

Submission to:

**Inquiry into the rental and housing
affordability crisis in Victoria**

**Legislative Council Legal and Social Issues
Committee**

July 2023

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Summary

cohealth welcomes the opportunity to contribute to the Legislative Council Legal and Social Issues Committee's [inquiry into the rental and housing affordability crisis in Victoria](#).

Every Victorian deserves a safe and secure home, a fundamental requirement for good health and wellbeing. It's the foundation upon which strong individuals, healthy families and resilient communities are built, grow and prosper. Secure, adequate housing is a vital determinant of the wellbeing of individuals and families¹, and is associated with better outcomes in health, education, employment and social and economic participation.²

However, far too many people are locked out of affordable, secure and appropriate housing by rapidly rising private rents and a lack of social housing homes. The lack of rental properties and escalating rents, along with cost-of-living increases, are making it increasingly difficult for people to retain or find a home, impacting on all areas of their lives. The biggest impact is felt by those who have the fewest resources to meet higher rent payments and negotiate the tight and highly competitive rental market. Without urgent action to address this crisis we will see significant impacts on people's health and wellbeing, family and employment, and increasing risk of homelessness, not only in the short term but long into the future.

Many of the people and communities cohealth works with, along with our staff, are significantly affected by the rental affordability crisis. cohealth also provides services and supports to people experiencing homelessness, and has a high number of clients who are homeless, at risk of homelessness or who live in insecure housing.

The scope and impact of the rental and housing affordability crisis is well recognised and documented. What is needed now is rapid and concerted action to continue to increase investment in social and public housing, while also providing immediate assistance to people struggling to find and maintain a roof over their head.

cohealth would welcome the opportunity to discuss this submission. Please contact Jane Stanley, Advocacy and Policy Advisor on jane.stanley@cohealth.org.au

¹ Indeed, housing is considered a fundamental human right, with the [Universal Declaration of Human Rights](#) stating that 'Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services.'

² St Vincent de Paul Society National Council of Australia 2021 Submission into Housing Affordability and Supply in Australia <https://www.aph.gov.au/DocumentStore.ashx?id=783a9f43-74ee-4497-8cc1-9365dc161234&subId=715261>

Context

The crisis in rental and affordable housing in Victoria is well documented, with daily media commentary and no shortage of personal, often harrowing, accounts of the challenges people are facing due to skyrocketing rental prices and severely limited rental availability, compounded by escalating costs of living. For a long time people on low incomes have faced challenges securing affordable and appropriate housing, and this now extends to individuals, couples and families with secure jobs and earning good incomes.

However, the situation remains particularly acute for people on low incomes. Anglicare Victoria's Rental Affordability Snapshot of March 2023 exposed the extent of the problem:

- Rental vacancies in Victoria have fallen by two thirds in two years, while the population has continued to grow. There are fewer homes on the market that are affordable for Victorians receiving income support.
- Affordable rentals in metropolitan Melbourne have declined sharply, with just 300 properties across the city deemed affordable for a family with one parent earning the minimum wage.
- Median rents in Melbourne have risen 10.8 per cent, with rent rises of up to \$112 per week in some suburbs.
- Only 100 properties across the entire state were affordable for Victorians on income support. Not a single property meets the affordability criteria for singles on Youth Allowance or JobSeeker payments.³

At the same time, the 2021 Census suggests that 30,660 people are homeless on any given night in Victoria.⁴ Many more experience the stress of spending a substantial proportion of their income on rent payments. In the areas cohealth works in across the north and west of Melbourne, very few private rental properties are affordable to people on the lowest of incomes.⁵ As a result, some of the poorest Victorians are paying a large proportion of their income on rent, and are subsequently unable to afford other essentials of life, such as food, medication, health care and utilities. For some this can result in homelessness or living in expensive but inappropriate accommodation such as rooming houses and caravan parks. Insecure tenure adds another layer of uncertainty and cost to those in the private rental market.

Victoria, and Australia as a whole, has a huge shortfall of affordable housing. In Victoria alone there are more than 100,000 people on the waiting list for public and community housing.⁶ A lack of investment in social housing over many years has created this situation. Investment in social housing for people on the lowest incomes has shrunk from 3.5 per cent in 2014 to 2.9 per cent of all housing in 2021, the lowest proportion in the nation.⁷ Coupled

³ <https://www.anglicarevic.org.au/research/victorian-rental-affordability-snapshot-2023/>

⁴ Council of Homeless Persons (2023) *Analysis Report Victoria's Top 20: Areas with surging homelessness* <https://drive.google.com/file/d/1wyfKV0MtxnNlsRkEzt7ZLdzcdjslJ0B2/view>

⁵ Homes Victoria Rental Report March quarter 2023 <https://www.dffh.vic.gov.au/publications/rental-report>

⁶ VCOSS The Way Forward: Victorian Budget Submission 2022 <https://vcoss.org.au/advocacy/budget-submissions/2022-2/#view>

⁷ <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia/contents/state-and-territory-summary-data>

with rapidly rising private rents in much of the country, affordable, secure housing is out of reach for many individuals and families on low incomes.

The single most effective solution to housing affordability, precarious housing and homelessness is an immediate and substantial increase in social and public housing.

About cohealth

cohealth is one of Victoria's largest community health services, operating across nine local government areas in the western, northern and inner suburbs of Melbourne. Our mission is to improve health and wellbeing for all, and to tackle inequality and inequity in partnership with people and their communities.

A primary health service, cohealth provides integrated medical, dental, allied health, mental health and community support services and works directly with communities to understand their needs and develop responses, and deliver programs promoting community health and wellbeing.

Our service delivery model prioritises people who experience social disadvantage and are consequently marginalised from mainstream health and other services – people who have multiple health conditions, experience homelessness and unstable housing, have a disability or mental illness, those engaged in the criminal justice system, Aboriginal and Torres Strait Islanders, refugees and asylum seekers, people who use alcohol and other drugs and LGBTQIA+ communities.

cohealth has had lengthy experience providing a range of health and other supports to people experiencing precarious housing and homelessness. More than 10 per cent of our clients identify as experiencing homelessness or insecure housing, a rate well in excess of the Victorian rate of homelessness of 47 out of every 10,000 people (or 0.47 per cent) at the 2021 Census.⁸

All cohealth services work with people who are dealing the impact of the rental affordability crisis, and experiencing housing stress, insecure or poor housing or homelessness. This includes our doctors, nurses, oral health and allied health programs, along with social support services - family violence, drug and alcohol, mental health, Aboriginal and Torres Strait Islander health, refugee health, child and family services – and our community building and health promotion programs. The impacts are most marked on those who use our homelessness support programs, such as our Central City Community Health Service in Melbourne's CBD. This service provides multidisciplinary primary health care, along with practical supports such as showers, facilities for washing clothes and meal programs and programs to respond to social isolation.

⁸ <https://www.abs.gov.au/statistics/people/housing/estimating-homelessness-census/2021>

The relationship between housing and health

As a health provider, cohealth is acutely aware of the impact of housing on a person's physical and mental wellbeing. There is also compelling evidence of the many links between housing and health. As VicHealth has observed: 'People in precarious housing [housing that is unaffordable, inappropriate or insecure] have worse health than people in adequate housing, and the more elements of precarious housing experienced simultaneously, the greater the health impact. Adequate housing or the prevention of precarious housing must be considered a key component of health promotion or disease prevention.'

Research has also found that the poorer people's housing, the poorer their mental health.¹⁰ This research also found that poor health can lead to precarious housing and that people with the worst mental or physical health were the most likely to be in precarious housing.

Homelessness has a particularly severe impact on health and wellbeing, with people experiencing homelessness having significantly higher rates of death, disability, chronic illness and experiences of complex trauma than the general population, including: reduced life expectancy¹¹, poor dental health, infectious diseases, lack of preventive and routine health care, and higher rates of mental illness¹² and musculoskeletal disorders.

We now also know how important safe and stable housing is for children's development and wellbeing. There is substantial and growing evidence of the impact of homelessness on children. The instability and chaotic nature of homelessness can have profound effects on a child's physical health, psychological development and academic achievement. A critical impact on children is disrupted schooling, which in turn can increase the risk of homelessness in adulthood.¹³

⁹ https://www.vichealth.vic.gov.au/-/media/ResourceCentre/PublicationsandResources/Health-Inequalities/Housing_and-Health_Research-Summary_web.pdf?la=en&hash=42ABE51F99703B698663E4368306FA4B34652DA8

¹⁰ Mallett, S, et al 2011 *Precarious housing and health inequalities: what are the links? Summary report.* <https://cms.launchhousing.org.au/app/uploads/2017/03/precarious-housing-and-homelessness-links-summary-report.pdf>

¹¹ Davies, A & Wood, Lisa (2018) Homeless health care: meeting the challenges of providing primary care. *MJA* (209) 5 3 September 2018 <https://www.mja.com.au/journal/2018/209/5/homeless-health-care-meeting-challenges-providing-primary-care>

¹² Department of Families, Housing, Community Services and Indigenous Affairs (2008) *The road home: a national approach to reducing homelessness* White Paper <https://apo.org.au/node/2882>

¹³ Department of Families, Housing, Community Services and Indigenous Affairs (2008) *The road home: a national approach to reducing homelessness* White Paper <https://apo.org.au/node/2882>

Observations from cohealth programs

The experiences described by diverse cohealth teams illuminate the impact of the rental crisis on the individuals, families and communities that we work with.

Social workers

cohealth social workers have observed an increase in people living in private rental homes who are seeking support and assistance. Many are experiencing large increases in their rent, of 30 – 50%. Others have received a notice to vacate, not due to any problems with the tenancy, rather owners are advising that they're moving in, selling or developing the property. Finding another property is extremely difficult. One client described applying for 80 properties, without success. Nor did they receive any feedback as to the reasons their applications were unsuccessful. This single mother of a primary school aged child already works three jobs, and cannot see how she can take on more work to increase her income. Despite her lack of success obtaining private rental housing, housing access points are unable to assist her as she still has housing; public housing wait lists are extraordinarily long; and the combination of her income and household structure has put her outside local affordable housing eligibility criteria.

It is no surprise then that clients faced with significant rent increases are doing all they can to continue paying their rent, which takes a huge proportion of their income. Strategies include taking on more work, asking children with part time jobs to contribute to rent payments, reducing expenditure in other areas, including going without food, medications or health care, and not leaving the house, leading to social isolation. People report feeling overwhelmed and stressed, with significant impacts on their mental health and wellbeing and social relationships.

Refugee and asylum seeker health team

The rental crisis is having a significant impact on the settlement of refugees on a protection visa. On arrival into Australia these people are linked to a settlement agency which supports their needs. The settlement agency supports housing in short term accommodation (generally shared accommodation) while the arrivals are supported to look for ongoing accommodation. The rental crisis is impacting on their ability to secure properties, even with support from the settlement agency. This is due to the highly competitive rental market and lack of rental history of the new arrivals. As a result, they stay longer in short term accommodation, delaying their settlement process including linking children to education and parents to English classes, comprehensive health assessment processes and linking to a regular GP. Due to the cost of housing, families are needing to move further to the fringe of Melbourne where there are fewer services.

High rental costs mean that people prioritise ensuring they have a roof over their heads, and cut back on expenses in other areas, including going without food and medication.

A cohealth bi-cultural worker¹⁴ reflected on the impact they have observed on their community.

The challenges have been particularly in the last three to four months, due to a ripple effect from interest increase from the RBA and then banks, and then landlords raising rent. Tenants whose only source of income is Centrelink are impacted the most as they are already under financial stress. Like most newly arrived people, people from my community are on Centrelink initially as they establish themselves in Australia. Centrelink increases have been minimal and landlords have increased rents up to \$50 per week.

One family was already under financial stress when the landlord increased the rent from \$1330 to \$1690 per month. The family of two parents and two children included a child with a disability. The parents were already struggling to purchase medication, support their children and afford everyday expenses and could not afford the rental increase. The bi-cultural worker, who has established relationships with real estate agents, was able to support them to obtain another property, however they had to move out of the area they had established themselves in. This disrupted the children's supports and their schooling, a particular challenge for the child with additional needs.

In another family where both parents are working their rent increased to an unaffordable amount, and they were given three months' notice to move out. Despite applying for numerous properties and having a good rental history, they were unsuccessful in finding another home. They found there would be 50-60 applications for a single property. They were supported by their community, couch surfing with community members and with another community member storing their furniture. This experience has had a significant impact on their mental health, with parents distressed and unable to sleep. Again, through a relationship the bi-cultural worker had with real estate agent this family was able to obtain a property, but it took longer than usual due to the limited number of properties on the market.

It is important to note that this bi-cultural worker's links with real estate agents are unique, and developed over their time as a community leader. Other refugee communities may not have these connections, in which case families in similar circumstances become homeless.

Disaster recovery

cohealth provides assistance and support to people affected by natural disasters, such as the 2022 floods in Melbourne and regional Victoria, and the 2019-20 bushfires. Despite the time elapsed since these disasters, hundreds of households still require support, including many who are still without homes, but who wish to return home and remain in their communities. However, a constellation of factors have combined to make this particularly

¹⁴ [Bi-cultural workers](#) are employed to use their cultural knowledge, language skills, lived experience and community connections to work with people who they share a lived experience with and with mainstream organisations. Bi-cultural workers elevate community voices, advocate for their needs, codesign and deliver programs, share information and facilitate cultural safety.

difficult. Escalating rents, building costs and a lack of trades people have made it particularly hard for people who lost jobs as a result of the disaster, or who are living on income support payments or in low paying jobs. In regional areas rental properties are scarce as much stock was destroyed by disasters, and other properties are unavailable for long term rental by local residents, as landlords have moved them to Airbnb.

Long term support to assist people with housing to remain in their communities is vital for wellbeing. This should include a focus on rebuilding rental housing; and ensuring that temporary responses, such as modular homes, are available for as long as they're required.

The programs that support these people also experience their own uncertainty, often only being funded for a year at a time. Any extension of funding is only advised after the Victorian budget is handed down, close to the end of the financial year. This risks staff turnover and uncertainty for clients who have already experienced significant trauma.

Staff

cohealth staff are not immune to the rental crisis, finding it difficult to find rental properties in a such a competitive and expensive market. They talk about the stress this has on their lives and the time that goes in to looking and applying for properties. At the same time, they recognise that if as professionals with secure incomes, stable work and rental histories they find it hard to secure a property, it must be so much harder for people in low incomes or reliant on income support payments.

Recommendations

Invest in social housing

While the current Big Housing Build is providing a record investment in building new community housing and upgrading existing public housing, waiting lists are still long and even people in urgent need are waiting 12 months or more for housing.

Victoria needs 60,000 new social housing properties over the next 10 years.¹⁵

Increased investment in social housing will have profound benefits for individuals and families by improving housing affordability and reducing precarious housing and homelessness. Flow on effects will accrue to the economy at large, through providing people the foundation for greater involvement in employment, education and community life.

Various studies have demonstrated the economic value of investing in social and affordable housing, including KPMG's evaluation of post-GFC investment in housing, which found that social housing provides an average multiplier boost to the economy of \$1.30 for every \$1 spent¹⁶, and the City of Melbourne's research showing that for every \$1

¹⁵ <https://vcoss.org.au/wp-content/uploads/2022/12/VCOSS-2023-Victorian-Budget-Submission.pdf>

¹⁶ <https://probonoaustralia.com.au/news/2021/02/investing-in-social-housing-in-the-era-of-working-from-home/>

invested in affordable housing, the community benefits by \$3 due to worker retention, educational benefits, enhanced human capital, health cost savings, reduced family violence and reduced crime.¹⁷

Recommendation 1

The Victorian Government invest in 60,000 new social and public homes over the next 10 years.

Expand immediate support for renters

People struggling to find and maintain their homes cannot wait for the investment pipeline of social housing, they need immediate assistance to help them find a home, meet rental payments and sustain their tenancies in the face of escalating rents and costs of living. Support could include actions such as:

- Case management support to assist people exhausted by the processes of applying without success or feedback for multiple properties. Clients are requesting a level of practical support as they seek private rentals that our social workers do not have capacity to meet, yet there are few options to refer them to.
- Increasing support to assist people maintain tenancies. This could include assistance with rent arrears, legal advice, assistance with negotiating with landlords or short-term case management, to ensure that setbacks do not become crises. Currently there are programs that provide these supports (such as Tenancy Plus, Private Rental Assistance Program¹⁸), however they are under resourced and often unable to provide the assistance needed to provide early support to prevent a housing crisis.
- Increase assistance for non-rental expenses that can relieve the financial pressure low income renters experience eg utility relief grants, and improving processes for people on low incomes but without health care cards.
- Investigate limitations to rental increases and other protections for renters, such as preventing landlords from accepting of additional payments above advertised rental amounts.

Supports should be targeted to, developed with, and accessible by, people who face the biggest barriers in the rental market. This can include being delivered in community languages and via outreach.

Recommendation 2

Provide immediate support to people struggling in the current rental market.

¹⁷ City of Melbourne Affordable Housing Strategy <https://www.melbourne.vic.gov.au/sitecollectiondocuments/affordable-housing-strategy.pdf>

¹⁸ CHP 2018 Victorian Homelessness Election Platform <https://chp.org.au/wp-content/uploads/2022/03/Victorian-Homelessness-Election-Platform-2018.pdf>