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Housing costs and work location in Sydney

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ABSTRACT

This paper outlines the background and methodology of a study being conducted by the Social Justice and Social Change Research Centre at UWS in partnership with Shelter NSW, and the NSW Labor Council concerning the housing and work situations of low and moderate income 'key workers' in the health, transport, hospitality and finance sectors. Many jobs in these industries are located in areas of the city where housing is relatively expensive, yet pay low to moderate wages. Given the findings of other research concerning the incidence of housing stress for low income households in most parts of Sydney, it is hypothesised that these workers are either experiencing housing stress or incur the financial and time costs long journeys to work, or both. This study seeks to move beyond secondary statistical data to explore the housing and employment choices of such workers, and the interaction between these choices.

Home and Work

Housing affordability in Sydney is a topic of major concern for researchers and policy makers. There is neither time nor space in this paper to review all the analysis and argument around these issues, and of course, a number of other papers at this conference will address the topic directly. What all this research does show is that there are significant intra-city variations in housing costs and housing affordability, that is between metropolitan regions. In Sydney, this generally means that inner and Eastern parts of the city are far more expensive for both renters and purchasers, although recent research at UWS has shown that even in the traditionally less expensive working class areas (historically the "dormitory suburbs") of Western Sydney, there are few if any places where median rents or house prices fall below 30 per cent of average weekly earnings (Randolph et al 2003).

Compared with the rest of Australia, Sydney has high employment rates and higher average incomes (ABS Yearbook, 2001). However it also has extremely high and rising housing costs, both for home-buying and renting¹. Housing costs tend to be higher in locations of high employment (National Shelter and ACOSS, 2003) and therefore it is likely that lower to middle income earners are likely to need to live

¹ See median rent and home price data in Rent and Sales Reports; HIA Housing Affordability index. *State of Australian Cities National Conference 2003*

further from their employment locations to find affordable and appropriate housing, or to accept lower quality housing. This is particularly the case for those aspiring to buy homes but also applies to private renters. Because of the geographical size of Sydney, many lower income workers would then incur high travel costs and a long journey between home and work.

Some areas of inner Sydney do contain relatively high proportions of public housing, such as South Sydney with about 16 per cent of dwellings in this category. However, high demand for these units has seen allocations restricted primarily to those with high priority, mainly health related, needs to live in the area. As a result, well under 10 per cent of public housing tenant households in inner Sydney include a wage earner.

Nonetheless, many low income jobs are located in inner city areas and the questions thus arise:

- where do lower income workers, whose jobs are in high housing cost parts of the city, choose to live?
- what are the trade-offs and consequences of those choices?

Intuitively, it would seem that that these workers are either experiencing housing stress or incur the financial and time costs long journeys to work, or both. Yet little research has been conducted which goes beyond statistical analysis of wages, housing costs, and journey to work data. One planned study, by Terry Burke at Swinburne University, will reanalyse records from the National Housing Survey to produce some new insights, but little has been done to reveal the way in which households go about balancing the need for housing and work in high cost locations.

Chalmers and Bradbury (2002) examined the employment outcomes for welfare recipients who moved locations. They found that income support recipients who are not required to seek work (typically those on pensions) tend to move away from high employment areas to find affordable housing, while those actively seeking work who are unemployed (Newstart recipients) tend to move towards high employment, high housing cost areas. While Chalmers and Bradbury found that movements towards the city did improve employment outcomes, they did not research the financial and

family outcomes of employment once housing and travel costs are taken into account.

This study will use interviews and focus groups to explore in detail the interaction between housing location and employment by examining the experiences, perceptions and preferences of workers themselves regarding their income, housing cost and travel situation. It will attempt to shed light on the unaccounted costs of housing which may be expressed as lower housing quality or longer travel times for lower income households. Time pressures are also a source of hardship, and there is a growing divergence in hours of work: casualisation for 20% of the workforce on the one hand, and longer hours for full time workers on the other (Buchanan and Watson, 2000). A significant proportion of people are not working their preferred hours - through under-employment for some and for others an inability to find suitable work with shorter hours (Thorntwaite, 2002). Increasing work hours combined with long journey times to work may create hardship for some and make full-time work unviable for others, particularly workers with family responsibilities who, for example, are constrained by operating times for child care. Fewer work hours increase relative travel costs for casual workers.

Private costs to public costs

These circumstances are problematic not only for the workers affected and their families but also for employers and public policy. If after housing incomes are lower for workers in high cost locations, or travelling times are unmanageable, this may impact on the supply of labour and increase income support dependence. A number of local government authorities on Sydney's up-market North Shore have already identified a relationship between local housing costs and labour supply difficulties they have experienced in low skilled jobs such as waste disposal and outdoor labouring.

This threatens to emerge as an industrial issue paralleling debates around the effectiveness of Commonwealth Rent Assistance in high cost capital cities (National Shelter and ACOSS, 2003). Workers might justifiably argue that pay equity should take into account after-housing or locational costs such as transport or travel time. Many higher paid managerial jobs, including in public sector, already reflect this market reality through capital city allowances, provision of motor vehicles, pre-tax

housing payments etc. The bargaining power of unskilled and lower paid workers on these issues is likely to increase if labour shortages in high cost areas become apparent.

In the UK, government has recognised this problem and housing associations have quotas of housing units allocated to certain classes of workers ('key workers') near to their workplaces.

THE RESEARCH PLAN

For this exploratory study, the researchers will design and administer a semi-structured interview of low to middle income workers in selected key industries in inner Sydney and the Eastern Suburbs. The sample will be gender and age balanced as far as possible. The aim is to include both workers who live closer to their workplace and those who live further away.

It is planned to recruit interviewees in lower paid jobs in the health, transport, finance and hospitality sectors. These sectors have been chosen because they are essential industries in inner urban areas and likely to include both workers who live close to work and those who live further afield, and will include both private and public sector workers. In particular we will attempt to talk to workers in unskilled but essential jobs such as hospital cleaners and porters, bus depot attendants, and hotel staff. Using particular worksites will enable the research team to access interviewees, through local union representatives.

Interviewees will be asked about

their jobs: the type of employment, their remuneration and working hours, length of time in the job, whether they intend to change jobs in the foreseeable future, whether they would prefer to be working elsewhere and their satisfaction with their work (pay, location, hours, work community and other) – why do they work where they do?

their housing: where they live, costs, tenure (owner, purchaser, private or public renter, other), how long they have lived there and whether they hope to move or change tenure, quality, size etc, satisfaction with housing (tenure, cost, quality, location, family and community factors, size and other) – why do they live where they do?

their journey to work: cost, time taken, mode of transport, whether they need to drop off, visit or collect children, family members or other people, whether they have other regular side journeys (education, hobbies, sport, social interests), their satisfaction with the journey to work, whether they have viable alternatives – why do they travel the way they do?

their decisions: Relative importance of housing security, housing cost, employment security/pay, travel time and travel costs, in making decisions about residential and work locations.

The interviews will be followed by focus groups which explore key themes arising from the interviews.

Implications

While at this stage no findings of the study are available it is possible to speculate on the implications of this and related studies for Sydney and some possible policy options.

The UK “Sustainable Communities” program, referred to above, is a shared equity arrangement administered through Housing Associations and local authorities (councils), to provide housing options for identified “key workers”. It has been heavily criticised by public housing advocates on the basis that it diverts funds away from housing programs targeted to the most needy. Shelter NSW has raised the question of whether, in the context of severely constrained funding, housing assistance should be allocated on the basis of occupation. The implication of this question is that, if there is a danger of labour shortages, then workers housing or other costs should be met through the labour market rather than by public subsidies.

A number of other policy approaches have been suggested in the literature. One is to increase housing affordability near centres of work by increasing supply by relaxation of density restrictions. Sydney has already seen some policy intervention of this kind, although the impacts on affordability appear to be minimal unless coupled with ‘value capture’ and housing management arrangements like those demonstrated in the City West program. At present, Councils are unable to levy mandatory contributions from developers for affordable housing because of lack of legislative basis. The limited affordable housing schemes that are in operation have been

retrospectively codified in State Environment Planning Policy 70, but this SEPP does not allow any other Council to 'opt in'.

The obverse is to encourage decentralisation of industry and community based employment development to create jobs closer to where people live, and while it is true that developments such as the moving of the Children's Hospital to Westmead, and the emergence of finance industry call centres in regional areas, do have the effect of decentralising unskilled job opportunities, many low paid workers are still required in the inner city and Eastern suburbs and that this will remain the case.

A third avenue is to reduce travel costs on public transport, or reduce travelling times, an option which would seem to have little support or chance of success.

A fourth is for Governments or employers to supplement the incomes of those most severely affected, and as noted above, this may well form the basis of future industrial claims. All of these potential solutions carry potential costs for communities, business and governments.

For any of these approaches, it is important to understand the reasons individuals and families have for living and working where they do and for the mode of travel they use between these.

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