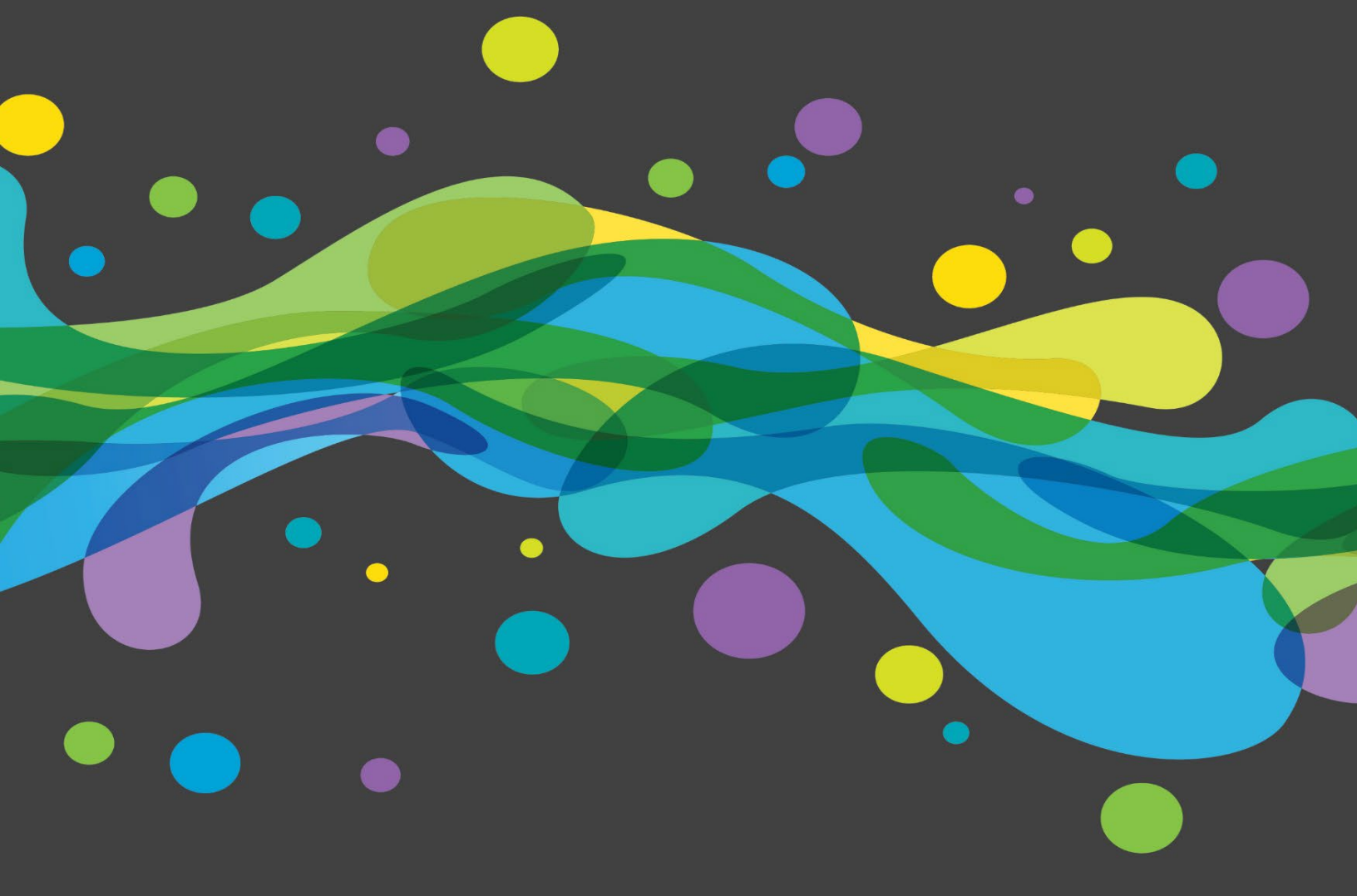


**wellways**



**Submission to Legislative Council Legal and Social Issues Committee  
Inquiry into the rental and housing affordability crisis in Victoria**

**Wellways Australia submission – July 2023**

5 July 2023

Committee Secretary  
Legislative Council Legal and Social Issues Committee  
Parliament House Victoria

Dear Secretary,

**Re Submission to Legislative Council Legal and Social Issues Committee to the Inquiry into the rental and housing affordability crisis in Victoria**

Wellways Australia welcomes the decision to establish this inquiry into rental and housing affordability crisis.

I attach a submission from Wellways Australia to the Inquiry into the rental and housing affordability crisis in Victoria. As one of Victoria's leading community-managed mental health organisations, we have combined our experience, practice wisdom and insight to respond to this review.

This submission is in two parts.

The first part briefly reviews the factors leading to low availability and high costs of rental properties and the second part explores options to address insecurity, availability and affordability issues facing Victoria renters.

I trust this submission will assist the Committee in its inquiry.

Yours sincerely,



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## Introduction

Wellways believes housing is a **human right** and an essential ingredient to maintain physical, emotional, and social well-being. Wellways' approach to housing and homelessness is based on the premise that all individuals have the right to safe, secure housing and a place to call home. Having a home provides the foundations from which Australians can improve their physical and mental health, while also building community connections.

An essential component to being able to access a safe and secure home is the right to choose a property and a recovery journey that aligns to the person's needs. The private rental market is the only housing option that fully supports a person's autonomy in their choice of home. Whilst the private rental market has consistently provided barriers for people on low incomes to access, it has now become a cause of great financial stress or completely inaccessible to this population.

***The private rental market is a crucial piece of the puzzle to ending homelessness.***

People on low incomes need a variety of housing solutions to support their individual needs and although public and community housing is the typical response to people experiencing homelessness, the private rental market has to date been an underutilised housing option. The current market, however, is now proving inaccessible to this population pushing them into the already bottlenecked waiting lists of the social housing system.

## Wellways service delivery perspective

### Wellways metropolitan experience (including Maroondah – Peninsula)

In recent months, several concerning trends have emerged across our metropolitan region. Staff members with moderate wages have shared anecdotes of waiting up to six months to find a suitable rental property. During the 2022-23 summer, the Maroondah area had only one single bedroom dwelling available for rent under \$320 per week, representing 90% of the Jobseeker allowance. Additionally, there has been a significant increase in demand for housing observed through assertive outreach programs, with referrals coming from both the council and mainstream homelessness access points. Frankston and Peninsula region has witnessed a notable surge in rough sleeping, with approximately 2-3 people seen sleeping rough near the Frankston office daily.

Furthermore, a new cohort of minimum wage workers is experiencing heightened housing stress, falling below the poverty line. The limited availability of suitable housing options has forced people to resort to less ideal alternatives such as boarding houses and Supported Residential Services (SRS). Mainstream homelessness services are overwhelmed and must turn people away due to being at full capacity, which underscores the insufficiency of government funding to meet the escalating demand.

The wait times for public housing have reached alarming levels, with priority wait times now exceeding 10 years (compared to 18-24 months, 16 years ago), and general application wait times averaging approximately 25-30 years. These prolonged waits are primarily a consequence of the rental market's



strain, characterised by a lack of available properties and soaring costs, ultimately driving more individuals into social housing.

### **Wellways regional experience (Goulburn Valley/Murray /Gippsland Region)**

The Murray region faces unique challenges in the housing sector, characterised by an abundance of low-density housing and rapid population growth, resulting in increased demand and one of the lowest vacancy rates in regional Victoria, specifically the Goulburn Valley. Interestingly, short stay rentals like Airbnb are not a significant concern in this area.

However, the Wellways housing program strategy, which focuses on building relationships with Property Managers and Real Estate Agents (REAs), has become increasingly challenging due to the overwhelming demand and prevalent rental bidding. As a result, clients find it difficult to compete in the current housing market.

Moreover, there is significant community backlash whenever social housing projects are proposed in the region. The strict prerequisites for social housing, driven by high demand, further exacerbate the situation as individuals are required to have no savings or assets. Consequently, some resort to temporary measures like tents or short stays in hotels, adding to their financial strain.

Additionally, Wallan and other outer suburbs of the Murray region experience higher rates of rough sleeping and homelessness, highlighting the pressing need for comprehensive housing solutions in these areas.

A rental vacancy rate near 0.72% currently exists across Gippsland, with median weekly rents increasing to averages over \$300/week for a unit. With new work coming into the area, not only are rentals not affordable, but they are also not accessible even for those able to afford the increase in rent. Locally there is a push for the commonwealth games athletes' villages to contribute to social housing, however this aim does not support the lack of affordable, accessible homes needed at present.

### **Affordability & accessibility (insecurity)**

We are currently living in a classed housing system. Low-income individuals or families are referred to the public housing system and higher income earners are preferred in the private rental market. The current crisis has exacerbated this further with rental inflation pushing people on low incomes completely out of the private market.

The most recent Anglicare Rental Affordability Report (2023) highlights how 'affordability has crashed to record lows' with only 0.9% of suitable properties across Victoria affordable to people receiving income support payments without leaving them in housing stress. This reduces to 0.6% for Melbourne Metropolitan and increases slightly to 2.3% in regional Victoria. This has further widened the gap between the private and public housing system and only added to the existing pressures on social housing waiting lists as well as health and homelessness services.

An additional factor that has contributed to people on low incomes being pushed out of the private market is the reliance on Commonwealth Rent Assistance which has fallen behind rental inflation (Productivity Commission, 2017).

Some of the barriers that exist to people on low incomes, including those receiving income support payments were identified in the *Fairer Safer Housing Review* and an attempt to resolve these issues were seen in amendments to the *Residential Tenancies Act 1997*.

However, it is becoming evident in practice that these changes are not being regulated and remain barriers for people on low incomes:

1. Ban on inviting rental bidding. Whilst this practice is no longer advertised; it still occurs in practice.
2. Rental providers must also permit payments via Centrepay. Agents still do not adhere to this and even if Centrepay is agreed to, the rental agreement often stipulates rent to be paid monthly which does not align with a fortnightly Centrepay arrangement leaving the renter either overpaying each fortnightly to meet the monthly amount or receiving informal notifications that they are in arrears.

These issues are difficult for renters to challenge as they occur at the start of the application process with renters fearing that landlords/agents will favour higher income earners over their application if they challenge these issues. The power imbalance still very much benefits the landlord and continually places people on low incomes at disadvantage.

## **Availability**

There were 11.1% properties vacant in Victoria on census night (AHURI 2022) raising the question about the impact short term holiday rentals are having on the availability of properties on the market. With investors getting a higher return for short term holiday rentals than for long term residential lease arrangements, incentives to support investors and landlords to rent to people and families on lower incomes would provide one solution to the problem.

Whilst there are regions in Victoria where the rise of short-term holiday rentals has had little impact, other trends do emerge. Regional areas tend to have an abundance of low-density housing and have seen a significant increase in population growth. This has created demand for housing that far exceeds the supply in these areas putting further pressure on the public housing system.

Public and community housing stock is already in high demand, partly due to the current crisis forcing people into the social housing system but also because these housing streams have not kept pace with the increase in the social determinants of housing instability and homelessness over the years:

- The increase in family violence experienced in the Victorian community.
- Intergenerational experiences of racism, family violence and poverty
- Income support payments have not increased.

Whilst these social issues have increased dramatically over the last few decades, housing investment has not and as such has created a massive shortfall in housing stock, both public and private.

## **Conclusion**

Whilst Victoria is currently in a rental and affordability crisis, it is important that we don't create a crisis response but rather consider an approach which supports on-going investments and progressive

planning. An approach which aligns with environmental and social determinants of housing instability and homelessness. This approach would need to view the housing system as a whole and its integration with other Governmental departments that benefit from people having access to stable and secure housing. An investment in this approach would return less costs in homelessness and health-based services particularly if it includes support systems for people on low incomes such as rental subsidies and evidence-based Housing First models.

## References

- Productivity Commission (2017) Introducing competition and informed user choice into human services: reforms to human services, Report No. 85, Productivity Commission, Canberra, <https://www.pc.gov.au/inquiries/completed/human-services/reforms/report>.
- Homes Victoria Rental Report, March quarter 2023
- <https://www.ahuri.edu.au/analysis/brief/are-there-1-million-empty-homes-and-13-million-unused-bedrooms>