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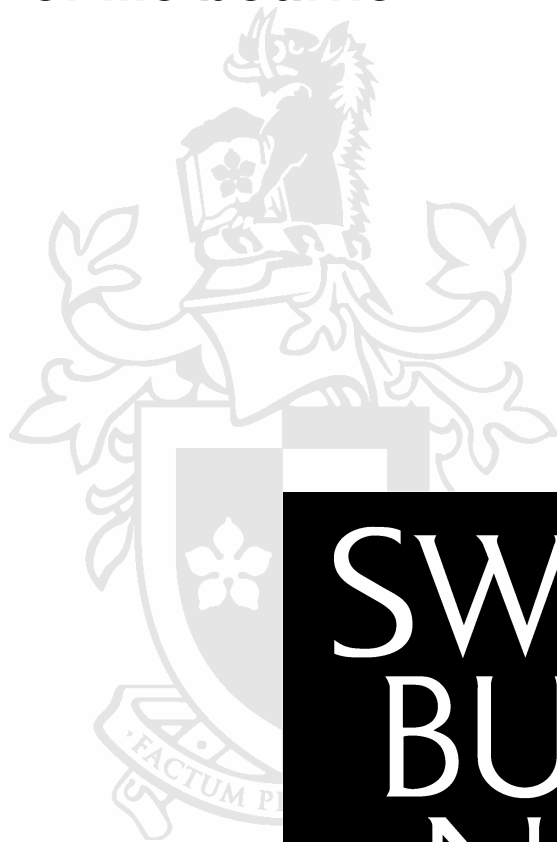
## **CITY OF MELBOURNE**

# **Affordable housing for young people employed in the City of Melbourne**

Volume I: Summary Report

Sean McNelis  
Alexis Esposto  
Caroline Neske

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### **Please note**

This Report for the City of Melbourne on 'Affordable housing for young people employed in the City of Melbourne' consists of two volumes.

Volume I is a summary report.

Volume II is a Technical Report and contains extensive tables.

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## Introduction

Young people bring colour and vitality to a city. In its Vision Statement for young people, Melbourne City Council envisaged that the City of Melbourne 'will be recognised as a city where young people participate, contribute and enjoy life in a safe and welcoming environment'.

Housing generally in the City of Melbourne poses difficulties for many households. Some young people on very low incomes, particularly those who are homeless, may gain access to social housing, particularly public housing. Melbourne Affordable Housing, which is sponsored and funded by the Council, also plays a role in providing housing to low to middle income households.

However, young workers are not a particular target group for the Office of Housing, and at this stage are not a particular target group for Melbourne Affordable Housing.

The City of Melbourne has engaged Swinburne Institute for Social Research to assess the availability of affordable housing for young people employed in the CBD, Docklands and Southbank.<sup>1</sup>

The City of Melbourne's resident population is just under 50,000, with another 460,000 coming to the CBD every day to work, shop, conduct a variety of business and cultural activities and to be entertained. The population is characterised by cultural diversity and a strong presence of young people. At Census date 2001, of the 172,000 people working in the CBD, Southbank and Docklands, 28,000 (nearly one in six) were young workers.

The City Council in its various reports has highlighted its concern and interest about the provision of housing for young people living and working in the CBD, Southbank and Docklands, and in finding ways of making this affordable and accessible for them.

This report on 'Affordable housing for young people employed in the City of Melbourne' consists of two volumes: Volume I is this summary report; Volume II is a Technical Report and contains extensive tables. Volume I provides a summary of the key findings and refers the reader to Volume II for more detailed analysis.

The structure of both reports is divided into three parts as follows.

*Part A* provides a profile of young workers in the Melbourne Inner (CBD) and Southbank-Docklands Statistical Local Areas.

*Part B* provides an analysis of housing affordability for young workers according to major occupational groups, more detailed occupations and income bands. It also compares the cost of renting in the City of Melbourne with the total cost of renting and travelling to work from suburban Melbourne.

*Part C* reports on our search for current models of housing for young inner city workers that may be of interest to Melbourne City Council.

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<sup>1</sup> In this report, 'young workers' are those aged 15-24 years. The report also refers to two sub-groups within this age range: teenage workers (15-19 years) and young adult workers (aged 20-24 years).

## Part A: Profile of young workers

### *Introduction*

At 2001, of the 172,000 people working the Melbourne CBD, Southbank and Docklands, 28,000 (nearly one in six) were young workers.

Part A of the Technical Report provides a profile of these young workers by utilising data from the Australian Bureau of Statistics (ABS) 2001 Census. One data set, the Working Population Profile (Journey to Work), provides an analysis of those young people who work in the City of Melbourne (rather than those who live in the City of Melbourne). The ABS publishes some data on the working population according to Local Government Area (LGA) and Statistical Local Area (SLA). Of particular relevance for this study is data from the Melbourne Inner SLA (which predominantly covers the CBD) and the Southbank-Docklands SLA. Some of this is on an 'age' basis and thus allows us to distinguish young workers from other workers, including data on:

- Gender
- Marital status
- Labour force status
- Educational status
- Weekly individual income
- Method of travel to work.

This published data was further complemented by unpublished specific data sets provided to Swinburne Institute for Social Research. These provided data on:

- Family type
- Industry
- Occupation
- Median income by occupation
- Usual place of residence.

The ABS presents occupational data using the Australian Standard Classification of Occupations (ASCO) which is a skill-based classification encompassing all occupations in Australia. This comprises five hierarchical levels: Major Group, Sub-major Group, Minor Group, Unit Group and Occupation. The Major Group consists of nine occupational groups, while Occupation consists of 986 occupations organised within these nine occupational groups.<sup>2</sup> The ABS provided data on Major Groups and Minor Groups where the number of young workers was expected to be relatively high.

The following provides a brief overview of young workers in the Melbourne Inner and Southbank-Docklands SLAs. Detailed tables of the significant characteristics are provided in Volume II.

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<sup>2</sup> A more detailed outline of the rationale and structure of ASCO is provided in Appendix B of the Technical Report. This also includes a list of occupations down to level 4, highlighting those in which more than 1% of young workers are employed.

## **Melbourne Inner SLA (CBD)**

Approximately 23,800 young workers are in the Melbourne Inner SLA (CBD) (as at Census date 2001).

### **Overview**

- Most (65%) young workers are employed full-time.
- Most (84%) are young adult workers, rather than teenage workers.
- Young workers who lived in Inner Melbourne on Census night had the second lowest unemployment rate in Victoria.

### **Industry**

- Young workers (both full-time and part-time) are predominantly in four industries:
  - Property and Business Services (29%)
  - Finance and Insurance (20%)
  - Retail Trade (17%)
  - Accommodation, Cafes and Restaurants (12%).
- Over one-third of full-time young workers are in the Property and Business Services industry.
- Nearly one-third of part-time young workers are in the Retail Trade industry.
- Nearly one-third of teenage workers are in the Retail Trade industry.
- Nearly one-third of young adult workers are in the Property and Business Services industry.

### **Occupations**

- Young workers are predominantly in three of the nine major occupational groups (the higher the number, the lower the level of skill):
  - 6. Intermediate Clerical, Sales and Service Workers (33%)
  - 2. Professionals (21%)
  - 8. Elementary Clerical, Sales and Service Workers (19%).
- More than two-thirds of part-time young workers are in two major occupational groups:
  - 8. Elementary Clerical, Sales and Service Workers (37%).
  - 6. Intermediate Clerical, Sales and Service Workers (34%).

### **Income**

- The median weekly income for full-time young workers is \$660.<sup>3</sup>
- 95% of full-time young workers earn less than \$1,000 per week.

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<sup>3</sup> Median weekly incomes from the ABS Census 2001 have been updated to 2004 \$.

### **Educational status**

- 62% of young workers are not attending any educational institution.
- Approximately 80% of full-time young workers are not attending any educational institution.
- Approximately 50% of part-time young workers are attending university.

### **Gender, marital status and household type**

- 60% of young workers are women.
- 95% of young workers have never been married.
- 70% of young workers live in a family household with a parent (s).

### **Usual place of residence and mode of transport**

- Nearly half of all young workers come from inner LGAs, most of which border on the City of Melbourne.
- Few (approximately 10%) travel long distances to work from the fringe of Metropolitan Melbourne or beyond.
- Approximately 70% of young workers travel by public transport.

### ***Southbank-Docklands SLA***

Approximately 4,800 young workers are in the Southbank-Docklands SLA (as at Census date 2001), compared with 23,800 in the CBD.

The profile of young workers in the Southbank-Docklands SLA is very similar to those in the Melbourne CBD, but differs in two key ways:

- Cultural and Recreational Services is the major industry in which they work
- The predominant mode of transport is car (approximately 50%), mostly driving themselves.

### ***Concluding comments***

This profile of young workers in the two major SLAs of the City of Melbourne highlights their significance for the City. Of particular note in the context of affordable housing is:

- The relatively low level of median weekly incomes
- Their single status
- Their residence in family households
- Their residence in proximity to the City.

## Part B: Young workers and housing affordability

### *Introduction*

Part B provides an analysis of the extent to which young workers can afford to rent in the City of Melbourne. It does this in three ways. Firstly, it compares the median income of young workers with median rents for the City of Melbourne. Secondly, it compares the availability of housing at particular prices with the young workers' incomes. Finally, it compares the cost of renting in the City of Melbourne with the total cost of renting in other suburbs in Metropolitan Melbourne and travelling to work.

### *Rental affordability according to occupation*

The median income of young workers working full-time is \$660 per week in Melbourne Inner SLA and \$648 in Southbank-Docklands SLA.<sup>4</sup> The median weekly rent in the City of Melbourne at December 2003 was \$250 for a 1-bedroom flat, \$340 for a 2-bedroom flat and \$360 for a 3-bedroom house.

The median income indicates that 50% of full-time young workers in the SLA earn more than this amount while 50% earn less than this amount. Moreover, the median income will vary according to occupation. Rather than presenting a picture based solely on the median income of all full-time young workers, this section explores the extent to which young workers from different occupational groups can afford to rent in the City of Melbourne.

Rental affordability was assessed first for each of the nine Major Groups and then in more depth for a range of occupations at the Minor Group level. The assessment is based on three rental benchmarks: 30%, 35% and 40% of the adjusted median weekly income for that occupational group. Of the three rental benchmarks, only one could be regarded as affordable, viz. 30% of income. The generally accepted benchmark is 25% of income. However, given the locational advantages and their single status, an affordable benchmark of 30% is acceptable in this instance.

The Technical Report assumes four household types as follows:

- Singles – one young worker living alone in a 1-bedroom flat on a median income
- Sharers 1 – two young workers sharing a 2-bedroom flat with joint income at 1.75 median income
- Sharers 2 – two young workers sharing a 2-bedroom flat with joint income at double median income
- Sharers 3 – three young workers sharing a 3-bedroom house with joint income at triple median income.

The Technical Report provides detailed tables consisting of ASCO groups, median income of the group, number of full-time young workers in the group, and level of the three rental benchmarks. Where the rental benchmark is above the relevant median rent, these are highlighted. This indicates that 50% of full-time young workers in that particular ASCO group would have available more than 50% of dwellings of a particular size. For example, Table 1 below (Table 47 in the Technical Report) outlines the rental benchmarks for two young workers with a total income of double the adjusted median weekly income for each Major Group occupation within the Melbourne Inner SLA. The median rent for a 2-bedroom flat is

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<sup>4</sup> Based on ABS Census 2001 data updated to 2004.



\$340 per week. The highlighted cells indicate those occupations where the rental benchmarks can meet this rent. In this table, the median income for all occupations is sufficient to meet the 35% and 40% benchmarks. It is also sufficient to meet the 30% benchmark in most occupations, but not those with lower skills: Intermediate Production and Transport Workers, Elementary Clerical, Sales and Service Workers, and Labourers and Related Workers.

**Table 1: Rental benchmarks for two persons (20-24 years) sharing at double weekly income by major group occupation, Melbourne Inner SLA**

	AMWI*	Double AMWI	Young workers		Rental benchmarks		
			#	%	30%	35%	40%
1 Managers and Administrators	742	1,484	307	2.3%	445	519	594
2 Professionals	829	1,658	3,993	29.8%	497	580	663
3 Associate Professionals	684	1,368	1,863	13.9%	410	479	547
4 Tradespersons and Related Workers	596	1,192	395	2.9%	358	417	477
5 Advanced Clerical and Service Workers	654	1,308	1,435	10.7%	392	458	523
6 Intermediate Clerical, Sales and Service Workers	610	1,220	4,211	31.4%	366	427	488
7 Intermediate Production and Transport Workers	523	1,046	82	0.6%	314	366	418
8 Elementary Clerical, Sales and Service Workers	523	1,046	1,000	7.5%	314	366	418
9 Labourers and Related Workers	497	994	133	1.0%	298	348	398
<b>Total</b>	<b>684</b>	<b>1,368</b>	<b>13,419</b>	<b>100.0%</b>	<b>410</b>	<b>479</b>	<b>547</b>

\*AMWI = Adjusted Median Weekly Income

The Technical Report presents a series of tables which are differentiated as follows:

- ASCO classification: Major Groups and selected Minor Groups
- Household type: singles, sharers 1, sharers 2 and shares 3
- Age: teenage workers (15-19 years) and young adult workers (20-24 years)
- Local area: Melbourne Inner SLA and Southbank-Docklands SLA.

### *Findings*

The Technical Report provides detailed tables as outlined above, and the results for a specific combination characteristics – ASCO classification, household type, age and local area – can be found there. The broad conclusions of the analysis are as follows.

- Housing is more affordable for young workers the higher their Major Group. Median incomes for the higher Major Groups are higher and thus their housing options are more affordable than those with a lower classification.

- Approximately 60% of full-time young workers are in two ASCO Major Groups: 2. Professionals and 6. Intermediate Clerical, Sales and Services Workers. Thus, housing options are more affordable for 2. Professionals.
- Sharing the costs of renting provides the best opportunities for young workers to rent a dwelling at the median rent. Housing is more affordable for those who live in shared arrangements. Indeed, sharing a 3-bedroom house appears to be the most affordable form of accommodation. However, the availability of this form of housing stock is very limited.
  - Nearly all teenage workers and most young adult workers on the median income of their Major or Minor Group cannot rent a 1-bedroom flat at the median rent without paying more than 40% of their income on rent.
  - Young adult workers in all Major and Minor Groups and teenage workers in most Major and Minor Groups who share a 3-bedroom house can pay 30% of the median income for their occupational group and meet the cost of the median rent.
- Housing is more affordable for young adult workers than teenage workers, as they have higher median incomes.
  - Young adult workers on the median income of some Major or Minor Groups can rent a 1-bedroom flat if they pay 40% of the median income on rent. However, nearly all teenage workers cannot rent a 1-bedroom flat at the median rent without paying more than 40% of their income on rent.
  - Young adult workers in all Major and Minor Groups who share a 3-bedroom house can pay 30% of the median income for their occupational group and meet the cost of the median rent of that house. Teenage workers in most Major and Minor Groups who share a 3-bedroom house can pay 30% of the median income for their occupational group and meet the cost of the median rent.

Findings such as these provide a basis for targeting particular types of housing developments to particular groups of young workers.

### ***Availability of stock and its affordability***

This section focuses specifically on the income of young workers (rather than median income according to their occupational classification) and assesses the availability of housing at the 30% rental benchmark.

The ABS Census 2001 publishes data on income within specified income bands for young workers in each of the two SLAs. From this we can derive a range of rents within each income band that meet the 30% rental benchmark. In addition, the ABS publishes data on the number of dwellings within the City of Melbourne according to specified rental bands.

In this way we can compare the number of young workers in each income band with the number of dwellings available within the corresponding affordable rental band. The affordable rental band increases as the income band increases; while the number of affordable dwellings available for those within higher income bands increases, the number of young workers for whom this particular rental band is affordable decreases.

This is illustrated in Table 2 below (derived from Table 69 in the Technical Report) which outlines:

- A series of income bands
- The affordable rental band (based on 30% rental benchmark) associated with each income band
- The number of young workers in each income/affordable rental band
- The proportion (cumulative) of young workers whose incomes are within or above this income band
- The number of dwellings available within each affordable rental band
- The proportion (cumulative) of dwellings available to young workers within or below the income band.<sup>5</sup>

**Table 2: Available dwellings according to rental and income bands for young workers, Melbourne Inner SLA, 2001**

Income bands	Affordable rental band	Young workers		Available dwellings	
		#	% (cumulative)	#	% (cumulative)
\$200-\$299	\$60-\$90	20,010	86%	25	1.2%
\$300-\$399	\$91-\$120	17,540	75%	120	5.6%
\$400-\$499	\$121-\$150	15,006	64%	120	5.6%
\$500-\$599	\$151-\$180	11,840	51%	281	13.0%
\$600-\$699	\$181-\$210	8,158	35%	281	13.0%
\$700-\$799	\$211-\$240	4,865	21%	676	31.3%
\$800-\$899	\$241-\$270	2,814	12%	676	31.3%
\$900-\$999	\$271-\$300	1,892	8%	1112	51.5%
\$1000+	\$301-\$330	946	4%	1440	66.7%
<b>Total</b>		<b>23,361</b>		<b>2,160</b>	

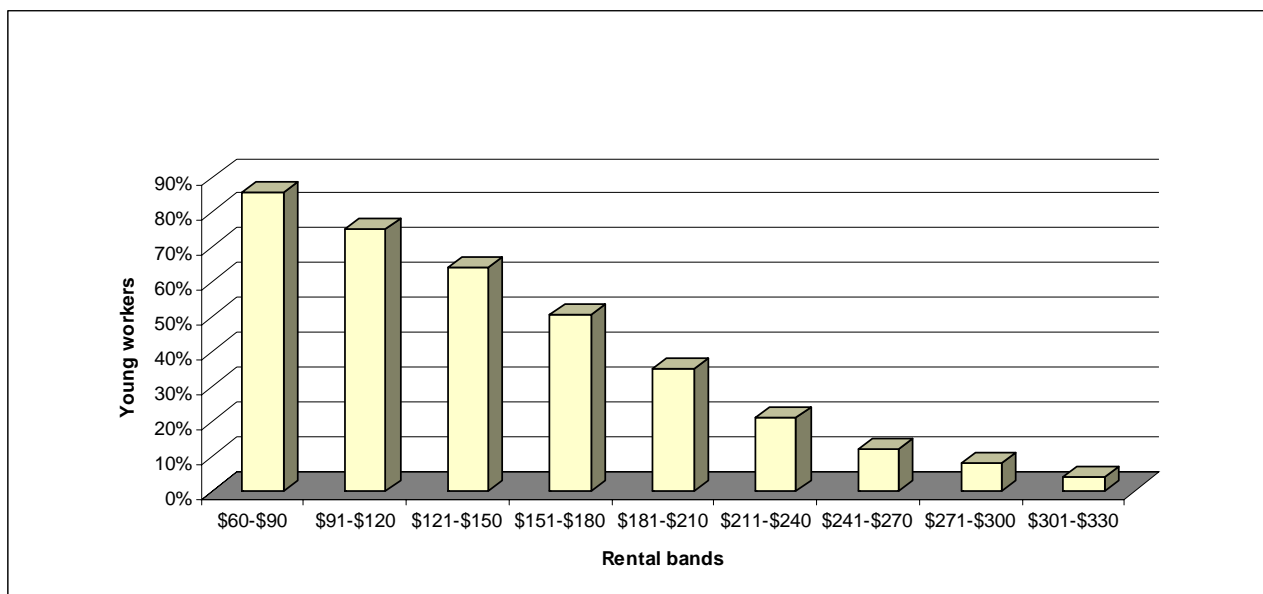
Source: ABS Census, 2001, Working Population Profile and Basic Community Profile, Melbourne Inner SLA.

From this table, we can note that approximately 50% of young workers earned less than \$600 per week in 2001. For them, only 13% of rental dwellings were available at affordable rents. It is not until young workers earn more than \$900 (only 8% do so) that 50% of rental dwellings are available at affordable rents.

Figure 1 below (Figure 1 in the Technical Report) further highlights the limited availability of affordable housing for young workers.

<sup>5</sup> 3,721 young workers who earned less than \$200 per week were excluded, as on these incomes they are unable to afford any rental dwelling in the Melbourne Inner SLA.

**Figure 1: % young workers for whom dwellings within specified rental bands are affordable, Melbourne Inner SLA**



Source: Table 2 above

In the Technical Report, the above type of analysis differentiates between:

- Two age groups: young adult workers and teenage workers, and
- Two local areas: Melbourne Inner SLA and Southbank-Docklands SLA.

### *Findings*

The Technical Report provides detailed tables as outlined above and the results for a specific combination of the above characteristics – age and local area – can be found there.

The broad conclusions of the analysis are as follows:

#### *Melbourne Inner*

- 49% of young workers earned less than \$600 per week but only 13% of rental dwellings were available at affordable rents. It is not until young workers earn more than \$900 per week (only 8% do so) that 50% of rental dwellings are available at affordable rents.
- The situation is worse for teenage workers, of whom 87% earned less than \$600 per week and 1% earned more than \$900 per week.

#### *Southbank-Docklands*

- 54% of young workers earned less than \$600 per week but only 4% of rental dwellings were available at affordable rents. It is not until young workers earn more than \$1,000 per week (only 2% do so) that 50% of rental dwellings are available at affordable rents.
- The situation is worse for teenage workers, of whom 89% earned less than \$600 per week and none earned more than \$900 per week.

### ***Travel and housing costs***

This section compares the cost of renting in the City of Melbourne (and walking to work) with the total cost of renting and travelling to work from other parts of Metropolitan Melbourne.

As noted above, approximately 70% of young workers travel to work by public transport. The cost is largely determined by the public transport zone in which they live. Around 40% of young workers live within Zone 1, with around another 40% living in Zone 2.

The question this section seeks to answer is whether the costs of public transport to work exceed the differential in rents between the zone of current residence and the area where they work. In other words, is the cost of renting in the City of Melbourne less or greater than the total cost of renting in suburban Melbourne and travelling to work?

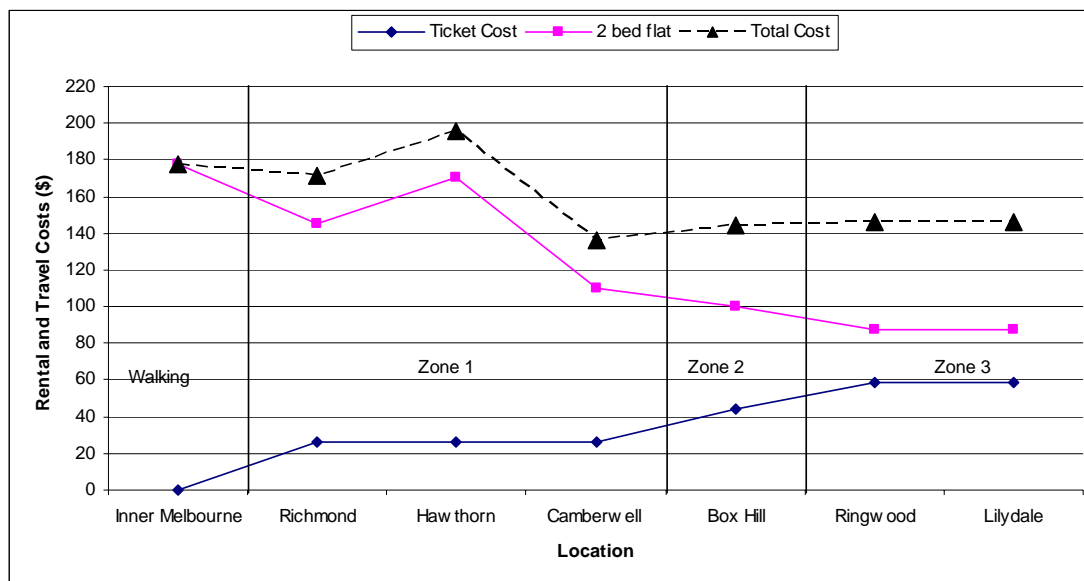
This section shows these relative costs for 25 localities. They assume that the young worker will share the rental costs of either a 2-bedroom flat or a 3-bedroom house. Costs are calculated on the basis of the median rental for each type of stock in each locality, and public transport costs as at December 2004. The localities are as follows:

- Eastern suburbs: Richmond, Hawthorn, Camberwell, Box Hill, Ringwood and Lilydale
- Northern suburbs: Collingwood, Clifton Hill, Northcote, Preston, Thomastown/Lalor and Epping
- Western suburbs: North Melbourne, Seddon/Yarraville, Williamstown, Newport/Spotswood, Altona and Werribee
- Southern suburbs: South Yarra, Malvern, Cheltenham, Mordialloc, Carrum and Frankston.

As an illustration, Figure 2 below (Figure 3 in the Technical Report) presents data on travel costs and rental for a 2-bedroom flat (shared between two people) for the Eastern suburbs. Similar figures for Northern, Western and Southern suburbs are presented in the Technical Report. The figure shows three lines:

- The line with the diamonds shows the transport costs for each of the zones
- The line with the squares shows the cost of sharing the median rent on a 2-bedroom flat for that particular suburb
- The broken line with the triangles shows the total cost of rent and travel to work.

Where the total cost (the broken line with triangles) is below the Inner Melbourne amount (for example, Camberwell), a person sharing a 2-bedroom flat at the median rent would make savings by living in that suburb rather than sharing the rent on a 2-bedroom flat at the median rent in the City of Melbourne. Where the total cost is above the Inner Melbourne amount (for example, Hawthorn), a person would make savings by living in the City of Melbourne and sharing the rent on a 2-bedroom flat at the median rent.

**Figure 2: Rental and travel costs for a 2-bedroom flat, Eastern suburbs of Melbourne**

Source: Metlink and Office of Housing, *Rental Report*, December quarter, 2003

Our analysis shows that for young workers (indeed, this analysis applies to anyone) in the City of Melbourne willing to share the cost of a 2-bedroom flat, the total cost of renting and travelling to work from suburban Melbourne is generally less than the cost of renting a median priced flat in the City of Melbourne. Apart from Hawthorn where the total cost is higher and Richmond and South Yarra where it is only marginally less, the total cost of renting and travelling to work is considerably less:

- \$32 to \$42 per week less in the Eastern suburbs
- \$32 to \$62 per week less in the Northern suburbs
- \$44 to \$77 per week less in the Western suburbs (excluding North Melbourne)
- \$29 to \$43 per week less in the Southern suburbs.

On the other hand, where young workers in the City of Melbourne are willing to share the cost of a 3-bedroom house, the cost of renting is considerably less than that of a 2-bedroom flat. The shared cost of such a house at the median rent is \$58 per week less than the shared cost of a 2-bedroom flat at the median rent. However, in the December quarter 2003, there was a considerable difference in supply, with 718 2-bedroom flats let, compared with 28 3-bedroom houses.

Where young workers are willing to share the cost of a 3-bedroom house, the cost of renting in the City of Melbourne was generally lower than the total cost of renting a 3-bedroom house and travelling from suburban Melbourne:

- \$9-\$23 less in the Eastern suburbs
- \$4-\$21 less in the inner Northern suburbs, but higher in the outer Northern suburbs
- Within a \$20 range in the Western suburbs, with some suburbs higher and some less
- \$2-\$29 less in the Southern suburbs.

## Part C: Affordable housing models

Swinburne Institute for Social Research undertook an international search for housing models through which young workers in inner city areas could gain access to affordable housing.

Swinburne found many programs for young homeless people but only one model, that developed by Adelaide City Council, which specifically targets inner city young workers.

### ***Adelaide City Council: Housing for young workers***

In its 2000-01 budget, Adelaide City Council allocated \$90,000 towards its Affordable Housing Policy. It was proposed that these funds would facilitate new housing through a new Smart Living program aimed at students and young workers. Through this program, Council was seeking to sustain and expand the social and economic diversity of residents within the City. They were concerned that it would become the preserve of those with very high incomes.

Council allocated \$1.2 million towards the construction of twelve 2-bedroom flats. These will be targeted at young workers under 30 years with incomes in the third income quintile (\$20,000 – \$30,000 per year) who are employed in specific trades based in the City.

The estimated market rent on the units is \$230-\$240 per week. They will, however, be let at 75% market rent. Two young workers will share the cost of renting.

The units were due for completion in December 2004. The City Council is planning to tender their management to a community housing organisation or a rental agent.

The units are being built on land owned by Adelaide City Council. This is part of a land-bank and allows Council to determine how particular parcels of land are used. It is envisaged that after some time (possibly ten years or so) the units will be gradually sold off, with residents having first option to purchase. The time of sale will depend upon price movements within the local housing market, with Council seeking to maximise its return.

### ***Other relevant housing models***

While the search found only one housing model specifically geared to young workers in the inner city, two other models have some relevance.

#### *Affordable housing in Australia*

In recent years, state governments and major city councils have developed 'affordable housing organisations'. One of these, Melbourne Affordable Housing, was sponsored and funded by the City of Melbourne. Last year the Australian Housing and Urban Research Institute published the first report on these models, including Melbourne Affordable Housing, *A Practical Framework for Expanding Affordable Housing Services in Australia: Learning from Experience* by Vivienne Milligan and others. These models have the potential to expand and incorporate particular programs for young workers.<sup>6</sup>

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<sup>6</sup> This report can be downloaded from <<http://www.ahuri.edu.au/global/docs/doc691.pdf>>.

### *Housing for key workers*

In recent years, there has been some interest in housing for key workers, particularly in the Docklands area. This follows a trend in the United Kingdom where significant work is being undertaken on the government's Key Worker Living program<sup>7</sup> which is designed to attract new workers and to retain existing workers in areas such as London, the South-East and the East of England where house prices are very high.<sup>8</sup>

## **Conclusion**

Housing in the City of Melbourne is clearly not very affordable for young workers. For this reason, most live in suburban Melbourne and travel to work. Around half of them live in inner LGAs, most of which border on the City of Melbourne. Most rely on public transport to get to work. Most are single. Most live in family households but approximately one in five live in group households.

The key issue for the City of Melbourne is not one of young workers being able to find affordable housing – they can find affordable housing in suburban Melbourne and commute to work – rather, it is how to bring young workers into the CBD and to ensure that the City has a diverse population. Young workers bring colour and vitality to the City, as Council notes in its Vision Statement for young people.

Some young workers such as those working part-time and those in low-paying occupations will most likely require additional subsidies if they are to live in the City of Melbourne and pay affordable rents. But this report points to some directions for Melbourne City Council achieving this vision without substantial and ongoing subsidies. As this study indicates, affordable housing for young workers is more likely to be achieved with some groups rather than others. The most likely options are those involving shared arrangements, particularly three young workers sharing. The report shows that young workers in some occupations have sufficient incomes to pay the median rent for 3-bedroom houses in the City of Melbourne. It also shows that the shared cost of 3-bedroom houses at the median rent is comparable and even better than the total cost of sharing a 3-bedroom house in suburban Melbourne and commuting to work by public transport.

One of the difficulties is the availability of appropriate housing. The stock of 3-bedroom houses is low relative to potential demand. Melbourne City Council could play a role in facilitating the development of such stock suitable for young workers.

The Adelaide City Council has paved the way by facilitating a particular housing model for young inner city workers. It has one particular advantage, however: a historical land-bank built up in past decades through which it can control and facilitate appropriate development (including residential development). While it has outlaid funds for facilitating and constructing units within the Adelaide CBD, more than likely, Council will make a reasonable return on its investment, initially a rental return and in the longer term a capital return. At the same time, it has chosen to provide some discount in order to encourage young workers to live in the CBD.

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<sup>7</sup> See <<http://www.keyworkerliving.co.uk/home.html>>.

<sup>8</sup> The term 'key workers' covers professionals such as nurses, teachers, police officers, prison and probation officers, social workers, educational psychologists, planners and occupational therapists. In Australia, however, it has tended to be used in relation to skilled and semi-skilled occupations.



Already Melbourne City Council has sponsored and funded Melbourne Affordable Housing, which 'develops housing for disadvantaged groups using community development principles to ensure individual projects are sustainable and life enhancing for tenants'. It currently manages around 140 units in Inner Melbourne and Geelong, with a further 35 due for completion. These units have been constructed through various partnerships, including with the Victorian Office of Housing and Melbourne City Council. Some are targeted at young people requiring intensive support. However, by broadening its scope of operations, Melbourne Affordable Housing could also provide a mechanism whereby Council could facilitate housing options for young workers.

Council has a vision for the City of Melbourne, one in which young workers bring life, colour and vitality to the City. This study provides some directions for how this could be achieved.