

Southern Homelessness Services Network

Submission to the

Senate Inquiry into the worsening rental crisis in Australia 2023

Senate Standing Committees on Community
Affairs, Parliament of Australia



SHSN

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1. Introduction and Background

The Southern Homelessness Services Network (the SHSN) welcomes this opportunity to make a submission to the Federal Senate Inquiry into the rental and housing affordability crisis in Australia. It is timely that Senate's Standing Committee on Community Affairs consider these issues as the homelessness sector in Southern Melbourne is at the coalface of the breakdown of the private rental housing market. Our member agencies are assisting people at risk of and experiencing homelessness in a tight fiscal environment with escalating cost of living as well as housing costs. The private rental market is perpetually in crisis mode for our client group who always face high costs relative to low income as well as discrimination. This is exacerbated during a private rental crisis that affects the majority of renters such as we are currently experiencing. The issue of access to affordable private rental housing was raised as a high priority issue in a 2022 SHSN survey.

This submission provides an overview of the relevant data to explain how the current rental crisis affects the lowest income groups and the most vulnerable marginalised people in Melbourne's Southern Region. The submission discusses the issues relating to the failure of the private rental market for our target group and proposes a number of solutions to improve the safety net for people on the lowest rung of the housing market.

The decline of the affordability of the private rental market and the current crisis has been decades in the making and there are few quick fixes to such an entrenched system failure. Effective solutions require the time, the investment and the political will to really make a difference, particularly for people experiencing and/or at risk of homelessness.

1.1 About the Southern Homelessness Services Network (SHSN)

The **Vision** of the Southern Homelessness Services Network (SHSN) is an end to homelessness in Southern Region of Melbourne.

The **Mission** of the "Victorian Homelessness Networks is to facilitate, inform and support regional homelessness services and stakeholders to work together to co-ordinate services to people who are experiencing or who are at risk of homelessness."

The Southern Homelessness Services Network (SHSN) comprises all funded Specialist Homelessness Services in the Southern Region of Melbourne including services providing crisis, transitional, long term, family violence and youth support and accommodation. Our members include Launch Housing, the Salvation Army, NEAMI, Wayss and Sacred Heart Mission. The SHSN also supports allied service sectors working in homelessness. The SHSN is a resource for the homelessness sector in the South.

The key strategic SHSN objectives are:

1. Working together to end homelessness.
2. Act as a conduit between the DFFH and the regional services sector on issues and trends to inform policy
3. Strengthen the coordinated homelessness service system in the best interests of clients

The Southern Region comprises ten local government areas in Southern Melbourne - Bayside, Cardinia, Casey, Frankston, Glen Eira, Greater Dandenong, Kingston, Mornington Peninsula, Port Phillip and Stonnington (see Figure 1). This is a geographically and socio-economically diverse region.

Figure 1 Map of Melbourne's Southern Region Local Government Areas



2. Access to affordable private rental is a high priority issue in Southern Melbourne

The SHSN conducted a survey of its broader membership in July-August 2022, around Homelessness Week. The survey received 90 responses from staff across the region. 82% of respondents work in the Specialist Homelessness Service Sector (SHS), including entry points, crisis support and accommodation, youth, transitional support and Tenancy Plus services.

To allow for a more nuanced understanding of different priorities for the Southern Melbourne Region, the survey collated responses in terms of identifying issues that were new and emerging, and those that were high impact issues and issues that are the overarching priority for the Southern region of Melbourne. The Survey¹ showed that access to affordable private rental is a high priority issue across Melbourne's Southern Region, with:

- access to affordable private rental housing was ranked second as a **high impact** issue, after increasing complexity of client need.
- access to affordable private rental housing was ranked second as a **high priority** issue, after access to public and community housing.
- access to affordable private rental housing was ranked second as a **new/emerging** issue by respondents working in the Outer South of Melbourne.

Survey respondents were asked to
*Rank these issues in order of priority, according to the
issues that you want politicians to know about*

Below are the overall **priority issues** as ranked by the survey respondents (with number 1 being the highest priority) showing that access to affordable private rental housing was ranked as the third highest priority issue in the Southern Region.

SHSN Survey Priorities

- 1 Access to public and community housing**
- 2 Increasing demand for homelessness assistance**
- 3 Access to affordable private rental housing**
- 4 Increased complexity of client need**
- 5 Expansion of successful homelessness programs**
- 6 Risk of homelessness (rental and mortgage stress)**
- 7 Access to crisis accommodation (youth and family violence refuges/crisis centres (eg Southbank and Bob's Place - Launch Dandenong)**
- 8 Access to emergency accommodation including HEF resourcing (hotels/motels/caravan parks)**

¹ SHSN 2022 SHSN Advocacy Survey Report <https://www.shsnetwork.online/projects-submissions>

3. What does the data tell us about private rental in Southern Melbourne?

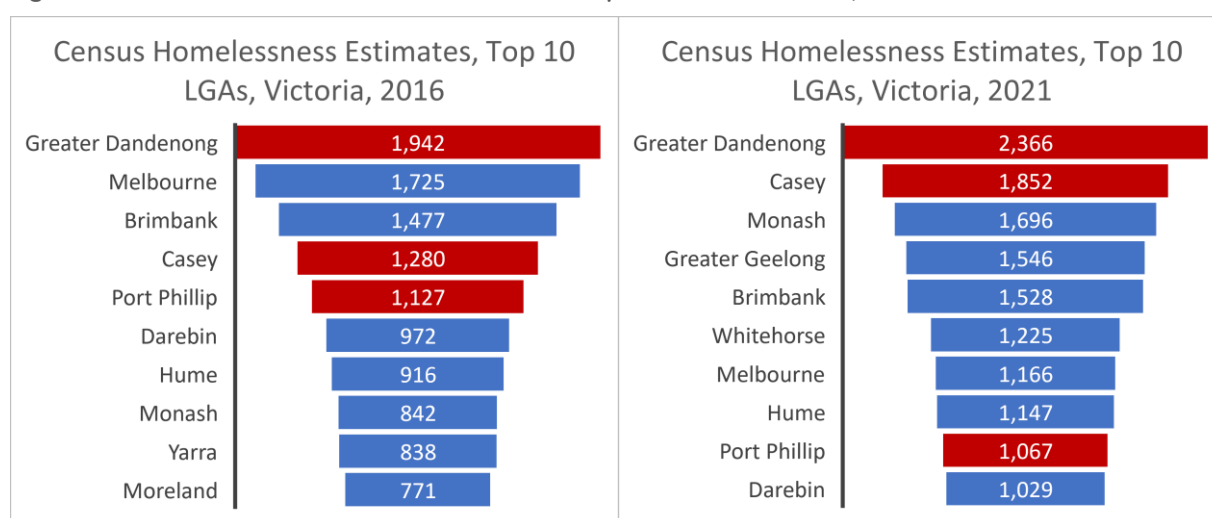
3.1 Homelessness Data

The ABS Census 2021 provides a valuable insight into homelessness on Census night in 2021². The SHSN has produced a series of Homelessness Fact Sheets, covering each of the LGAs in the Southern Region of Melbourne. The Fact Sheets present the homelessness and housing need data across Melbourne’s South. The SHSN Fact Sheets will be submitted as an attachment to this submission.

Figure 2 below show that three out of the top ten Victorian LGAs for homelessness are located in the Southern Region of Melbourne, with the outer LGAs of Greater Dandenong and Casey topping the list in 2021. The increase in homelessness in outer South LGAs has increased since the 2016 Census, with a slight decrease in homelessness in the inner South LGA of Port Phillip.

In the 2021 Census, 8,543 people were counted as homeless in the Southern Region of Melbourne. 23% of these people were children aged under 18 (1,951 children)³.

Figure 2 Census Homelessness Estimates Top10 LGAs Victoria, 2016 and 2021

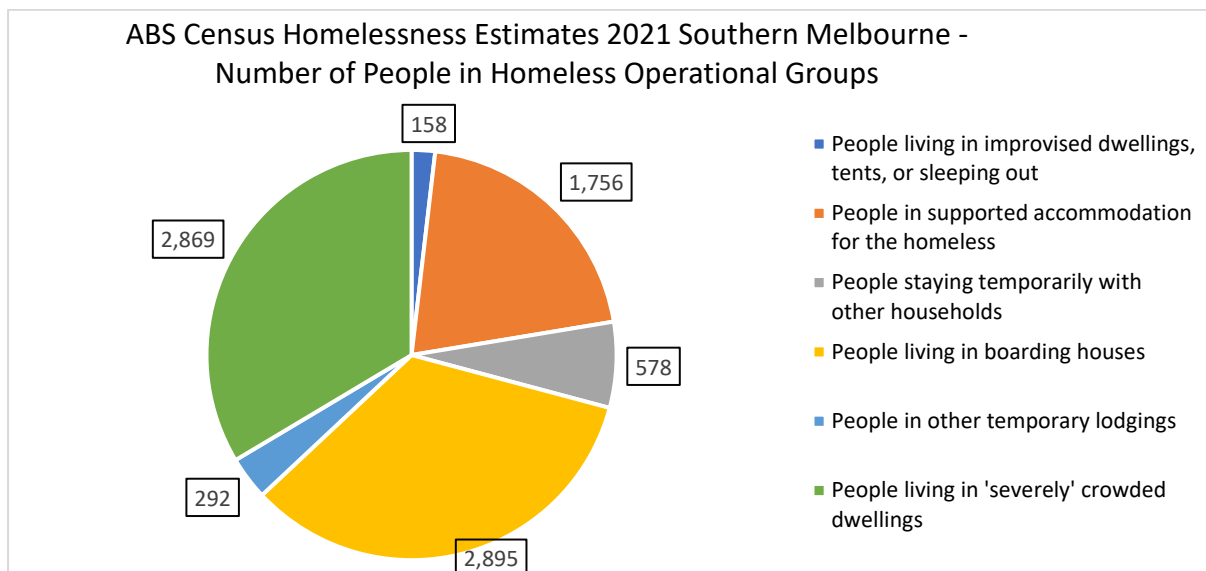


² Australian Bureau of Statistics, 2023 *Estimating Homeless Census 2021*
<https://www.abs.gov.au/statistics/people/housing/estimating-homelessness-census/latest-release#data-downloads>

³ Australian Bureau of Statistics, 2023 *Homelessness Estimates Census 2021*, Census TableBuilder.

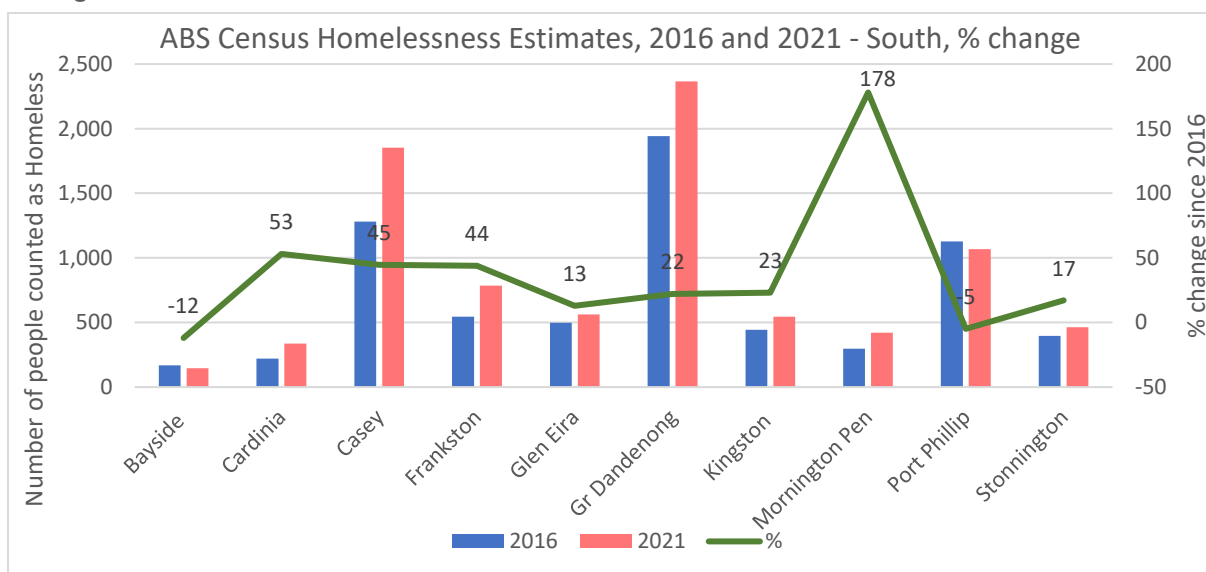
Figure 3 below shows the number of people counted as homeless on Census night in 2021 in the Southern region of Melbourne, by the Homeless Operational Groups used by the ABS. The largest groups in the Southern region were people living in “severely” crowded dwelling” (2,895 people) and people living in boarding/rooming houses (2,869). Some the people counted as homeless in the severely crowded categories and staying temporarily with other households would have been living in private rental, as well as rooming houses which is a different category of private rental. Note that the ABS refers to rooming houses as boarding houses.

Figure 3 ABS Census Homelessness Estimates 2021 Southern Melbourne - Number of People in Homeless Operational Groups



The impact of the rental crisis is evidenced through increases to the number of people counted as homeless. These homelessness statistics will have worsened since the data was collected on Census night 2021 as the rental crisis has worsened as Victoria has come out of the pandemic. Overall, there was a 28% increase in people counted as homeless in the Southern Region of Melbourne between the 2016 and 2021 Censuses. Figure 4 shows that homelessness increased in eight out of ten of the Southern LGAs between the two Censuses.

Figure 4 ABS Census Homelessness Estimates, 2016 and 2021 – Southern Melbourne, % change



26% of people counted as homeless in the South were also counted as employed on Census night, with a total of 2,229 employed people counted as homeless in the Southern region of Melbourne⁴.

Data from Specialist Homelessness Services in the Southern Region shows that 30% of people exited homelessness into private rental in 2020-21 in the Southern Region⁵. Given the higher rents and lower vacancy rate in 2023, it is likely that this percentage has decreased since then.

3.2 The private rental market – availability and affordability

The Anglicare Rental Affordability Snapshot 2023⁶ has some telling insights on the affordability and availability of private rental housing for low-income households, particularly those in receipt of income support. Note that the Anglicare calculations for income support households includes Commonwealth Rent Assistance where eligible. The annual survey shows the astounding movement in the number of private rental listings before, during and after the COVID pandemic. For metropolitan LGAs, the difference between March 2020, just at the start of the pandemic, and March 2023 is 6,320 listed properties. The difference between March 2021, at the height of the pandemic, and March 2023 is a whopping 22,436 properties.

Figure 5 Number of private rental property listings in Victoria 2019-2023

TOTAL number of listings	2019	2020	2021	2022	2023
Victoria	15750	19435	33710	18934	11687
Metro LGAs incl CBD	14026	16172	32288	17511	9852
Regional Victoria	1724	3263	1422	1423	1835
Melbourne CBD	1799	3320	9261	2584	1582

The Anglicare report⁷ found that there were almost no affordable rental properties for people on income support across metropolitan Melbourne in March 2023 (see Figure 6). The case was little better for people receiving the minimum wage apart from one group of working families.

⁴ Ibid.

⁵ Victorian Department of Families, Fairness and Housing 2022 *LASN Data tables, Quarter 4 2020-21*, Southern LASN

⁶ Anglicare Australia 2023 *Rental Affordability Snapshot Victoria* <https://www.anglicare.asn.au/publications/2023-rental-affordability-snapshot/>

⁷ Ibid.

Figure 6 Rental Affordability, metropolitan Melbourne, by household type and percentage

#	Household Type	Payment Type	Number Affordable & Appropriate	Percentage Affordable & Appropriate
1	Couple, two children (one aged less than 5, one aged less than 10)	Jobseeker Payment (both adults)	0	0.0%
2	Single, two children (one aged less than 5, one aged less than 10)	Parenting Payment Single	0	0.0%
3	Couple, no children	Age Pension	30	0.3%
4	Single, one child (aged less than 5)	Parenting Payment Single	1	0.0%
5	Single, one child (aged over 8)	Jobseeker Payment	0	0.0%
6	Single	Age Pension	28	0.3%
7	Single aged over 21	Disability Support Pension	0	0.0%
8	Single	Jobseeker Payment	0	0.0%
9	Single aged over 18	Youth Allowance	0	0.0%
10	Single in share house	Youth Allowance	0	0.0%
11	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A (both adults)	2016	20.5%
12	Single, two children (one aged less than 5, one aged less than 10)	Minimum Wage + FTB A & B	13	0.1%
13	Single	Minimum Wage	39	0.4%
14	Couple, two children (one aged less than 5, one aged less than 10)	Minimum Wage + Parenting payment (partnered) + FTB A & B	300	3.0%
Total No of Properties		9,852		

The Anglicare report⁸ also showed that two of the ten most affordable LGAs for people on income support in Melbourne are in the Southern region – Greater Dandenong and Frankston – with 16 rentals affordable to people on income support in March 2023. There has been the assumption that outer metropolitan areas of the Southern region are affordable, such as Frankston and Dandenong which have traditionally housed a lower socio-economic cohort. As the Rental report shows these areas are no longer affordable on a Centrelink income and there is no availability at the lower end of the market. With 6,314 people in the Southern region counted as homeless and not employed, the number of rental properties available and affordable is abysmally low. The critical question is where are these people to live?

Figure 7 Ten most affordable LGAs for households on income support in Metropolitan Melbourne

LGA	Percentage of listings affordable and appropriate to at least one household type receiving income support or a pension	Corresponding number of available properties
Greater Dandenong	4.5	10
Banyule	3.8	10
Frankston	2.6	6
Maribyrnong	1.7	4
Brimbank	1.1	8
Darebin	1.1	3
Yarra Ranges	1.0	1
Whitehorse	0.9	2
Boroondara	0.7	4
Knox	0.6	1

⁸ Ibid.

The Anglicare report⁹ also found that rooms in share houses are also out of reach of single people on JobSeeker and Youth allowance payments. The report highlights the low levels of affordability and availability for households living on the minimum wage as well as those in receipt of income support.

Domain¹⁰ reported that Melbourne's rental vacancy rate was at an all-time low in February 2023 at 0.8%. This is almost three times lower than last year. Domain reported that Melbourne now has a tighter rental market than Sydney, as was the case before the COVID pandemic.

Domain's Rental Report March 2023¹¹ showed the current rental market favours landlords and is "challenging" for tenants.

Australia's rental market remains firmly locked in favour of landlords as rising demand and low supply create challenging conditions for potential tenants in 2023. This is driven by demand for rentals that have seen no signs of stopping,

The report showed that rent increases are continuing to grow in Melbourne, with the March quarter matching the longest rental price growth period previously recorded (see Figure 8). The median rent for units continues to rise and is nearly the same as for houses reflecting the pressure on tenants seeking more affordable housing.

Figure 8 Melbourne Median Rent March 2023 change



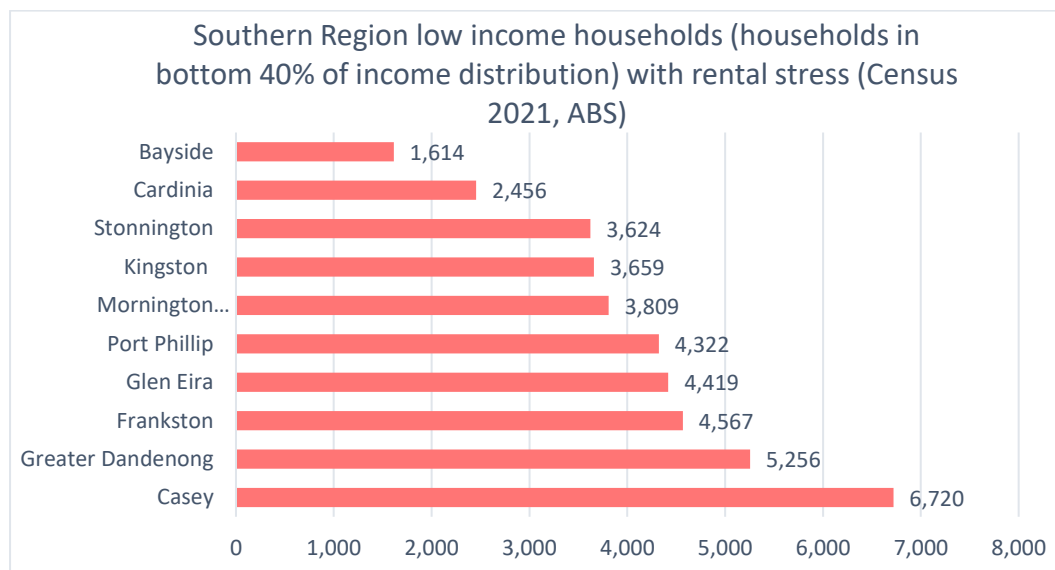
⁹ Ibid.

¹⁰ Domain 2023 Vacancy rates: February 2023 <https://www.domain.com.au/research/vacancy-rates-february-2023-1198404/>

¹¹ Domain 2023 March 2023 Rental Report <https://www.domain.com.au/research/rental-report/march-2023/#melbourne>

Figure 9 below shows the number of low-income households living in rental stress in the ten LGAs of the Southern region of Melbourne¹². There are over 40,000 low-income households living in rental stress in the Southern region with 6,720 of these households living in Casey alone. As this is a figure for households, the number of individual people affected would be far higher.

Figure 9 Southern Region low-income households with rental stress, ABS 2021



A recent survey by Everybody's Home found that:

- 67% of people surveyed were in housing stress
- 82% renters surveyed were in rental stress
- 75% of people surveyed were scared about their financial security because of the housing crisis
- 66% of people are worried about their mental health and wellbeing¹³

In addition to the affordability issues, there is a lack of diverse housing options in Melbourne's outer suburbs with limited housing for single person households with the majority of housing designed for families. Single people who want to live in these areas are more likely to live in larger properties than they need as there are very few smaller properties available. This includes older singles and young people. Data on affordable 1-bedroom lettings showed that in the March quarter there were no affordable 1-bedroom properties in Casey, Cardinia, and Mornington Peninsula and only one affordable 1-bedroom property in both Frankston and Greater Dandenong¹⁴.

There is extreme pressure on private rental with those pushed out of home ownership renting, the return of international students and increased immigration. Those whose rents move to lower cost rentals all resulting in less (or almost no) housing at the lowest end of the market.

3.3 Rooming houses

The result of this housing pressure is the increased homelessness and increased use of inappropriate and unaffordable rooming houses. Over 8,500 people were counted as homeless living in rooming houses in Victoria in the 2021 Census, nearly twice as many as the 2016 Census¹⁵. In the South alone, there were 2,895 people counted as homeless in rooming houses on Census night 2021, representing 34% of all

¹² Social Statistics for Victorian Communities 2023 <http://www.socialstats.com.au/>

¹³ Azize, M. 2023 Brutal Reality: The Human Cost of Australia's Housing Crisis. Everybody's Home: Melbourne

¹⁴ Victorian Department of Families, Fairness and Housing *Affordable lettings by local government area* <https://www.dffh.vic.gov.au/publications/rental-report>.

¹⁵ Australian Bureau of Statistics, 2023 *Estimating Homeless Census 2021* <https://www.abs.gov.au/statistics/people/housing/estimating-homelessness-census/latest-release#data-downloads>

Victorians counted in this category of homelessness. The SHSN has written several submissions about the problems with rooming houses¹⁶.

Our members often refer clients to rooming houses as they do not have other housing options, and also report that even these rooming house options are becoming more limited. This is due to the low movement out of rooming houses in the tight market and rooming house proprietors pricing the lowest income cohorts out of even their housing options, with rooming houses often targeting people on higher income supports such as the Aged and Disability pensions and not accommodating people on JobSeeker and Youth Allowance.

The situation with private rooming houses is becoming so dire with some exploitative managers taking advantage of people in a myriad of ways. Rooming house residents overwhelmingly report rooming houses to be dangerous and violent, dirty, and harmful to their mental health¹⁷. Rooming houses are common accommodation for people with psychiatric illnesses who cannot access other housing options¹⁸. Some rooming house operators take advantage of vulnerable people – using standover and extortion tactics - while providing extremely poor housing. It is not uncommon for residents go to rooming houses straight from mental health facilities.

The private rooming house rents in the South often range from \$220-250 per week for a room in a house sharing one bathroom with up to nine other people. Rooming houses are mostly inappropriate and unsafe for vulnerable people; however these inappropriate and expensive housing options will continue to increase as the private rental market tightens further.

3.4 Short stay rentals

In the Southern region, a large number of dwellings were vacant on Census night 2021, with the majority of these located in the holiday hotspot of the Mornington Peninsula Shire. The issue of short stay rentals attracts much attention currently; however, these properties are unlikely to become available for rent by people on the lowest incomes. There were 24,525 unoccupied dwellings in Mornington Peninsula Shire alone on Census night 2021¹⁹ – 8% of the total unoccupied dwellings in Victoria. There are an estimated 4,700 short stay listings in Mornington Peninsula Shire in 2023²⁰. Taking these properties out of the private rental market means there are less private rental options for local residents, including tourism industry staff. Some businesses have begun providing staff accommodation to overcome this challenge.

It is very challenging to access these properties for use by people in need of housing, particularly low-income people. It is unlikely that owners would offer their properties as long term rentals if short term rental options became unavailable. Owners would be more likely to keep their properties for private use as family holiday houses. Mornington Peninsula Shire wrote to short term holiday rental owners encouraging them to offer their properties on the long-term rental market with limited response.

Other ideas for better utilisation for this housing stock may be as short-term emergency accommodation for families who are homeless in the non-holiday season (especially over winter). This would be preferable to agencies handing out tents to people experiencing homelessness which happens when there is no accommodation on the Peninsula. Other options are the recent adoption by Yarra Council of an additional charge for short term holiday rentals that goes into a fund to assist people experiencing homelessness.

¹⁶ See SHSN submissions on rooming houses at <https://www.shsnetwork.online/projects-submissions>

¹⁷ Goodman, R., Nelson, A., Dalton, T, Cigdem, M., Gabriel, M. and Jacobs, K., 2013, *The experience of marginal rental housing in Australia*, AHURI Final Report No. 210.

¹⁸ Ibid.

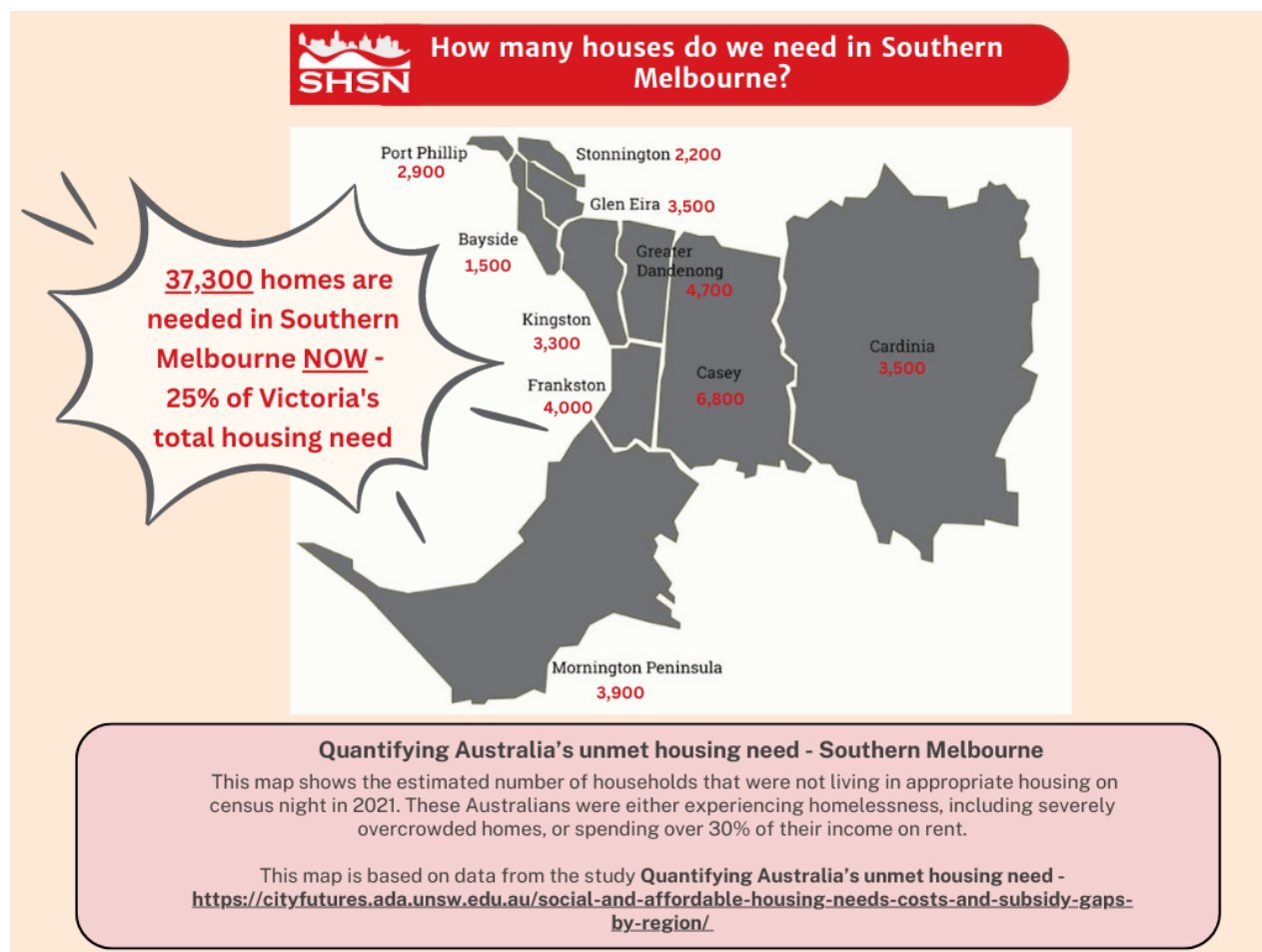
¹⁹ Australian Bureau of Statistics 2022 Mornington Peninsula 2021 Census Community Profile - General <https://www.abs.gov.au/census/find-census-data/community-profiles/2021/LGA25340>

²⁰ The Guardian 4 June 2023 *People are going homeless in this Victorian getaway spot. Could an Airbnb tax be the answer?* <https://www.theguardian.com/australia-news/2023/jun/04/people-are-going-homeless-in-this-victorian-getaway-spot-could-an-airbnb-tax-be-the-answer>

3.5 Unmet housing need and demand for public and community housing in Melbourne’s South

According to the UNSW City Futures dashboard²¹, the unmet need for housing by people experiencing homelessness and spending over 30% of their income on rent was 37,300 in the South. This represents 25% of Victoria’s total housing need. Figure 10 shows the current unmet housing need across LGAs in the South. The City of Casey, in the South-East growth corridor, has one of the highest numbers of unmet housing need in Victoria with 6,800 households with unmet housing needs. The City of Greater Dandenong has the highest proportion of households with unmet housing needs in Victoria (8.8% of all households), followed by the Shire of Cardinia (8.4% of all households). Note that this does not take into account projected housing needs, including housing need due to immigration with the South-East growth corridor attracting high numbers of Melbourne’s immigrants.

Figure 10 Unmet Housing need in the Southern Region of Melbourne



²¹ UNSW 2023 *Quantifying Australia’s Unmet Housing Need - Housing Needs Dashboard*
<https://cityfutures.ada.unsw.edu.au/social-and-affordable-housing-needs-costs-and-subsidy-gaps-by-region/>

It is important to note that there is a total of 64,428 public housing properties across the whole of Victoria²². Figure 11 shows data for applicants on Victorian Housing Register (excluding transfer requests) in the Southern Region by housing office area from March 2022²³. The Southern Region holds 21% of the applicants on the Victorian Housing Register. This data is divided between those registered with assessed priority access (highest need) and those with a register of interest (not in highest need). The variation across the South in terms of priority and register of interest reflects the complexity of the need of people experiencing homelessness in the different areas. 71% of those registered at the inner South office of South Melbourne/Prahran were assessed as priority access. This is compared to 40% assessed as priority applicants at the Dandenong office. The total applicant numbers reflect the homelessness services data for the inner, middle and outer areas with lower demand in the middle South (Cheltenham office) and higher demand in the outer and inner areas and a higher proportion of more complex client need in the inner South.

Figure 11 Victorian Housing Register Applicants, Southern Region March 2022

Area (office)	Priority Access	Priority Access % of total	Register of Interest	Total
Bayside-Peninsula (Cheltenham)	942	58	671	1,613
Bayside-Peninsula (Frankston)	1,225	48	1,319	2,544
Bayside-Peninsula (South Melbourne/Prahran)	1,382	71	548	1,930
Southern Melbourne (Dandenong)	2,088	40	3,162	5,250
Total for Southern Region	5,637	48	5,700	11,337

²² Homes Victoria 2023 <https://www.homes.vic.gov.au/housing-explainer>

²³ Homes Vic March 2022 *Victorian Housing Register and transfer list* previously available on <http://housing.vic.gov.au/victorian-housing-register>

4. What does this all mean for the lowest income people?

There are three key factors impeding the use of the private rental market as an effective sustainable solution to homelessness in Australia - affordability, availability and discrimination. Affordability of private rental across the Southern Region of Melbourne has decreased significantly over the past 20 years. This has increased competition and demand for lower priced rental properties reducing the availability of these properties with fewer lower priced rentals available to rent. When these properties are available, people experiencing homelessness and disadvantage are often discriminated against in preference to other tenants. The lack of sufficient social housing means there is nowhere to go for people who have been forced out of the private rental market. It also means that people in the most severe rental stress are competing for the cheapest rentals.

The Productivity Commission's review of the National Housing and Homelessness Agreement examined the link between the private rental market and demand for homelessness services and social housing. The report emphasised the importance of the private rental market on the effective delivery of housing assistance services –

The private rental market affects all segments of the housing spectrum, including demand for NHHHA-funded services such as homelessness services and social housing... Low vacancy rates and rising rents are catalysts for demand for homelessness services (Productivity Commission, 2022:298)²⁴.

The Productivity Commission also found that tight rental markets inhibit the movement of people from social housing into the private rental market.

The Anglicare Rental Affordability Snapshot 2023 concluded that

many people have no choice but to pay more than they can afford to keep a roof over their heads. They are forced to make choices about skipping meals, forgoing medications or turning off the heater in order to make ends meet... An inability to secure a rental can leave people with no choice but to stay in an inappropriate or unsafe situation, or face homelessness (2023:12-3)²⁵

The Southern region is likely to see an increase in rough sleeping as a result of the current housing emergency, despite the best efforts of our member agencies. Anecdotally, our members have advised that women experiencing family violence are staying in violent households as there are so few housing options if they leave. Our entry point agencies are struggling to keep up with the demand for homelessness assistance with funding for emergency accommodation reverting back to pre-COVID levels. As accommodation costs have risen, lower budgets are even more stretched than prior to COVID and this, together with increasing demand, has put substantial pressure on our workforce. All of the private housing options that were previously accessible to our client group are drying up – subsidised private rental, private emergency accommodation such as hotels, motels and caravan parks and rooming houses.

Subsidy programs that focus on the private rental market such as the Private Rental Assistance Program (PRAP), Commonwealth Rent Assistance and programs that lease properties from the private rental market are struggling to achieve program outcomes in the rental crisis. Demand for the PRAP program has been increasing whilst the strangled rental market significantly limits the capacity of the program to make sustainable differences. The PRAP program was established in 2017 to support people in the private rental market and prevent them from becoming homeless. This is particularly useful for people who are employed or likely to regain employment. However as the availability of lower priced properties decreases and demand for these properties and pricing increase, these programs are increasingly

²⁴ Productivity Commission 2022 In need of repair: The National Housing and Homelessness Agreement, Study Report

²⁵ Anglicare Australia 2023 *Rental Affordability Snapshot Victoria* <https://www.anglicare.asn.au/publications/2023-rental-affordability-snapshot/>

challenged in providing longer term sustainable private rental housing. These programs review so they reflect the current housing context and consideration needs to be made to adjusting subsidies and timeframes for supporting clients in private rental more effectively.

Programs that lease or head-lease properties from the private rental market to supply to clients are finding it difficult to lease properties as there are few that are available that can be afforded by clients after any subsidy is withdrawn. Competition is so tight for rental properties that some new programs are unable to lease any properties in the private market for these head-leasing programs. This is the case in areas where the private rental market was previously relatively affordable such as Dandenong. These programs are increasingly limited in their effectiveness because the rental market is so unaffordable and unavailable for the lowest income groups.

Commonwealth Rent Assistance (CRA) adds some capacity to those on Centrelink incomes to pay for private rental, however it can serve to inflate rents and can be ineffective without other private rental price mechanisms in place, particularly in a rental crisis. CRA is provided to about 1.35 million households in Australia and as the Productivity Commission points out, “at \$5.3 billion a year, CRA is the single largest housing assistance program” in Australia. It is doubtful that CRA is an effective use of Government funds given the substantial investment and the limited effectiveness of this intervention.

A 2020 AHURI study²⁶ showed that “CRA simply does not go far enough in reducing housing stress for significant shares of low-income private renters”

Over one-third of low-income CRA recipients still carry a net housing cost burden of more than 30 per cent after CRA is deducted from rents. (Executive Summary)

The report proposes a number of reforms to CRA to improve its effectiveness and appropriateness which should be considered by this Inquiry.

SGS Economics and Planning²⁷ examined different housing assistance approaches and found that

strategies that rely heavily on income support for lower-income tenants confront the problem of price inelasticity in the supply of rental housing. Without supplementary programs to induce supply, providing income support can simply boost rents, presenting governments with a ballooning expenditure scenario and/or continuing housing stress, notwithstanding significant outlays on rental assistance. (12)

In this paper, SGS Economics reminds us that the Industry Commission (predecessor to the current Productivity Commission), conducted the most comprehensive investigation into these issues back in 1993 which found that

provision of public housing is a cost effective way to meet government housing objectives...Public housing and head leasing are assessed to be more cost-effective than cash payments and housing allowances...In addition to financial savings, public housing offers secure tenure, non-discriminatory access and other benefits which are denied to many low-income and disadvantaged people in the private rental market.²⁸

Despite Victoria having some of the strongest rental protections in Australia, people are less likely to pursue their rights in a rental crisis and more likely to comply with poor practices to avoid eviction or rent rises. This includes rental bidding, offering more rent in advance or landlords demanding more rent in advance and not requesting repairs, even urgent repairs for fear of rent rises and eviction. In addition,

²⁶ Ong, R., Pawson, H., Singh, R. and Martin, C. (2020) *Demand side assistance in Australia’s rental housing market: exploring reform option*, AHURI Final Report No. 342, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/finalreports/342>

²⁷ SGS Economics & Planning, 2023 *National Housing Assistance Policy: Trends and Prospects* <https://sgsep.com.au/publications/insights/national-housing-policy>

²⁸ Industry Commission, 1993 *Public Housing Volume 1: Report No 32* <https://www.pc.gov.au/inquiries/completed/public-housing>

landlords are unlikely to provide private rental to our client cohort when there is such as housing shortage. Real estate agents and landlords discriminate against low-income people, especially those on Centrelink benefits, single parents, people from CALD backgrounds, Aboriginal and Torres Strait Islander people, LGBTIQ people, and people with disabilities and poor health/mental health, despite this being illegal²⁹. People who have poor or no rental history or those who have been blacklisted by real estate agents are at higher risk of homelessness. This is more likely to happen during a rental crisis.

Increasing the supply of private rental housing is only likely to have a marginal effect on the lowest income groups. Most new housing built is not intended for the lower cost end of the market so increasing housing supply works to alleviate that downward pressure somewhat but does not create supply intended for low-income households. It is better to build housing targeted at low-income households to alleviate housing stress and risk of homelessness than rely on the market shifting slowly over time to free up a small proportion of lower cost housing that is usually too expensive for people on the lowest incomes.

Many of our member agencies are involved in Functional Zero projects to end rough sleeping, with projects in four Southern LGAs – Frankston, Dandenong, Stonnington and Port Phillip³⁰. These collective impact projects bring agencies together to work collaboratively with individuals to end homelessness. Accessing private rental for this group is extremely difficult and rarely provides a suitable, sustainable and affordable housing option.

The implication of these trends for people experiencing or at risk of homelessness is massive as there is simply not enough affordable rental housing to meet the demands and needs of our client group. It can take long periods of time and support for people to access rental housing and as rents increase over time, it is increasingly difficult to sustain private rental housing on a low income.

Fewer affordable private rental properties mean that often the only accessible option for people seeking homelessness assistance is inappropriate emergency motel accommodation or private rooming houses. Neither of these options are affordable nor sustainable in the long term for most people.

²⁹ Maalsen, S., Wolifson, P., Rogers, D., Nelson, J. and Buckle, C. (2021) Understanding discrimination effects in private rental housing, AHURI Final Report No. 363, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/finalreports/363>

³⁰ <https://www.melbournezero.org.au/>

5. Solutions to provide housing for the lowest income people

Traditionally housing in Australia has been treated as a commodity and an investment. It is a competitive market good not a public good or a human right. This perspective on housing contrasts with other more progressive countries where housing is more commonly provided by governments as a fundamental service or social infrastructure essential to a functioning economy. The Australian view of housing is difficult to change given our history. It is a large part of the reason for the current housing emergency at all levels – home ownership, private rental and social housing.

The reliance on the private rental market continues to fail Australians. The market is geared towards producing profits, not providing homes. We need to redefine how we think about the provision of housing through greater investment in social and affordable housing. Tackling this crisis will take time, and a willingness to put Australians who need a home ahead of all other interests. It will also require a concerted and enduring commitment from the government. However, failing to act is also a political choice³¹

Most “solutions” put forward do not assist people at the lowest end of the private rental market, especially those put forward by the housing and development industries. Solutions that worked in the past are not working well now because of the low availability of rental housing and the high and increasing prices. The SHSN is keen to focus on solutions that benefit the most marginalised Australians – those at the lowest end of the housing market – people at risk of and/or experiencing homelessness. This group should be the priority for any housing assistance. Once we have implemented solutions for this most marginalised group, then we can focus on improving the housing market for other groups.

The solutions proposed in this submission should form the basis of the new National Housing and Homelessness Plan with a focus on ending homelessness in Australia.

The key solutions for the most marginalised Australians focus on:

- 1. Improve the safety net to prevent homelessness; and**
- 2. Provide housing that is safe, accessible, affordable, available, appropriate and sustainable**

These solutions focus on the provision of sufficient income/subsidies to cover the real cost of housing and the provision of more social housing so that no-one in Australia experiences homelessness. Poverty is a major cause of homelessness, together with the lack of affordable, appropriate and safe housing. Alleviating poverty and improving the supply of housing for people at the lowest end of the housing market are the keys to ending homelessness in Australia.

Solution 1 Improve the safety net to prevent homelessness

By far, the most important change that the Federal Government could make to assist renters on income support is to raise the rate of Centrelink payments above the poverty line. This is the most effective way to help hundreds of thousands of Australians families and children on Centrelink payments escape poverty and find a secure and safe place to live³². The Coronavirus Supplement during 2020 enabled many income support recipients to lift out of poverty and to avoid homelessness. Unfortunately this was not sustained after the withdrawal of the Supplement. An ACOSS report found

³¹ Anglicare Australia 2023 *Rental Affordability Snapshot Victoria* <https://www.anglicare.asn.au/publications/2023-rental-affordability-snapshot/>

³² Ibid.

The legacy of the two pandemic experiences [response in 2020 compared to response in 2021] is likely to be higher inequality and poverty than beforehand, despite remarkable progress in reducing both in 2020³³

The current rate for Jobseeker and Youth Allowance is not sufficient to cover housing costs (even with Commonwealth Rent Assistance), utilities and food, particularly in the private rental market. Centrelink recipients are constantly forced to make choices that no Australian should have to make for themselves or their children – whether to pay rent or eat? The Coronavirus Supplement allowed them to do both for a while. Boosting the lowest incomes and reducing poverty is a critical tool for preventing homelessness for a large cohort relatively quickly and would provide cost savings to other areas of government including health, mental health and corrections.

The Federal Government should consider adopting a Universal Basic Income³⁴ to provide all Australians with an adequate safety net. Introducing a Universal Basic Income would reduce the costs of income support payments such as JobSeeker as there would be far less administration for both recipients and Centrelink staff with the removal of work and activity requirements. A Universal basic Income would also reduce stigma for people on low incomes as provision of a basic income would be seen as a right for all Australians rather than a “handout” to some.

Other ways to improve the safety net for renters more generally include rent caps such as limiting rent rises to once every two years and in line with CPI and increasing renter protections and resources for enforcing those protections better. Increased protections should also include a “no eviction into homelessness” mechanism for private renters. This needs to be coupled with financial plans or supports developed to assist people to maintain their housing and the responsibility for landlords to assist, rather than contribute, to the increase in homelessness in Australia.

Other key safety net measure should focus on supporting people on the lowest incomes to access a range of necessary services including health, mental health, alcohol and other drug services and family violence and employment and education services as well as ensuring we have a sufficiently funded homelessness service system that can meet the real demand for assistance.

Solution 2 Provide housing that is safe, accessible, affordable, available, appropriate and sustainable

Housing ends homelessness but that housing needs to be accessible, safe, affordable, available, suitable and sustainable to actually end homelessness and avoid a return to homelessness.

Leaving the provision of housing for people on the lowest incomes up to the private market does not work and does not provide housing that is safe, accessible, affordable, available, appropriate and sustainable. The private market maximises profits for investors and does not provide a public good or see housing as essential social infrastructure. The most cost-effective way to achieve this solution is for Governments to provide housing that is safe, accessible, affordable, available, appropriate and sustainable. And where Governments subsidise the private market, this should be targeted to the provision of low-income housing as a priority cohort to prevent and end homelessness.

The SHS commends the Federal Government for their recent investment in housing. However, this is nowhere near the number of houses needed to actually meet demand. Our members are concerned that our clients will not have sufficient access to these new homes and will continue to languish in homelessness and marginalised housing. Allocating 50% of the Government’s 1,000,000 homes target to lowest income housing (through mainly public housing) would greatly assist this priority cohort. The community housing and homelessness sector are calling for an increase of 6,000 new public and

³³ ACOSS/UNSW 2022 Covid, Inequality And Poverty In 2020 & 2021: How Poverty & Inequality Were Reduced In The Covid Recession And Increased During The Recovery Poverty and Inequality Partnership, Build Back Fairer Series, Report No. 3, <https://povertyandinequality.acoss.org.au/covid-inequality-and-poverty-in-2020-and-2021/>

³⁴ Parliament of Australia, Department of Parliamentary Services, D Arthur 2016 *Basic Income: A Radical Idea Enters the Mainstream*

community housing properties per annum for the next ten years at minimum³⁵. The supply of social housing needs to be more closely aligned with the demand, particularly in the outer South of Melbourne. The development of an ongoing well-funded program to construct more very low-income housing is required to meet the need. Such a program must include guaranteed structured pathways from homelessness programs, including transitional housing, directly into social housing.

Longer term supports may be necessary for some people to maintain housing. The Homelessness Service System is very limited in the provision of long term supports to people who have experienced homelessness and the associated trauma. More investment is needed in authentic Housing First³⁶ programs that provide both housing and supports to end homelessness. State and Federal Governments should work together to ensure there is sufficient housing for low-income people and increase flexible, responsive support programs that can work with people for longer terms as required.

National Cabinet should introduce a mandatory inclusionary zoning scheme or social and affordable housing contribution to add to the pipeline of social and affordable housing particularly in outer metropolitan growth areas. This system would mandate a proportion of new housing development be allocated for social or affordable housing. The proportion should be set at a relatively high rate to make a real difference, possibly up to 20-25% depending on the size of the development. The current voluntary system is ineffective and needs to be across Victoria, if not in all major cities across Australia, to be an effective planning mechanism for provision of some affordable and social housing. This mechanism alone will not provide sufficient housing to meet the unmet housing need but will support other strategies to increase supply at the lower end of the housing market.

Supporting the private rental market to provide safe, accessible, affordable, available, appropriate and sustainable housing should be a secondary response to the direct Government provision of social housing as research shows that it is less effective. Subsidies, tax breaks and negative gearing all need to be adjusted to target those struggling the most in the private rental market to truly make a difference. The Federal government subsidised private landlords \$24.4 billion in 2022-23 in tax reductions³⁷. Limiting negative gearing to low-income rentals would provide a strong boost to the supply of housing at the lower cost end of the market. The savings from this major adjustment could be used to increase the subsidies for the provisions of low-income housing to make it more financially viable for investors.

This should be done in conjunction with a review of CRA, as outlined above. Otherwise Government funds are being used to supplement the profits of private landlords rather than help those most in need. Any housing subsidies need to be well-targeted to landlords that house the lowest income people so they do not get absorbed by landlords putting rents up.

Targeting subsidies to the provision of low-income housing, not for all private rentals, helps create a more level playing field for low-income people. The funds saved by reducing subsidies and tax breaks for non-targeted rental housing can contribute to the funding pipeline for social housing and increasing the range of longer-term support programs. These solutions will assist the Federal and State Governments to jointly end homelessness.

³⁵ Council to Homeless Persons 2023 Submission to the Parliamentary Inquiry into the rental and housing affordability crisis in Victoria, p.3

³⁶ Homelessness Australia, 2020, *Housing First Principles for Australia*

³⁷ The Australian Government the Treasury 2023 Tax Expenditures and Insights Statement February 2023

6. Conclusion

In summary, the decline of the affordability of the private rental market and the current crisis has been decades in the making and are based on Australia's historical treatment of housing as an investment and commodity rather than a human right. There are no quick fixes to such entrenched systemic failure as currently demonstrated by the Australian private rental housing crisis. Effective solutions require the time, the investment and the political will to really make a difference, particularly for people on the lowest incomes and those people experiencing and/or at risk of homelessness.

These issues need to be addressed in the Federal Government's National Housing and Homelessness Plan currently being developed and any State Government plans to end homelessness and fix the housing system.

The SHSN trusts that the recommendations from this Senate Inquiry will contribute to a more equitable and effective housing system in Australia – one that provides accessible, safe, affordable, available, suitable and sustainable housing for the most marginalised Australians.