

# VCOSS submission to the Inquiry into the Rental and Housing Affordability Crisis in Victoria



July 2023



**VCOSS is the peak body for Victoria's social and community sector, and the state's premier social advocacy body.**

We work towards a Victoria free from poverty and disadvantage, where every person and community is supported to thrive. We work relentlessly to prioritise wellbeing and inclusive growth to create prosperity for all.

We achieve these goals through policy development, public and private advocacy, supporting and increasing the capabilities of the state's social service bodies, forging strong coalitions for change, and explaining the true causes and effects of disadvantage.

VCOSS's strength comes from its members and the people they serve. Our members include frontline service groups, peak bodies, advocacy organisations and individuals passionate about a fair, sustainable and inclusive Victoria.



#### Acknowledgement of Traditional Owners.

VCOSS acknowledges the traditional owners of Country, and pays respect to Elders past and present, and to emerging leaders. Our office is located on the sovereign, unceded lands of the Wurundjeri people of the Kulin nation.

#### Lived experience statement

VCOSS thanks all those who shared with us their personal stories, experiences and insights. Every person is shaped by their history and environment. Many people have endured trauma or hardship. For some, this trauma and its effects continue today. By sharing your experiences and insights with VCOSS, you have enriched both our understanding of the issues and our recommendations for change. Thank you for your courage and generosity.

Authorised by VCOSS CEO Emma King.

Written by Karen Taranto, Policy Advisor – Housing and Justice, VCOSS.  
Enquiries to Deborah Fewster, Director, Policy and Advocacy, VCOSS at [Deborah.Fewster@vcoss.org.au](mailto:Deborah.Fewster@vcoss.org.au)

Browse more policy reports and submissions at [vcoss.org.au/policy](https://vcoss.org.au/policy)





# VCOSS submission to the Inquiry into the Rental and Housing Affordability Crisis in Victoria

## Contents

<b>Introduction .....</b>	<b>3</b>
<b>Setting the scene: The global cost-of-living crisis and challenges for Victorian renters.....</b>	<b>4</b>
<b>More homes for Victorians.....</b>	<b>6</b>
Build on the Big Housing Build .....	6
Revise regulatory settings to make better use of existing supply .....	9
Recognise community sector workers as ‘key workers’ and provide equitable access to new affordable housing .....	11
<b>Deliver the promise of fair renting.....</b>	<b>12</b>
Strengthen protections against excessive rent increases .....	12
Make renters’ rights a reality with a strong regulatory system.....	15
<b>Ensure renters can get the right support at the right time .....</b>	<b>18</b>
Provide adequate funding for services that support renters.....	18
Invest in culturally safe tenancy supports for Aboriginal Victorians.....	20

# Introduction

VCOSS welcomes the opportunity to make a submission to the *Inquiry into the rental and housing affordability crisis in Victoria*.

VCOSS is the peak body for community services in Victoria and our members work on the frontline of the global cost-of-living crisis.

For a long time, VCOSS has observed that housing issues are at the heart of every policy challenge we face. These issues – which have built over decades – are now acute.

This submission highlights a significant supply challenge that is driving up the cost of housing. Our advice to this Inquiry is that policy interventions and program investments that increase supply – such as Victoria’s landmark four-year \$5.3 billion Big Housing Build – are the most effective way to address housing affordability in the long-term.

We have long called for at least 6,000 new social housing homes to be built every year over the next decade – a total of 60,000 new properties over a decade – to build on the Big Housing Build. We continue to make the case for a long-term commitment to a social housing growth pipeline in this submission.

However, we also acknowledge that the quantum of new supply needed will take years to enter the market and have any effect on prices. Given this, it is necessary to consider additional regulatory interventions and programmatic investments to protect renters against excessive rents *now*, as part of a suite of government interventions to address our housing affordability challenge.

We believe Victoria can meet this challenge, and eagerly await the release of the Victorian Government’s Housing Statement later this year.

# Setting the scene: The global cost-of-living crisis and challenges for Victorian renters

Victorian households are struggling to absorb mounting 'daily living' costs, including, for example:

- Basic groceries increasing 9.2% over the 12 months to December 2022.<sup>1</sup>
- Routine indexation of Commonwealth Government income support payments trailing behind Consumer Price Index increases – and falling well-short of the real increase that is required.<sup>2</sup>
- The rising price of energy and the impact of these costs, indicated by increases in the number of customers getting additional help from their retailer and increases in the average arrears of customers.<sup>3</sup>

A third of all Victorians rent their home, with the vast majority renting in the private rental market.

Affordability is a long-standing challenge.

Overall, private rents in Melbourne and regional Victoria increased by on average 14.6% and 6.3% between March 2022 and March 2023.<sup>4</sup>

Supply in the private rental market is dynamic, with properties entering and exiting the market frequently. Data from 1996 – 2016 also shows that while the private rental market continues to grow and change, a major concern is lower-cost rental properties being removed from the market, with new properties entering, leading to rent increases at a higher rate relative to household income.<sup>5</sup> Additionally, investment property owners are increasingly providing their homes in the short-term letting market, instead of the long-term private rental market, adding to the supply challenge.

While the quality of properties is a factor in price, it is the rental vacancy rate that is the primary driver of rents. A high vacancy rate means investment property owners (commonly known as 'landlords') have little leverage to raise rents if tenants can easily and cheaply move elsewhere.<sup>6</sup>

Conversely, a continually low vacancy rate, as we are currently experiencing, leads to high rents.

Market data confirms this – the Anglicare rental affordability snapshot consistently indicates a lack of affordable rental housing, especially for people on low incomes or who live on Commonwealth income support.

For example, the 2022 snapshot<sup>7</sup> found that across Victoria:

- In the past 12 months, there was a 44 per cent decrease in the number of advertised properties across Victoria.
- Only 16 of the 48 Victorian LGAs had any rental listings available at all.

- For households reliant on Commonwealth income support, only 2 per cent (371 rental properties) were affordable.
- For households living on the minimum wage, only 18 per cent of properties (6091 properties) were affordable.
- Single people (with and without children), who are on income support or a pension, continue to be the most disadvantaged group, as well as singles on the minimum wage. Only seven listings (less than 0.1 per cent) of properties were affordable and appropriate across all of Victoria for a single parent with one child.

Public and community housing (collectively known as ‘social housing’) is affordable, secure housing for people on low and very low incomes, and those with complex needs, who face challenges to getting and keeping housing in the private market.

Many people eligible for social housing instead live in the private rental market due to lack of supply. This includes 100,000 people on the wait list for social housing. Half of those on the wait list are in the priority access category, which means they are experiencing homelessness, at risk of homelessness, or urgently need to move to access safer, more appropriate housing for their needs.

We also note that:

- As of 2021, there were 272,000 people renting in the private market living in poverty, amounting to almost 1 in 5 renters (18.8%).<sup>8</sup>
- There are 332,992 people receiving Commonwealth Rental Assistance in Victoria, with half experiencing rental stress.<sup>9</sup>

A major suite of reforms to Victoria’s renting laws, the *Residential Tenancies Act* 1997 (the ‘RTA’), were introduced in March 2021. These reforms aimed to make the renting market fairer and safer.

Renters now have more protections, including:

- Limitations around evictions
- Rents can only increase once every 12 months
- Specific protections for victim survivors of family violence
- Higher standards for amenity, thermal comfort and energy efficiency.

While some of the reforms deal with rent and financial hardship, they were designed pre-pandemic. They are now being tested by unforeseen circumstances – a perfect storm of low vacancy rates and skyrocketing rents, set against a global cost-of-living crisis.

# More homes for Victorians

## Build on the Big Housing Build

### *Recommendations:*

Establish a Ten-Year Strategy for Social Housing, to guide the sustained, coordinated effort required to address the social housing supply challenge we currently face. The Strategy should centre on a target to build, at a minimum, 6,000 new public and community homes every year for 10 years, with 10 per cent of new social housing stock reserved for Aboriginal Victorians.

The Ten-Year Strategy should also establish ongoing and predictable funding streams to support long-term social housing growth, including:

- Sustained and predictable level of direct government investment in new public housing.
- Program of sustained and predictable grant funding to Community Housing Organisations.
- Mandating inclusionary zoning, requiring 10 per cent of new large-scale housing developments to be social housing, with appropriate lead time and transitional arrangements for this to occur.

VCOSS welcomes the Victorian Government's vision that all Victorians have access to safe, affordable and appropriate housing.<sup>10</sup>

Increasing the supply of public and community housing (collectively known as 'social housing') is a critical solution in addressing the current rental and housing affordability crisis.

Social housing provides affordable, secure housing for over 80,000 Victorian households. Social housing is essential public infrastructure, safeguarding the fundamental right to a home for people who struggle to access and sustain housing in the private market due to low incomes, high costs, an inability to compete against other prospective tenants, discrimination, and lack of accessible or appropriate housing. For many, social housing is a key protective factor against homelessness.

The benefits of social housing supply extend beyond this cohort, with positive flow-on effects for the private rental market.

Over recent years, Australia's private rental market has become less affordable. Once an affordable housing option for people on low-incomes and those trying to save money for a home deposit, rents clustered at the affordable end of the market. Now they cluster towards the middle, resulting in fierce competition between people on low- and middle incomes. Investment in social housing will help to alleviate housing stress for people on low incomes, and reduce the competition felt by households on middle incomes seeking private rentals.<sup>11</sup>

Recent analysis of the 2021 Census by UNSW, found that there are 5-6% of regional households, and 7% of metropolitan households, with unmet housing need – that is, experiencing homelessness, living in overcrowded homes, or spending more than 30 per cent of their income on rent.<sup>12</sup>

A lack of social housing places additional pressure on other service systems, including homelessness, family violence, mental health, health, policing and justice, and is a barrier to progressing government’s ambitious social and economic policy reform agenda.

### Case study:

#### *Achieving the vision to end family violence*

Victoria has committed to ending family violence and is now halfway through a decade-long transformation of the family violence system following the Royal Commission into Family Violence.

While there have been positive investments in housing initiatives, including the Family Violence Housing Blitz, investment in flexible support packages and the redesign of family violence refuges, the current lack of affordable, long-term housing options in the market continues to inhibit victim survivors’ safety and recovery.

Without affordable housing options, victim survivors are at risk of staying in abusive households. Specialist family violence services report that one of the top patterns and trends amongst re-presenting clients is a lack of safe and affordable housing, with nearly 80% of services reporting that repeat clients are common.<sup>1</sup> For other parts of the service system, it can be difficult to provide quality support to victim survivors and their children if they do not have a safe or reliable place to call home.

Increasing the supply of social housing is crucial to achieving the Victorian Government’s vision to end family violence, set out in the Royal Commission.

The Victorian Government’s *Big Housing Build* has been a record investment in building new community homes and upgrading existing public housing. Victoria is now in the final year of the four-year program, with 4,152 of the 9,300 new homes completed.<sup>13</sup> VCOSS welcomes the recently-announced \$1 billion Regional Housing Fund as a vital next step to establishing a long-term pipeline of new social housing to meet demand.

The Commonwealth Government has an important role to play alongside the State. New Commonwealth policy commitments to grow social housing and address homelessness are a positive start, and create the conditions for the Commonwealth and state and territory governments, including Victoria, to work together and leverage investment to grow social housing to meet need.

The Victorian Government should stay the path on its commitment in the previous term to establish a Ten-Year Strategy for Social Housing. Early work on the strategy’s development with a wide cross-section of stakeholders, including community sector organisations, demonstrated the Government’s



commitment to a stronger, fairer Victoria for future generations. Having this strategy in place will assist with coordinating the policy and investment required to achieve the Government's vision.

The centrepiece of this strategy should be a target to build a minimum of 6,000 new social housing properties every year, to address the backlog of housing infrastructure, keep pace with population growth and ease the current housing affordability crisis. Establishing a target will drive accountability, by providing a measure by which to monitor progress, assess performance and evaluate whether actions are delivering on the vision.

The Strategy should also include:

- Accountability and outcomes measurement, driven by new systems for collecting, analysing and reporting consistent and meaningful data sets, including:
  - Numbers of public, community and affordable housing built.
  - Wait list and allocations data from the Victorian Housing Register, including key demographic and vulnerability indicators.
- The use of existing government data from the Victorian Housing Register and specialist homelessness services, data from child protection, justice and corrections, NDIS data, and local labour force projections.
- Design and delivery of diverse housing stock that meets the needs of current and future priority groups.

Ongoing and predictable funding streams should be established to support long-term social housing growth, including:

- A sustained and predictable level of direct government investment in new public housing.
- A program of sustained and predictable grant funding to Community Housing Organisations.

VCOSS also continues to advocate for the introduction of an inclusionary zoning scheme that mandates that new large-scale housing developments include 10 per cent social housing. In 2020, private developers began construction of over 19,000 new units in Victoria (excluding detached houses).<sup>14</sup> If 10 per cent of these were reserved for social housing, around 1,900 more social housing homes would have been available.

## Revise regulatory settings to make better use of existing supply

### *Recommendations:*

- Strengthen enforcement of the Vacant Residential Land Tax.
- Tighten the regulation of short-term letting accommodation.
- Phase out stamp duty and switch to a broad-based land tax.

Australia's residential building industry is currently experiencing cost pressures and delays. New supply will take time to come into the market and have an impact on prices.

In this context, the Victorian Government will need to consider other interventions to make better use of existing supply.

A contributing factor in continued low rental vacancy rates is investment properties shifting from the long-term rental market into the short-term letting (STL) market, with some data indicating that between 8 – 15 per cent of rental properties are let in the STL market.<sup>15</sup> Like other major Australian cities, the worst impacts are seen in high-demand inner city areas, as well as regional towns with high tourism appeal. For example, in February this year, there were 5000 homes for rent on AirBnb in the Mornington Peninsula area.<sup>16</sup>

VCOSS continues to recommend mechanisms to encourage the use of investment properties for long-term rentals rather than as short-stay accommodation. We welcome measures that individual councils are beginning to explore, such as revising rates and introducing levies for commercial short-term accommodation properties. While these place-based responses are necessary to accommodate local housing needs and priorities, there continues to be a need for a systemic response to prevent inequities across different areas and create certainty in the market.

The Census also found 11 per cent of Victorian homes were unoccupied.<sup>17</sup> While not all of these homes are considered "vacant" (ie unoccupied for more than six months of the year), data from 2020 indicated that as many as 69,000 homes were vacant across metropolitan Melbourne.<sup>18</sup> While a Vacant Residential Land Tax is in place, VCOSS notes that it is not well enforced and relies on self-reporting. This regime should be improved. Better enforcement would have one of either two benefits – providing additional revenue to government which can be used to deliver essential services, or encouraging owners to make these homes available in the private rental market.

Reforms to the land transfer duty tax (commonly known as 'stamp duty') will also help to ease housing affordability and increase housing mobility.

A diverse range of economists and independent bodies agree that stamp duty is highly inefficient and an unstable source of government revenue. VCOSS has long recommended to successive governments that stamp duty be phased out and replaced with a broad-based land tax, with suitable

exemptions. This would create a fairer, more sustainable housing system, and free government revenue from the volatility of the property market so governments can continue to deliver essential services to all Victorians.

The Victorian Government has publicly communicated that it is developing a Housing Statement, for release in coming months. VCOSS would welcome these regulatory and other interventions to be a key feature of this Statement, as part of a broader package of reforms to increase housing supply and address affordability. VCOSS members stand ready to work with the government to achieve these objectives.

## Recognise community sector workers as ‘key workers’ and provide equitable access to new affordable housing

### *Recommendations:*

- Recognise community sector workers and community sector organisations in all future targeted affordable or worker housing programs.

COVID-19 highlighted that community sector workers are essential workers. However, they do not tend to feature prominently – or at all – in policy conversations about affordable housing for key workers, outside the community services sector. This needs to change.

Currently, many community sector workers cannot afford to live in the communities in which they work. For example, aged care and childcare workers spend on average 70 per cent of their income on rent in Melbourne.<sup>19</sup> Employers lose workers who find work closer to home, including in other industries.

These workers are not easily replaced. The industry has long struggled to attract, recruit and retain staff because of systemic challenges outside its direct control, such as insecure and short-term funding, inadequate indexation, and pay inequity. Workforce shortages are acute, and the challenge is growing. Increasing demand for services means that the health and social assistance industry (of which community services is a part) needs to add 70,000 new jobs between 2018 and 2023.

VCOSS welcomes the Victorian Government’s recent announcement of a \$150 million Regional Worker Accommodation Fund to provide new housing options for regional communities where key workers are struggling to find affordable places to live. We look forward to working with the government to ensure that community services workers benefit from this positive investment.

# Deliver the promise of fair renting

## Strengthen protections against excessive rent increases

### *Recommendations:*

- Establish a formula for fair rent increases.
- Explore reversing the onus of appeal on rent increases, with the onus on the residential rental provider.
- Invest in the proactive, sustained promotion of renters' rights related to rent increases.
- Drive accountability and evidence-informed measures to address excessive rent increases by collecting, analysing and publicly reporting consistent and meaningful data on rents. This should include data from the CAV rent assessment service, VCAT, property and market data, and relevant service delivery data from across government.

Homes in the private rental market are increasingly unaffordable, and practical action is needed to protect renters from excessive rent increases that push them into rental stress.

Unexpected or excessive rent increases can push low-income renters beyond already-stretched budgets, forcing them into rental arrears, or cutting spending on other essential goods and services, such as meals, prescription medicines, healthcare or education, impacting wellbeing. Rent increases can cause unexpected moves, disrupting education, employment and community connection. At worst, it may push people into homelessness, forced to contend with the toughest market conditions we have seen for renters in years.

VCOSS supports a healthy private rental market that ensures landlords have sufficient income to maintain their properties to a high standard – noting that, unlike other investments, investing in housing means providing other people with a home.

We note that landlords (referred in the RTA as 'residential rental providers') benefit from tax settings that enable them to purchase investment properties in the first place, as well as negative gearing, attracting higher income investors who can financially tolerate low rental yields in pursuit of future capital gains. Data indicates that while negatively geared rental providers continue to outnumber providers with positive rental income, the number of net-profit providers, as well as providers with multiple investment properties, is increasing.<sup>20</sup>

At the same time, average weekly rents have increased faster than mortgage payments over the past 15 years – by 93%, compared with 48.8%.<sup>21</sup>

In this context, VCOSS considers there is:



- A need to strengthen implementation of existing provisions that regulate rents in the RTA; and
- A need for an additional regulatory intervention to provide fairness and predictability around rents and prevent excessive or unreasonable increases, while continuing to allow landlords to maintain sufficient income.

### ***Strengthening implementation of existing provisions***

The RTA already lightly regulates rent: existing provisions limit rent increase to once per year, and allow renters to challenge excessive rent increases.

The implementation of these existing provisions could be strengthened – in particular, the rent assessment service administered by Consumer Affairs Victoria ('CAV').

This is an important service that supports implementation of s 45 of the RTA, which allows renters to challenge rent increases and high rents. If the rent assessment finds that the increase is too high, the rent assessment can be used to go to Victorian Civil and Administrative Tribunal ('VCAT') to seek an order on the maximum rent.

Available data on the number of reports conducted by Consumer Affairs Victoria indicates that the number of rent reports produced by CAV has doubled since 2019.<sup>22</sup>

However:

- There is limited publicly available data on how many renters request this service, or any other insights about rent increases and the impact on renters in the market.
- The assessment of whether an increase is excessive is not always straightforward, as there is no reliable measure of market rent or prescribed definition of "excessive".
- The process for assessments is also unclear, but we understand that it currently involves CAV ringing local real estate agents to make a subjective assessment, which may not always take into account the age of the property, its state of repair, or other relevant variables.
- This process places the burden of challenging unfair rent increases on the renter and reinforces existing power imbalances.

One alternative which should be explored is reversing the onus of appeal from the renter to the landlord, as occurs in the ACT. Under the model operating in the ACT, rents may be raised to a certain threshold (ideally, based on a formula as in the ACT, described below) by a landlord. Should the landlord wish to increase the rent beyond such a threshold, it is their responsibility, rather than that of the tenant, to appeal to the tribunal.

### ***Proposed additional regulatory intervention***

VCOSS also recommends establishing a formula for fair rent increases.

We note that the options to regulate maximum rent increases were canvassed in consultation on the Fairer, Safer Housing Reforms in 2016, but were ultimately not taken up on the basis of analysis of rent control models in jurisdictions such as New York and San Francisco.<sup>23</sup>

Given the current discourse around this topic, we see it necessary to state explicitly that VCOSS does not advocate for rent control – it is important that landlords are not prevented from increasing rent where it is fair and reasonable to do so, as this could lead to landlords evicting tenants so they can reset the rent with a new tenancy agreement.

We welcome further exploration of options for fair rent increases and the prevention of excessive rent increases, that are suitable to the Victorian context and that are less restrictive than rent control models.

VCOSS notes that there are international and domestic jurisdictions that have legislated mechanisms that ensure rent increases are fair and not excessive.

For example, in Germany, initial rents are based on a local average and must not be increased by more than 20 per cent in a three-year period. In France, rent increases require six months' notice and are only allowed if the existing rent is considered undervalued. In Ireland, in areas where rents are the highest and where households are experiencing the most rental stress, rents can increase by a maximum of inflation of 2 per cent per year, whichever is lower.

The ACT prescribes a limit for rent increases (110% of the percentage increase in CPI), with the onus on the landlord to seek approval from the ACT Civil and Administrative Tribunal for increases higher than the prescribed amount.

VCOSS notes that community housing organisations have different rent structures, based on income, below-market rent or other factors. As a result of the different models, applying a formula to community housing rents across the board may be more difficult than market-based rents in the private markets. Government will need to continue working with community housing organisations and renters to identify strategies for ensuring any changes to rent regulation are appropriate and do not place tenants at increased risk of financial hardship, or damage the viability of providers.

## Make renters' rights a reality with a strong regulatory system

### *Recommendations:*

- Enforce the requirement that real estate agents and property managers attend training and professional development annually.
- Expand the CAV compliance approach to include proactive monitoring and enforcement activities.
- Increase access to timely dispute resolution by resourcing VCAT operational capacity and improvements.
- Establish an internal appeals mechanism to improve accountability and consistency of decision-making.
- Deliver the reforms recommended by the Social Housing Regulation Review to ensure a renter-centred social housing system.

The 2021 changes to the RTA gave Victorian renters some of the strongest legal rights of any Australian jurisdiction.

But laws alone do not create a fairer, safer market for renters.

Currently, compliance with the RTA relies mainly on individual renters identifying issues, asserting their rights and raising disputes.

However, the rental market is characterised by a fundamental power imbalance between landlords and renters, where renters, despite having strong legal rights, lack the power to assert them. In this context, strong, well-resourced regulatory institutions play an important role in addressing this power imbalance.

A vast and complex array of issues can emerge in tenancies. To resolve these, many renters will only deal with their landlords via their property manager.

The private rental market is “imperfect” in that renters usually have limited or narrow knowledge of the market or the law, and no capacity to choose a different property manager when faced with a substandard one. In this environment, renters have little choice but to rely on property managers to practice fairly and ethically when managing tenancy matters. However, frontline community sector workers supporting renters report commonly experiencing poor conduct by property managers when advocating for renters.

We acknowledge the complexity of the RTA reforms has introduced a training challenge for all stakeholders in the rental market. However, workers observe many cases of property managers who are not sufficiently familiar with the provisions to properly fulfil their duties.

An appropriate level of training will help to ensure that they have the necessary knowledge and skills to practice ethically and with care, and assist to prevent bad practice and poor conduct in the market.

As well as training on the RTA, VCOSS also sees benefit in introducing training requirements for identifying and responding to family violence risks, responding to circumstances involving financial hardship, preventing discrimination, and communicating with cultural awareness and safety.

Victoria needs to introduce further and mandatory educational obligations for real estate agents in order for them to more consistently fulfill their professional obligations, and in particular their obligation under s 6(b) of the *Estate Agents (Professional Conduct) Regulations 2018* to have a sufficient working knowledge of the law relevant to their function. This should be extended to all property managers as they have an equal obligation to know the law relevant to their function.

Effective dispute resolution enables renters to assert their rights and seek remedies when their rights are breached. Further, individual disputes can be a window into the quality of service delivery, and provide an opportunity to address systemic issues.

Both CAV and the Victorian Civil and Administrative Tribunal ('VCAT') provide independent dispute resolution.

Currently, CAV prioritises the provision of education, information and advice in its regulatory approach. VCOSS supports CAV using a broader range of compliance activities as a way to promote confidence in the market, to encourage renters to report non-compliance when it occurs. Proactive monitoring and enforcement will also remove the onus from individual renters and improve rental provider accountability at a systems level.

We note that insufficient resources can be a barrier to detecting/identifying and addressing non-compliance. For CAV to utilise the range of options available to address non-compliance, adequate resources will need to be provided for:

- The CAV Contact Centre to provide information and support to renters and conduct front-line compliance and dispute resolution.
- Compliance monitoring, with particular focus on inspecting compliance with new provisions, including minimum standards.

Many of the provisions introduced by the reforms also require VCAT application, including:

- The new test that considers whether evictions are reasonable and proportionate.
- Rights for victim-survivors of family violence, including removing perpetrators from tenancy agreements.

But VCAT is currently overwhelmed. In June 2022,<sup>24</sup> it had more than 22,000 cases pending, three times as many as the preceding year. Cases are also taking 40 per cent longer to resolve, due to the challenges of virtual hearings, more parties experiencing severe hardship, and the complexities arising from applying the changes to the RTA. VCAT itself has noted that, in this environment, only the highest priority applications can be heard.

The option to introduce a VCAT re-hearing process (internal appeals mechanism) for residential tenancies cases, consistent with most other Australian jurisdictions, was canvassed in consultation for the Fairer, Safer Housing Reforms, but not introduced.

VCOSS members have long reported variability and unpredictability in VCAT decision-making about residential tenancies, an issue made worse by additional complexities introduced by the reforms.

An internal appeals mechanism would help to achieve greater consistency in VCAT decision-making, by providing a feasible avenue for appeals on matters of fact or law. At present there is little actual oversight of VCAT decision-making, due to the cost and complexity of Supreme Court appeal processes. A VCAT internal appeals mechanism would be more affordable, less intimidating and less procedurally complex than Supreme Court appeals.

Victoria's social housing system is growing and changing. Community housing is now a bigger part of the system. Amidst this change, it's important the relevant regulations are contemporary, fit-for-purpose and appropriately centred on renters' rights and quality service delivery.

In 2021, an independent panel reviewed Victoria's social housing regulation. The panel engaged deeply with renters, the social housing sector and the broader community sector. This engagement was reflected in its recommendations.

VCOSS looks forward to working with the Victorian Government to progress priority recommendations that will make the social housing system more renter-centred, including:

- Establishment of formal mechanisms (such as advisory committees and renter panels) to put renters at the centre of policy development, legislation formulation, decision-making and operations.
- Introduction of strong, equitable standards across both public and community housing.
- Establishment of a well-resourced, independent regulator with a strong mandate for continuous sector development.
- Provision of swift, accessible dispute resolution, where common issues are identified and addressed at a systemic level.
- Support for the growth and development of a healthy, professional workforce, well equipped with knowledge and skills to support renters to thrive.



# Ensure renters can get the right support at the right time

## Provide adequate funding for services that support renters

### *Recommendations:*

- Resource services that support renters to sustain their tenancies and prevent homelessness, including:
  - Boost funding for services that help renters to understand and assert their tenancy rights, including community legal services and tenancy advocacy services
  - Scale up supports to intervene early in tenancy issues and prevent homelessness, including the Private Rental Assistance Program (PRAP).
  - Continue to grow and strengthen Housing First responses in Victoria. Building on investment in the 2023-24 Budget in Housing First for young people leaving residential care, future investment can introduce a universal Housing First for young people response, to help more young people with high and complex needs to sustain housing.
- Ensure renters can access the community services they need by increasing base funding and establishing a transparent formula for funding indexation.

For many of the Victorians our members work with, housing will need to be accompanied by support, in order to access and sustain tenancies and break the cycle of disadvantage.

A diverse range of community services provide critical support to renters to navigate the rental market, assert their rights, resolve disputes, and sustain tenancies, including:

- **Specialist tenancy services** including community legal centres and tenancy advocacy programs, who provide direct supports to renters, as well legal education to community, and capability building with intersecting community services workforces that engage with renters.
- **Early intervention supports** which provide support to renters to address factors that make them vulnerable to eviction.
- **Ongoing flexible supports** that provide flexible, multidisciplinary and ongoing support to people with complex needs. Ongoing flexible supports are particularly effective for people who have experienced chronic or persistent homelessness.

While effective, most of these programs are limited in funding and scope, which means that many people who need these supports are unaware of, or cannot access, them.

For example, Victoria's major programs to support people at risk of losing their homes, the Private Rental Assistance Program (PRAP), the Tenancy Assistance and Advocacy Program (TAAP), and Tenancy Plus are only funded to support small numbers of people. Agencies report supporting multiple times the number of clients for which they are funded. This demonstrates their high efficiency, but it also represents shorter support periods with lower financial support than was intended for renters at risk. It also represents many more people in need who miss out.

Early legal help is a critical part of the early intervention response against evictions and homelessness. But community legal centres, including the statewide specialist tenancy community legal centre Tenants Victoria, are struggling to meet demand.

As renting gets more difficult, exemplified at the current moment in time by high rental costs and low vacancy rates, more support to intervene early in tenancy issues and prevent homelessness is required. Funding should be increased to these programs, to support more renters at risk.

## Invest in culturally safe tenancy supports for Aboriginal Victorians

### *Recommendations:*

- Sustain investment to deliver *Mana-na woorn-tyeen maar-takoort* – Every Aboriginal person has a home.

Victoria's first Aboriginal Housing and Homelessness Framework, developed by the Aboriginal community, was launched in 2020. It details the necessary steps to achieve the vision – *Mana-na woorn-tyeen maar-takoort* – for every Aboriginal person to have a home.

A 2021 report card confirms there have been early steps to achieve this vision. These include the establishment of a new partnership between the Victorian Government and Aboriginal leaders, a series of funded 'first-year actions' and a mechanism to track future progress.

But high levels of homelessness and housing distress among Aboriginal communities remain and will only be solved by a sustained commitment and investment.

Targeted investment is needed to stay the course on the effort and improve housing outcomes for Aboriginal Victorians, including:

- Continue to reserve 10 per cent of new social housing stock for Aboriginal people.
- Maintain tailored support for Aboriginal people experiencing homelessness, including by embracing Housing First models.
- Enhance safeguards protecting Aboriginal people from eviction, by guaranteeing long-term funding for the More Than a Landlord program and expanding the Aboriginal Private Rental Program.
- Tailor rent-to-buy and shared equity schemes for Aboriginal people, to give Aboriginal Victorians a secure pathway to home ownership.

- 
- <sup>1</sup> Australian Bureau of Statistics, Consumer Price Index – December Quarter 2022.
- <sup>2</sup> ACOSS, [\*Indexation fails to deliver the real increase people need\*](#), 3 January 2023.
- <sup>3</sup> ESC, [\*Victorian Energy Market Report\*](#) – June 2023.
- <sup>4</sup> Department of Families, Fairness and Housing, [\*Rental Report – March quarter 2023\*](#), accessed July 2023.
- <sup>5</sup> C Martin et al, [\*Regulation of residential tenancies and impacts on investment\*](#), November 2022, p 11.
- <sup>6</sup> Sydney Morning Herald, [\*Interest rate rises do affect rents, but not in the way you think\*](#), 10 March 2023.
- <sup>7</sup> Anglicare Victoria, [\*2022 Rental Affordability Snapshot\*](#), April 2023.
- <sup>8</sup> Soon to be published VCOSS Poverty Report.
- <sup>9</sup> Australian Institute of Health and Welfare, [\*Housing Assistance in Australia 2023\*](#), 14 July 2023.
- <sup>10</sup> Department of Families Fairness and Housing, [\*Consultation on the Ten-Year Social and Affordable Housing Strategy for Victoria\*](#), February 2021.
- <sup>11</sup> K Hulse et al, [\*Supply shortages and affordability outcomes in the private rental sector: short and longer term trends\*](#), 9 June 2015, p 31.
- <sup>12</sup> R van den Nouwelant, L Troy and B Soundararaj, [\*Quantifying Australia's Unmet Housing Need – Regional Snapshots\*](#), December 2022.
- <sup>13</sup> Homes Victoria, [\*"What's happening in my area?"\*](#), July 2023.
- <sup>14</sup> Australian Bureau of Statistics, *Building Activity, Australia*, Time Series Spreadsheets Table 34: Number of Dwelling Unit Commencements by Sector, States and Territories, December 2022.
- <sup>15</sup> L Crommelin L Troy C Martin and S Parkinson, [\*Technological disruption in private housing markets: the case of Airbnb\*](#), 8 November 2018.
- <sup>16</sup> The Age, [\*Short shrift for short stays: Labor MPs plot Airbnb crackdown to tackle rental crisis\*](#), 28 May 2023.
- <sup>17</sup> AHURI, [\*Brief – Are there 1 million empty homes and 13 million unused bedrooms?\*](#), 13 September 2022.
- <sup>18</sup> The Age, [\*Melbourne's 69,000 'ghost homes' add to housing affordability woes\*](#), 2 December 2022.
- <sup>19</sup> Everybody's Home, [\*Priced Out: An Index of Affordable Rentals for Australia's Essential Workers\*](#), 11 April 2023.
- <sup>20</sup> C Martin et al, [\*Regulation of residential tenancies and impacts on investment\*](#), November 2022, p 22. <https://www.ahuri.edu.au/sites/default/files/documents/2022-11/AHURI-Final-Report-391-Regulation-of-residential-tenancies-and-impacts-on-investment.pdf>
- <sup>21</sup> T Baker, [\*Not all rent control policies are the same – the Green Party proposal deserves an open-minded debate\*](#), The Conversation, 5 July 2023.
- <sup>22</sup> Consumer Affairs Victoria, [\*Annual Report 2021-22\*](#), 20 December 2022, p 25.
- <sup>23</sup> Consumer Affairs Victoria, [\*Residential Tenancies Act Review – Rent, bonds and other charges issues paper\*](#), 2015, p 12.
- <sup>24</sup> VCAT, [\*Annual Report 2021-22\*](#), December 2022, p 65.

