Australian “affordable” housing forces workers into financial straits

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The skyrocketing price of housing is a major financial burden for growing numbers of Australian workers. So-called “affordable” housing schemes promoted by (primarily Labor) governments at state and federal levels as the solution to this crisis are woefully inadequate, both in terms of availability and affordability.

A June article in the *Guardian* highlighted the reality that many supposedly “affordable” homes, attracting subsidies and financial incentives for developers and landlords, are far from affordable for low- and middle-income workers.

The properties are subject to punitive means-testing and variable-pricing rules, effectively ensuring that anyone eligible to live there will struggle to pay the rent. As a result, in every conceivable scenario, all of these “affordable” homes exceed the generally accepted benchmark of “rental stress”—that 30 percent or more of household income goes on rent.

One of the homes reported by the *Guardian* was a 3-bedroom apartment in Coogee, in the Eastern Suburbs of Sydney, with advertised rent of $1,350 per week. Under the “affordable housing” rules, however, the actual rent charged depends on household type—whether the applicant is a single parent, a couple, or a family with children—each of which is subject to a different cap on household income.

A sole parent with three children would pay $1,175 in rent, but must earn no more than $153,300 annually (around $2,940 per week) to be eligible. A couple with two children would pay $1,300 a week and can earn no more than $169,500, while a couple with three children pays $1,485 a week, with an income cap of $193,700. In each case, renters are required to pay at least 40 percent of their income in rent, even at the very top of the eligible income bracket.

A supposedly “affordable” townhouse in Roseville, in Sydney’s north, was priced at $1,320 per week, a 20 percent government-subsidised “discount” on market rates in the area.

To be eligible, a household of four adults must earn between $129,300 and $194,100 annually, a couple with two children between $112,900 and $169,500, or a couple with one child, $96,800 to $145,300. This means four adults would have to spend 35–53 percent of their income on rent, a couple with two children 40–61 percent, and a couple with one child, 47–71 percent.

Additionally, renters must be employed in the Local Government Area as “key workers,” which comprises low-paid and heavily casualised jobs in fields such as healthcare, education, cleaning, childcare, hospitality, retail and others. Many workers in these sectors earn less than the national median wage of around $1,400 per week ($73,000 per year), nowhere near enough to comfortably rent this property.

The *Guardian* also noted an “affordable” unit in Flemington, Melbourne, advertised for $503 per week. However, to be eligible, a single adult must earn no more than $73,530 a year, meaning at least 35 percent of their income would go on rent.

The dire situation in the “affordable housing” sector is just one expression of a broader crisis. The 2025 Demographia International Housing Affordability report characterises Australia as “impossibly unaffordable.”

This category was introduced by Demographia in 2024, in recognition of the growing incidence of housing markets where median house prices are more than eight times higher than median income. The report categorises as “affordable” areas where this “median multiple” ratio is three or less and “severely unaffordable" where it is between five and nine.

Demographia found Australia had a national average "median multiple" of 9.7. Out of 94 cities analysed, Sydney, at 13.8, was the second least affordable, behind only Hong Kong, at 14.4. Adelaide (10.9), Melbourne (9.7) and Brisbane (9.3) were also "impossibly unaffordable," with Perth close behind at 8.3.

The median house price, combining Australia's eight capital cities—where 68 percent of the population lives—is now $1,034,806, according to housing research company Cotality. More than a third of Australian houses—34.4 percent nationally and 41.6 percent in the combined capitals—are priced at $1 million or more.

Brisbane recorded the sharpest rise over the past 10 years, with million-dollar houses going from 2.8 percent to 40.2 percent of the market. Melbourne stands at 30.9 percent, while Sydney has hit 64.4 percent.

Eliza Owen, head of Cotality, observed that the market is exacerbating wealth inequality: "If you can afford these properties, you've got a very high income, you've sold another property well, or you have wealth from your family. … You need to have that big pool of wealth to participate in the market and it's locking out those that don't."

While average housing costs have gone up by 483 percent over the past 27 years, average wages have risen only 127.5 percent.

The National Housing Supply and Affordability Council's "State of the Housing System 2025" report notes, "the share of homes for sale that a median income household could afford declined to 14 per cent—its lowest level on record." As of June, 37 percent of homeowners are struggling with mortgage repayments, and 46 percent of renters face payment problems, according to data from financial comparison site Finder.

State and federal Labor governments not only have no answer to the deepening housing affordability crisis, they are actively making it worse, through the systematic elimination of public housing.

In New South Wales, the Labor government headed by Chris Minns has begun the process of demolishing the Waterloo housing estates in inner-Sydney, which will ultimately see some 3,000 people ejected from their homes. In Melbourne, Victoria, under Labor Premier Jacinta Allan, at least 10,000 residents are set to be displaced through the planned destruction of all 44 of the city's high-rise public housing towers.

The underlying purpose in both cases is to drive the vulnerable working-class residents out of the inner-city, freeing up valuable land to create vast new profit opportunities for property developers. While a percentage of these new dwellings will be "social and affordable" housing, both categories are privately owned and operated, more expensive and provide less secure tenure than traditional public housing.

At the federal level, the Anthony Albanese Labor government's $10 billion Housing Australia Future Fund (HAFF) claims it will provide up to 40,000 "social and affordable" homes in five years, far less than the estimated shortfall of more than 600,000.

This drop in the ocean is unlikely to be fulfilled. In February, Labor admitted that not a single new home had been built under the HAFF scheme. The government had claimed the construction of 340 "social and affordable" homes, but in fact even this paltry number had merely been "acquired and converted," not built from scratch.

As the Socialist Equality Party (SEP) has explained in its campaign against the demolition of the 44 towers, the destruction of public housing is "a wholesale attack on the social rights of the working class and the fundamental principle that providing a home for everyone in society is the responsibility of the government."

The working class has only one way out of the disaster, a fight for a socialist program, against all other political tendencies and organisations. A workers' government can place the building industry, as well as the banks, property developers and other major corporations, under democratic workers' control and ownership. Then the massive wealth in society, currently controlled by the wealthy few and increasingly squandered on growing military spending, can instead be put towards real social needs, like high quality public housing, including a mass works program to construct hundreds of thousands of new homes.

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