

3 February 2023



Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House Canberra ACT 2600

By email: community.affairs.sen@aph.gov.au

Dear Committee Secretary and members,

Senate Community Affairs References Committee inquiry into the extent and nature of poverty in Australia

As the peak body for Victoria's renters and operating the state-wide community legal centre dedicated to help tenants we wanted to share some perspectives for your inquiry.

Our views are informed by our grassroots work providing 9818 assistances to Victorian renters with tenancy problems, including 475 instances of extended legal help to people on low incomes facing rental hardship, in the last financial year. Our services include providing legal representation and advice, financial counselling, outreach, and legal information on rental rights.

For context, it is important the committee understand the reality that, for many people today, renting is a permanent situation rather than a transition from the family home to home ownership.

In Victoria alone, some 681,419 households rented in 2021, up from 607,354 households in 2016, according to the latest Census. This represents 28.5 per cent of all Victorian households renting in 2021 and, notably, close to 90 per cent of all tenants renting their homes in the fluctuating private rental market. While the demographics of renting are evolving, as an organisation we strongly believe all renters should be able to afford a safe and secure home that allows them to live full lives and contribute to their communities.

Yet, the type of housing tenure people have is without doubt to linked to poverty rates. Australians who rent their homes are vastly overrepresented among those living below the poverty line, as evidenced in ACOSS's 2020 report: **Poverty in Australia 2020: Part 2 – Who is affected?** This study found that the majority (56 per cent) of people below the poverty line are renting, while only 17 per cent of people in poverty are homeowners who don't have a mortgage.

Furthermore, the tumult of COVID-19 has reinforced the truth that there is an inseparable link between home, health, and wellbeing.



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Safe, secure and affordable homes

A striking feature of our times is that pressure to obtain or retain a safe, secure, and affordable rental home has spread from lower income groups and tenants facing precarity linked to multiple disadvantages to people in the 'middle', holding jobs and with long histories as private renters. The tightening of the private rental market in Victoria, which has seen vacancies hovering at record lows of 1 per cent in Melbourne and regional rental markets becoming intensely competitive, is proving deeply challenging for lower-income renters as they try to secure an affordable home.

This market tightening has also been accompanied by a recent surge in rent increases, including at the lower end of the rental market. One renter, who lives in a regional town in Victoria, described the precarity of their housing situation in these terms: 'Was renting a 2 Bedroom, 1 bathroom for \$160 a week. No heating, cooling, the backdoor was nailed shut, there was no ventilation in the kitchen or bathroom and the bathroom was just cement, so I had to pay out of my own pocket to put linoleum – that is why it was so cheap. In December, (the landlord) almost doubled the rent at \$350 per week with only a week's notice. Still don't know what action to take.'

And the dilemma of another renter, a single parent, was not untypical of people who have interacted with us recently: 'Have been looking and applying for rentals for over a year now but there are so few, and the rental prices have exploded making it near impossible to find a new home and keep myself and my children in our community ... I am aware that there are many other locals being priced out of the area too. It is extremely stressful not being able to feel secure in our home.'

Meanwhile, around 70 per cent of referrals to our frontline financial counselling service are for renters with rent arrears, many of them having received formal 'notices to vacate' their rented homes. A large portion of these arrears relate to unaffordable rent, family violence, mental health and unemployment. Around 60 per cent of these renters overall were in rental situations that were unaffordable.

Tenants Victoria is also tracking an increase in renters being evicted for rent arrears as well as for property sales. These renters then face a real risk homelessness due to the lack of affordable properties available and the long wait times for accessing public or community housing. In one case, a retired renter on a veteran's pension living in a regional area had applied for 104 properties in the private rental market over a two-month period without receiving any response whatsoever.

The policy prescriptions to tackle the structural problems at the root of the current housing affordability and supply crisis clearly rest with multiple tiers of government. At the federal level, Tenants Victoria welcomes the Albanese Government's plans to create a National Housing and Homeless Plan and establish a National Housing Supply and Affordability Council to help develop and implement the plan.

However, there are other levers the Commonwealth can apply to alleviate 'rental stress' - defined as spending more than 30 per cent of gross household income on rent. We strongly agree with our colleagues in the social sector that an increase in Commonwealth Rent Assistance (CRA) – the subsidy for people getting a Centrelink payment who don't live in rent-stabilised public housing – is urgently needed.

The Productivity Commission's 'Report on Government Services 2023' is pertinent in observing that 'lower income earners are particularly susceptible to housing instability as market factors lead to higher

private housing prices', finding that of low-income households that were CRA recipients at end-June 2022, 43.9 per cent still experienced rental stress.

As a priority, the Australian Government must increase Commonwealth Rent Assistance by at least 50 per cent and expand eligibility.

Do not hesitate to contact us for more information about what renters tell us about their experiences in today's tight rental market. Our Director of Community Engagement, Farah Farouque can be contacted via farah.farouque@tenantsvic.org.au.

Yours sincerely



Jennifer Beveridge
Chief Executive officer

