

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 towards the city, with a bridge visible. The background is filled with a dense collection of skyscrapers and modern buildings under a clear blue sky. A semi-transparent dark grey banner is overlaid across the middle of the image, containing the title and speaker information.

# Defining Key Worker Housing

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Community and City Services  
April 2024



An aerial photograph of Melbourne, Australia, showing the city skyline across the Yarra River. The foreground features lush green trees and a winding path along the riverbank. In the middle ground, the Yarra River flows through the city, with a bridge visible. To the right, the Melbourne Cricket Ground (MCG) is prominent, surrounded by parking lots and roads. The background is filled with a dense collection of skyscrapers and modern buildings under a clear blue sky.

# Project Background



# Key worker housing: what is the problem we are trying to solve?

## Why define key worker housing?

- Key worker housing is not defined in local or state government policy.
- CoM has more key workers than any local government area in Victoria.
- As rental prices are 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.

## Intended 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 environment and health benefits.
- Provide more housing options for local workers who earn very low to moderate household incomes.

# The Affordable Housing Crisis

## 4.2%

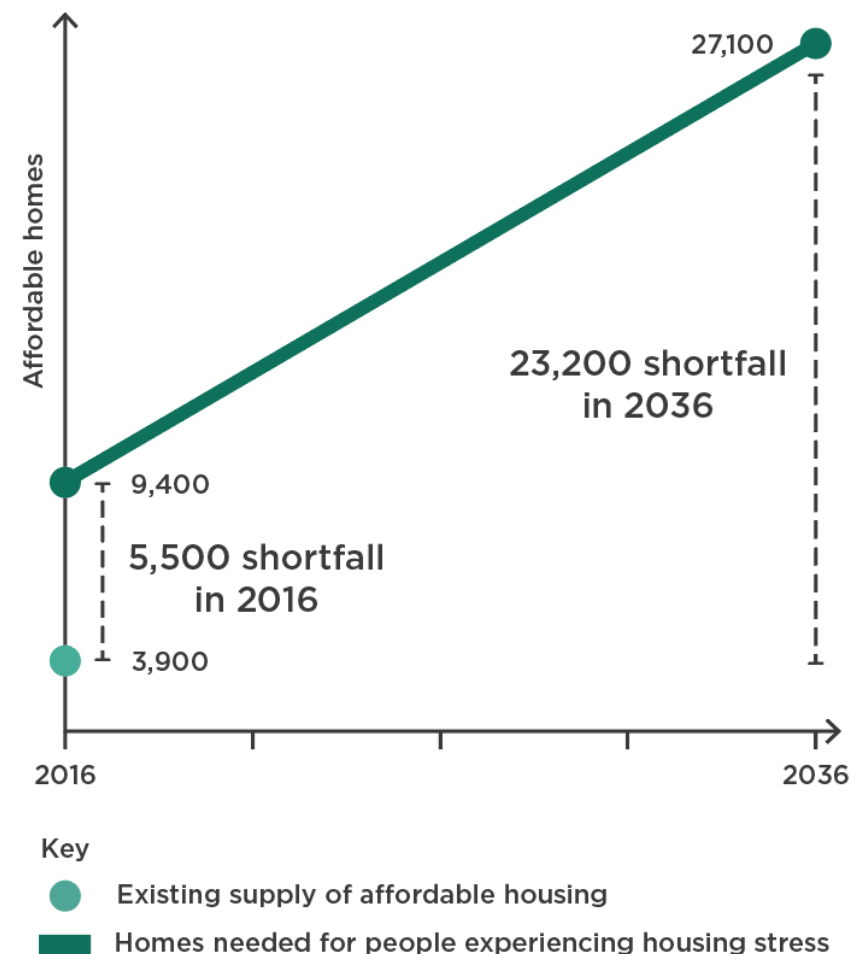
Growth in the  
Wage Price Index  
to December 2023  
ABS, 2023

## 15.8%

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

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.

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



# Project timeline

Date	Input
June to July 2023	ABS data analysis undertaken to test initial thinking and demand
June to July 2023	Phase 1 community engagement process to source insights from workers
05 Sept. 2023	Draft key worker housing definition endorsed at FMC meeting
October to December 2023	Phase 2 industry engagement process to seek feedback on definition
April 2024	Consideration of final definition at FMC meeting



## 05 September FMC resolution:

That the Future Melbourne Committee:

- Approves the following draft key worker housing definition: *"Affordable rental housing that is appropriate for people who work within the City of Melbourne, who require a physical presence to perform their work, and whose household earns very low, low or moderate incomes. The housing must be allocated and monitored by a Registered Housing Agency."*
- Requests management to test and refine the draft definition and its application with the housing sector and relevant stakeholders.
- Requests management report back a final policy position and implementation plan to Council in Quarter 1 2024.

## The ABS data analysis 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.

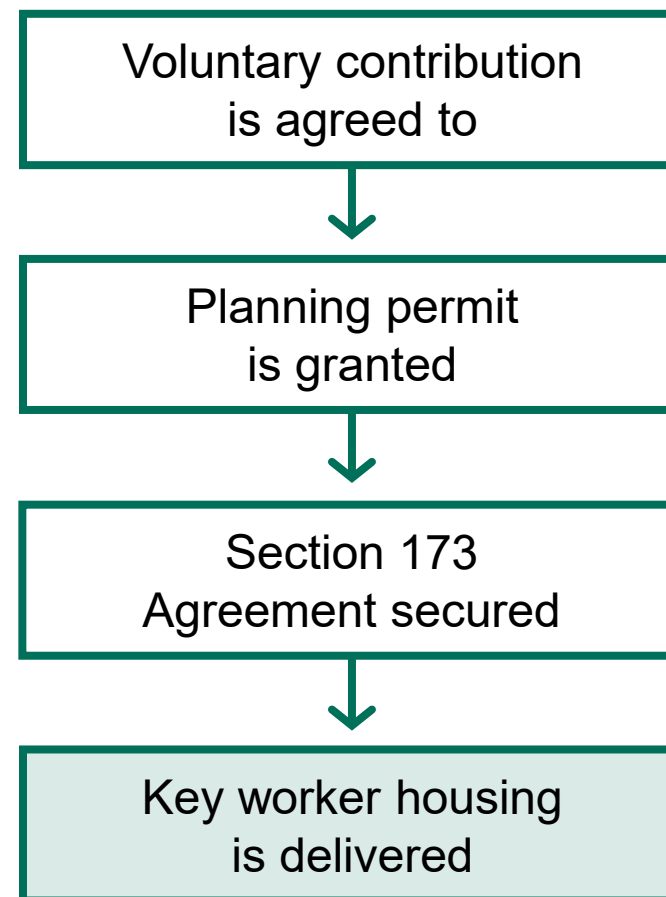
## Phase 1 engagement told us:

- 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.

# Developing a draft definition of key worker housing

## Policy alignment and implementation

- 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 P&E Act affordable housing definition:  
*“Housing, including social housing, that is appropriate for the housing needs of very low, low, and moderate-income households”*
- The role of CoM is to negotiate affordable housing outcomes and increase affordable housing supply, not to regulate lease terms or manage tenants.



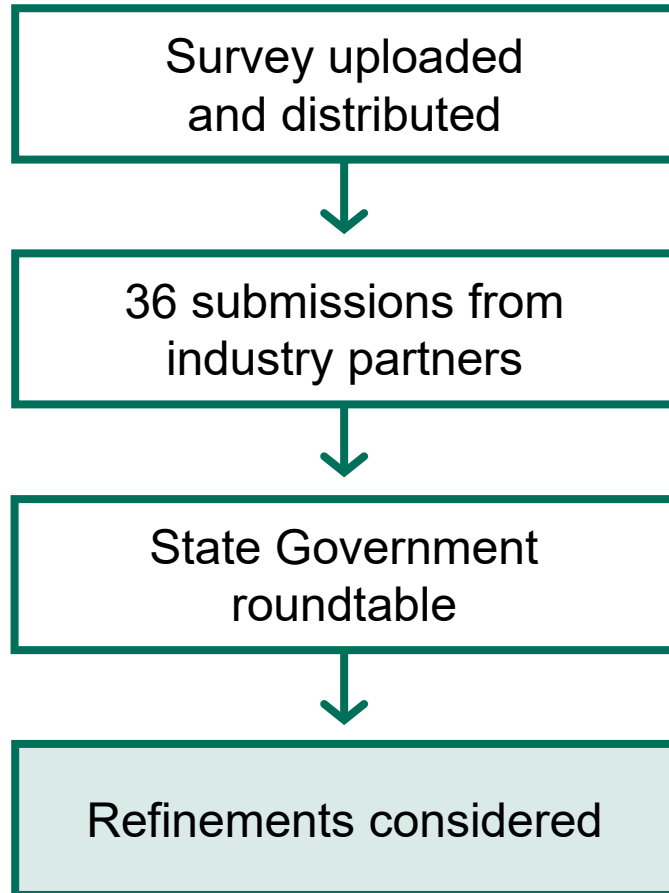


An aerial photograph of Melbourne, Australia, showing the city skyline across the Yarra River. The foreground features lush green trees and a winding path along the riverbank. In the middle ground, the Yarra River flows through the city, with a bridge visible. The background is dominated by the dense Melbourne skyline, including the Eureka Tower and other skyscrapers. A semi-transparent grey banner is overlaid across the middle of the image, containing the text "Phase 2 Engagement".

# Phase 2 Engagement



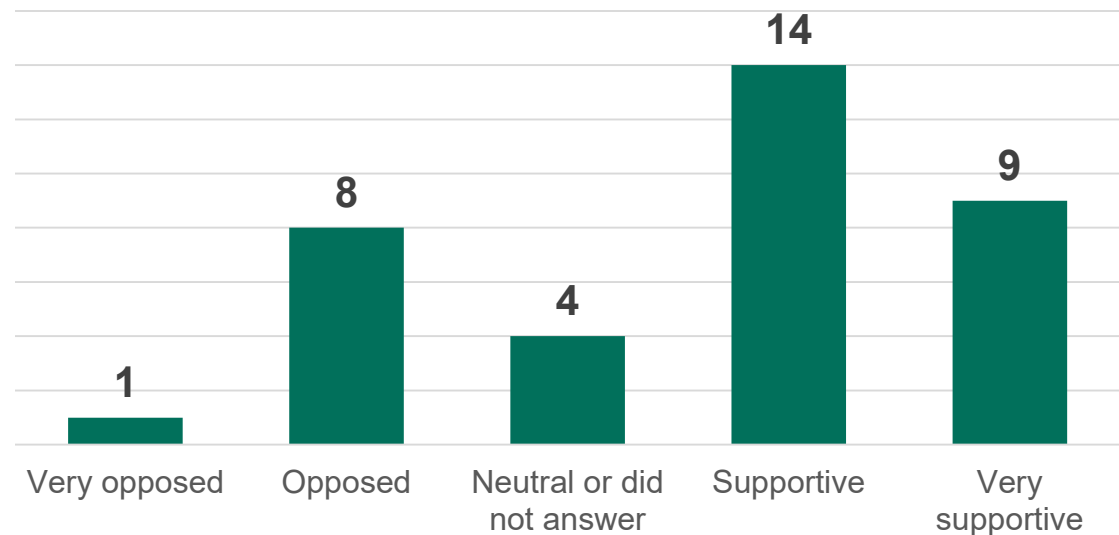
# Engagement Phase 2: Industry engagement



**64%**  
'supportive' or  
'very supportive'

**25%**  
'opposed' or  
'very opposed'

Survey respondents level of support





# Engagement Phase 2: Industry engagement

## Supportive submissions

1. Requirement for oversight by Registered Housing Agencies (RHA).
2. Use of existing Planning and Environment Act income ranges is effective.
3. Broad eligibility for key workers in the current definition is inclusive.
4. Integration with existing affordable housing definition.
5. Recognition of the challenge and the importance of prioritising housing for key workers.

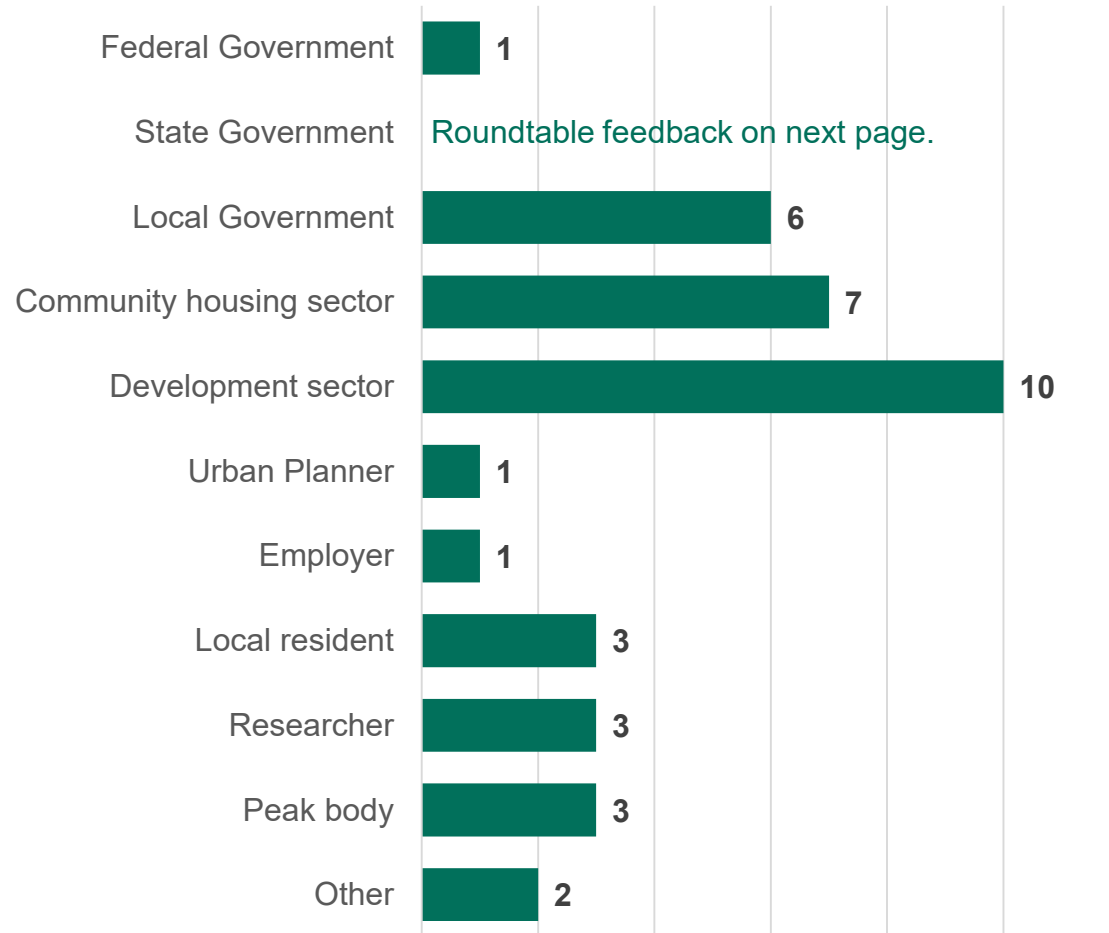
## Opposed submissions

1. Concern regarding RHA oversight (suggestion to remove or widen to include all ACNC registered charities).
2. Housing support should be allocated on the basis of need, rather than occupation.
3. A list of occupations should be included.
4. 'Affordable' is not defined.
5. Definition is too constrictive and should be broadened (e.g. above moderate income earners, or homebuyers).

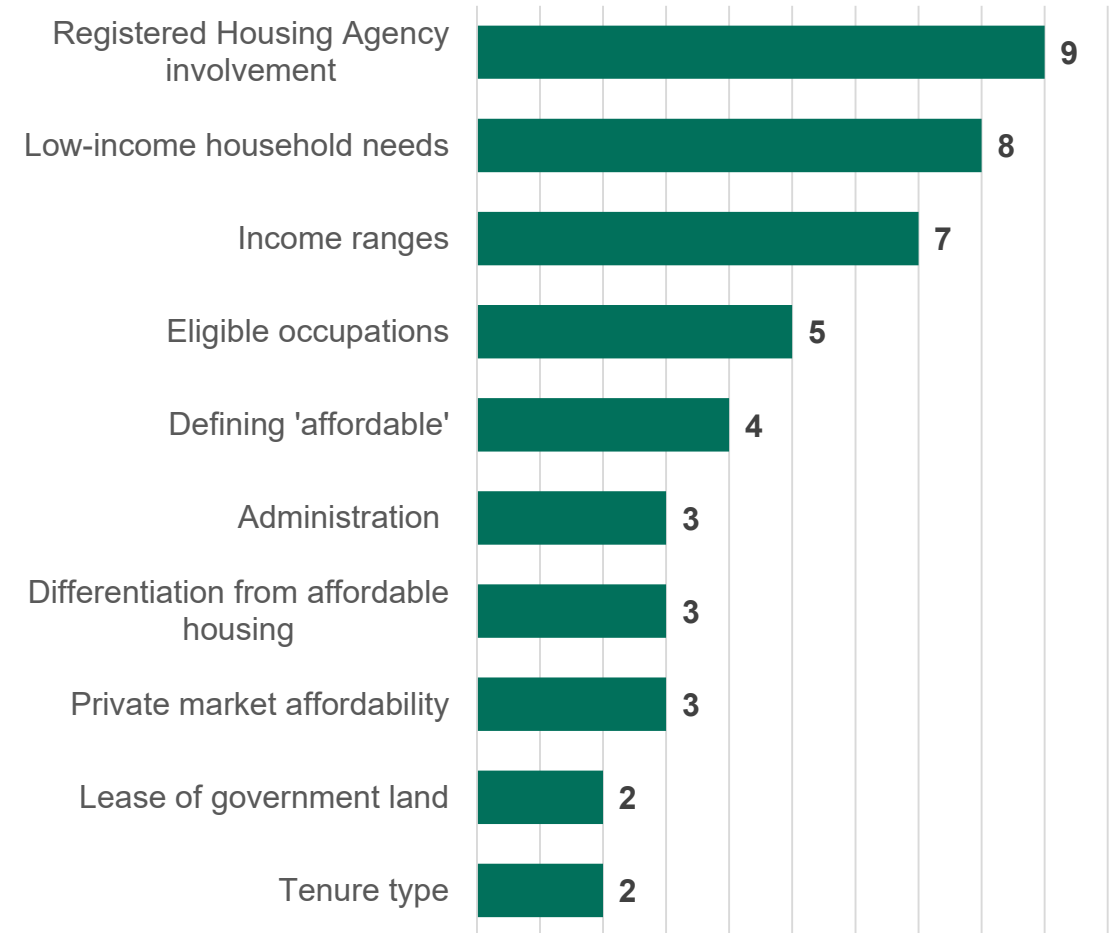


# Engagement Phase 2: Industry engagement

## Respondents by sector



## Issues referenced by submissions





## The roundtable workshopped three themes raised through industry submissions with State and Federal Government Partners

### RHA involvement

- Generally supportive of RHA involvement as this is a regulated sector with reporting and data collection requirements.
- Perceived risk that definition could be abused if there is no RHA involvement.
- Willingness to involve registered charities rather than just RHAs.

### Income ranges

- Use of existing income ranges is appropriate.
- Provides clear eligibility guidelines for housing providers.
- Transparent income ranges would assist developers in assessing the value of voluntary key worker housing contributions.

### List of occupations

- A list would require regular updating and may involve subjectivity, and less equity.
- New occupations are emerging all the time.
- Priority occupation lists could be established if necessary.
- 'Physical presence' requirement is an effective alternative for an occupation list.



An aerial photograph of Melbourne, Australia, showing the city skyline across the Yarra River. The foreground features lush green trees and a winding river. In the middle ground, a large stadium with a distinctive white, arched roof is visible. The background is filled with numerous high-rise buildings under a clear blue sky.

# Refining the draft definition



Affordable rental housing that is appropriate for people who work within the City of Melbourne, who require a physical presence to perform their work, and whose household earns very low, low or moderate incomes. The housing must be allocated and monitored by a Registered Housing Agency.

# The amended definition of key worker housing

Flexibility provided  
for oversight from  
both RHAs and  
registered charities

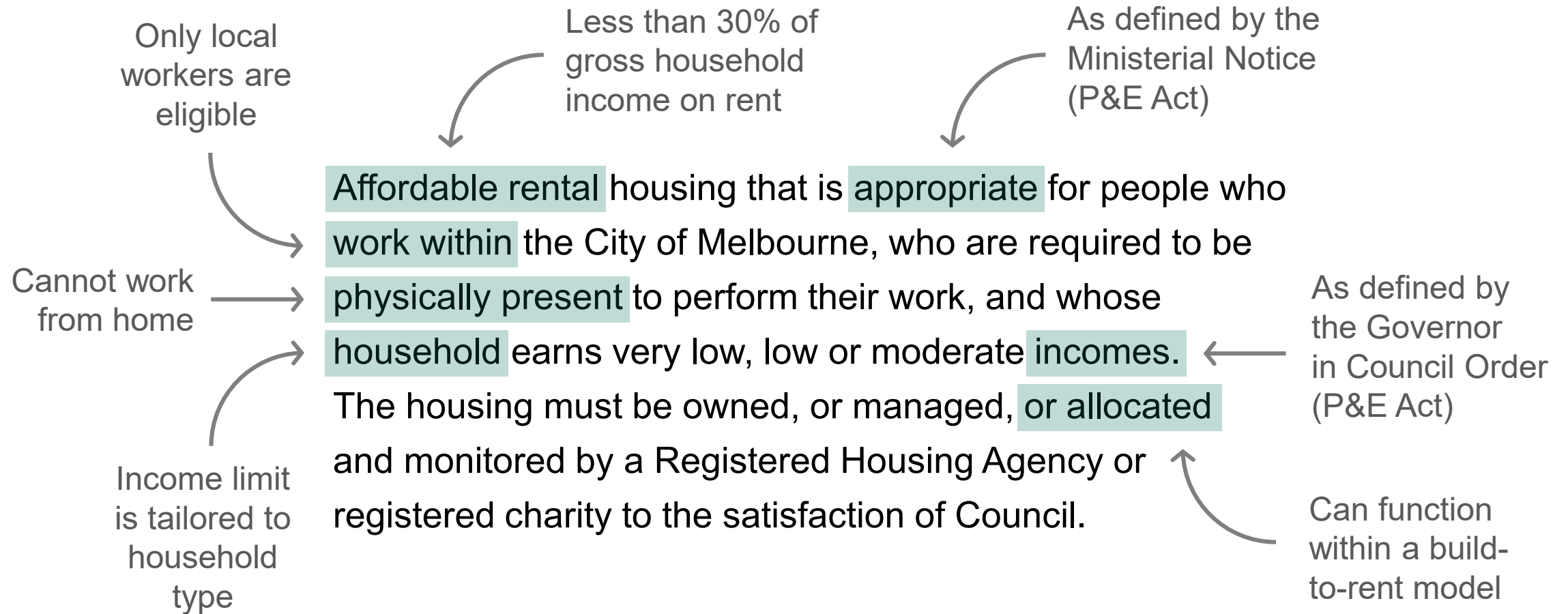
Affordable rental housing that is appropriate for people who work within the City of Melbourne, who are required to be physically present to perform their work, and whose household earns very low, low or moderate incomes.

The housing must be **owned, or managed, or allocated** and monitored by a Registered Housing Agency or **registered charity to the satisfaction of Council.**

Clarification on  
three options for  
oversight of key  
worker households



# Unpacking the proposed definition

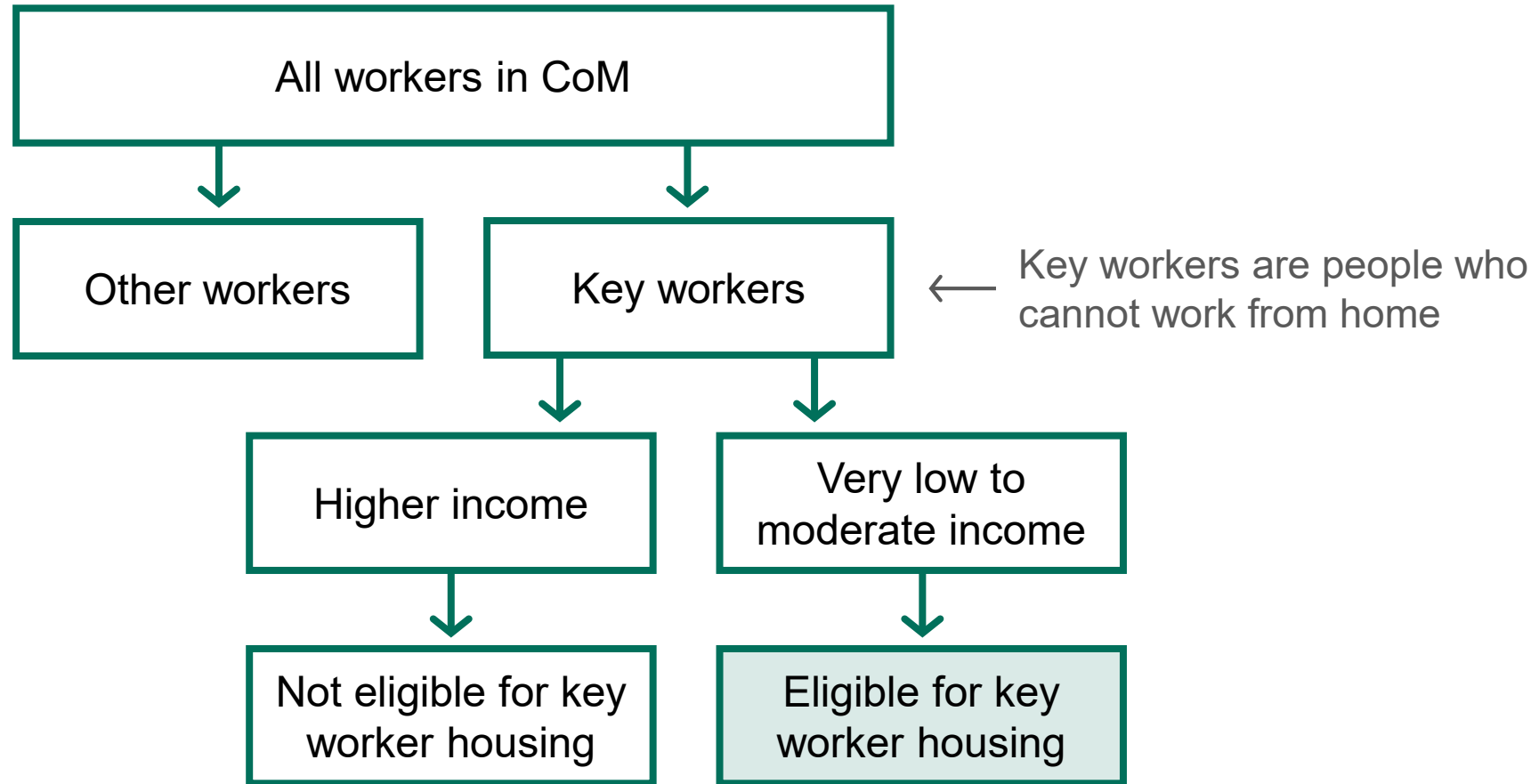


# Unpacking the proposed definition

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



# Eligibility for key worker housing



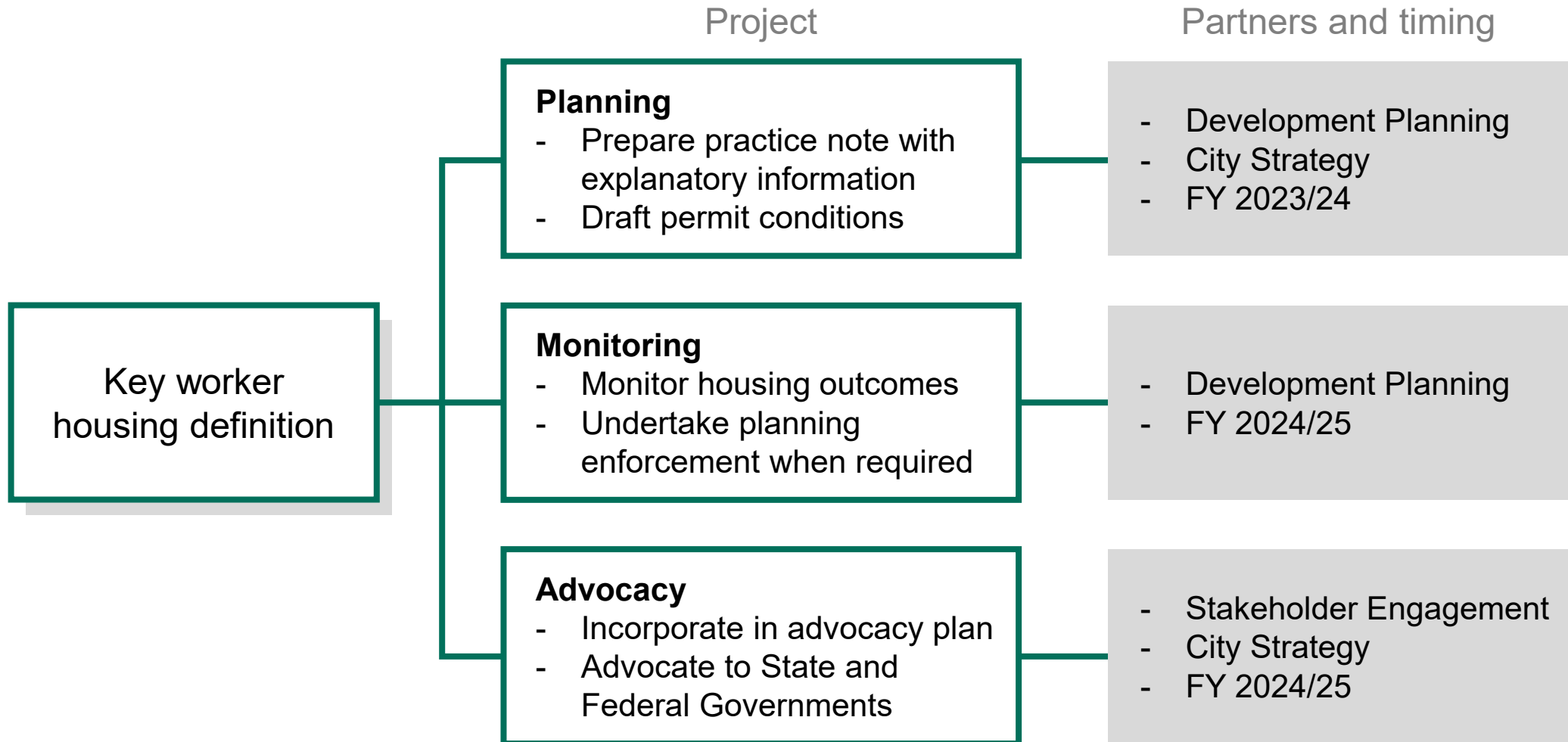


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# Implementation plan



# Implementing the key worker housing definition







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# Appendix

## Background information



# What is a registered charity?

- Registered charities in Australia are regulated by the Australian Charities and Not-for-profits Commission (ACNC).
- To be entitled to registration as a charity, an entity must:
  1. be a not-for-profit entity;
  2. only have purposes which are charitable purposes, and which are for the public benefit, or purposes which are incidental or ancillary to, and in furtherance of, a charitable purpose;
  3. be compliant with the Governance Standards and External Conduct Standards; and
  4. not be an individual, political party, or government entity.
- Registered charities must comply with the Governance Standards contained in the ACNC Regulation 2013.
- All charities must submit an Annual Information Statement to the ACNC, which includes some financial information and details of a charity's activities and beneficiaries.
- Registered charities are eligible for GST exemptions if rental prices are less than 75% of market rates.
- Various regulatory options are available to the Commissioner if charities do not meet these conditions, including revocation of their registration.

# 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

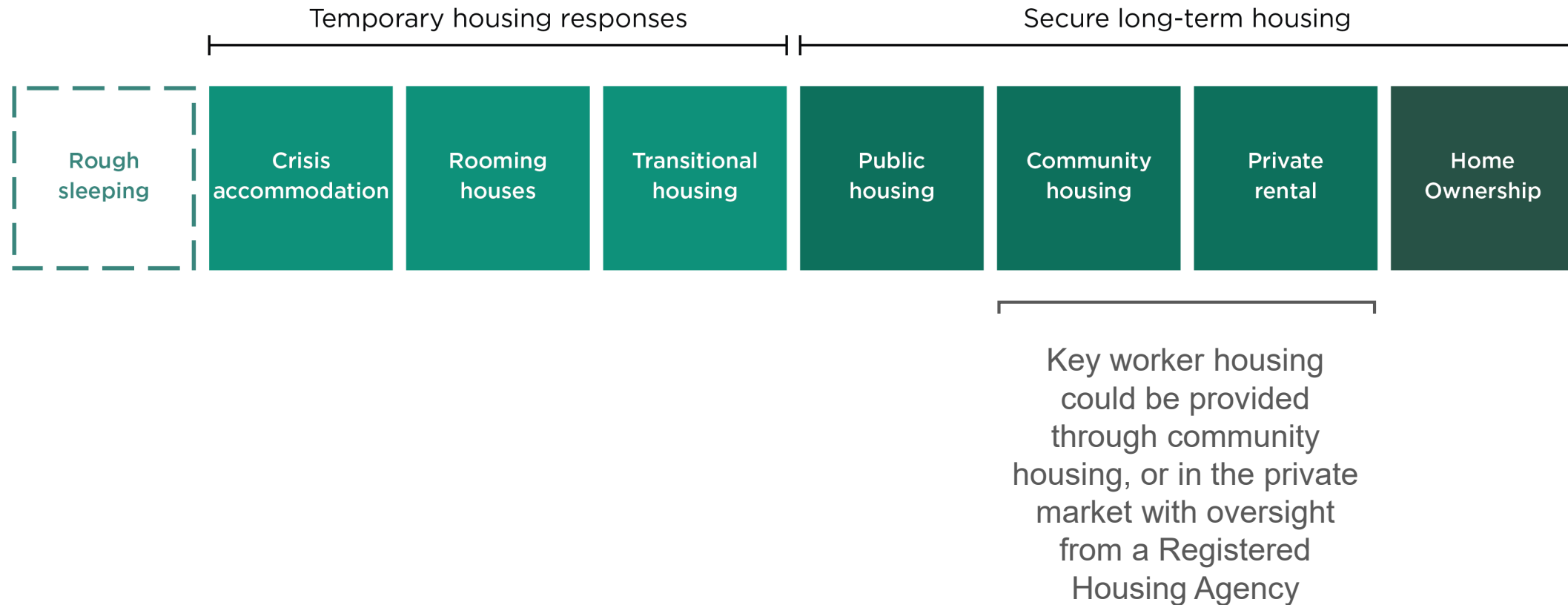
Planning and Environment Act, 1987

## 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

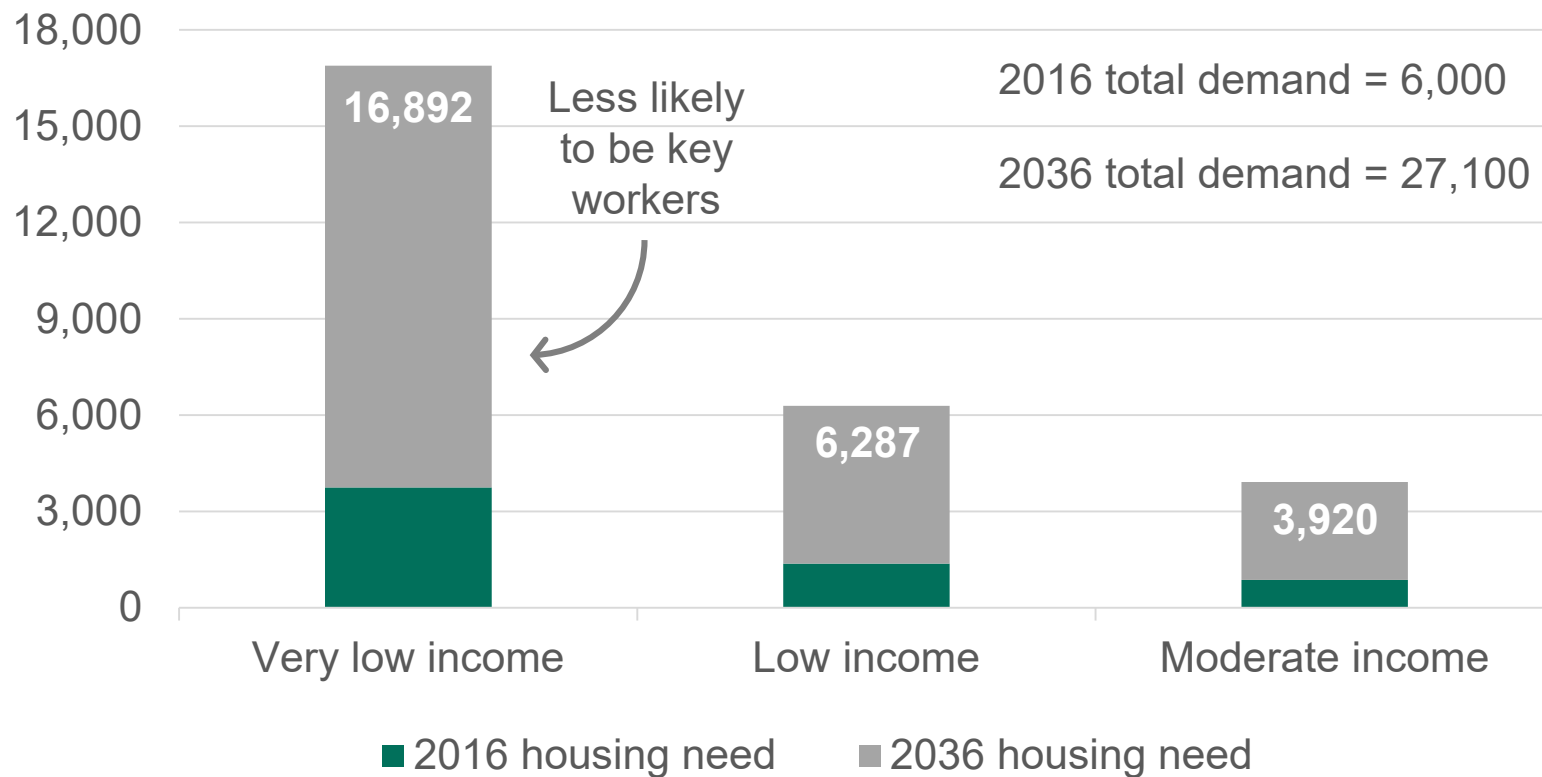
Planning and Environment Act, 1987

# Key worker housing and the housing spectrum





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



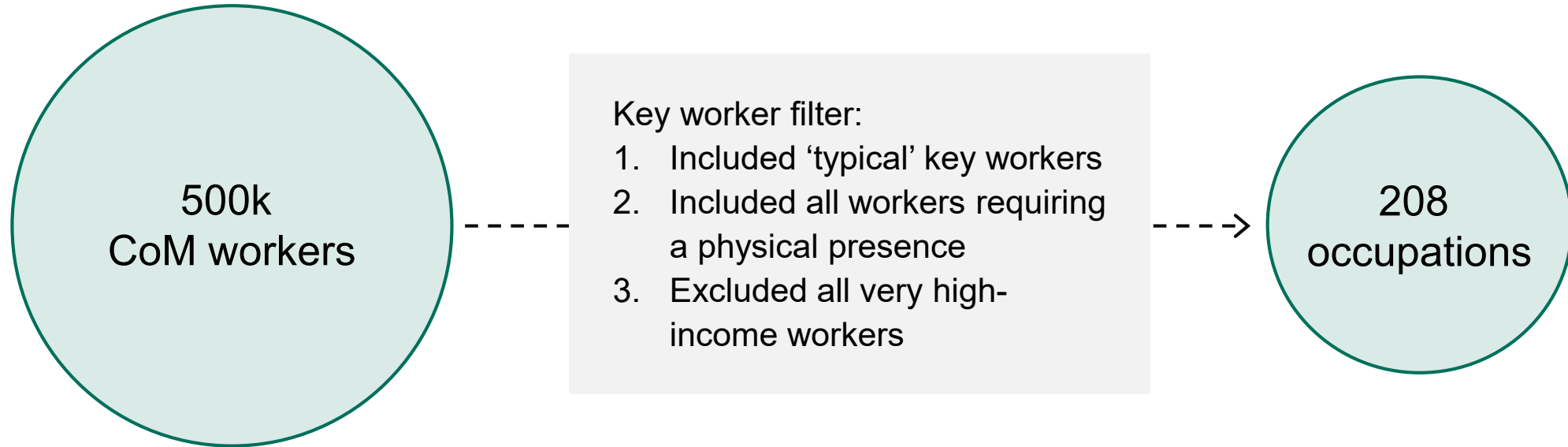
SGS Housing Needs Analysis, 2019

# ABS data analysis

Summary of findings



# ABS data analysis: findings and approach



# Income ranges by industry

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

Industry	Very low income	Low income	Moderate income	Total workers	# 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.



# City of Melbourne key worker demographics

## Demographics

Total key workers	142,000
Female	46.8%
Male	53.2%
Median age	36
Born overseas	48.2%

## Socio-economic indicators

Individual weekly income	\$1,280
Part-time workers	39%
Degree qualifications	51%
Long-term health issues	22%
Commute >20kms	40.8%

## Housing Affordability

Very-low to moderate income earners	48%
In mortgage stress	12%
In rental stress	27%
Overcrowded dwelling	4.3%

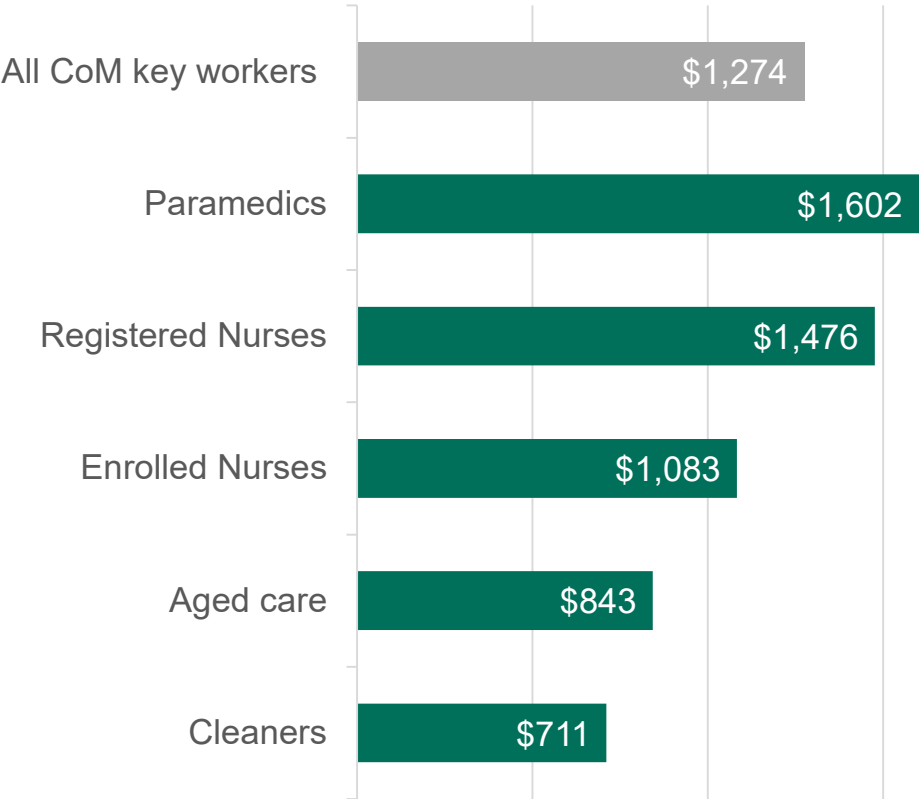
## Housing characteristics

Lone-person household	25%
Couple with children	33%
Renters	44%
Live in high-density unit	25%
Household median weekly income	\$2,278

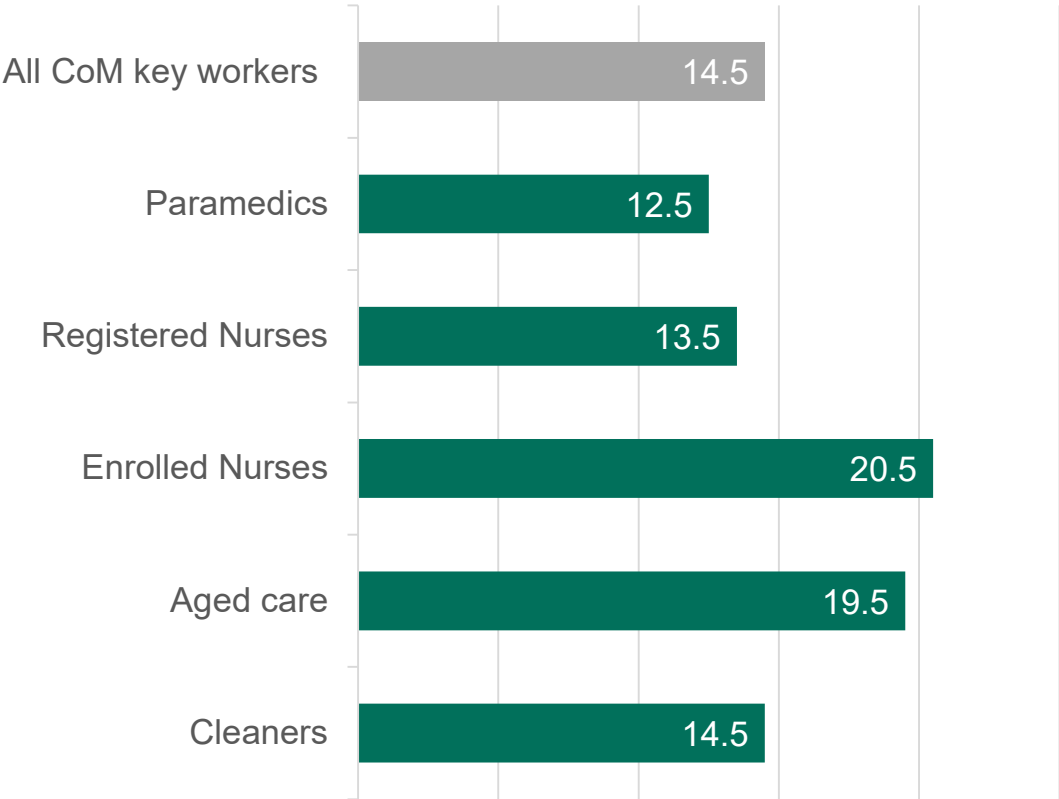
- The median age of CoM key workers (35.6) is younger than all CoM workers (37.5).
- There are more male key workers in CoM (53%) than female (47%).
- Female CoM key workers earn 22% less than male key workers.
- CoM key workers are more likely to be born overseas (48%) compared to CoM workers (44%).
- CoM key worker households were less likely to live in 'couple family with children' households (33%) than the typical CoM Worker Households (40%).
- CoM key workers were more likely to live in overcrowded homes (4.3%) than typical CoM worker households (2.6%).

# The healthcare industry

Median weekly income by occupation



Median commuting distance to CoM (km)



ABS census of population and housing, 2021.



# What is our conclusion from the ABS data analysis?

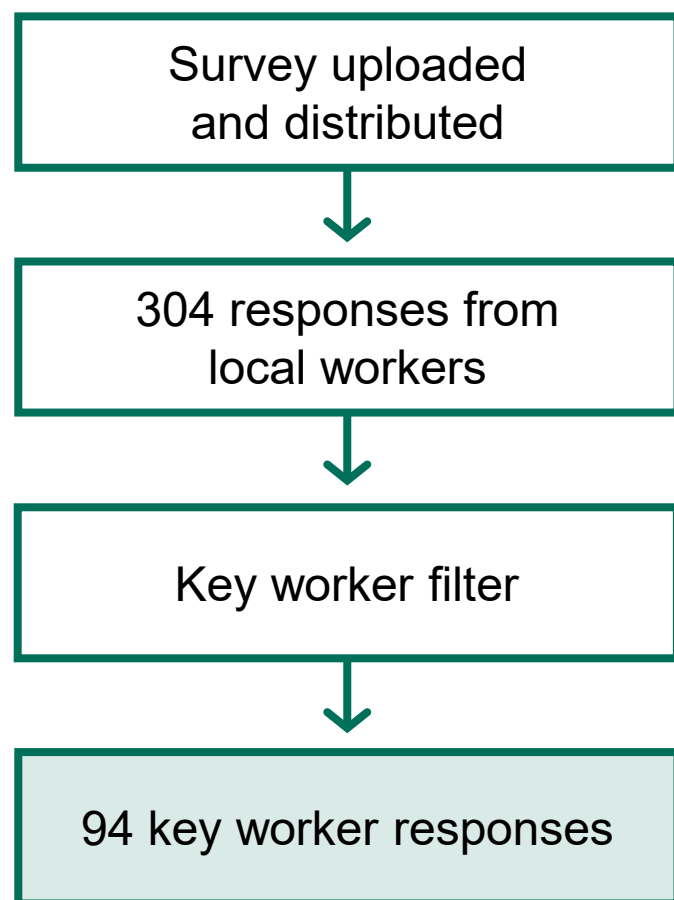
## The research showed us:

- 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.
- The CoM context is unique in Victoria, and targeted affordable housing is required.
- There is a need for more Affordable Housing in CoM for key worker households.
- Housing stress for low income key workers cannot be solved by additional supply of market rate dwellings.
- 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.

# Community Engagement

Phase 1 engagement results

# Engagement Phase 1: community engagement



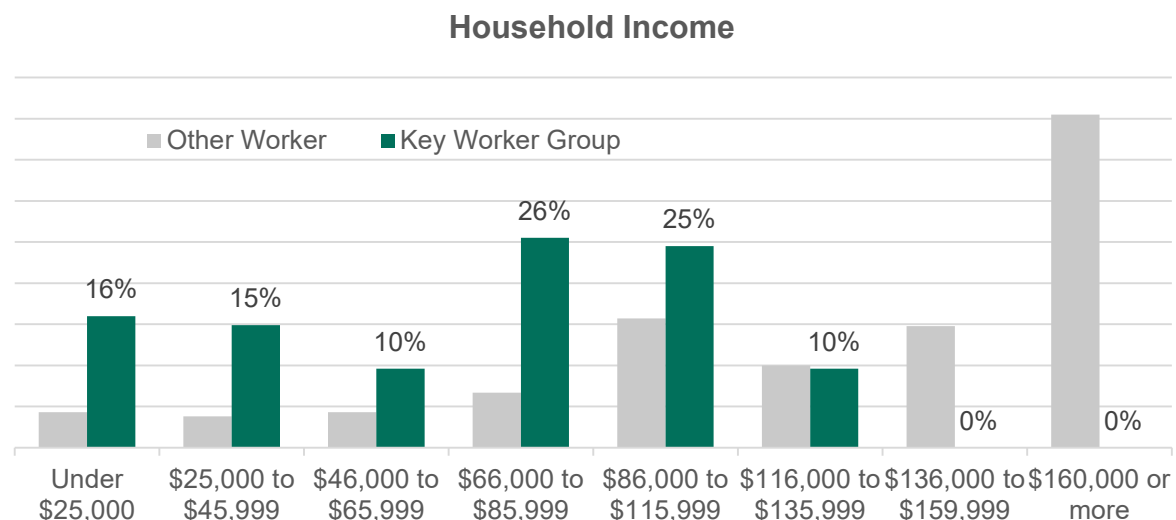
- 304 online survey and intercept surveys were undertaken.
- Responses were consistent with the ABS data analysis.
- Key worker respondents were more likely to have lower incomes.
- Key worker respondents were more likely to drive to work.
- The most common response for moving to CoM was for 'more employment 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

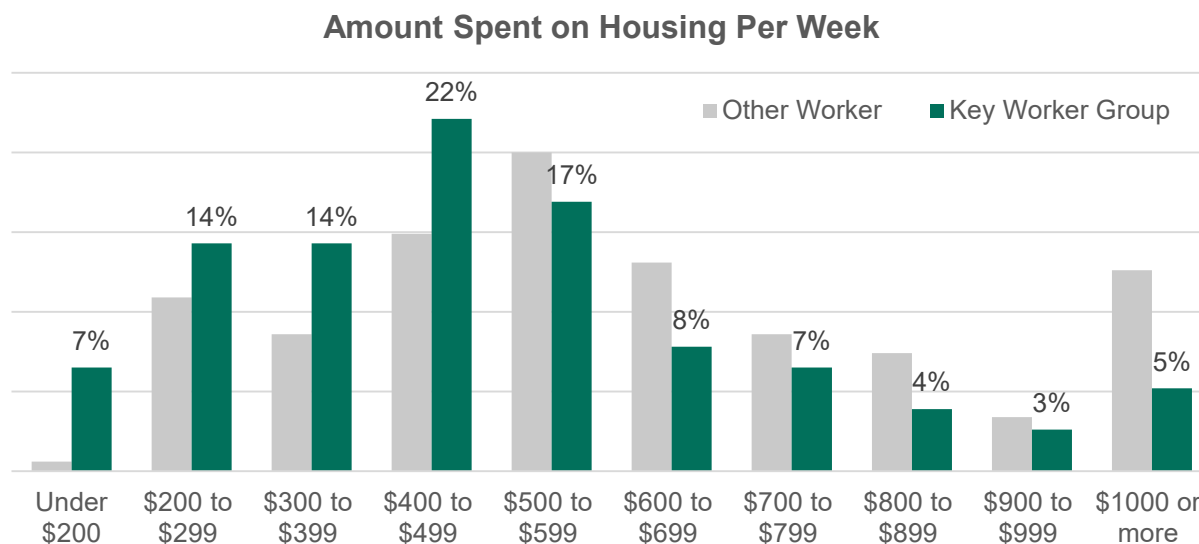


- Key worker respondents were more likely to have lower household incomes

# 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



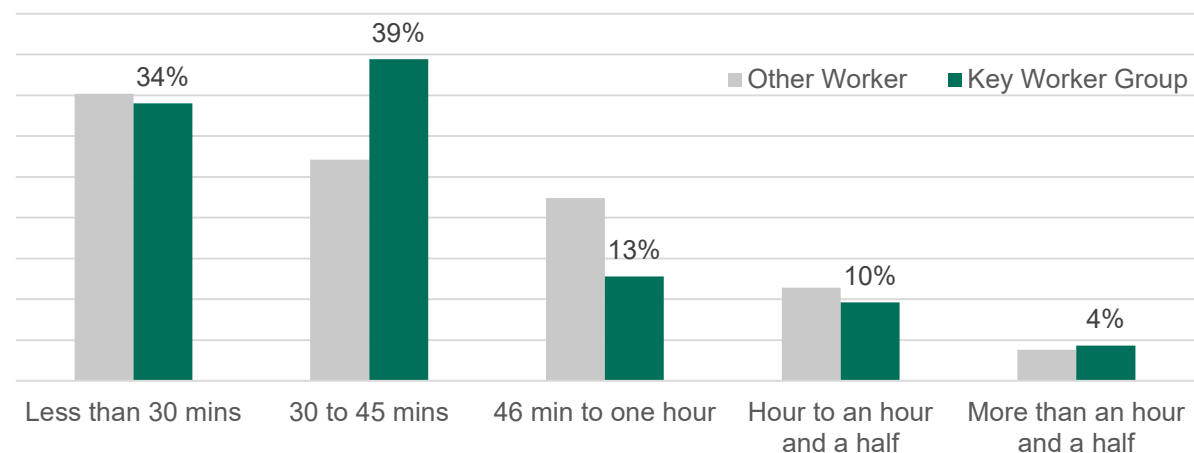
- Key worker respondents spent less on housing costs than other workers

# 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

Average One Way Commute Time



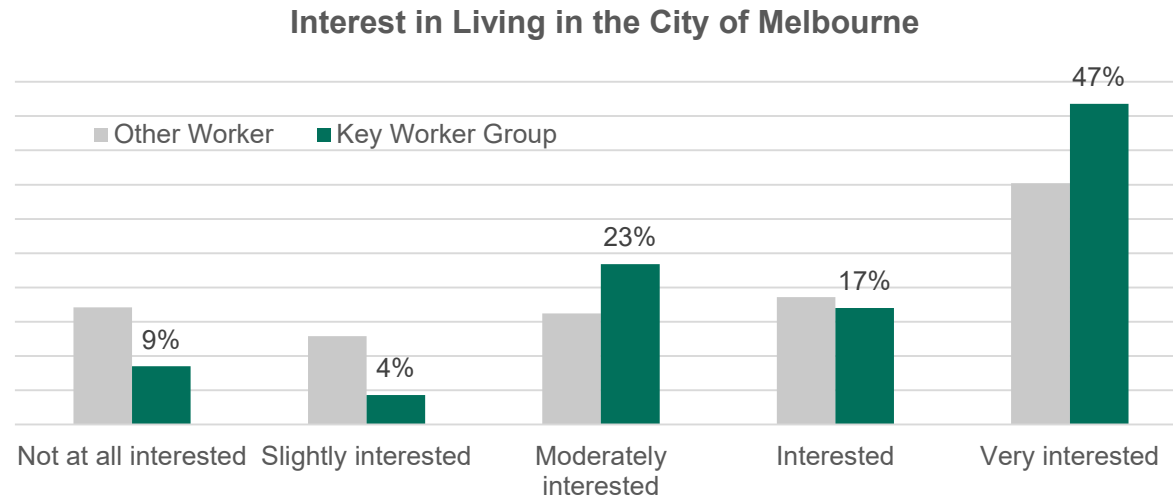
- Key worker respondents were more likely to commute 30-45 minutes than other workers



# 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%).

# Survey results: Willingness to spend on housing typologies in CoM

Maximum willing to pay	Stand-alone house	Townhouse	Apartment (<9 storeys)	Apartment (9+ storeys )
\$900 to \$999 per week	3%	3%	0%	1%
\$800 to \$899 per week	7%	3%	4%	4%
\$700 to \$799 per week	8%	8%	4%	3%
\$600 to \$699 per week	7%	8%	5%	4%
\$500 to \$599 per week	17%	12%	4%	5%
\$400 to \$499 per week	21%	23%	29%	23%
\$300 to \$399 per week	17%	23%	21%	23%
\$200 to \$299 per week	12%	14%	22%	23%
Under \$200 per week	9%	7%	12%	13%

- Most key worker respondents were willing to move to CoM if their rent was less than \$500 per week.
- CoM one-bed unit median rents: \$480 per week (Homes Vic, 2023)
- CoM two-bed unit median rents: \$680 per week (Homes Vic, 2023)
- A discount of 27% from the median two-bed unit prices is needed to meet respondents willingness to spend on housing (<\$500 per week).
- New units (and particularly BTR units) have higher market rents than the CoM median rental rates. Greater discounts are required when negotiating voluntary affordable housing agreements.

## Maximum affordable weekly rents for 'moderate income' households, June 2023

Household type	Single	Couple	Family
<b>Affordable rent</b>	<b>\$412</b>	<b>\$618</b>	<b>\$866</b>





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