



KEY WORKER HOUSING AFFORDABILITY IN CITY OF PARRAMATTA FINAL REPORT

FEBRUARY 2019

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Executive summary

Overview

Key workers, such as teachers, nurses, fire fighters, child carers and cleaners, play an important role in City of Parramatta's economy and community.

This report examines the current socio-demographic, economic and housing characteristics of key workers in City of Parramatta. It focuses on the role that the City plays in housing key workers, the importance of key workers to the economy, and the impacts of housing affordability. Projections of key workers living and working in City of Parramatta are also provided to illustrate future housing need.

Key workers are defined in this report as School Teachers, Midwifery and Nursing Professionals, Defence Force Members, Fire Fighters and Police, Health and Welfare Support Workers, Hospitality Workers (to support amenity required for business attraction), Child Carers, Cleaners and Laundry Workers and Automobile, Bus and Rail Drivers.

Key findings

1 Key workers make an important social and economic contribution to City of Parramatta.

- In 2016, key workers account for around 13% of employed residents (13,400) and 13% of local jobs (17,350) in City of Parramatta. They play two key roles:
 - (1) performing critical services for the local community (e.g. early childhood education, school education, health care, emergency and policing services).
 - (2) supporting the output of businesses, particularly for City of Parramatta's strategic industries - Health Care and Social Assistance and Education and Training.
- Their role is expected to expand due to strong population growth and a younger demographic driving demand for these critical services. Our forecasts suggest that the number of key workers living in City of Parramatta will grow by around 13,600 people between 2016 and 2036. This will create strong demand for housing, especially because many key workers live and work in City of Parramatta.

2 However, the local property market threatens the ability of key worker households to live in City of Parramatta.

- Home ownership in City of Parramatta is beyond the reach of many key worker households. For example, key workers on a median household income could afford a \$617,000 property in 2017, around \$446,000 less than the median house value. Units are a more affordable option for School Teachers, Nurses and Defence Force Members, but this dwelling type may not meet the needs of many larger key worker households.
- Rapid house price growth, well above income growth, means that housing affordability is declining for key workers in City of Parramatta. Rental affordability has improved, however, with incomes growing faster than rents over the past five years.
- Renting is an affordable alternative to home ownership for many key worker households. In 2016, key worker households are more likely to rent (45%) than the typical City of Parramatta household (40%).
- In 2017, key worker households in City of Parramatta could afford to pay around \$577 per week in rent, well above the entry level rental price for houses in City of

Parramatta. However, Child Carers, Hospitality workers, Drivers and Cleaners on a median income will find it difficult to find affordable rental properties in City of Parramatta.

- Cleaners appear to be particularly disadvantaged as they are more likely to rent, have very low incomes and are also one of the oldest groups.
- Elderly renters are especially vulnerable as increasing rents may place them in financial stress or influence a move out of their long-term homes.
- While School Teachers and Nurses have relatively high median incomes, there are still a significant number on very low or low incomes who will find it difficult to afford rentals.

3 Therefore, we conclude that strategies should be prepared to address these concerns given the importance of this group to economic and social development.

Responding to the findings of this research is a complex and multi-faceted exercise that will involve multiple stakeholders and levels of government. The following will be necessary to consider for policy development in City of Parramatta:

- **Housing choice:** Recognising that housing diversity is important for key worker households given a high propensity who live in medium and high density dwellings. Housing choice, provided across the wide range of income levels, will help meet the needs of key worker households.
- **Planning for growth:** Demand for key worker housing is projected to grow. Between 2016 and 2036, there is a need for around 5,800 dwellings to meet key worker demand.
- **Need for affordable housing:** For many key worker households (existing and future), affordable housing is the only option outside of housing stress and homelessness. We estimate that around 1,900 key worker households have unmet need for affordable housing in 2016. This evidence base should help inform the Council's housing strategies and advocacy for affordable housing.
- **Economic development implications:** Understanding that if housing is no longer affordable for Key Workers such as School Teachers, Nurses and Cleaners, then this will have an impact on the productivity and attractiveness of a place because the local economy and community needs Key Workers to function effectively. This suggests that economic development strategies should consider actions to combat housing unaffordability, especially given the high propensity of key workers to live and work in the City.

01 Introduction

Overview

Key workers, such as teachers, nurses, fire fighters, child carers and cleaners, play an important role in City of Parramatta's economy and community. This report examines the current socio-demographic, economic and housing characteristics of key workers in City of Parramatta. It focusses on the role that the City plays in housing key workers, the importance of key workers to the economy, and the impacts of housing affordability. Projections of key workers are also provided to illustrate future housing need.

Why are key workers important?

A sustainable economy is based on the interplay between the industries and the workforce located in the area, the economic role of the wider region, and the demographic role of the community. In this context, key workers are an important source of labour for the City of Parramatta economy. They play two key roles - servicing the local population (e.g. early childhood learning, health care) and supporting the output of businesses.

Without an adequate level of key worker labour supply that can afford to live close to work:

- local industry will face additional costs and experience impacts on competitiveness (e.g. job retention, recruitment costs, etc).
- workers will face additional costs in the form of transport or housing, resulting in a fall in disposable income, which in turn, impacts the local economy.

This mismatch between industries and the workforce has implications for economic growth and the success of key employment precincts. This is of interest to locations like Parramatta that have experienced strong population growth and an increasing concentration of service sector employment growth.

Who are key workers?

Key Workers are generally lower paid workers in occupations considered important to the effective functioning of a city¹. There is no standard definition of key worker occupations. For the purpose of this report, key workers have been defined based on traditional key worker occupations identified in BankWest² as well as a selection of occupations based on the role and function of City of Parramatta's economy (i.e. lower paid occupations in industries that have a high representation like education and health).

The definition is based on the detailed occupation categories defined by the ABS (ANZSCO Major Group 3).

- School Teachers
- Midwifery and Nursing Professionals
- Defence Force Members, Fire Fighters and Police
- Health and Welfare Support Workers (includes ambulance officers and paramedics)
- Hospitality Workers (to support amenity required for business attraction)
- Child Carers (to support participation rates)
- Cleaners and Laundry Workers (to support operations of the hospital cluster)
- Automobile, Bus and Rail Drivers (to help access to jobs)

¹ Yates, Randolph, Holloway, Murray. 2005

² Bankwest Key Worker Housing Affordability Report 2009

02 Key worker profile

Headline indicators

City of Parramatta is home to a large and diverse key worker population. In 2016, around 13,400 key workers live in City of Parramatta. This represents around 13% of all employed residents. This proportion is similar to the Greater Sydney average. This resident key worker group is the focus of this report.

Figure 1 Headline indicators, 2016



13,453 key workers
live in City of Parramatta.



12.6% of all employed
City of Parramatta
residents
(13.3% Greater Sydney)

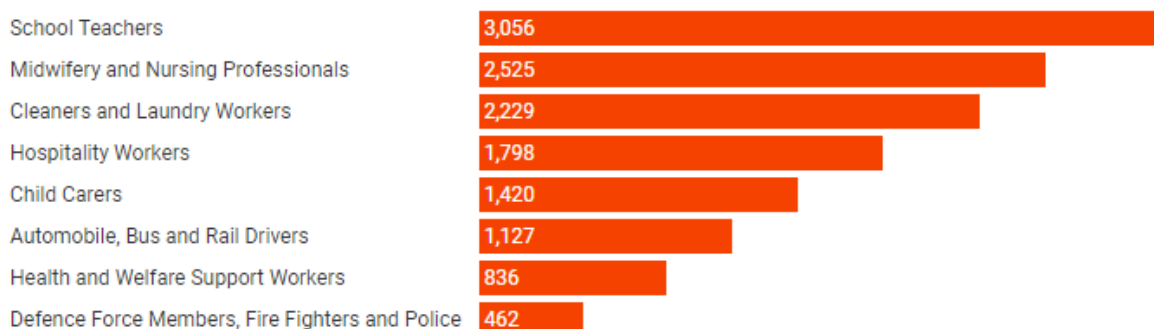


17,350 key workers **work** in City
of Parramatta. This represents
12.6% of all City of Parramatta
worker

Source: ABS Census of Population and Housing (2016)

The largest key worker groups in City of Parramatta are School Teachers, Nurses, Cleaners and Hospitality Workers.

Figure 2 Key workers by occupation group, City of Parramatta, 2016 (usual residents)



Source: ABS Census of Population and Housing (2016)

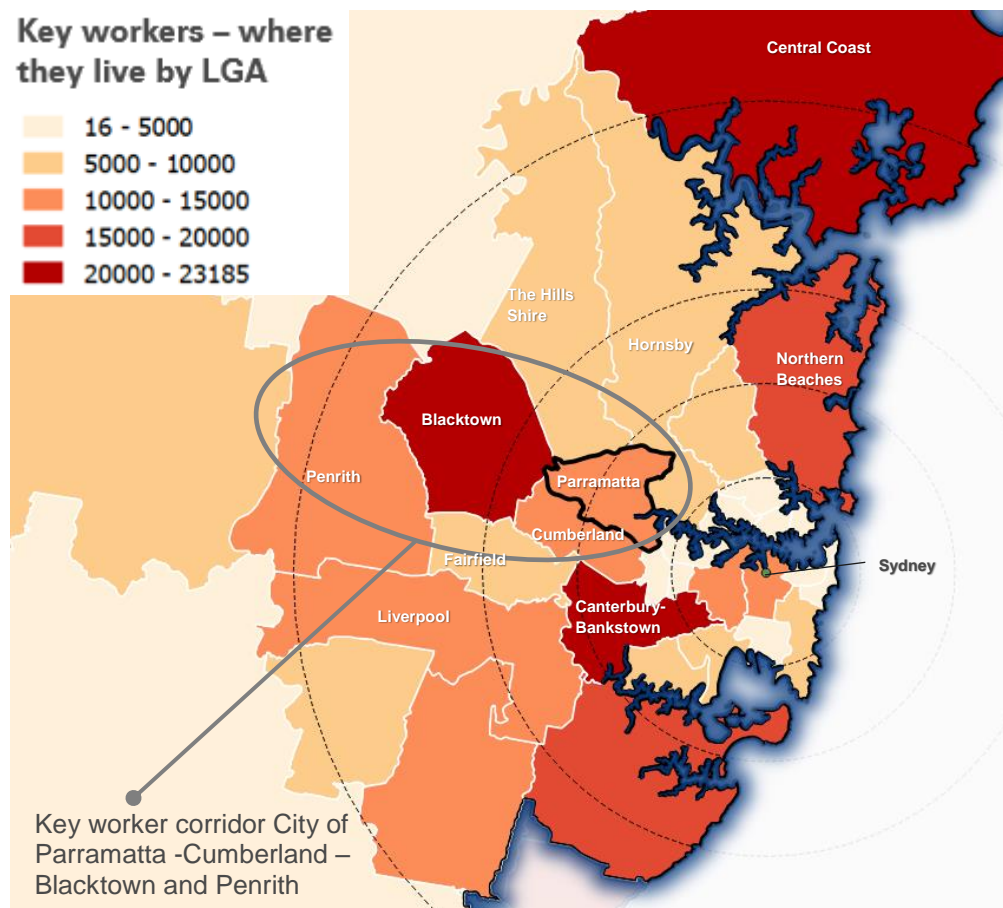
City of Parramatta is also home to a large number of key worker jobs (place of work). In 2016, around 17,350 key workers worked in City of Parramatta. This accounts for around 13% of all jobs in City of Parramatta³, making it a very important source of labour for local industry.

Strategic context

As illustrated in Map 1 below, key workers tend to be more concentrated in middle to outer ring suburbs. Blacktown is home to the largest key worker population in Greater Sydney. City of Parramatta is the 7th largest LGA home for key workers. The map also shows a concentration of key workers between City of Parramatta and Penrith. This corridor reflects the relative affordability of these areas, the large labour force pool along the rail corridor and the nature of available employment (i.e. population serving).

This shows that City of Parramatta plays an important role in housing Greater Sydney's key workers.

Map 1 Estimate of key workers by LGA, 2016



Source: ABS Census of Population and Housing (2016)

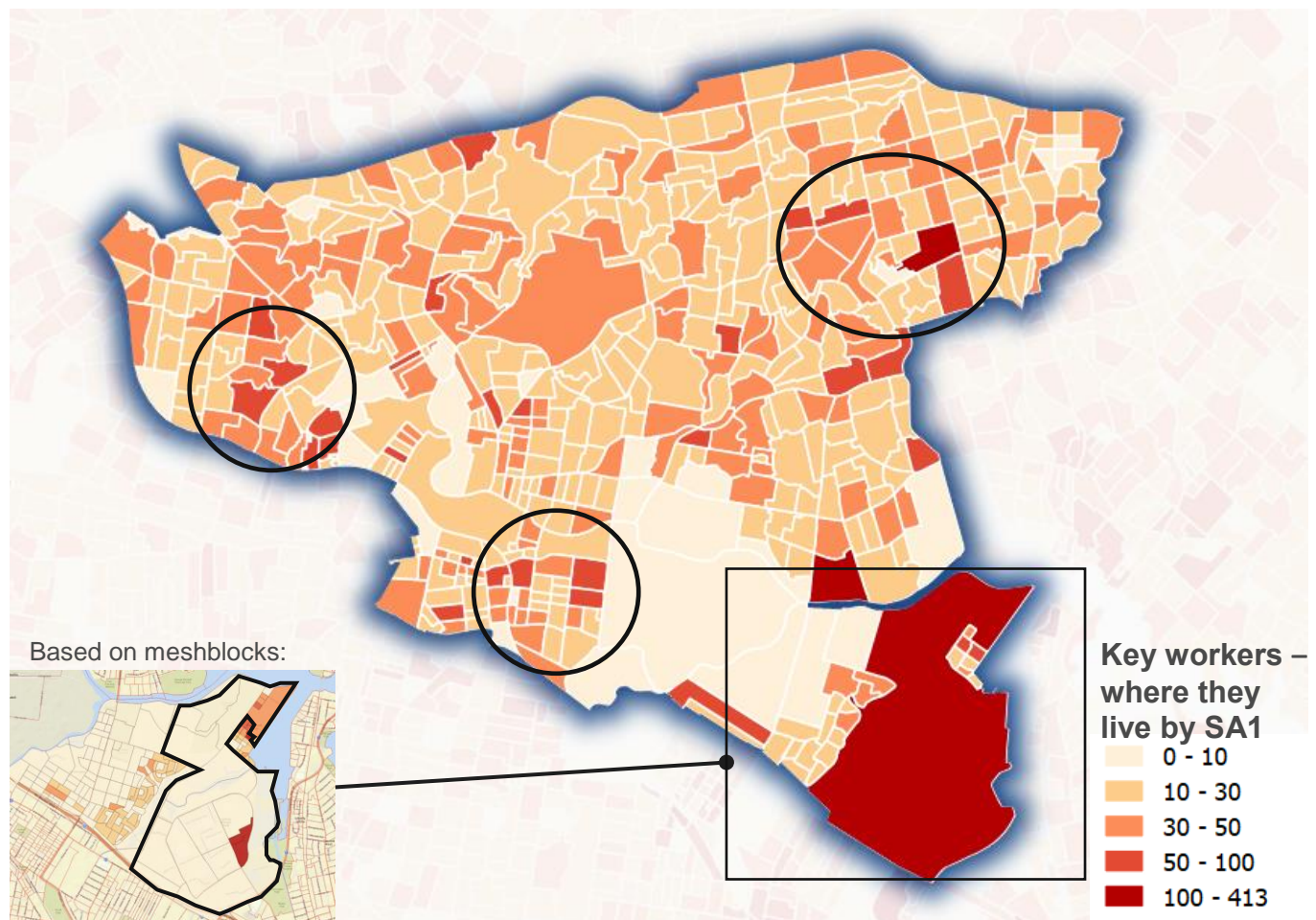
³ Adjusting for the census undercount, there were around 20,600 key workers in 2016.

Where do resident key workers live?

Key workers live all across City of Parramatta. As illustrated in the map below, there are some small key worker clusters around the following suburbs:

- Constitutional Hill – Wentworthville
- Carlingford-Epping
- Harris Park-Rosehill
- Wentworth Point - Sydney Olympic Park – Newington

Map 2 Estimate of key workers by SA1, 2016



Source: ABS Census of Population and Housing (2016)

Age structure

Key workers have a diverse age profile with a relatively high level of 15-24 year olds, but also a high share of 55+ year olds.

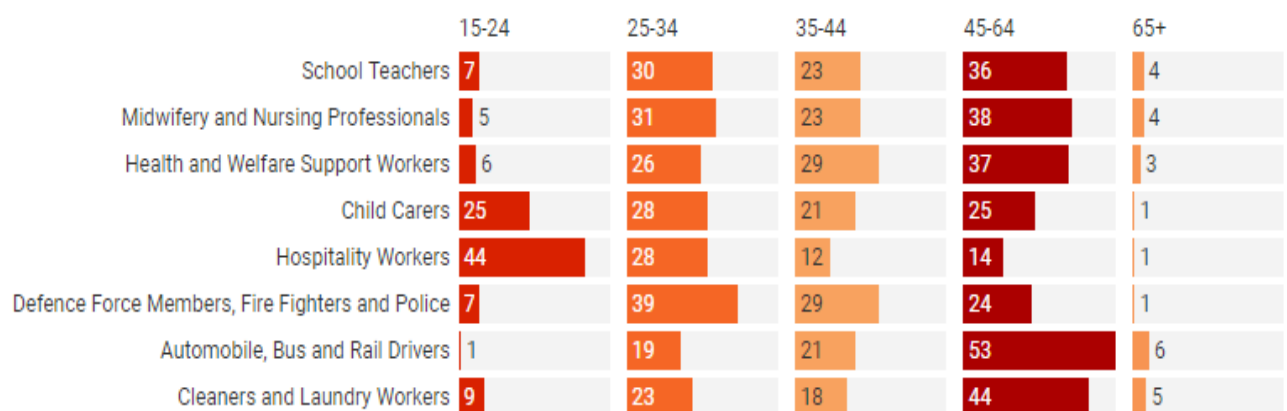
Figure 3 Key worker (total) age profile, % of total, City of Parramatta (usual residents), 2016



Source: ABS Census of Population and Housing (2016)

The age profile varies widely between key worker groups. Hospitality workers are young, while drivers and cleaners are much older.

Figure 4 Age profile by key worker group, % of total, City of Parramatta (usual residents), 2016

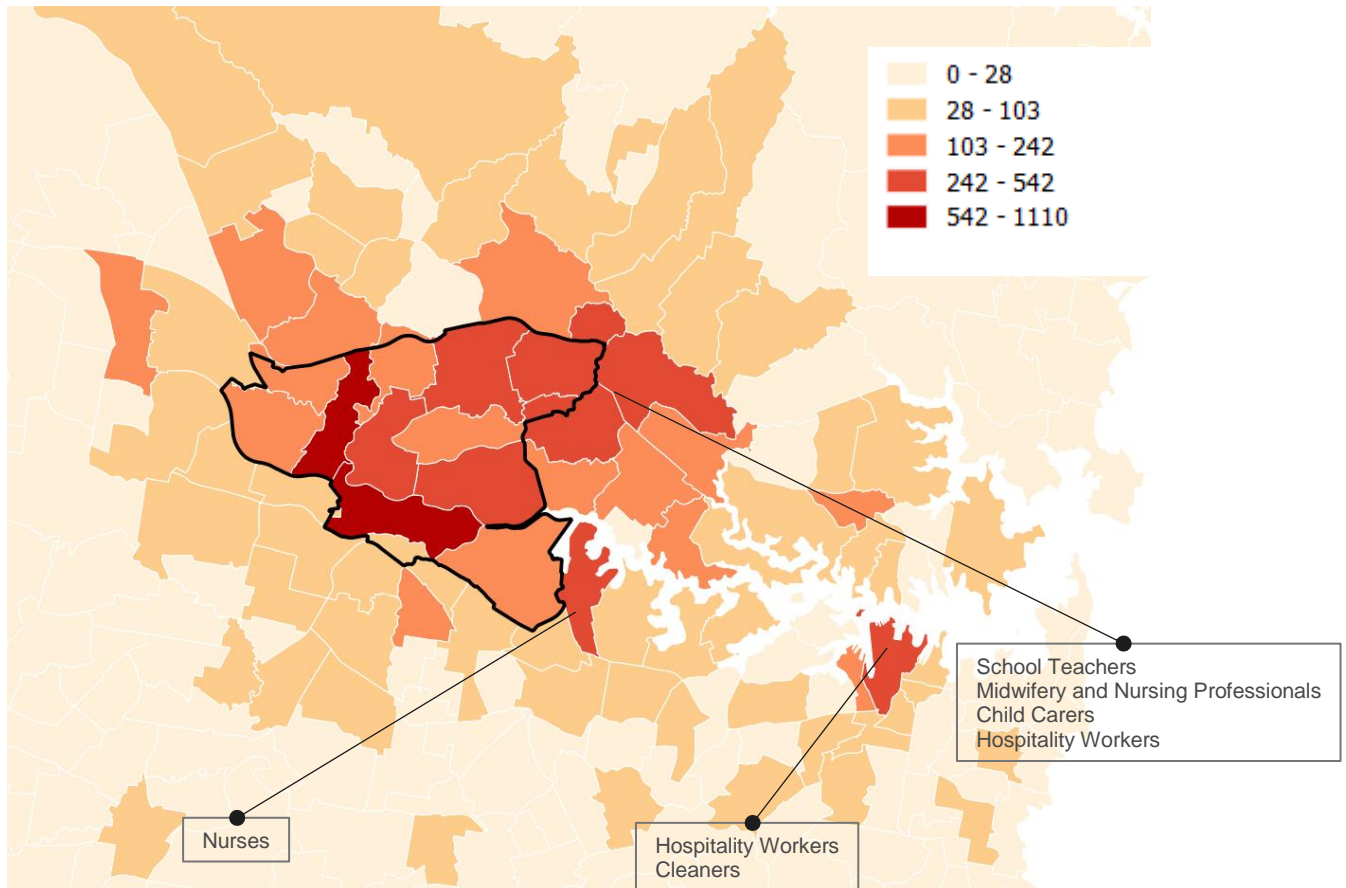


Source: ABS Census of Population and Housing (2016)

Where do resident key workers work?

Map 3 shows the workplace locations for key workers who live in City of Parramatta. This map shows that there is a strong preference to work close to home. Around 35% of key workers who live in City of Parramatta, also work in Parramatta. This is well above the proportion of all residents who work and live in City of Parramatta (27%).

Map 3 Where do City of Parramatta key workers work? 2016

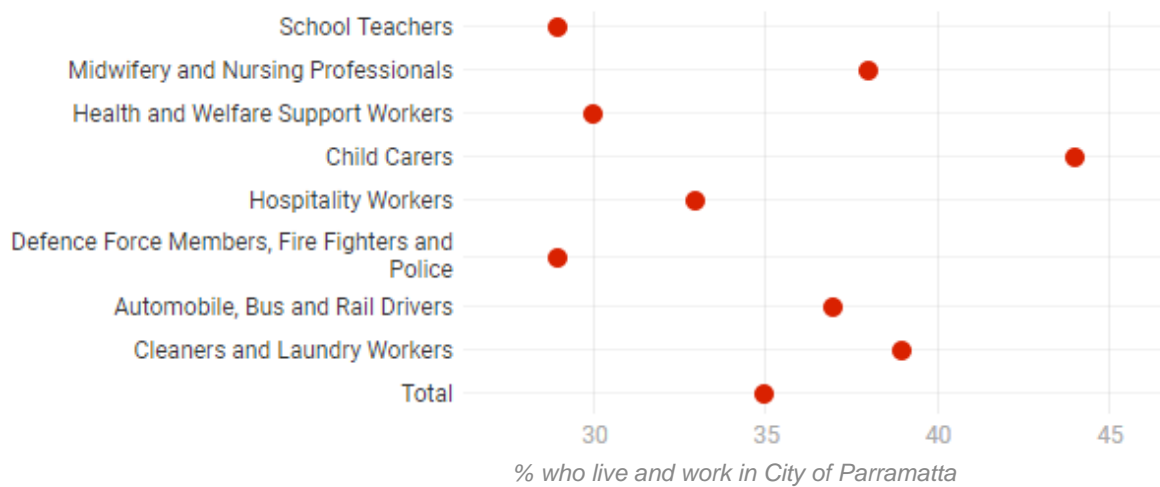


Source: ABS Census of Population and Housing (2016)

The level of self-containment⁴ varies between key worker groups. The highest level of self-containment is Child carers, Cleaners, Nurses and Drivers. Defence Force Members, School Teachers and Welfare workers are relatively more likely to seek employment opportunities outside City of Parramatta.

⁴ Self-containment measures the proportion of resident workers who are employed within the boundaries of the Local Government Area or region. It indicates the propensity of residents to seek employment outside the Local Government Area or region in which they live.

Figure 5 Proportion of residents who work in City of Parramatta (usual residents), 2016



Source: ABS Census of Population and Housing (2016)

Income profile

Key workers are generally defined as relatively low-paying jobs which are essential for the running of an economy. However, the average income levels of all key workers are similar to City of Parramatta average. This is largely due to the higher incomes of Defence Force Members, Fire Fighters and Police in City of Parramatta (NSW Police Headquarters is located in the Parramatta CBD).

But, the income profile varies considerably between key worker groups. As illustrated in the figure below, the median income group is \$1,250-\$1,499 per week for School Teachers and Nurses, but is as low as \$400-\$499 per week for Hospitality Workers.

Hospitality Workers, Child Care Workers, Cleaners and Drivers are amongst the lowest paid groups in City of Parramatta. The income profile is impacted by the nature of jobs. For example, 55% of Child Carers, 71% Hospitality workers 64% of Cleaners (64%) work part-time.

The socio-economic analysis also shows that Hospitality Workers are both young and very low paid, while Cleaners are typically older and very low paid.

An analysis of income distribution highlights the issues faced by very low, low and moderate income groups. The income distribution bands⁵ are based on the following:

- Very low: less than \$299 per week
- Low: \$300-\$649 per week (<80% of median income)
- Moderate: \$650 - \$1,249 per week (81% to 119% of median income)
- High: more than \$1,300 per week (>120% of median income)

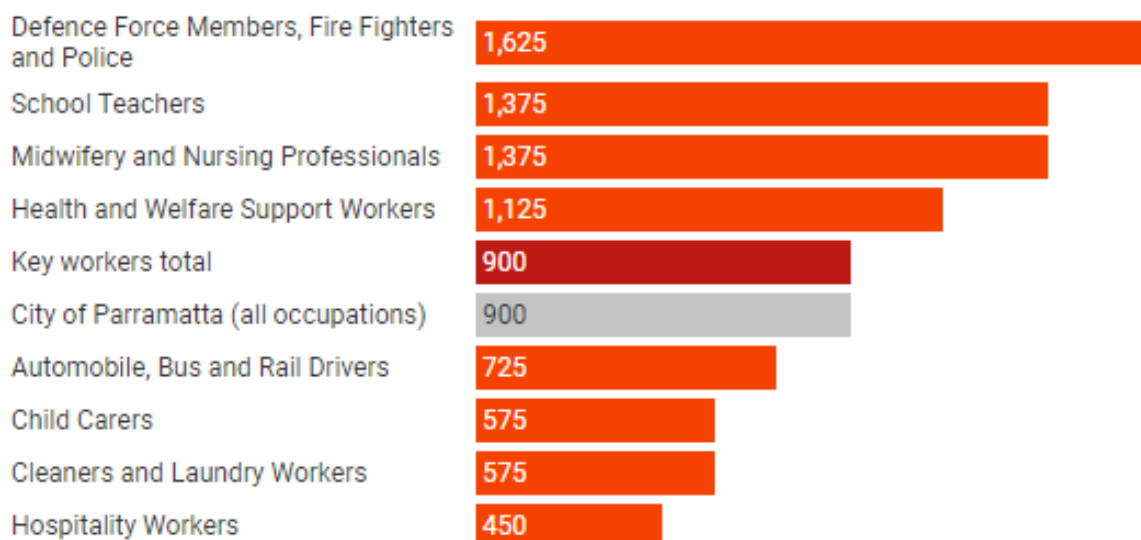
Figure 7 shows high diversity between incomes for the same occupation group. This suggests other factors are driving incomes (e.g. qualifications, career stage, part time

⁵ Based on income quartiles, but adjusted due to Census income group bands – see <https://profile.id.com.au/parramatta/individual-income-quartiles?WebID=10>

opportunities, etc). There is a very large number of Cleaners (1,201), Hospitality Workers (1,191) and Child Care Workers (720) on low incomes (lowest and medium lowest).

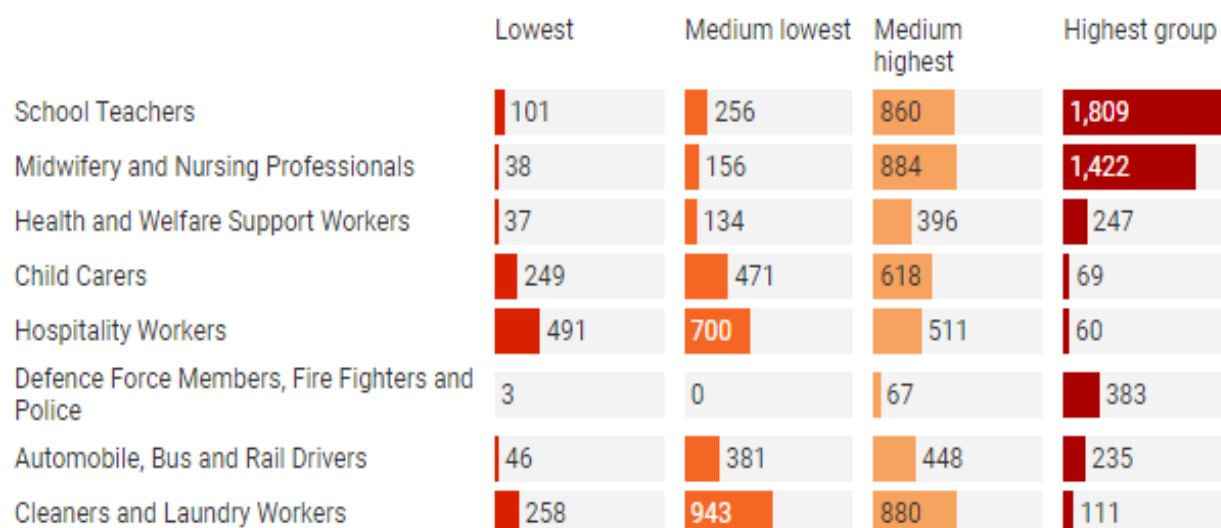
Household incomes for key workers are presented in Section 3.

Figure 6 Median weekly income group by key worker group (midpoint of income band), City of Parramatta (usual residents) 2016



Source: ABS Census of Population and Housing (2016)

Figure 7 Individual income quartiles by key worker group, number, City of Parramatta (usual residents) 2016

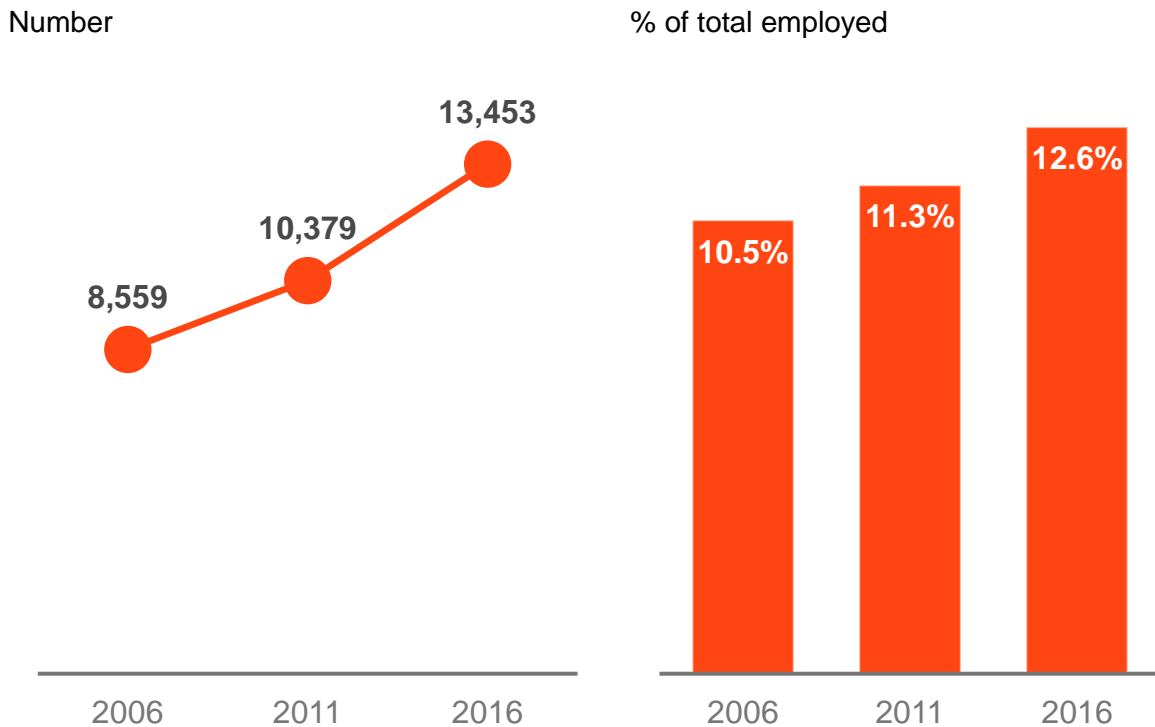


Source: ABS Census of Population and Housing (2016)

Trends in key worker population

City of Parramatta is home to an increasing number of key workers. The number of key workers living in City of Parramatta was around 13,450 in 2016, up from around 8,560 in 2006, an increase of 57%. This growth means that key workers now make up a greater share of employed residents than they did in 2006.

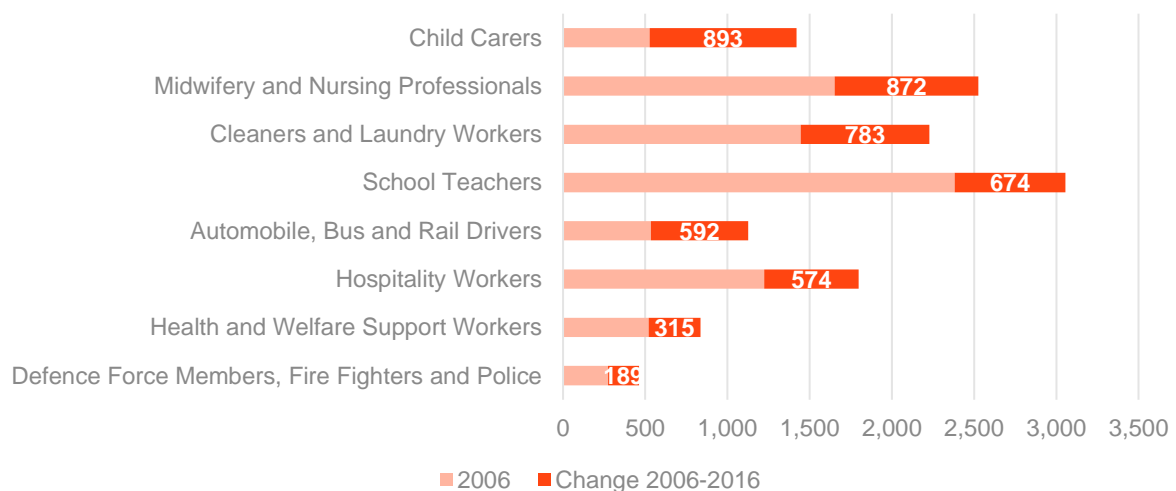
Figure 8 Historical growth in key workers, City of Parramatta (usual residents)



Source: ABS Census of Population and Housing (2006, 2011, 2016)

Over the last ten years, there was growth across all key worker groups, led by Child Carers, Nurses and Cleaners.

Figure 9 Change in key workers by occupation group, City of Parramatta, 2006-2016 (usual residents)



Source: ABS Census of Population and Housing (2006, 2016)

03 Housing needs and affordability

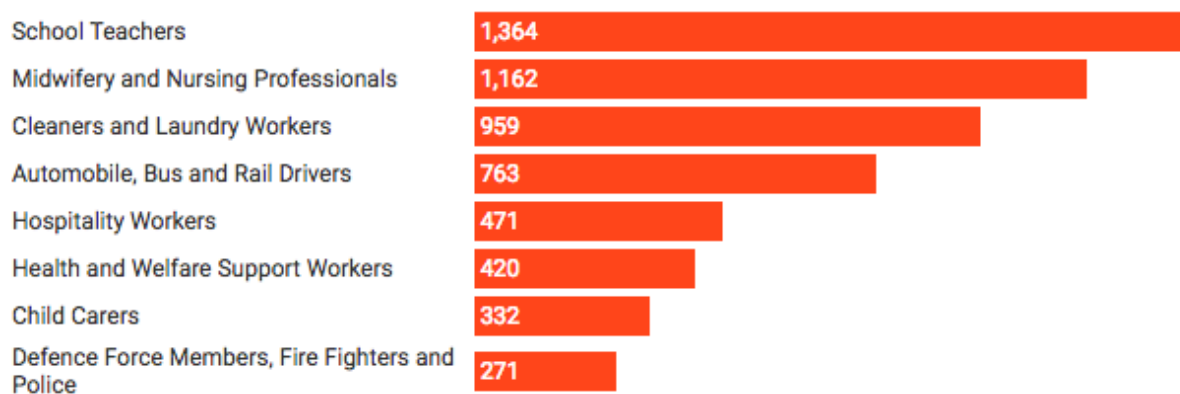
This section presents the housing needs of key workers in City of Parramatta by considering tenure, dwelling mix, household income and housing affordability.

Number of key worker households

The previous section focussed on the usual resident characteristics of key workers in City of Parramatta. This section focuses on key worker households instead of individuals as in Section 2⁶.

In 2016, there were around 5,742 households in City of Parramatta where the reference person was a key worker. This represents around 7% of all households in City of Parramatta. The largest key worker group were Teachers (1,364 households), Nurses (1,162) and Cleaners (959).

Figure 10 Number of key worker households, City of Parramatta, 2016



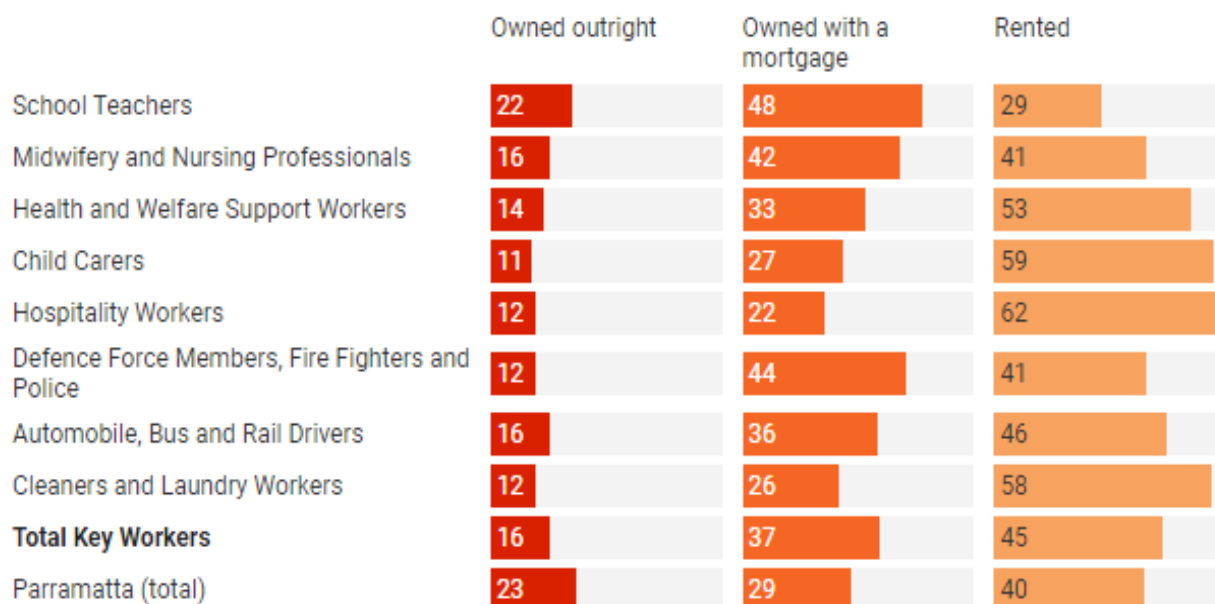
Source: ABS, Customised report, 2018

⁶ This is based on the household reference person as reported on the Census form. It is usually the person who has identified himself/herself as Person 1 on the Household form. For this reason, it may undercount the total number of key worker households in the City (e.g. it would exclude households where the household reference person (Person 1) was a lawyer, but Person 2 was a Teacher).

Tenure profile

Key worker households are more likely to rent (45%) than the typical City of Parramatta household (40%). In proportion terms, Hospitality Workers, Child Carers, Cleaners and Health and Welfare Support Workers have the highest levels of renting in City of Parramatta.

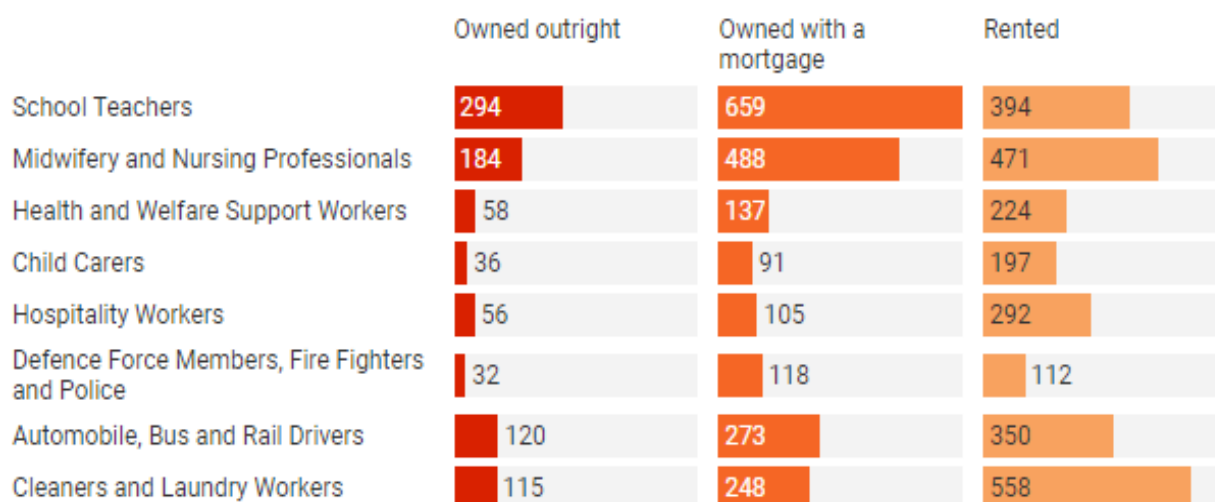
Figure 11 Housing tenure, % of occupied dwellings, City of Parramatta 2016 (Occupation of Household reference persons)



Source: ABS, Customised report, 2018

The largest renting key worker groups are Cleaners, Nurses, Teachers and Drivers.

Figure 12 Housing tenure, number of households, City of Parramatta 2016 (Occupation of Household reference persons)



Source: ABS, Customised report, 2018

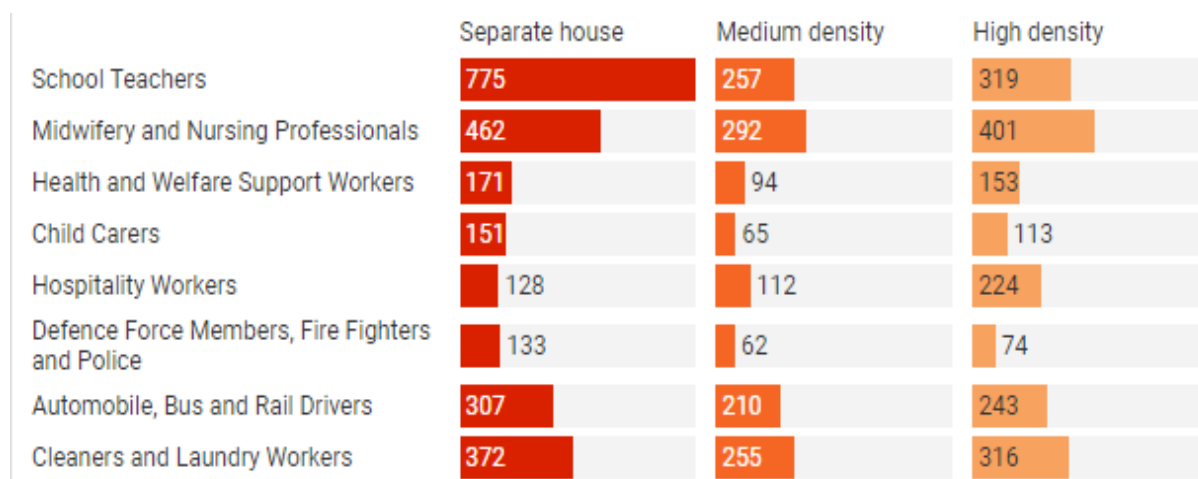
Interestingly, the highest level of renting of all the key worker groups was for Cleaners. They are also one of the oldest groups, while across the population it is the young who are more

likely to rent. This indicates that this occupation category is particularly disadvantaged and may struggle to afford housing in City of Parramatta.

Dwelling profile

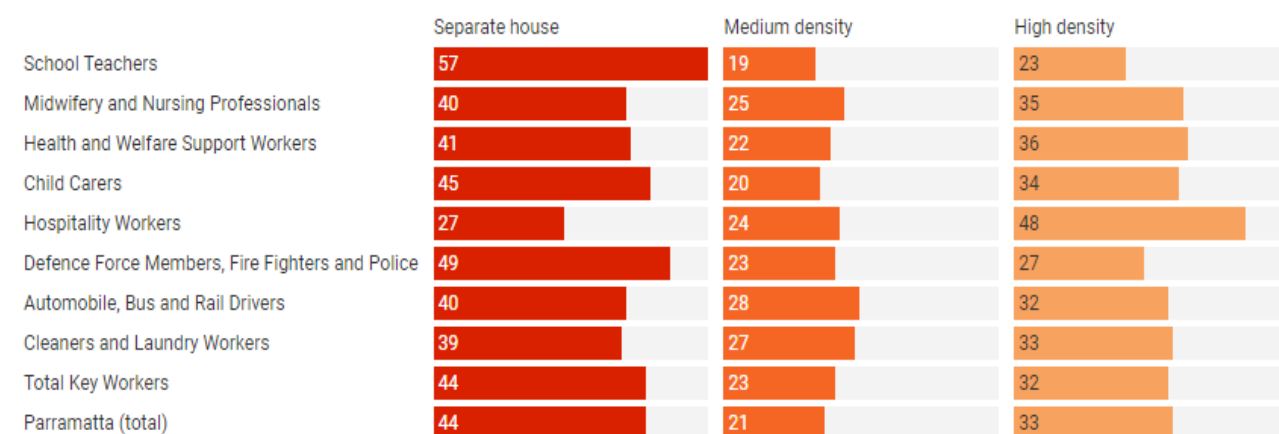
As illustrated in the figure below, the dwelling profile for key workers is diverse, and is similar to the dwelling profile for all households in City of Parramatta. While hospitality workers have the greatest propensity to live in high density dwellings, the largest key worker household groups living in high density dwellings are Nurses and Teachers.

Figure 13 Dwelling structure, number of occupied dwellings, City of Parramatta 2016 (Occupation of Household reference persons)



Source: ABS, Customised report, 2018

Figure 14 Dwelling structure, % of occupied dwellings, City of Parramatta 2016 (Occupation of Household reference persons)



Note: proportions are rounded and total includes other dwelling types and not stated

Source: ABS, Customised report, 2018

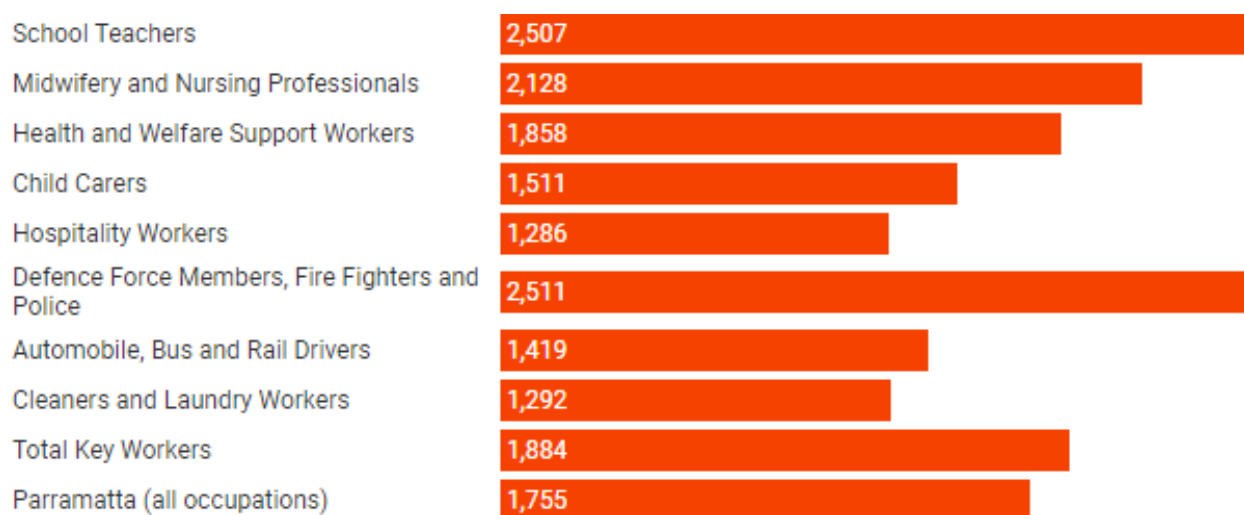
Household income

The most realistic way to look at housing affordability is to use actual household incomes. This has the advantage of taking actual household outcomes into account – not just assuming households have a double income. It also looks at the Household Reference Person (person 1 on the Census form) and so is likely to exclude the low income part-time young workers living with their parents.

Key worker household incomes are about 7% above City of Parramatta’s median. As pointed out earlier, this is largely because of the higher incomes of Police (due to the NSW Police headquarters being located in the Parramatta CBD).

Cleaners, Drivers, Hospitality Workers and Child Carers are among the lowest paid key worker occupation groups. The median household income of School Teachers, Nurses, Health and Welfare Support Workers and Defence Force Members, Fire Fighters and Police is above City of Parramatta’s average.

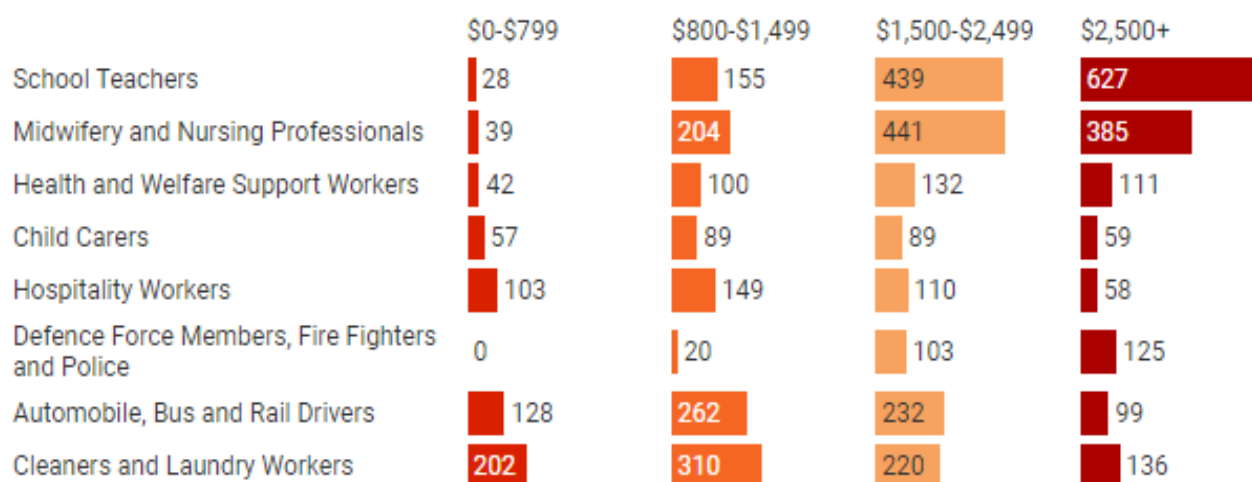
Figure 15 Median weekly household income, City of Parramatta 2016 (Occupation of Household reference persons)



Source: ABS, Customised report, 2018

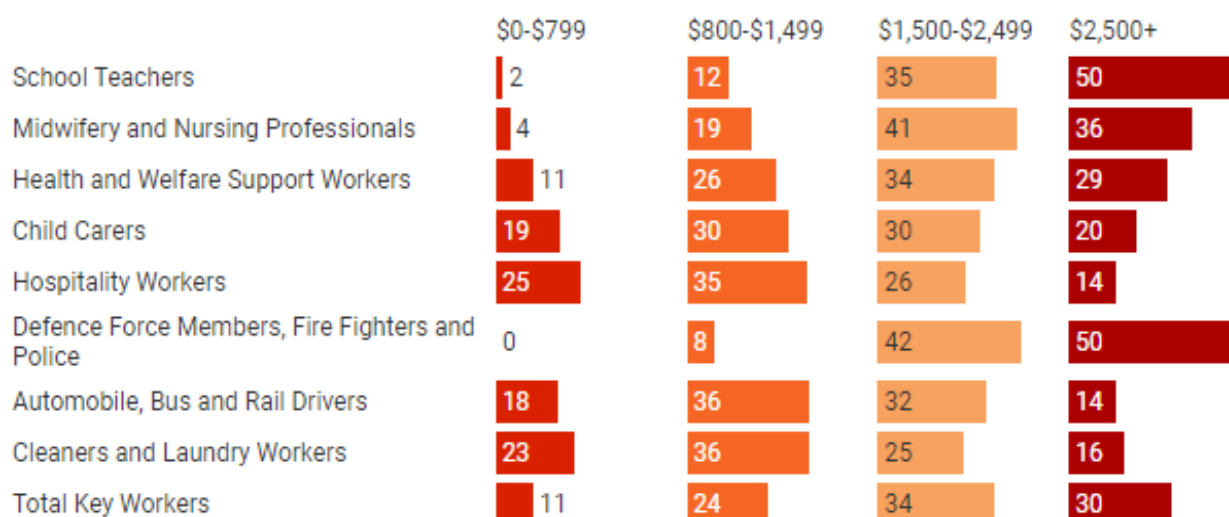
Around 1,900 key worker households are in the lowest and medium lowest income quartile (<\$1,499 per week). The groups with the largest number of households in the lowest and medium lowest income quartile were Cleaners (512) and Drivers (390).

Figure 16 Median weekly household income by range, number of households, City of Parramatta 2016 (Occupation of Household reference persons)



Source: ABS, Customised report, 2018

Figure 17 Median weekly household income by range, % of households, City of Parramatta 2016 (Occupation of Household reference persons)



Source: ABS, Customised report, 2018

Housing costs

Housing values

Median house values have risen sharply in City of Parramatta over the past five years. In 2012, the value of a house in City of Parramatta was around \$645,000, about \$42,000 more than the metropolitan house value. In 2017, values were around \$1.26 million; growing by 94% since 2012, and now costing \$185,000 more than the metropolitan house value.

The value of units also experienced strong growth over the past five years, growing by 59% since 2012. The unit value in City of Parramatta (\$672,500 in 2017) remains below the Greater Sydney average (\$763,500) and represents an important source of more affordable housing supply.

It is important to note that interest rates have also fallen during this period from around 6.25% in 2012 to 4.50% in 2017⁷. When interest rates paid on a mortgage are considered⁸, the cost of servicing a loan for a house has increased by around 60% (average of 9.9% per annum) and 31% for units (5.5% per annum). More recent data for Greater Sydney also shows that house and unit prices have fallen by around 8% from their peak⁹.

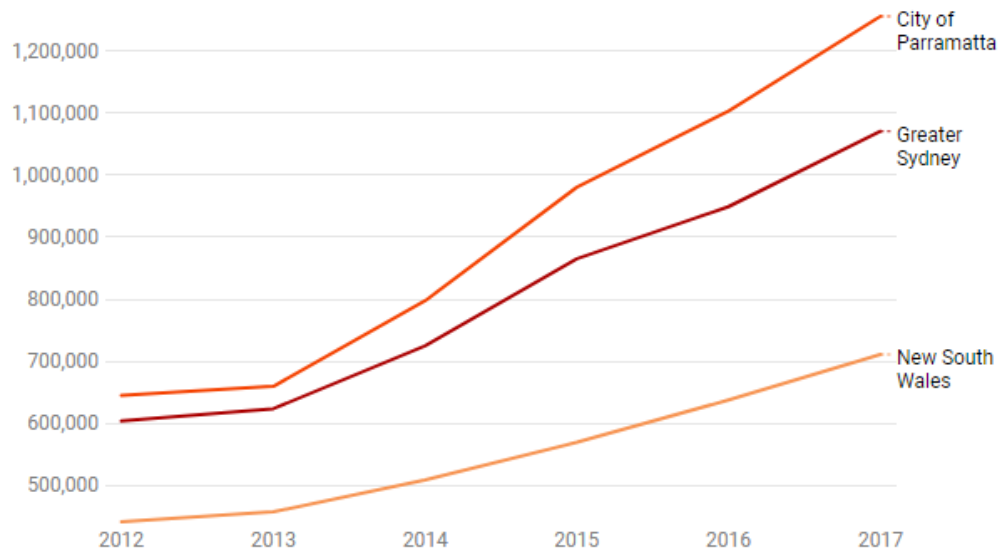
⁷ Based on RBA Indicator Lending Rates – F5 (Lending rates; Housing loans; Banks; Variable; Discounted; Owner-occupier)

⁸ 30 year loan, 26 repayments per year, 80% deposit requirement and average housing loan rate for calendar year.

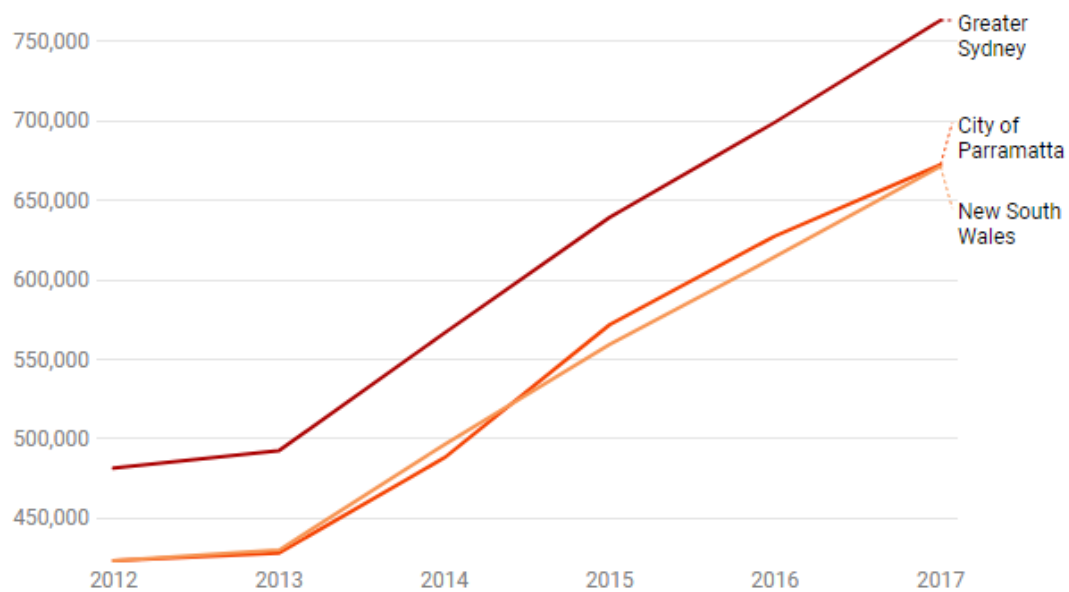
⁹ RBA

Figure 18 Median housing values, Parramatta

House prices



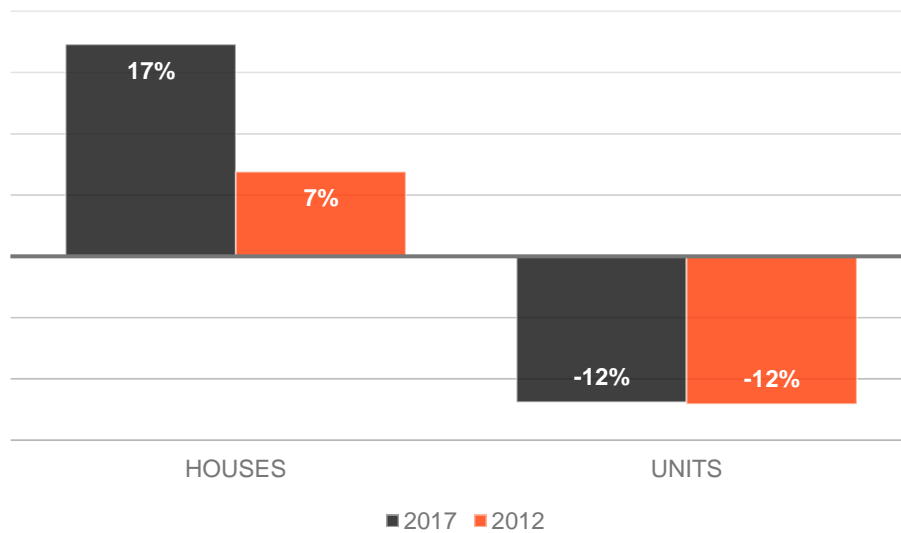
Unit prices



Source: Hometrack 2011-2016, Housing Valuation System

Figure 19 shows that the relatively house price in City of Parramatta has deteriorated. In 2012, the median house price in City of Parramatta was 7% more expensive than in Greater Sydney. By 2017, it was 17% more expensive. City of Parramatta however still enjoys a cost advantage for units.

Figure 19 House and unit price comparison - City of Parramatta vs Greater Sydney, % difference



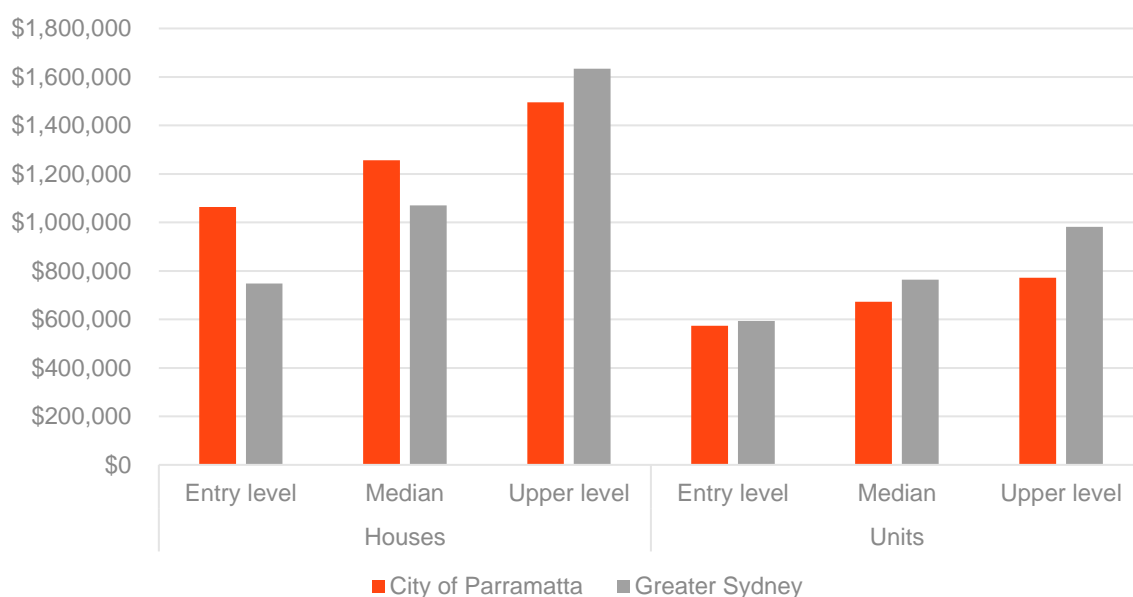
Source: Hometrack 2011-2016, Housing Valuation System

Entry level housing prices (affordable housing)

In general, first home buyers and lower income households do not buy at the median price. Because of this, it is useful to look at the first quartile (bottom 25% of sales) to identify entry level/affordable pricing in a given area.

The entry level price (i.e. first quartile) for a house in City of Parramatta was \$1.06m in 2017, around 15% below the median value. Compared to the median, there is a large gap between the entry level value of a house in City of Parramatta compared to the Greater Sydney entry level value. Units are an affordable option for home ownership with the entry level value at \$574,000.

Figure 20 Housing value price points, City of Parramatta, 2017



Source: Hometrack 2011-2016, Housing Valuation System

Rental values

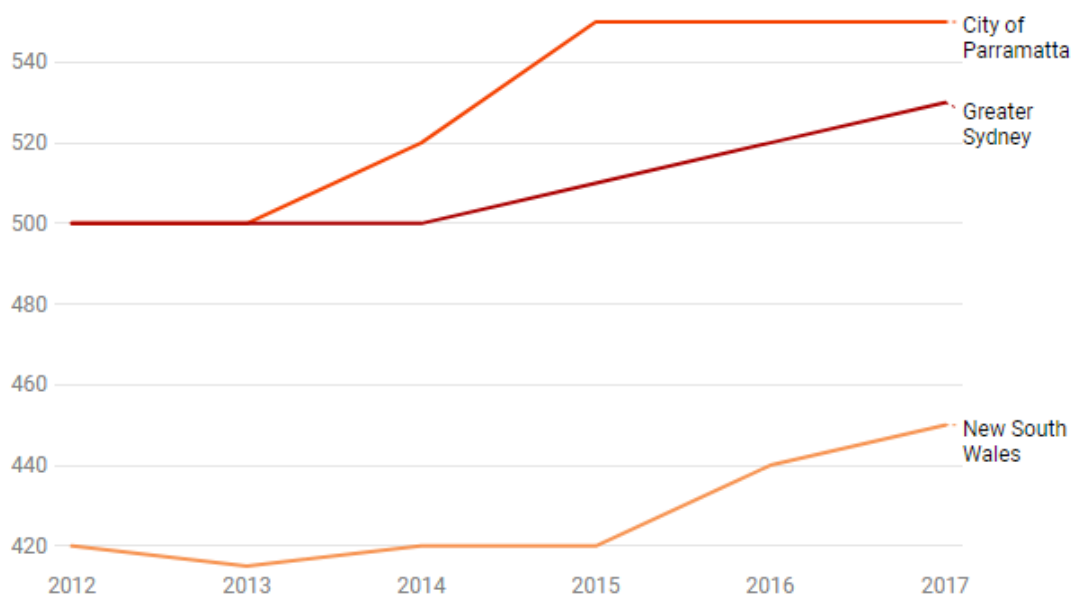
Median rent for houses in City of Parramatta has gradually increased, growing by around 10% since 2012. In 2017, the median rent for houses was \$550 per week, slightly above the metropolitan median of \$530.

The median rent for units in City of Parramatta has also increased, growing by around 12% since 2012. In 2017, the median rent for a unit was \$480 per week, slightly below the metropolitan median of \$520.

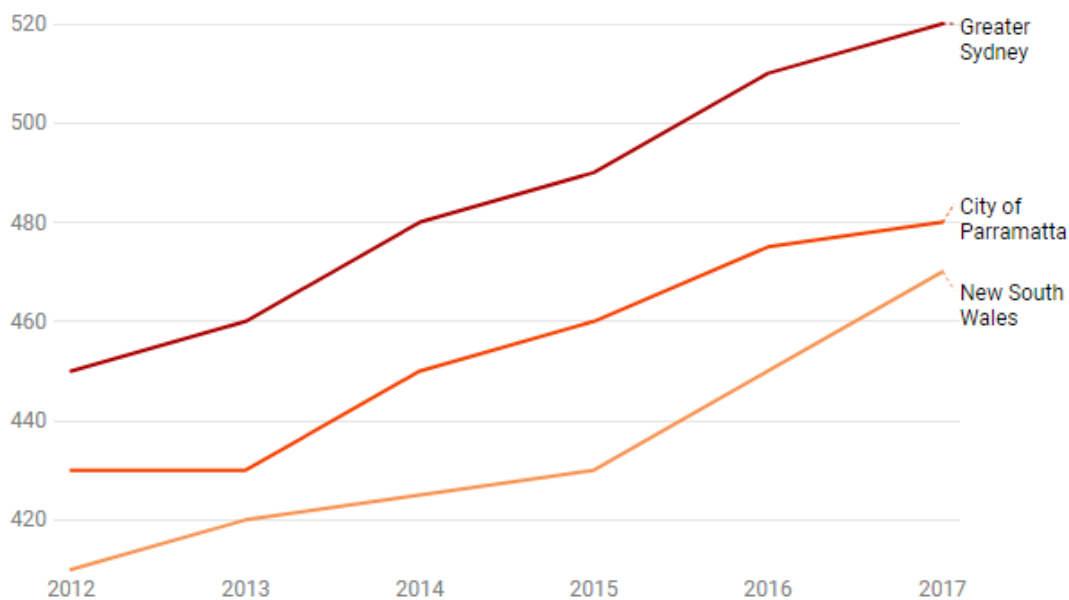
Median rents for houses have remained around \$550 per week since 2015. The data suggests that the rental market for housing has softened after a large increase between 2013 and 2015. Prices are now converging back in line with the Greater Sydney median. It also appears that investor activity is supporting strong growth observed in the unit market.

Figure 21 Median weekly rent, City of Parramatta

Median weekly rent - Houses



Median weekly rent - Units

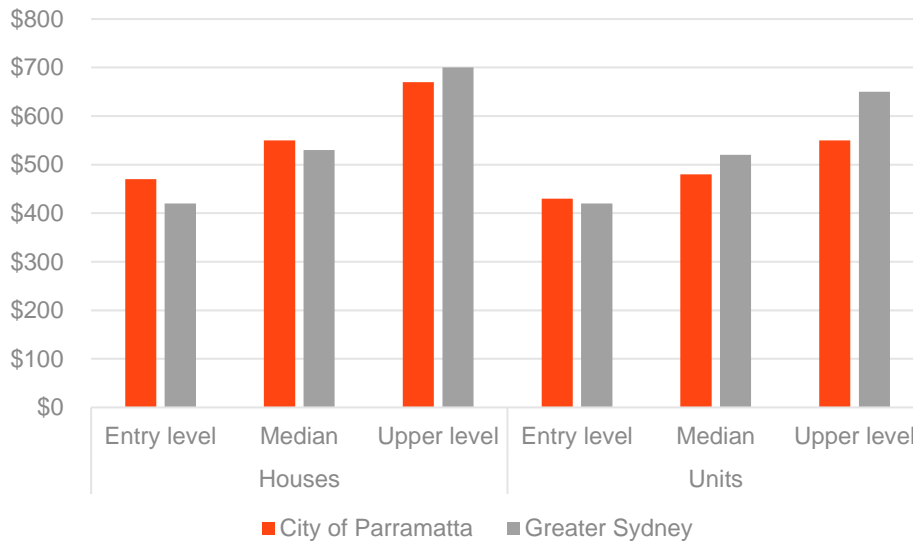


Source: Hometrack 2011-2016, Housing Valuation System

Entry level rents (affordable rents)

The entry level rent (i.e. first quartile) for a house in City of Parramatta was \$470 per week in 2017, around 15% below the median value. Entry level rents for units are slightly more affordable at around \$430 per week.

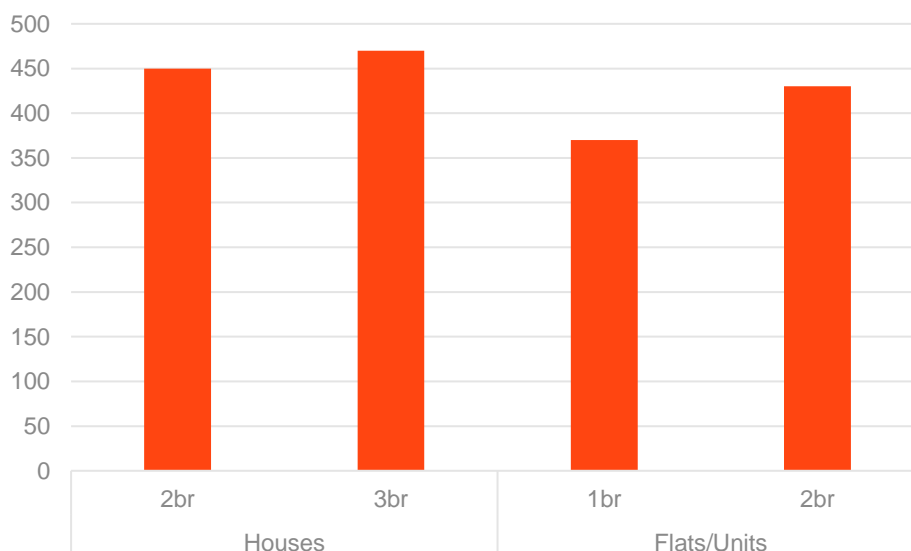
Figure 22 Rental listing price points (rent per week), City of Parramatta, 2017



Source: Hometrack 2011-2016, Housing Valuation System

The NSW Department of Family and Community Services present rent statistics by dwelling type and bedroom numbers. As shown in the figure below, one bedroom units provide a more affordable option for households (mostly lone persons) in City of Parramatta.

Figure 23 Entry level rents (weekly) by dwelling type by bedroom number, City of Parramatta, June Quarter 2017



Source: NSW Department Family and Community Services, Rent tables, June Quarter 2017

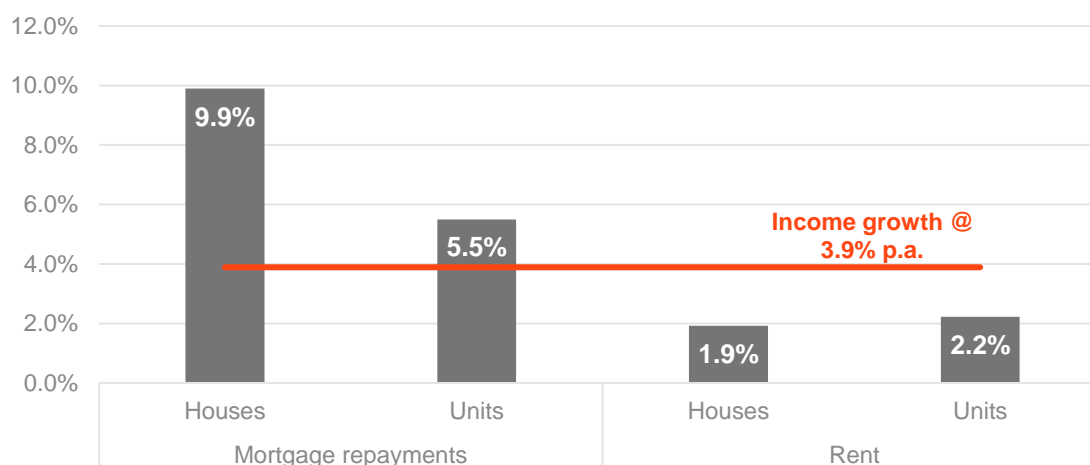
Housing affordability

Income and housing cost growth

Income levels in City of Parramatta have not kept pace with growth in mortgage repayments for houses or units over the past five years. This suggests that purchasing affordability has deteriorated over the past five years.

However, rental affordability has improved with rents growing slower than incomes over this period.

Figure 24 Household income growth and housing cost growth, % change, City of Parramatta 2011-2016



Source: ABS Census of Population and Housing, Hometrack 2011-2016, Housing Valuation System

Purchasing affordability for key workers

Another way to look at housing affordability is to compare what is affordable for key workers to what is being provided in the private market. The following assumptions are made to estimate affordable housing purchase price points for different households:

- Interest rate: 4.5% (Based on RBA Indicator Lending Rates – F5 (Lending rates; Housing loans; Banks; Variable; Discounted; Owner-occupier))
- Loan period: 30 years
- Deposit requirement: 20%
- 2016 Incomes adjusted to 2017 using ABS Wage Price Index
- Spend 30% of income on housing repayments

Figure 24 presents the affordable prices based on these assumptions. This shows that a key worker in City of Parramatta could service a mortgage to be the value of \$617,000 or afford \$577 per week on rent.

Figure 25 Affordable housing prices for Key Workers on a median income, 2017¹⁰

Occupation	Median Weekly income (2016)	Median Annual income 2015/16	Median Annual income 2016/17	Affordable home purchase	Affordable weekly rent
School Teachers	\$2,507	\$130,364	\$133,102	\$821,300	\$768
Midwifery and Nursing Professionals	\$2,128	\$110,656	\$112,980	\$697,139	\$652
Health and Welfare Support Workers	\$1,858	\$96,616	\$98,645	\$608,686	\$569
Child Carers	\$1,511	\$78,572	\$80,222	\$495,008	\$463
Hospitality Workers	\$1,286	\$66,872	\$68,276	\$421,297	\$394
Defence Force Members, Fire Fighters and Police	\$2,511	\$130,572	\$133,314	\$822,611	\$769
Automobile, Bus and Rail Drivers	\$1,419	\$73,788	\$75,338	\$464,868	\$435
Cleaners and Laundry Workers	\$1,292	\$67,184	\$68,595	\$423,263	\$396
Total Key Workers	\$1,884	\$97,968	\$100,025	\$617,204	\$577
Parramatta (all occupations)	\$1,755	\$91,260	\$93,176	\$574,943	\$538

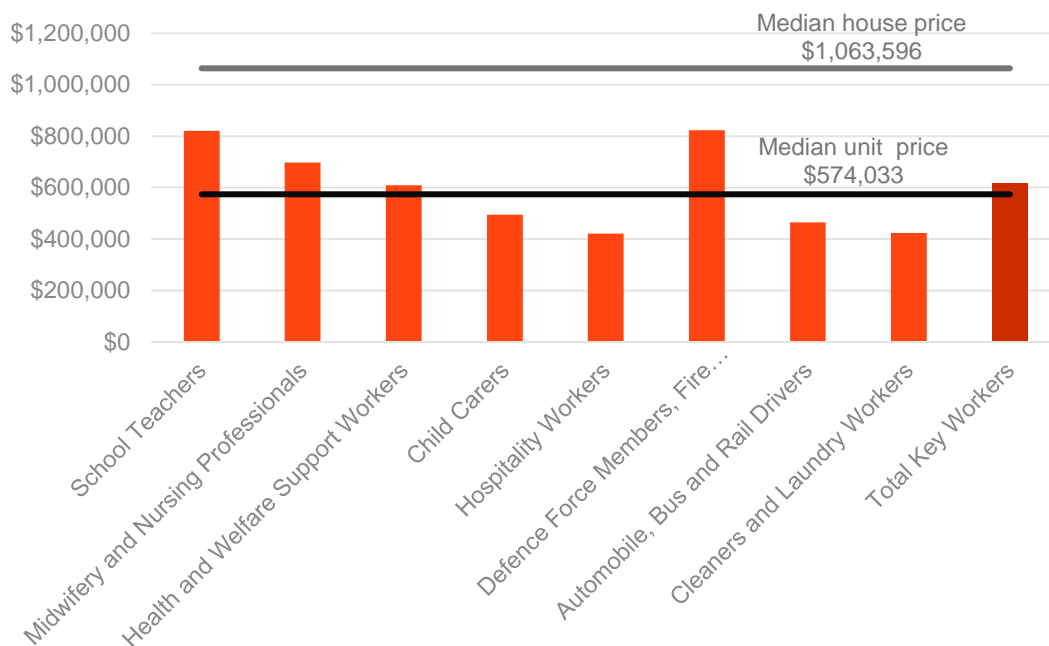
Source: .id

Figure 25 compares the affordable housing prices for each key worker group with the entry level values in City of Parramatta. Houses are generally unaffordable for most key worker households in City of Parramatta. For example, key workers on a median household income could afford a \$617,000 property in 2017, around \$446,000 less than the median house value.

Units become an affordable alternative for some key worker groups in City of Parramatta. School Teachers, Nurses, Defence Force Members and Health and Welfare Workers on a median household income could afford the median unit price in City of Parramatta. However, the same could not be said for Child Carers, Hospitality Workers, Drivers and Cleaners who would find it difficult to afford the median unit price.

10 In many cases a household may spend more than 30% of their income on a purchase, particularly given the nature of housing as an asset and not just a place to live. This would increase what households could afford and reduce the gap between prices and affordability. However, as many key worker households are on low household incomes (i.e. Cleaners, Hospitality workers, Drivers and Child Careers), their ability to extend this is limited and doing so may push them into housing stress.

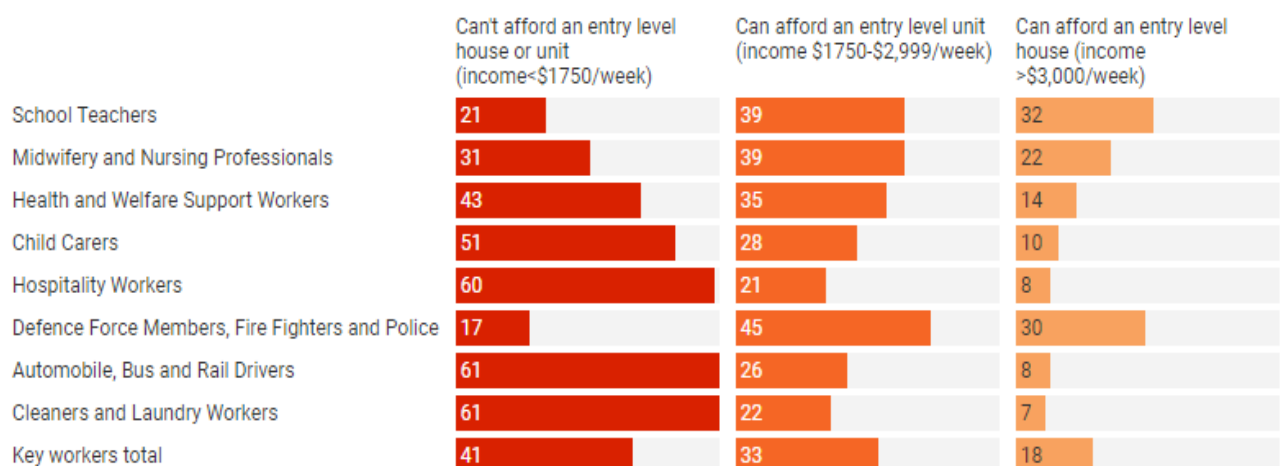
Figure 26 What households can afford to purchase by key worker group vs entry level values, Parramatta, 2017



Source: .id based on ABS, Customised report, 2018 and Hometrack 2011-2016, Housing Valuation System

Figure 26 further compares the income distribution of key workers with entry level prices. This shows that key worker households on lower incomes will find it difficult to afford an entry level house or unit in City of Parramatta. This is likely to exclude a large share of households from home ownership given that 41% of key worker households earn less than \$1,750/week. This is especially the case for Drivers, Cleaners, Hospitality Workers and Child Carers.

Figure 27 % of key worker households unable to afford entry level housing, City of Parramatta, 2017



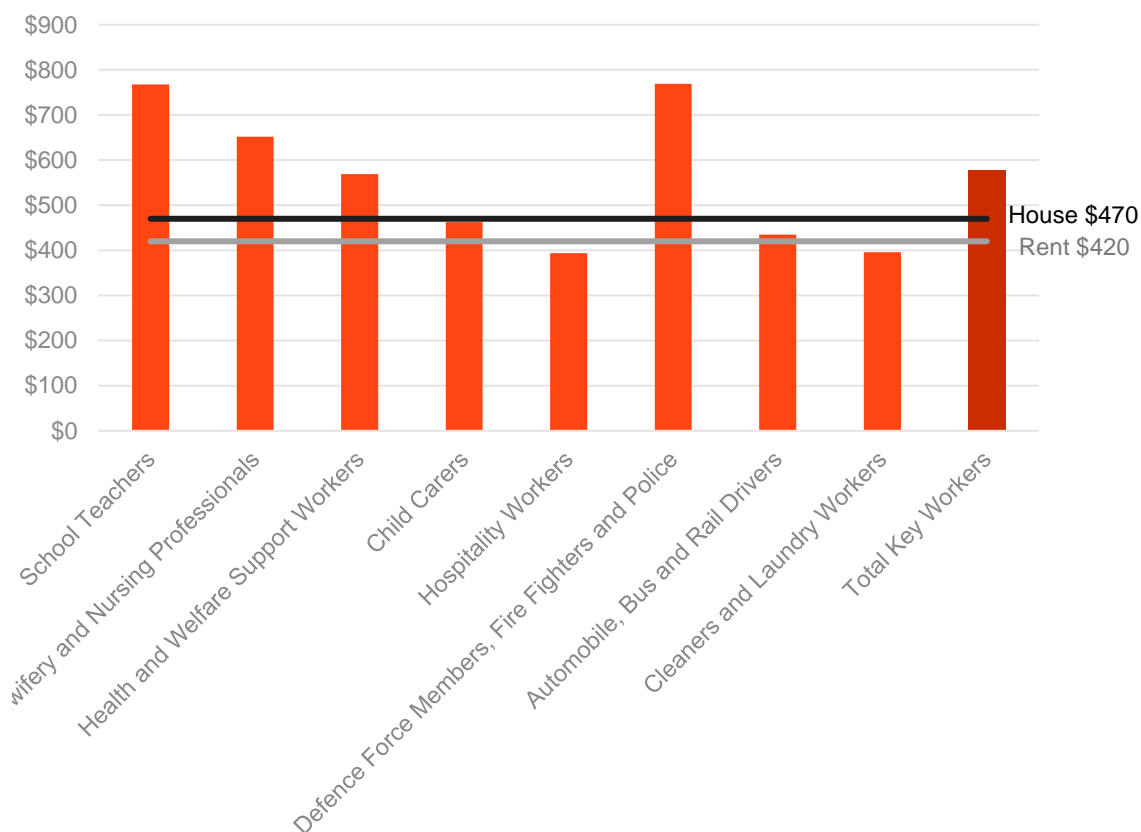
Rounded. Total households includes household where incomes not stated

Source: .id based on ABS, Customised report, 2018 and Hometrack 2011-2016, Housing Valuation System

Rental affordability

Rental properties are relatively affordable to many key worker households in City of Parramatta. In 2017, key worker households in City of Parramatta could afford to pay around \$577 per week in rent, well above the entry level rental price for houses in City of Parramatta. However, Child Carers, Hospitality Workers, Drivers and Cleaners on a median income were unable to afford an entry level rental house in City of Parramatta. Cleaners and Hospitality Workers on a median income appear particularly disadvantaged as many struggle to afford an entry level rental unit. Only one bedroom units are affordable to these two groups (\$370/week).

Figure 28 What households can afford to rent by key worker group vs entry level rental prices, City of Parramatta, 2017



Source: ..id based on ABS, Customised report, 2018 and Hometrack 2011-2016, Housing Valuation System

Figure 28 below breaks this down further to compare the income distribution of key workers with entry level rents. This shows that key worker households on lower incomes will find it difficult to afford an entry level rent in City of Parramatta. This is especially the case for Drivers, Cleaners, Hospitality workers and Child Carers.

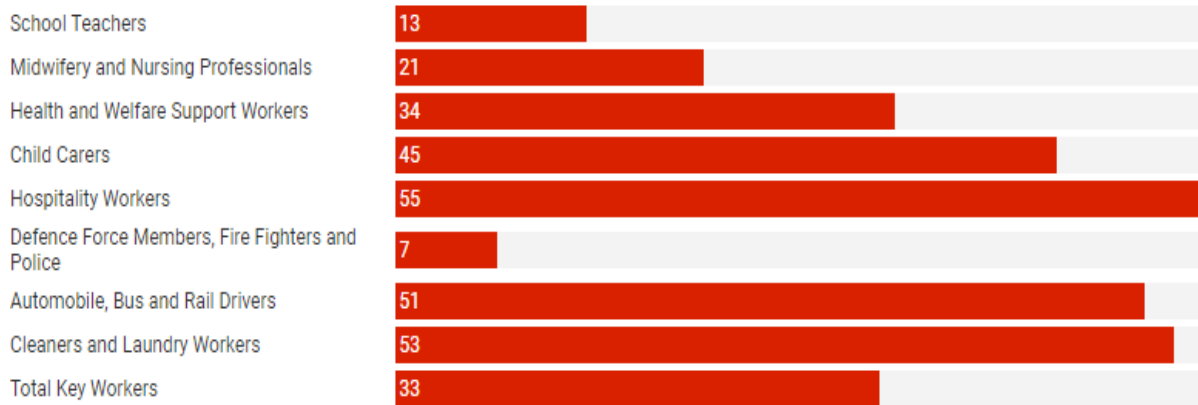
What this shows is that for the lower skilled key-worker occupations, rental affordability is restricted to entry level high density dwellings in City of Parramatta. These dwellings are likely to be smaller in size (e.g. 1-2 bedrooms). If these workers have families, they will struggle to afford appropriate sized housing within the area.

However, households where the reference person is a School Teacher or Defence Force Member can generally afford the vast majority of rental properties in the City Parramatta without experiencing housing stress. Other key worker groups such as Nurses and Welfare

Support Workers can afford most entry level rental properties but are likely to find it difficult to afford larger properties.

While there is a low share of School Teachers and Nurses on lower incomes, in absolute terms, the size of this group in City of Parramatta is large. This means that there is a large number on very low or low incomes who will find it difficult to afford rental properties.

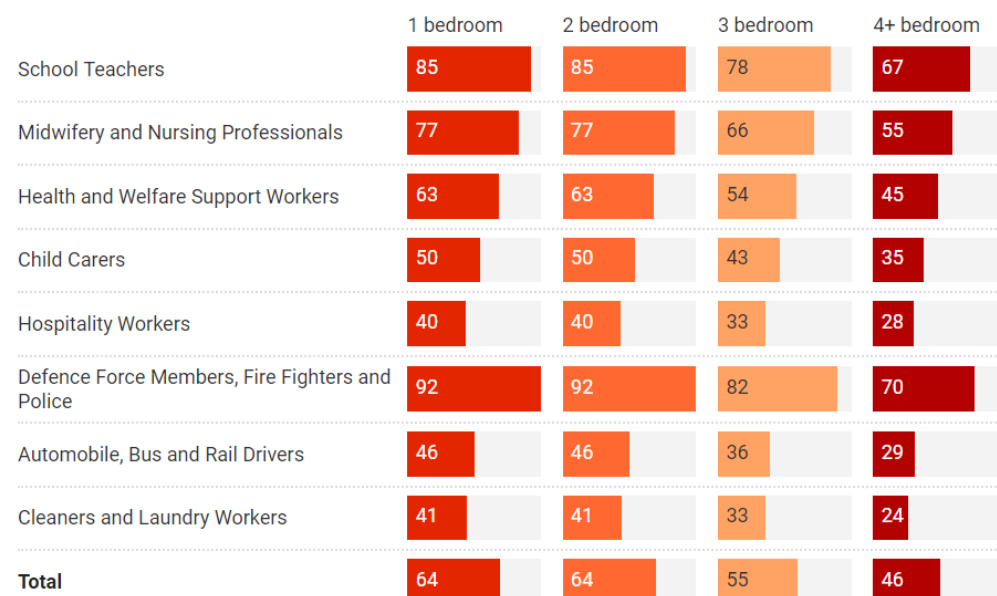
Figure 29 % households that can't afford entry level rental properties (first quartile), City of Parramatta, 2016



Source: ..id based on ABS, Customised report, 2018 and Hometrack 2011-2016, Housing Valuation System

Figure 29 below shows what proportion of key workers can afford to pay weekly rent for different dwelling sizes. This figure highlights that many key worker households will find it difficult to afford larger rental properties (3+ bedroom). For example, only 55% of all key worker households could afford to pay rent on a 3 bedroom dwelling.

Figure 30 % of households who can afford to pay rent by number of bedrooms, City of Parramatta 2016



Note: includes all tenure types (renting and owner-occupiers)

Source: ..id based on ABS, Customised report, 2018 and NSW Family and Community Services

Impact on housing location decisions

An analysis of migration patterns suggests that house prices is one of many factors driving location decisions. Around 30% of key workers left City of Parramatta between 2011 and 2016. Most moved to suburbs adjacent to City of Parramatta LGA. While many moved to more affordable suburbs in Blacktown and Cumberland, there were also a large number moving to more expensive locations like Baulkham Hills and Marsfield.

Figure 31 Out-migration of key workers who previously lived in City of Parramatta five years ago, 2016

LGA	Out ▲
Blacktown (C)	712
Cumberland (A)	432
Hornsby (A)	412
The Hills Shire (A)	378
Ryde (C)	275
Penrith (C)	126
Central Coast (C) (NSW)	100
Inner West (A)	94
Canada Bay (A)	82
Ku-ring-gai (A)	69
Northern Beaches (A)	69
Sydney (C)	68

Source: ABS Census of Population and Housing, 2016, Corelogic

Figure 32 Median housing prices by popular out-migration location, 2018

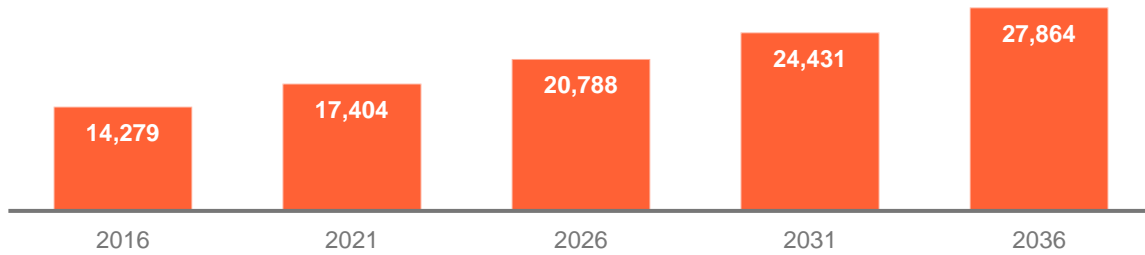
Suburb	House price	Unit price
Marsfield	\$1,710,000	\$830,000
West Ryde	\$1,681,000	\$654,000
Baulkham Hills (East)	\$1,215,000	\$842,500
City of Parramatta LGA	\$1,168,000	\$650,000
Greystanes	\$880,000	\$677,500
Parklea	\$905,000	-

Source: ABS Census of Population and Housing, 2016, Corelogic

Future housing need

Based on business as usual conditions, the number of key workers residing in City of Parramatta is forecast to grow from around 14,300 in 2016 to 27,900 in 2036. This equates to an additional 5,800 key worker households.

Figure 33 Forecast of key workers living in City of Parramatta



Source: based on forecast.id

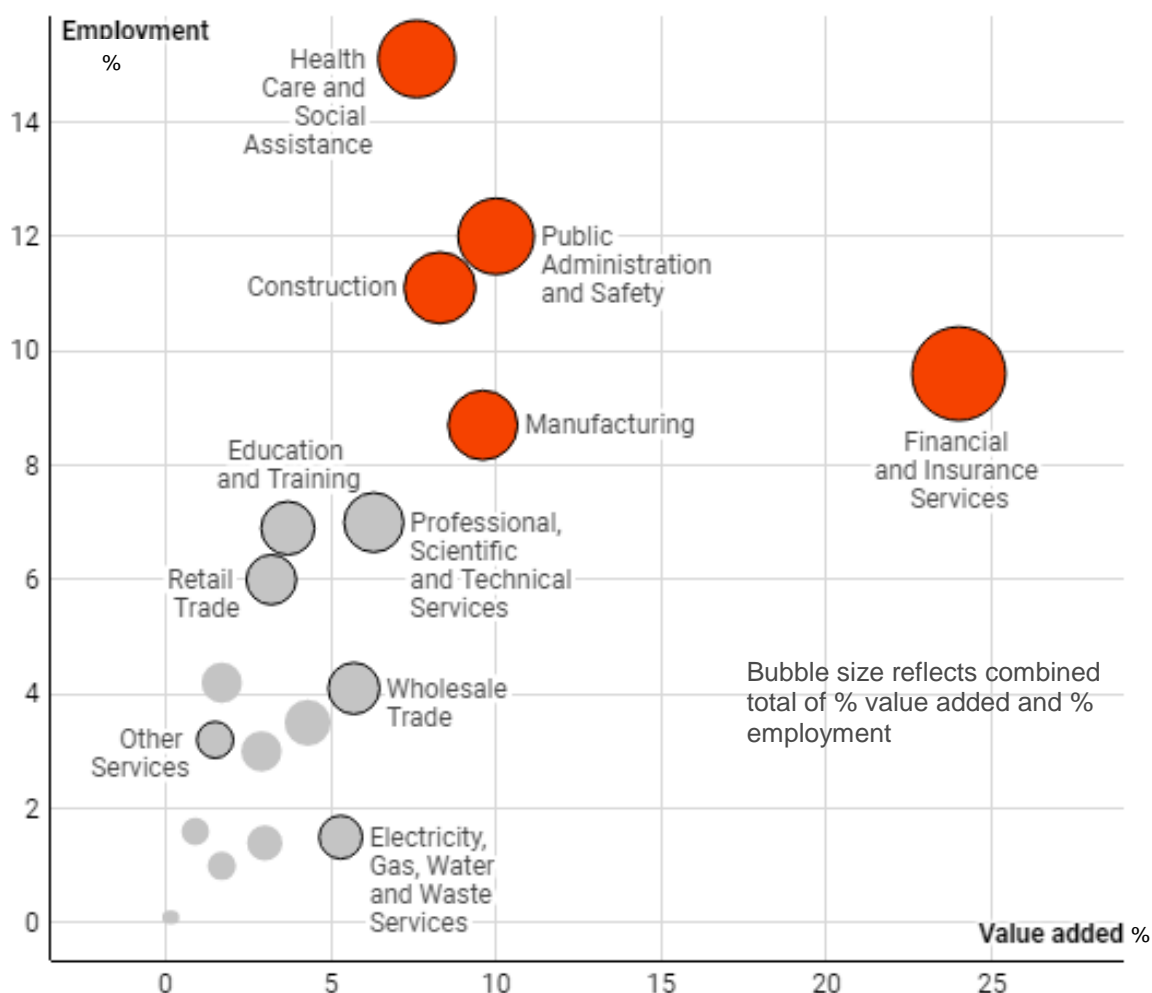
04 Economic importance of key workers

City of Parramatta's key industries

Parramatta CBD is the epicentre for employment in Western Sydney. City of Parramatta has a diverse economic and employment base with over 176,000 workers in 2018.

City of Parramatta has developed strengths in Health Care and Social Assistance, Public Administration and Safety and Financial and Insurance industries. The bulk of new job growth in City of Parramatta over the past decade has been in service industries. These jobs are diverse in nature and include doctors, Nurses, teachers, researchers, accountants, consultants, software design and engineering. The ability to attract skills will be a key requirement for the Parramatta economy as it continues to transform to more knowledge intensive activities.

Figure 34 Economic importance, % of total, City of Parramatta, 2018



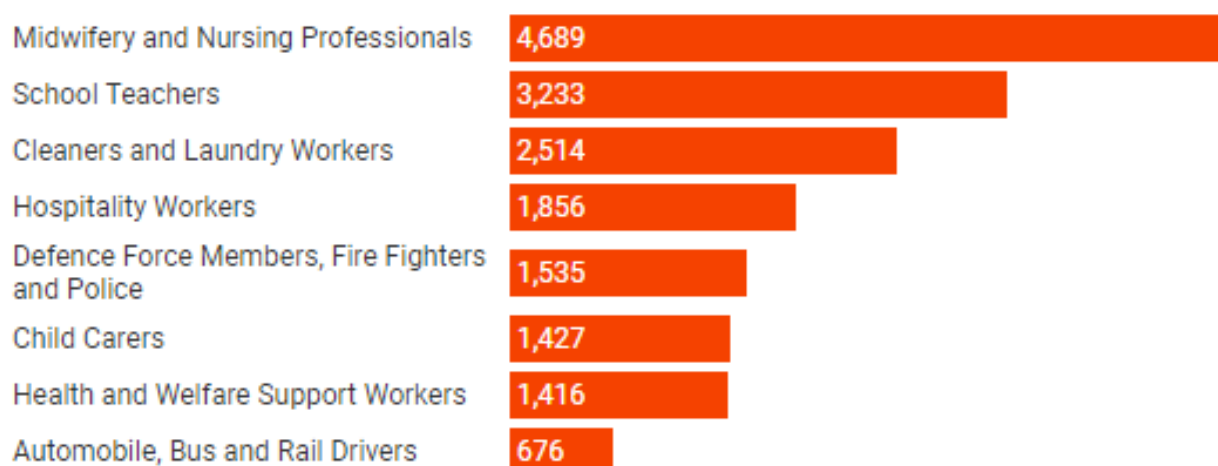
Source: NIEIR (2018)

Role of key workers in supporting economic growth

Key Workers are expected to play an important economic role in supporting this service sector growth. In 2016, 17,350 key workers worked in City of Parramatta. This represents 12.6% of all City of Parramatta workers (2016). Adjusting for the census undercount¹¹, there were around 20,600 key workers in 2016.

The largest (unadjusted) of these groups by far was 4,689 Midwifery and Nursing Professionals, due to Parramatta's strong health care role, with Westmead Hospital and surrounding health precinct. There were also a large number of Teachers and Cleaners working in City of Parramatta.

Figure 35 Key worker jobs by key worker group, City of Parramatta (place of work)



Key workers are an important source of labour for City of Parramatta's strategic industries, especially Health Care and Social Assistance. Industries with the highest reliance on key workers are

- Education and Training (40% of all workers)
- Health and Social Assistance (34%)
- Administrative and Support Services (23%)
- Accommodation and Food Services (30%)

¹¹ Census employment figures are known to undercount employment by varying amounts depending on the Census year. All Census counts are an undercount of total population, and in addition, some people don't state their workforce status or industry. Also counts by place of work exclude those with no fixed workplace address.

Figure 36 Proportion of key workers by industry, City of Paramatta, 2016

% of total local jobs



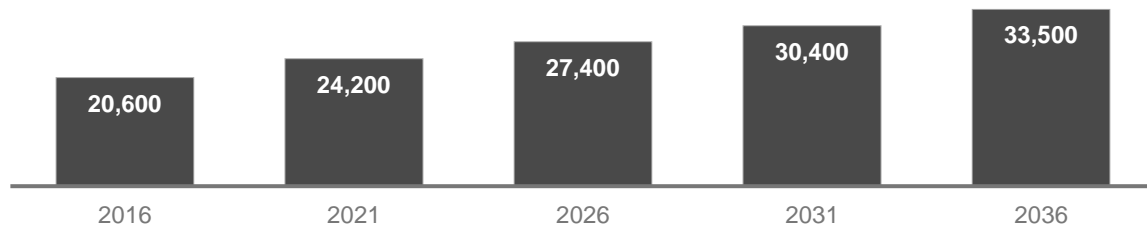
Source: ABS Census of Population and Housing (2016)

Without an adequate level of key worker labour supply that can afford to live close to work, the local industry will face additional costs and have impacts on competitiveness. City of Parramatta’s Economic Development Strategy identifies four employment centres that are expected to attract a significant share of high-skilled knowledge based employment: the Parramatta CBD, Westmead, Rydalmere and Camellia. The success of these locations will also be influenced by the level of key worker labour supply.

Future key worker growth

Based on business as usual conditions, the number of key workers working in City of Parramatta is forecast to grow from around 20,600 in 2016 to 33,500 in 2036. Economic strategies should consider the housing needs of this group given the high level of employment self-containment for key workers in City of Parramatta.

Figure 37 Forecast of key workers working in City of Parramatta



Source: based on Department of Planning employment forecasts growth rates by industry

Conclusion

Our report provides an analysis of socio-demographic, economic and housing characteristics of key workers in City of Parramatta. It focuses on the role that the City plays in housing key workers, the importance of key workers to the economy, and the impacts of housing affordability.

Socio-economic profile

This report shows that key workers perform two key roles for City of Parramatta - servicing the local population (e.g. early childhood learning, health care) and supporting the output of businesses. Key workers are an important group in the City. In 2016, around 13,400 key workers live in City of Parramatta (13% of employed residents). From a metropolitan perspective, City of Parramatta plays an important role in housing Greater Sydney's key workers.

Socio-economic analysis shows that the key worker group is highly diverse. The largest key worker groups in City of Parramatta are School Teachers, Nurses, Cleaners and Hospitality Workers. The age profile is diverse and varies widely between key worker groups. Hospitality workers are young, while drivers and cleaners are much older. While they earn a similar income to the median City of Parramatta worker, the income profile varies considerably between key worker groups. Hospitality Workers, Child Care Workers, Cleaners and Drivers are amongst the lowest paid key worker groups.

The journey to work analysis revealed that there is a strong preference to work close to home. Around 35% of key workers work within City of Parramatta LGA, well above City of Parramatta's total average of 27%.

A summary of the socio-economic profile is presented in Figure 36.

Housing need and affordability

The housing need analysis shows that key workers have a high propensity to rent and live in medium and high density dwellings. As illustrated in Figure 37 the tenure mix and dwelling mix varies significantly between key worker groups.

Cleaners, Drivers, Hospitality Workers and Child Carers are among the lowest paid key worker occupation groups. The median household income of School Teachers, Nurses, Health and Welfare Support Workers and Defence Force Members, Fire Fighters and Police is above City of Parramatta's average.

Key worker growth is expected to generate consistent demand for housing over the next 20 years. The number of key workers residing in City of Parramatta is forecast to grow from around 14,300 in 2016 to 27,900 in 2036. This equates to an additional 5,800 key worker households.

An analysis of housing affordability showed that household incomes in City of Parramatta have not kept pace with growth in mortgage repayments for houses or units over the past five years. This suggests that purchasing affordability has deteriorated over the past five years. However, rental affordability has improved with rents growing slower than incomes over this period.

Houses are generally unaffordable for most key worker households in City of Parramatta, while units are an important dwelling type for some key workers to become home owners.

This is particularly the case for School Teachers, Nurses, Defence Force Members and Health and Welfare Workers on a median income.

Rental properties are relatively affordable to many key worker households in City of Parramatta. However, Child Carers, Hospitality Workers, Drivers and Cleaners on a median income were unable to afford an entry level rental house in City of Parramatta.

Interestingly, the highest level of renting of all the key worker groups was for Cleaners. They are also one of the oldest groups, while across the population it is the young who are more likely to rent. This indicates that this occupation category is particularly disadvantaged and may struggle to afford housing in City of Parramatta. They are also an importance source of labour for City of Parramatta's Health Care industry. Housing unaffordability may make it challenging for the local Health Industry to attract workers in the future.

A summary of the housing need and affordability profile is presented in Figure 37.

Economic importance of key workers

City of Parramatta is also home to a large number of key worker jobs (place of work). In 2016, around 17,350 key workers worked in City of Parramatta. This accounts for around 13% of all jobs in City of Parramatta¹², making it a very important source of labour for local industry. Key workers are an important source of labour for City of Parramatta's strategic industries, especially Health Care and Social Assistance. Without an adequate level of key worker labour supply that can afford to live close to work, the local industry will face additional costs and have impacts on competitiveness.

Based on business as usual conditions, the number of key workers working in City of Parramatta is forecast to grow from around 20,600 in 2016 to 33,500 in 2036. Economic strategies should consider the housing needs of this group given the high level of employment self-containment for key workers in City of Parramatta.

Implications for policy

Based on our analysis we conclude that strategies are prepared to address these concerns given the importance of this group to economic and social development.

Responding to the findings of this research is a complex and multi-faceted exercise that will involve multiple stakeholders and levels of government. The following will be necessary to consider for policy development in City of Parramatta:

- **Housing choice:** Recognising that housing diversity is important for key worker households (high propensity to rent and live in medium and high density dwelling). Housing choice, provided across the wide range of income levels, will help meet the needs of key worker households.
- **Planning for growth:** Demand for key worker housing is projected to grow. Between 2016 and 2036, there is a need for around 5,800 dwellings to meet key worker demand.
- **Need for affordable housing:** For many key worker households (existing and future), affordable housing is the only option outside of housing stress and homelessness. We estimate that around 1,900 key worker households have unmet need for affordable housing in 2016. This evidence base should help inform the Council's housing strategies and advocacy for affordable housing.

¹² Adjusting for the census undercount, there were around 20,600 key workers in 2016.

- Economic development implications: Understanding that if housing is no longer affordable for Key Workers such as teachers, Nurses and cleaners, then this will have an impact on the productivity and attractiveness of a place because the local economy and community needs Key Workers to function effectively. This suggests that economic development strategies should consider actions to combat housing unaffordability, especially given the high propensity of key workers to live and work in the City.

Figure 38 Summary of key worker socio-economic profile, City of Parramatta, 2016

	School Teachers	Midwifery and Nursing Professionals	Health and Welfare Support Workers	Child Carers	Hospitality Workers	Defence Force Members, Fire Fighters and Police	Automobile, Bus and Rail Drivers	Cleaners and Laundry Workers	Key Workers (Total)
Employed residents (where they live)	3,056	2,525	836	1,420	1,798	462	1,127	2,229	13,453
Change (2006-16)	674	872	315	893	574	189	592	783	4,894
% aged 15-24	7	5	6	25	44	7	1	9	13
% aged 44+	40	42	40	26	15	25	59	49	38
% who live and work in the City	29	38	30	44	33	29	37	39	35
Median individual income (weekly)	\$1,375	\$1,375	\$1,125	\$575	\$450	\$1,625	\$725	\$575	\$900
Local jobs (place of work)	3,233	4,689	1,416	1,427	1,856	1,535	676	2,514	17,350

Source: ABS Census of Population and Housing

Figure 39 Summary of key worker housing need and affordability profile

	School Teachers	Midwifery and Nursing Professionals	Health and Welfare Support Workers	Child Carers	Hospitality Workers	Defence Force Members, Fire Fighters and Police	Automobile, Bus and Rail Drivers	Cleaners and Laundry Workers	Key Workers (Total)
Households	1,364	1,162	420	332	471	271	763	959	5,742
% rented	29	41	53	59	62	41	46	58	45
% medium and high density	42	60	58	54	72	50	60	60	55
Median household income (weekly)	\$2,507	\$2,128	\$1,858	\$1,511	\$1,286	\$2,511	\$1,419	\$1,292	\$1,884
House purchase affordability[1]	0.8	0.7	0.6	0.5	0.4	0.8	0.4	0.4	0.6
Unit purchase affordability[2]	1.4	1.2	1.1	0.9	0.7	1.4	0.8	0.7	1.1
Rental property affordability[3]	1.4	1.2	1	0.8	0.7	1.4	0.8	0.7	1

[1] Ratio of what households can afford on a median income to median house price

[2] Ratio of what households can afford on a median income to median unit price

[3] Ratio of what households can afford on a median income to median weekly rent

Source: ABS Census of Population and Housing