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## The worsening rental crisis in Australia

The Centre for Excellence in Child and Family Welfare (the Centre) thanks the committee for the opportunity to contribute to this inquiry into the worsening rental crisis in Australia.

The Centre is the peak body for child and family services in Victoria. For over 100 years we have advocated for the rights of children and young people to be heard, to be safe, to access education and to remain connected to family, community, and culture. We represent over 150 community service organisations, students and individuals throughout Victoria working across the continuum of child and family services, from prevention and early intervention, to the provision of out-of-home care. Our member organisations work closely with children, young people, and their families, many of whom are experiencing or are at risk of experiencing, housing insecurity due to disadvantaging circumstances. The Centre's response to this inquiry focuses on the impact of the housing affordability and rental crisis on those experiencing vulnerabilities.

### Low availability and high costs of rental properties

Everyone has the right to an adequate living, which includes access to safe housing, food, clothing, and necessities.<sup>1</sup> Families should not have to choose between rent payments or meeting other basic needs, but the rising cost of living and the worsening rental crisis in Australia are most affecting those experiencing economic disadvantage.

There is a national rental crisis in Australia, and those experiencing poverty or financial hardship are the most impacted in each state. A growing number of Victorians do not have access to safe and secure housing.<sup>2</sup> The tightening of the private rental market in Victoria has seen vacancies at record lows of one percent in Melbourne, and regional rental markets are becoming intensely competitive. It is proving deeply challenging for lower-income renters as they try to secure an affordable home.<sup>3</sup> Rural communities disproportionately experience barriers to social inclusion including poorer access to housing.<sup>4</sup>

With low availability and prohibitive costs, the most vulnerable Victorians are at risk of housing insecurity or housing stress. Only 0.9 percent of private rental properties in Greater Melbourne are affordable for households receiving income support payments.<sup>5</sup> Those relying on government income support, or those

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<sup>1</sup> Australian Government, Right to an adequate standard of living, including food, water and housing, Public Sector guidance sheet, <<https://www.ag.gov.au/rights-and-protections/human-rights-and-anti-discrimination/human-rights-scrutiny/public-sector-guidance-sheets/right-adequate-standard-living-including-food-water-and-housing#what-is-the-right-to-an-adequate-standard-of-living>>

<sup>2</sup> Grattan Institute, Tackling homelessness in Victoria: Submission to the Legislative Council inquiry into homelessness in Victoria, 2022, p 3 <[https://new.parliament.vic.gov.au/49324d/contentassets/c1369fe938364cee83fe41f4475a8e18/attachment-documents/178.\\_attach2\\_grattan-institute.pdf](https://new.parliament.vic.gov.au/49324d/contentassets/c1369fe938364cee83fe41f4475a8e18/attachment-documents/178._attach2_grattan-institute.pdf)>

<sup>3</sup> Tenants Victoria, submission to Senate Community Affairs References Committee - Inquiry into the extent and nature of poverty in Australia, 2023 <<https://tenantsvic.org.au/articles/files/submissions/Senate-Community-Affairs-References-Committee-Poverty-Inquiry-February-2023.pdf>>

<sup>4</sup> Central Victoria Primary Care Partnership, Infrastructure Victoria Regional Submission, 2021, <[https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/05/IPR-submission-Central-Victoria-Housing-Crisis\\_Redacted.pdf](https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/05/IPR-submission-Central-Victoria-Housing-Crisis_Redacted.pdf)>

<sup>5</sup> Habitat for Humanity Victoria, Victoria's Housing Crisis, 2023, <<https://www.habitatvic.org.au/victorias-housing-crisis>>

receiving minimum wage, find it increasingly difficult to access the private rental market without falling into housing stress – and without adequate affordable and social housing options – they often do not have much choice.<sup>6</sup>

Households considered to be in housing stress are lower-income households that spend 30 or more percent of their gross income on rent and housing costs.<sup>7</sup> These are the Australians most likely to be unable to access the private rental sector, and may be at risk of homelessness.<sup>8</sup> Households with low incomes may find it difficult to compete with higher-income households in the private rental market and may therefore seek assistance with housing costs or to rent a social housing property. For those most impacted by the worsening rental crisis, the modest increase to government support payments, such as rent assistance, has been welcomed but sadly will not be enough to meet the rising cost of private rentals. For these Australians, it is more likely they will be forced to find alternative accommodation, such as couch-surfing or boarding houses, or living with friends or family, to avoid homelessness.<sup>9</sup> These cannot be seen as long term solutions. For children and young people experiencing poverty, there are wider ramifications of the worsening rental crisis that will have flow on effects over the life course: they are likely to have their access to education disrupted, and are more at risk of becoming homeless later in their lives.<sup>10</sup>

The challenges around unaffordability and housing insecurity can have severe consequences for mental health. Financial stress, the fear of losing one's home, and the constant struggle to find affordable housing can lead to heightened levels of anxiety, depression, and emotional distress.<sup>11</sup> Access to appropriate and affordable housing is central for people to be able to participate in our society, contribute economically, recover from illness, and maintain good mental health.<sup>12</sup> The impact on mental ill health can also perpetuate a cycle of disadvantage, making it even more challenging for individuals to change their circumstances, and create better lives for themselves. The issues of high rental costs and low housing affordability also have broader implications for communities in Australia. When individuals and families cannot find affordable housing, they may be forced to move away from their established communities, disrupting social connections, support networks, and community cohesion. This loss of social capital can have long-term consequences for community wellbeing and resilience.

## The experience of and impacts on renters

Access to good quality, affordable housing is fundamental to wellbeing.<sup>13</sup> High rental costs place an immense burden on young people and families experiencing financial disadvantage. More and more Australian families are relying on the community services sector for much needed housing support, as they face significant barriers to accessing affordable rental options.

Meeting the application and cost requirements to secure a private rental property, including employment and income history or providing of references, can all be barriers to access for many Australians. There are systemic, discriminatory challenges for First Nations peoples as well as intersectional barriers – among those most discriminated against are women with large families, single mothers, and women receiving government

<sup>6</sup> Anglicare Victoria, Victorian Rental Affordability Snapshot, 2022, <<https://www.anglicarevic.org.au/wp-content/uploads/2022/04/Victorian-Rental-Affordability-Snapshot-2022.pdf>>

<sup>7</sup> Australian Institute of Health and Welfare, Housing Affordability (Snapshot), 2021, <<https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>>

<sup>8</sup> Ibid.

<sup>9</sup> Everybody's Home, Brutal Reality: The Human Cost of Australia's Housing Crisis, July 2023, page 8, <<https://everybodyshome.com.au/resources/brutal-reality/>>

<sup>10</sup> Australian Institute of Health and Welfare, Australia's Children – Homelessness, February 2022, <<https://www.aihw.gov.au/reports/children-youth/australias-children/contents/housing/homelessness>>

<sup>11</sup> Mental Health Australia, The Impact of Access to Housing on Our Mental Health, 2021, <[https://mhaustralia.org/sites/default/files/docs/issue\\_paper\\_-\\_housing.pdf](https://mhaustralia.org/sites/default/files/docs/issue_paper_-_housing.pdf)>

<sup>12</sup> Ibid

<sup>13</sup> Australian Institute of Health and Welfare, Housing Affordability (Snapshot), 2021, <<https://www.aihw.gov.au/reports/australias-welfare/housing-affordability>>

income support.<sup>14</sup> This is problematic as Aboriginal and Torres Strait Islander families can also face the fear of having their children removed from their care if they are unable to secure a stable place to live.<sup>15</sup> With lack of access and availability of social housing, this means Aboriginal and Torres Strait Islander people are making up one fifth of Australia's homeless population, despite accounting for only 3.8 per cent of the overall population.<sup>16</sup> The provision of affordable housing for First Nations peoples, as well as other priority cohorts, must be a significant government priority.

The Royal Commission into Family Violence found that family violence is the number one cause of homelessness for women and children.<sup>17</sup> When victim survivors of family violence are forced to leave an unsafe home, they can leave behind all the safety, security, and nurture that a home and community should provide, and emergency or temporary accommodation can only provide an interim space for them to recover and rebuild. In Victoria, there are currently over 4,000 victim survivors of family violence on the Victorian Housing Register eligible for social housing.<sup>18</sup> However, these victim survivors are awaiting vacancies on a list exceeding 55,000 applicants.<sup>19</sup> Without access to affordable housing, many women and children are forced into inadequate and unsafe living arrangements, or homelessness, and must be given priority for access to social housing. Rental subsidies and other income support should also be available for victim survivors who can safely remain in their own homes following their experience of family violence.

People on low incomes living with disability are among the population with highest need for secure, affordable housing.<sup>20</sup> Many households with a family member living with disability are limited by the lack of availability for both social housing and in the private rental market, and have more complex needs than the average homelessness client.<sup>21</sup> Reliance on disability-specific income supports due to exclusion from employment opportunities means less than one percent of rental properties in Australia are affordable for people living with disability. Access to secure, affordable housing for all Australians living with disability is imperative to provide the support needed to maintain an adequate standard of living and reduce the impact of housing stress on those with limited resources.

Similarly, young people are overrepresented in the number of Victorians who are without a stable and secure home. Twenty five percent of this number are between the ages of twelve and twenty-four years.<sup>22</sup> For young people leaving out-of-home care, who are unable to rely on a stable home environment with parents or family, the path to homelessness may be due to trauma, neglect, or family violence.<sup>23</sup> Without access to a secure home, these young people are unable to pursue or continue education or employment opportunities. Wraparound support services specifically designed to meet the needs of young people, such as the Victorian Government's Compass and Home Stretch programs, must continue to be available until the

<sup>14</sup> Swinburne University of Technology, Aboriginal Private Rental Access in Victoria: Excluded From the Start, 2021, p 84, <<https://files.rentingcommissioner.vic.gov.au/2022-10/Aboriginal%20Private%20Rental%20Access%20%28APRA%29%20report.pdf>>

<sup>15</sup> Domain, Aboriginal parents face having children removed due to Victoria's chronic lack of social housing, 2020, <<https://www.domain.com.au/news/aboriginal-parents-face-having-children-removed-due-to-victorias-chronic-lack-of-social-housing-929541/>>

<sup>16</sup> Homelessness Australia, First Nations people housing needs must be addressed, 2023, <<https://homelessnessaustralia.org.au/first-nations-people-housing-needs-must-be-addressed/>>

<sup>17</sup> Victorian Government, Housing, Family Violence Reform Rolling Action Plan 2023-2023, <<https://www.vic.gov.au/family-violence-reform-rolling-action-plan-2020-2023/priorities-for-2020-2023/housing>>

<sup>18</sup> Homes Victoria, Victorian Housing Register Statistics, 2023, <<https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr/>>

<sup>19</sup> Ibid.

<sup>20</sup> Australian Government, Royal Commission into the Violence, Abuse, Neglect, and Exploitation of People with Disability, Hearing to inquire into experiences of poverty and homelessness, 2022, <<https://disability.royalcommission.gov.au/news-and-media/media-releases/hearing-inquire-experiences-poverty-and-homelessness>>

<sup>21</sup> Australian Housing and Urban Research Institute, Supporting vulnerable households to achieve their housing goals: the role of impact investment: Inquiry into social impact investment for housing and homelessness outcomes, 2017, p 3 <<https://www.ahuri.edu.au/sites/default/files/migration/documents/Supporting-vulnerable-households-to-achieve-their-housing-goals-the-role-of-impact-investment-Exec-Summary.pdf>>

<sup>22</sup> Council to Homeless Persons, Data and demographics: Homelessness facts, stats, and insights, 2022, <<https://chp.org.au/about-homelessness/data-and-demographics/>>

<sup>23</sup> Street Smarts Australia, Youth homelessness and our housing crisis, 2023, <<https://streetsmartaustralia.org/youth-homelessness-and-our-housing-crisis/>>

young person is at least twenty-one years old, to make sure they have access to the supports they need to thrive.

### **Options to address insecurity, availability, and affordability facing Australian renters**

Efforts must continue to be made by the Commonwealth and state governments to increase the supply of affordable housing, implement rental assistance programs, and create policies that address the underlying causes of housing affordability. By prioritising affordable and accessible housing, we can work towards a more equitable Australia, where everyone can have somewhere safe and secure to call home, regardless of their financial circumstances.

### **Recommendations for the Commonwealth Government to consider:**

1. Rental caps and increased rental freeze to make sure Australians on lower incomes can meet the financial requirements of the private rental market
2. Continued financial support and assistance to those on low/very low incomes to access interest-free bond loans, and/or access to support for rent in advance payments
3. Greater support for Australians experiencing vulnerabilities, with secure housing a core component of the work of child and family services and the community services sector
4. Continued funding for affordable and social housing, such as the Big Housing Build in Victoria, with priority of access for victim survivors of family violence, people living with disability, Aboriginal and Torres Strait Islander peoples and families, and Australians receiving minimum wage or government income support
5. Rental subsidies and supports for women and children to remain in their homes following experiencing family violence
6. Social and affordable housing to be made available for persons living with disability
7. Continued supports to prevent youth homelessness and programs continuing for young people leaving care until they are at least twenty-one years old