken.
- Responses were consistent with the ABS data analysis.
- Key worker respondents were more likely to have lower incomes.
- Key worker respondents were more likely to drive to work.
- The most common response for moving to CoM was for 'more employment opportunities'.
- The most common response for not moving to CoM was the 'higher cost of housing'.
- 64% of key workers were 'interested' or 'very interested' in moving to CoM.

Survey results: Respondent household type and income

Household type	Other Workers	Key Workers
Living alone	13%	26%
Couple with no children	30%	20%
Group household or share house	13%	20%
Living at home with parents	7%	15%
Couple with children	32%	14%
Single parent with children	3%	4%
Extended family household	1%	1%

- Key worker respondents were more likely to live alone or without children than other workers

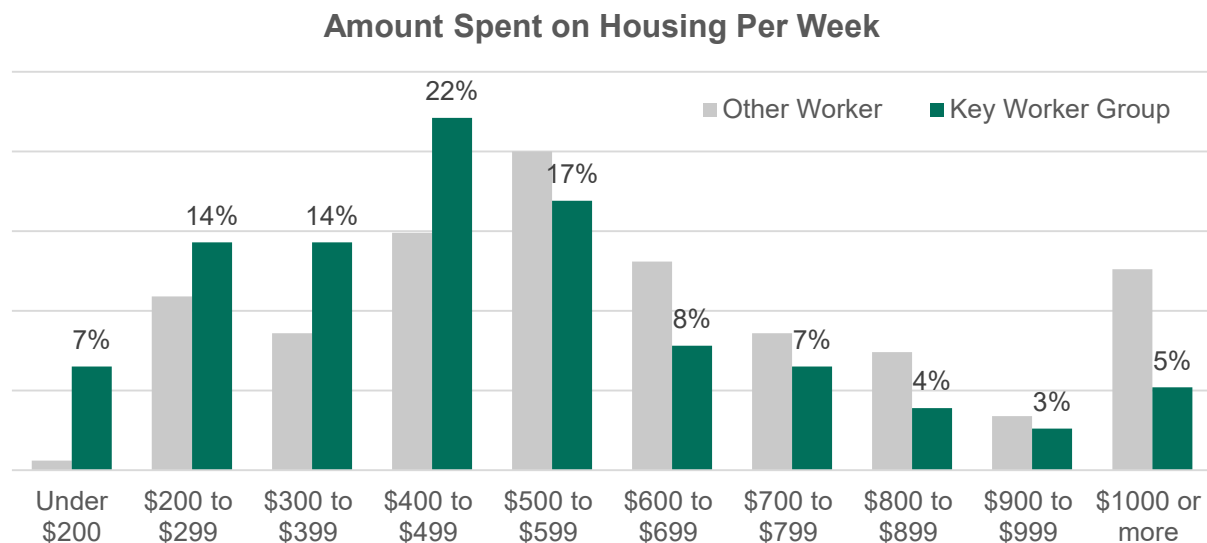


- Key worker respondents were more likely to have lower household incomes

Survey results: Respondent housing tenure and costs

Housing tenure	Other Workers	Key Workers
Renting	43%	63%
Paying off home (mortgage)	41%	19%
Own home outright	12%	9%
Not paying for housing	5%	10%
No fixed address or experiencing homelessness	0%	0%

- Key worker respondents were more likely to rent than other workers

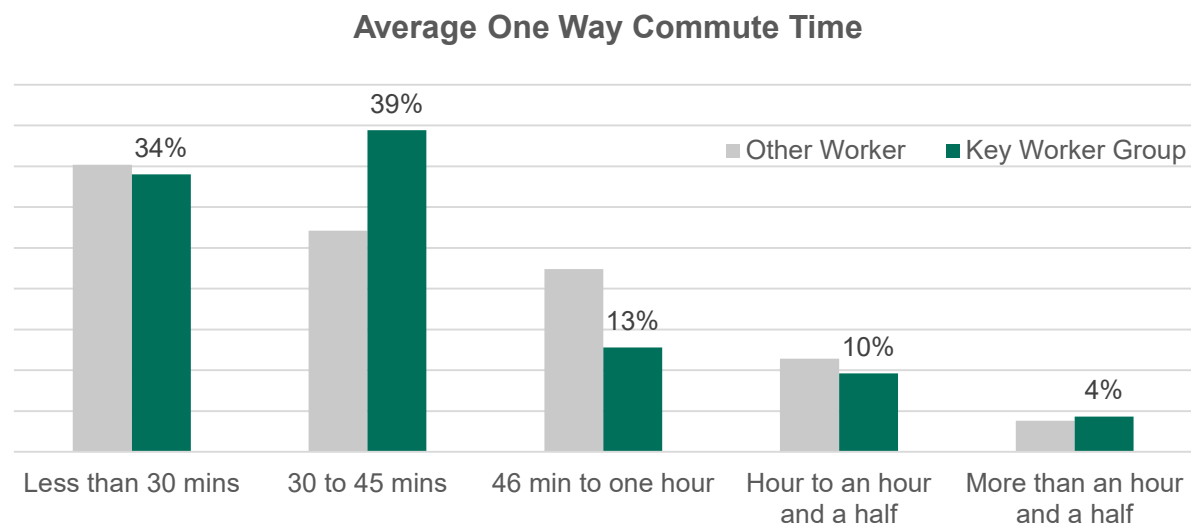


- Key worker respondents spent less on housing costs than other workers

Survey results: Key worker commutes

Main Mode of Commute	Other Workers	Key Workers
Motor vehicle (car or motorbike)	16%	36%
Train	33%	26%
Walk	27%	18%
Bicycle or electric bike	14%	11%
Tram	8%	6%
Electric scooter or similar	1%	2%
Bus	1%	1%

- Key worker respondents were more likely to drive to work than other workers

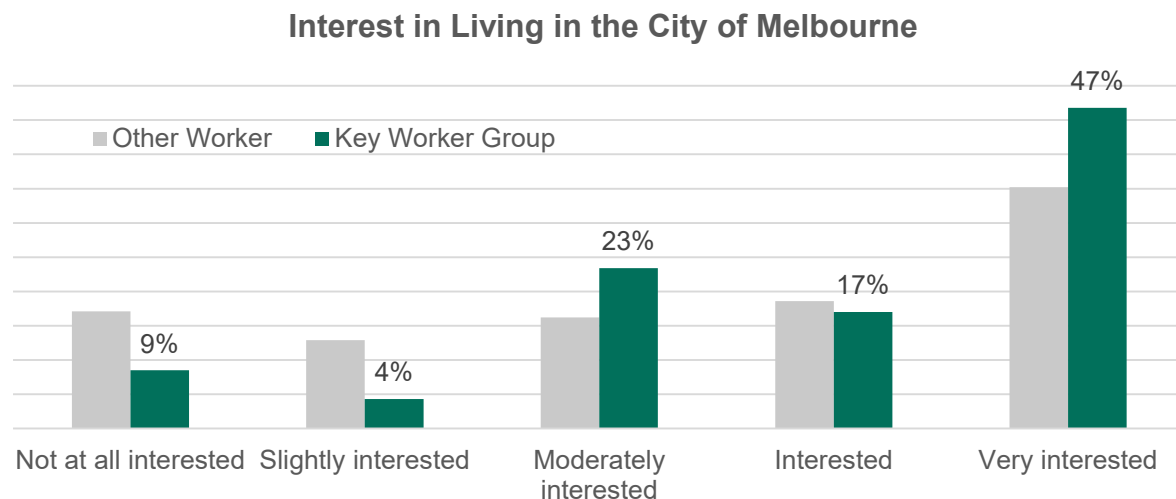


- Key worker respondents were more likely to commute 30-45 minutes than other workers

Survey results: Key worker interest in moving to the City of Melbourne

Main Reason for living in CoM	Other Workers	Key Workers
More employment opportunities	34%	43%
Less travel/commute time	17%	15%
Like living in city environments	17%	13%
Better entertainment opportunities	14%	12%
More accessible social activities	4%	4%
Lower cost of housing	3%	2%
Lower costs of living	1%	2%

- The most common response for moving to the City of Melbourne was for more employment opportunities

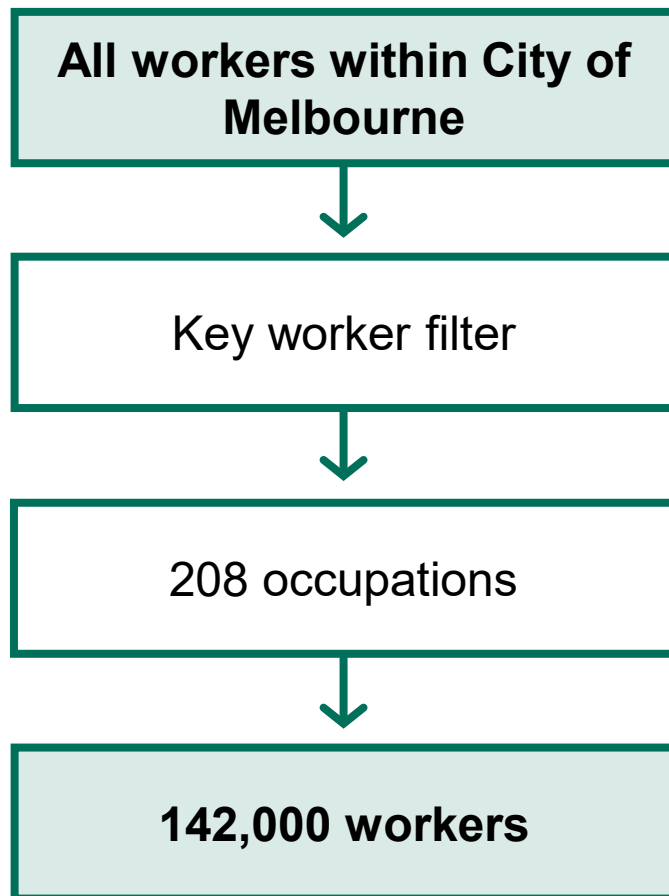


- 64% of key workers were interested or very interested in moving to the City of Melbourne, which was more than other workers (54%).

Demographic Data Results

ABS census of population and housing, 2021

ABS data analysis - findings and approach



- CoM has more key workers than any other Victorian LGA
- Key workers make up 28% of the total CoM workforce
- 48% of key workers are born overseas
- 42% of CoM key workers commute more than 20km to CoM
- 48% of CoM key worker households earn very low to moderate incomes
- 20% of CoM key worker households are in 'housing stress' (vs 11% in Greater Melbourne)

ABS census of population and housing, 2021.

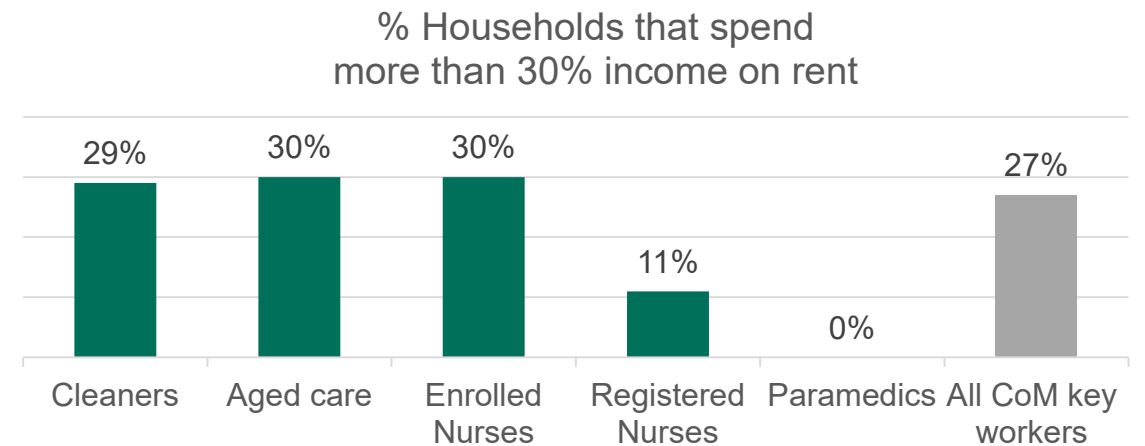
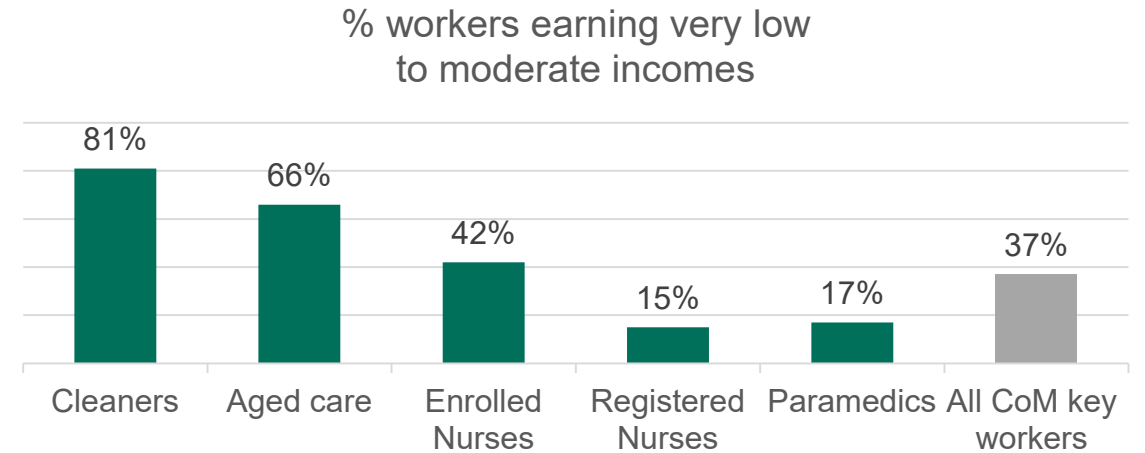
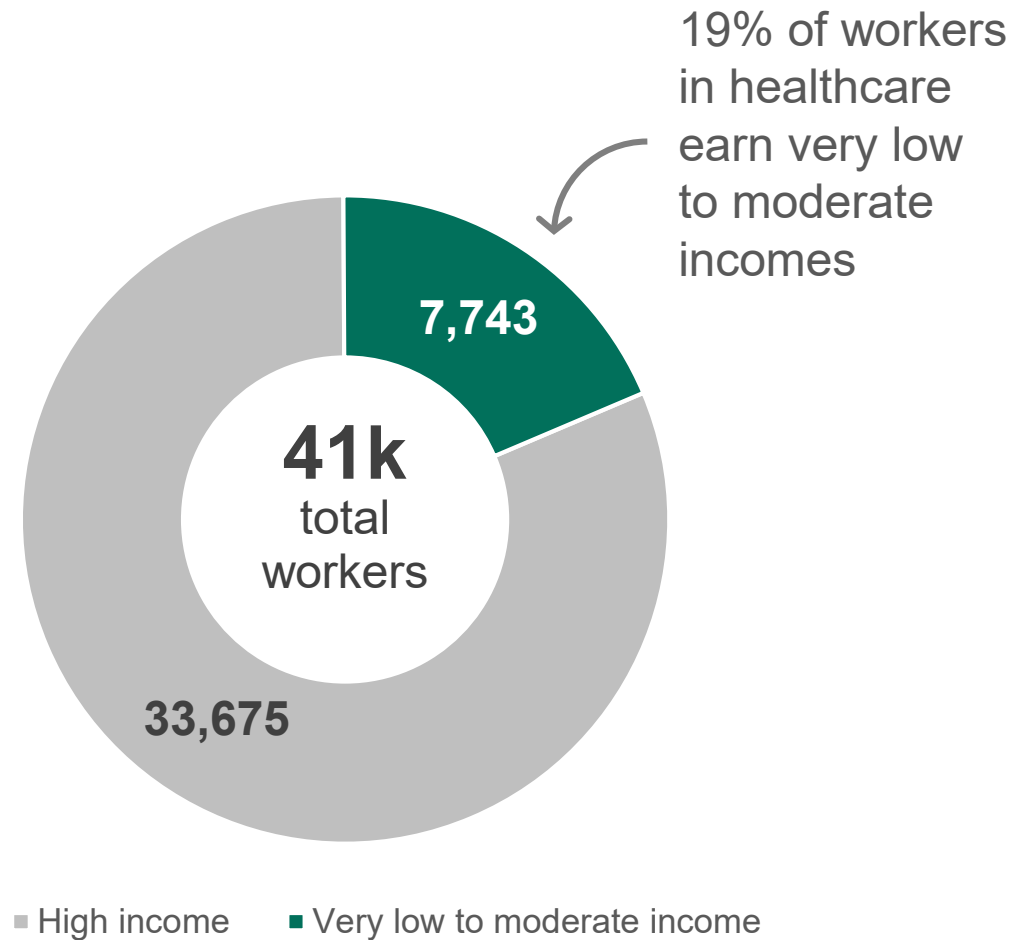
Income ranges by industry

Very-low to moderate income earners by industry, CoM 2021

Industry	Very low income	Low income	Moderate income	Total employment	# very low to mod. earners	% very low to mod. earners
Accommodation and Food	27%	20%	27%	21,842	16,163	74%
Professional, Scientific, Technical	4%	4%	8%	96,061	15,183	16%
Retail Trade	13%	16%	24%	16,496	8,746	53%
Health Care and Social Assistance	4%	5%	10%	41,418	7,743	19%
Financial and Insurance	2%	2%	6%	75,089	7,470	10%
Education and Training	9%	6%	10%	28,744	7,262	25%
Administrative and Support	9%	12%	21%	16,432	6,790	41%
Arts and Rec.	6%	8%	21%	13,910	4,873	35%
Public Admin. and Safety	1%	2%	5%	53,876	4,586	9%
Construction	4%	3%	8%	17,642	2,713	15%

ABS census of population and housing, 2021. NB: Only the ten largest industries in CoM are shown.

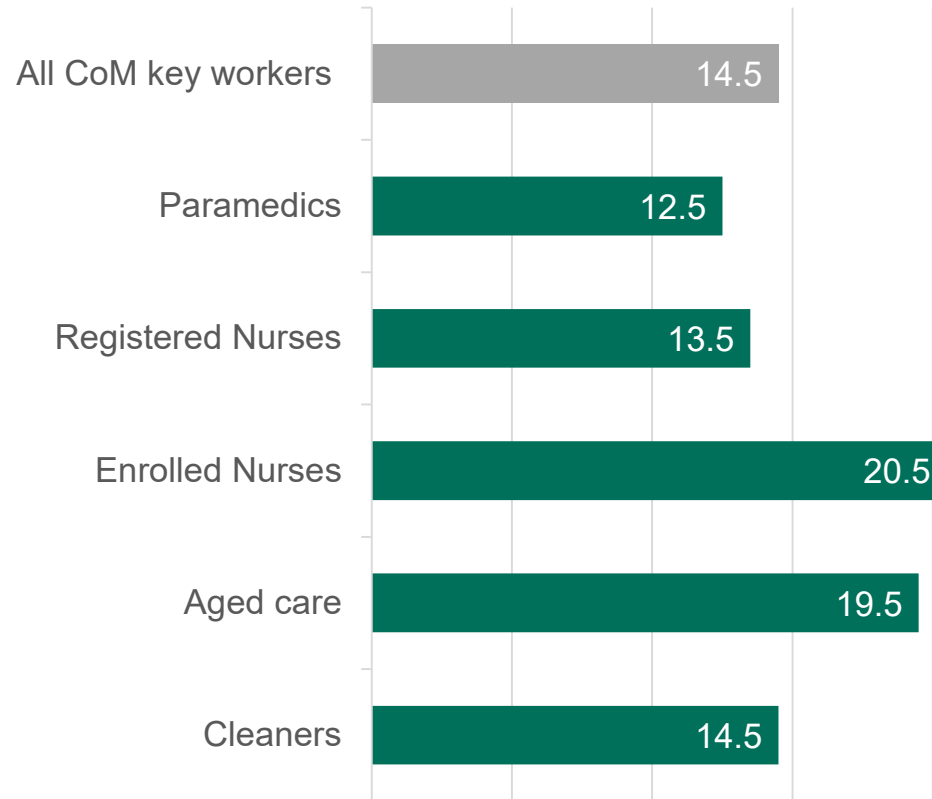
The healthcare industry



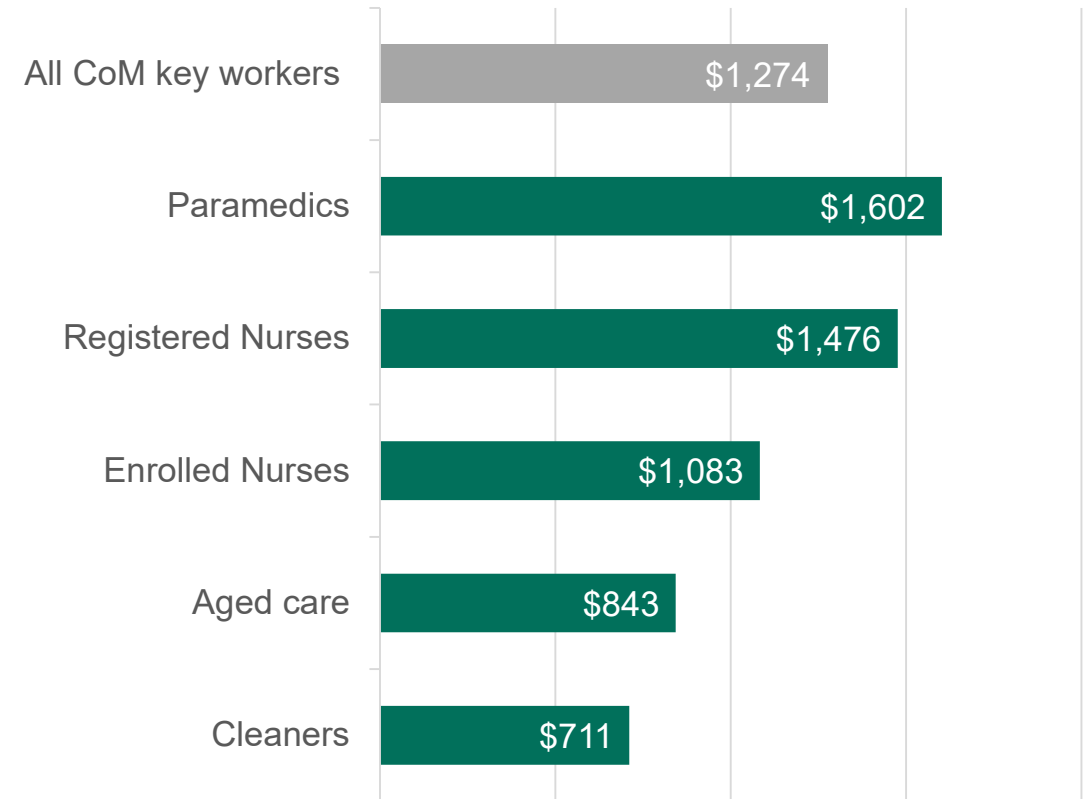
ABS census of population and housing, 2021.

The healthcare industry

Median commuting distance to CoM (km)



Median weekly income by occupation



ABS census of population and housing, 2021.



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