

T R A N S C R I P T

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Melbourne – Friday 4 April 2025

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

WITNESSES

Damien Patterson, Director of Policy, Advocacy and Engagement,

Cameron Bloye, Deputy CEO and Director, Client Services, and

Marissa Pattison, Policy Adviser, Tenants Victoria.

The CHAIR: Thank you for joining us today for the public hearing for the Inquiry into the Supply of Homes in Regional Victoria. I just need to run through some important formalities before we begin.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what is said during the hearing.

You will receive a draft transcript of the evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and maybe quoted in our final report.

Thank you for making the time to meet with us today. I am Juliana Addison, Member for Wendouree.

Martin CAMERON: Martin Cameron, Member for Morwell, Latrobe Valley.

Wayne FARNHAM: Wayne Farnham, Member for Narracan, West Gippsland. I am puffed after this.

David HODGETT: David Hodgett, Croydon.

Jordan CRUGNALE: That was like one of those ads on TV. Jordan Crugnale, the Member for Bass.

The CHAIR: And Daniela De Martino is joining us via Zoom and will be returning; the Member for Monbulk. Over to you, TUV.

Damien PATTERSON: You bet. Thank you very much. Thank you for having us today. It is lovely to meet those of you who I have not met before. I am Damien Patterson and I am the Director of Policy, Advocacy and Engagement at Tenants Victoria. We are the peak body for renters and a significant service provider to them. I will hand over to Cam and Marissa to introduce themselves.

Cameron BLOYE: Thank you. Hi, I am Cameron Bloye. I am the Director for Client Services and Deputy CEO at Tenants Victoria. And Marissa, maybe I will let you introduce yourself.

Marissa PATTISON: Yes, sure. Hi, I am Marissa Pattison. I am a Policy Adviser at Tenants Victoria.

The CHAIR: And you are Tenants Victoria – let me clearly say that. Tenants Victoria; I apologise.

Cameron BLOYE: We used to be the tenants union, but not anymore.

The CHAIR: Thank you. Would you like to make some opening remarks?

Damien PATTERSON: That would be great. Thank you. Thirty per cent of Victorians rent, including 24 per cent of regional Victorians. Matters of supply have a deep impact on the availability and affordability of rentals in regional Victoria. Today, we are going to focus primarily on the experience of renting in Victoria, particularly in regional Victoria in a constrained rental market. While we have some recommendations to share on making that experience better for renters, our focus is on renting rather than really comparing and contrasting supply mechanisms. First, I will hand it over to my colleague Cam to tell you a little bit about Tenants Victoria.

Cameron BLOYE: As Damien mentioned, we are the peak body for Victorian renters. We provide services to over 10,000 renters every year, 10,000 and increasing. That includes information service delivery through our phones with rental rights officers. We have a team of lawyers giving advice and casework support and representation, including in VCAT. We have a team of financial counsellors supporting renters experiencing

financial stress and rental stress. We have social workers supporting renters with more holistic wraparound support, and we also have a rooming house outreach program in the north and western suburbs of Melbourne. In addition to direct service delivery to renters, we also do a wide range of community engagement and legal education activities to try and help all Victorian renters better understand their rights and to be better able to enforce their rights as a renter. As part of that we also have a website which includes a wide range of information for renters on their rights and we get over 600,000 unique visitors every year, which equates to about one-quarter of all Victorian renters. In recent years we have seen a dramatic increase in demand for our services in line with challenges in the housing market and the rental market to the point that we only answer about 15 to 20 per cent of all the people calling in to Tenants Victoria. So there is, we feel, still a large amount of unmet need in the community for our services. Increasingly we are seeing high numbers of renters in severe rental stress, in really dire situations, struggling to retain safe, secure and affordable housing.

In particular, with current challenges in the rental market, our financial counselling team sees a lot of people doing it incredibly tough, people with significant rent arrears and people facing significant rent increases. Alongside rent arrears, often people are very behind on their utility bills, have other debts and loans, or are just doing it very tough financially. Often rent is the last thing people want to fall behind on, of course, so everything else suffers as a result. For our legal team, similarly, rent increases are a really significant area of need that our lawyers assist renters with, alongside repairs and evictions and a range of other issues. Damien, I will hand it back to you.

Damien PATTERSON: You bet. Thank you. With over 2 million Victorian renters, they are not a homogenous group, but renters do share experiences of seeking a home in a constrained market and having to make decisions about whether to ask for their rights during a housing crisis. I have been watching along to part of the hearings, and so I know I do not need to tell you about the importance of having a home or that people sacrifice almost anything to keep themselves, their families and their households safely housed.

Rents in regional Victoria increased by nearly 7 per cent last financial year, and that comes on the back of 17 per cent over the three years prior. Median rents in regional Victoria are now around \$2000 per month. We have been calling for the Victorian government – and we hope to invite you – to support a rental fairness formula so that we never again see the runaway rent increases that we have seen over the past few years.

A side effect of rents increasing – of high rent increases – is that there is a diminishing stock of properties that are affordable. In the three months to September of last year just 78 properties were let out in regional Victoria at a price that was affordable for a single person on JobSeeker. The data does not tell us whether those homes went to a low-income household, and as you might imagine there were more than 78 households of that type in need in regional Victoria in those three months.

If we agree that everybody needs a home, then we need to plan for homes for people of all incomes, including people on low incomes. For some people this will mean public and community housing, but it is also important to remember that most low-income Victorians live in private housing. Alongside declining affordability and very low vacancy rates, this exacerbates a power imbalance in the landlord's favour further. It is of course true that landlords are exposed to financial risk in the rental market, but I want to say that the stakes are so high for renters. How could it not be when the risk for them is to lose their home? Especially if that home is currently reasonably priced, their prospects of finding a new one are poor.

In regional Victoria, staying in your community might not be possible. Regional renters need support to navigate these decisions and to get good outcomes in their housing. Tenants Victoria and a range of other services help to provide these services, but as Cam has indicated, we cannot keep up with demand.

The CHAIR: Terrific. Thank you so much. Questions?

Wayne FARNHAM: I will start. You said in regional Victoria it has increased by 7 per cent. Is that right?

Marissa PATTISON: Yes.

Wayne FARNHAM: You mentioned that there is diminished stock in regional Victoria. Do you think the increases in taxation with land tax et cetera have contributed to that?

Damien PATTERSON: I am not sure that we are well placed to talk about what has contributed. Certainly there have been increases in rents during the period of increased land tax.

Wayne FARNHAM: Why has the demand increased by 7 per cent, or why do we have the diminished stock?

Damien PATTERSON: Sorry. What I meant to convey is that we have a diminished availability of stock that is affordable. I did not intend to make a comment on the number of properties that exist, but that in light of increasing rents there are now fewer properties that are affordable because rents have increased on them.

Wayne FARNHAM: Have you got any data that suggests the increase in rent is attributed to government taxation?

Damien PATTERSON: No, I am not sure that that is something that we would have access to. Sorry about that.

Wayne FARNHAM: So it is just purely demand driven, the increase in price?

Damien PATTERSON: I would hesitate to tell you why prices have increased, whether it is demand or taxation. I would hesitate to offer an opinion.

Wayne FARNHAM: Thank you.

The CHAIR: I am very interested in the housing mix in regional Victoria as opposed to metropolitan Melbourne. My favourite stat of the day – 90 per cent of dwellings in regional Victoria are standalone houses. Often there is a higher rent for a standalone house than for an apartment or particularly a one-bedroom apartment. Do you believe or have you any indicators or thoughts that you could share with us, or could you elaborate on, if there was a reduced mix of housing, what impact that might have on the cost of rent?

Damien PATTERSON: I think we can draw some comparisons to the various prices of different types of properties where they exist here in Melbourne. We do see that smaller properties, including one-bedroom flats, come in at cheaper rental prices than standalone houses. It is also worth considering the types of housing that are most sought after at different life stages. Oftentimes in Melbourne we see that people who are starting a family and having children are people who want larger properties. That is true in the rental market as it is in the for-purchase market. But there are people at other life stages who might choose cheaper properties with fewer bedrooms.

Martin CAMERON: The financial rental stress that you were talking about – you have got the arm set up to take care of that. Obviously that is being very well utilised at the moment. Can you drill into that for us a little bit? I am not sure if you can tell us, but what are the major factors for the people calling this line and trying to get this help?

Damien PATTERSON: You bet. I might start talking about the major factors, and then I will let Cam talk more about the service and its utilisation. The biggest part of any household budget is usually the rent. Rent increases have an impact on anything else that you might choose to buy. I was speaking to our lead financial counsellor yesterday and she was telling me the types of things that people are going without, and they are things that I think we would consider essential: it is food, it is clothing, it is kids supplies, it is a haircut. There are many aspects of the household budget, and you have got to make it work, but by far the biggest, and a growing part of that household budget, for most households is the rent. Cam, did you want to talk to the service?

Cameron BLOYE: We have a team of four financial counsellors. A couple years ago that was one. We have been thankful to get some extra funding, but the demand has certainly more than matched that increase in service provision that we have been able to provide. We see people from all sorts of backgrounds and circumstances needing that assistance, but as Damien mentioned, the overwhelming theme is rental housing unaffordability and the increasing cost of rent as a proportion of people's household budgets. It used to be the case that services such as Tenants Victoria would see people at the lower end of the income range and people that you might expect to be accessing these types of free services, but increasingly we are seeing people that you would probably consider to be middle class: they have jobs, they have got kids in school. You would not

expect them to be necessarily needing this kind of assistance in the past. Given the state of the cost of housing, they are frequently needing our assistance. It is often assisting with rent arrears or helping people keep up with rent, including coming up with affordable payment plans – some people do fall behind on rent – so they can sustain their tenancy, but also it is helping people with utility debts to access different hardship provisions that might be available to them.

Martin CAMERON: I am not sure if you can say what they are actually telling the renters that are ringing up. What advice are your people guiding them towards?

Cameron BLOYE: I guess the advice that we give people is – obviously our priority is for people to be able to sustain affordable, safe and secure housing. We have to be very up-front with people to think, even though their rent might be increasing by significant amounts or they might be struggling to pay it, that you do not have the easy option that would exist with a less tight rental market of finding somewhere more affordable because increasingly that is not really possible. You have got to move to a completely different area and pull your kids out of school, and they are really significant life impacts. We also have a social work program that works really closely with financial counsellors. A lot of what they do as social workers is work with individual renters and their current landlord or real estate agent to try and make housing sustainable or maybe find alternative accommodation. What we find is that is really difficult. Renters, where they cannot demonstrate that the rent is 30 per cent or less of their household income, are at the bottom of the pile in terms of people applying for rentals.

Damien PATTERSON: And if I could add in the sort of advice that we are giving renters in financial hardship, one of the first pieces of advice is always pay your rent. When we talk about that household budget, there are things that are elastic and there are things that there are supports for. So there is a pretty good system of utility relief grants if your utilities are coming in at a high cost; there is not an equivalent, really, for your rent. I am not proposing that individual landlords are in the same role as a utility supplier, but I think what I guess I am leading to is that if we could do something to address the runaway rent increases that we have been having, perhaps that might serve a similar role.

Martin CAMERON: Thank you.

The CHAIR: You go.

Jordan CRUGNALE: One of the areas I represent is the Bass Coast shire, and probably half of the houses are holiday homes, more in certain areas than others. There are the houses, there is the housing stock, but obviously you have got your short-term accommodation and long-term rentals, and it is really hard to get a long-term rental. How do you sort of strike a balance? What do we do there? What are your thoughts?

Damien PATTERSON: I mean, it is worth reflecting that I think Victoria was the first jurisdiction to be taking some steps on trying to bring those houses back on board. You will have this information better than I do, if we were first, but we were early by Australian standards. I do not have a view on – and we do not have a view really on – the legitimacy or otherwise of short-term rentals, but what we know is that folks need homes, and right now they are not available. I have got to suggest that that has to be a priority.

The CHAIR: Just going back to your discussion about the stress that people are feeling, and the Victorian government's private rental assistance program is available to eligible renters who are in financial hardship or survivors of family violence who will be able to sustain their rentals with some support. Have you got any anecdotes or data in terms of how this is supporting renters who are in really stressful situations?

Cameron BLOYE: Yes, I can talk to that – no data, although we could check and see if we can provide some afterwards, but yes, that is something that is really regularly utilised by our financial counselling team to support renters where they have fallen behind on their rent. We also see people in social housing with some of the same challenges. Obviously there are protections in social housing in terms of rent caps, but there is not an equivalent scheme, so that is something of a gap, I guess, we see with how that service operates. But in terms of private rentals, yes, it is very beneficial for the renters that can access it.

The CHAIR: Terrific.

Martin CAMERON: On that point, regional wise, people that are based in our regional centres, is there a breakdown of them accessing your line compared to metropolitan Melbourne?

Damien PATTERSON: There is, and I do not think we have brought it today, so may I take that on notice?

Martin CAMERON: Yes, absolutely.

Damien PATTERSON: I do recall from the last time that I looked at it is that rural rather than regional areas are over-represented.

Martin CAMERON: Over-represented, okay, yes.

Cameron BLOYE: As part of our role, as well as working directly with renters, we work with other organisations supporting renters, which includes supporting service providers all across Victoria, including in regional areas.

Martin CAMERON: That is good to hear.

The CHAIR: In the past, people have often considered regional Victoria as a cheaper option, particularly once you get outside the large regional centres. I am thinking in Martha's electorate like a Beaufort or something like that, that you could get a home in Beaufort that your Centrelink payments would cover. Are you finding that with those affordable homes – and you referred to the data of I think it was 76 who fell in that category – regional Victoria is no longer providing that option that it once did? Have got any thoughts on that?

Damien PATTERSON: Yes. I will chip in, and then Marissa I am not sure if you will have anything to add, but you would be welcome. Yes, I think that is very true, that regional Victoria is no longer necessarily a significantly cheaper option, particularly if you are on a very low income. Of course one of the things that I imagine you are already grappling with is that there is really high variance across regional Victoria in rental costs, but very few areas offer something that is affordable to somebody on a very low income. Did you have anything that you wanted to add?

Marissa PATTISON: I think it is also worth thinking the differences in incomes. Based on the last census, the median weekly household income in regional Victoria was just under \$1400, compared with around \$1900 in greater Melbourne. Yes, median rents in regional locations are a bit lower, but when you compare them with the disparity in the median income –

The CHAIR: An excellent point. Any other questions? Is there anything else that you would like to add? I like that we are right back on time. Is there anything else that you would like to leave us with? I think the people who have presented to us to date have often had a focus on people buying rather than renting. Are there any other broad themes that you really think we should be considering as we continue with this inquiry looking into the supply of regional housing?

Damien PATTERSON: Two small ones. One I would be happy to park because I heard Dr Fotheringham earlier, but there is a need for social, public and community housing. I understand you have heard that evidence.

The other one is about the aftermath of natural disasters. If there is a natural disaster, it is probably true that our rental laws do not well reflect the needs of local communities at that time. A lot of the processes for when a property that you are renting is damaged and cannot be repaired in a timely frame reflect business-as-usual times and reflect that people are probably looking to terminate that tenancy. That might not be true in the aftermath of a natural disaster. We recognise that the truth of the matter is that getting repairs made is going to take a lot longer because of the simple demand. Currently there is not a lot of guidance on how you might seek to stay in your community or thereabouts without simply ending your tenancy, and with the other market conditions that occur after a natural disaster you are very unlikely to find another one in your community. We find that after natural disasters renters do not often have much choice but to leave their homes.

The CHAIR: Are there any policy suggestions you might have for those kinds of situations?

Damien PATTERSON: It is a bit general, but we would suggest creating a rental law framework for disasters – to update or provide a law suitable for those occasions to help people recognise that if your house is habitable but is no longer of the same standard that it was when you agreed to a certain price, there might be an

opportunity for you to agree to only utilise the part of the house that is safe. It is also important to perhaps provide some guidance on how we can determine if a home is safe. Right now what happens in reality is that if a property has been damaged, then people move out. But damaged does not necessarily mean unsafe; it might mean that amenity is significantly reduced. There are opportunities for better outcomes for renters and for regional communities in the aftermath of natural disasters that we have not taken yet.

The CHAIR: I know we have seen up in Lismore in New South Wales that people are still living in friends' caravans a year after the floods, and they have got more issues now. I know there have been issues in Echuca, and we have recently had the bushfires in the Grampians as well. With the impacts of climate change, these problems are going to become more prevalent, not less. Are there any other thoughts from you, Cameron or Marissa, that you would like to leave with us?

Cameron BLOYE: I think, just briefly, with the challenges in the housing market, clearly there are long-term problems, and it is going to take a long time for supply to help address the challenges in the market. In the meantime renters are one group of people that are in a pretty precarious situation and at a really significant risk of falling between the cracks. There are supports available. We know there are initiatives and a commitment from government to help renters, but it is still a really difficult situation to be a Victorian renter and that is likely to continue for some time. For Tenants Victoria, we think that just needs to remain at the forefront of the government's thinking.

David HODGETT: Are there any other immediate policy areas you think need to be addressed to assist renters at this time?

Damien PATTERSON: Probably not with regard to supply. I think we have talked to you a little bit about the need for additional supports for renters. We have talked to you about some of what we hope to see in rent increases, and then our other priorities are sort of working within existing government frameworks.

Cameron BLOYE: I think the rental fairness formula is something that we think is very important so that renters can have some certainty about what rent increases look like so they can plan more than 12 months ahead and then pull their kids out of school and move somewhere else.

The CHAIR: Lots to think about. Thank you very much for joining us today and taking the time to participate in the inquiry. We really appreciate it. If you would like to provide any additional information or respond to any of the questions taken on notice, please speak to our secretariat.

Witnesses withdrew.