



MEDIA RELEASE

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Victoria's essential workers priced out of affordable housing

Victoria's peak body for community housing is calling for a single and improved model of affordable rental housing, as new analysis reveals moderate income earners are being priced out.

The call comes as governments work to deliver more affordable housing through the Commonwealth's Housing Australia Future Fund and the state's Housing Statement.

There are multiple types of affordable housing in Victoria, with the most commonly used model being a discount to market rent - a model that remains unaffordable in the locations where it's needed most.

Community Housing Industry Association Victoria's policy paper has identified people earning a moderate income would spend more than 30 per cent of their income on rent and experience housing stress across the various affordable housing models in the state.

| Type of rent model (one-bedroom unit, metropolitan Melbourne, median weekly rent) | Rent (\$) | % of income spent on rent for household earning lower-end of moderate income range (\$47,631) | % of income spent on rent for household earning mid-point of moderate income range (\$59,541) |
|---|-----------|---|---|
| Market rent | \$490 | 53% | 43% |
| National Rental Affordability Scheme (80% market rent) | \$392 | 43% | 34% |
| Australian Taxation Office ruling (74.9% market rent) | \$367 | 40% | 32% |
| Homes Victoria affordable housing (90% market rent or 30% of the median of the moderate income range, whichever is lowest) | \$343 | 37% | 30% |
| CHIA Vic definition | \$275 | 30% | 24% |



CHIA Vic's acting chief executive Jason Perdriau said there should be one definition that makes rents affordable for more lower-paid workers in Victoria.

"Many key workers who keep Victoria running are completely locked out of the private rental market in their communities. We have cleaners, child care workers, hospitality staff and education aides who are being pushed to the fringes of our communities and living further away from their workplaces because they can't afford or find a home nearby. Those in gig, casual or part-time work are in a particularly precarious situation in the rental market," Perdriau said.

"The best model for ensuring housing is affordable is social housing. However due to decades of underinvestment, low-income households are languishing on long wait lists and the impacts are being felt right across the rental market.

"We now need affordable housing for those who earn too much to qualify for a social home but not enough to keep up with rising private rents. Without more affordable housing for people in lower-paid jobs, we risk not having the workers we need to deliver essential services and ultimately the liveability that we cherish about our communities."

The Victorian government's Housing Statement relies on undefined 'affordable housing' programs to deliver homes for the 'Victorians who need it most' on government land and across a range of programs, without a clear definition of what 'affordable housing' is, who it's for and what it's trying to achieve.

"Current definitions of affordable housing can be vague and confusing, and in practice they deliver homes that can still be too expensive for many Victorians," Perdriau said.

"We are set to have thousands of new affordable homes built through the Housing Australia Future Fund and Victoria's Housing Statement, so Victoria needs a clear system that delivers genuinely affordable rents to more people in more places."

CHIA Vic's policy paper proposes that affordable housing be defined as rental housing where the rent is set at 30 per cent of the lower limit of the moderate income range, and adjusted based on dwelling size and whether it's in Melbourne or regional Victoria. Capping rents this way would guarantee affordability for essential workers earning moderate incomes, increasing their access to housing and job opportunities across the state.

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