Victoria State Government | Government Services

Renter Services Review

Discussion Paper

October 2024

OFFICIAL

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1 Summary of key observations and insights

1.1 Demand for services

1.1.1 Demand for renter services is increasing, with a new demographic of Victorians requiring support.

The demand for renter services in Victoria is surging amidst a shifting housing market landscape, marked by escalating rent prices, heightened eviction risks, and diminishing affordability. These housing pressures are compounded by rising living costs and inflation, which are squeezing household budgets and escalating financial vulnerability across the board. Economic challenges have expanded the need beyond traditional demographics and there is now a cohort of individuals who had stable incomes in the past, but now find themselves requiring support.

1.1.2 There is a proportion of at-risk clients who require renter services but are not receiving adequate support.

Many at-risk renters in need of services are underserved due to high demand, which prioritises those in immediate crisis. This leaves vulnerable individuals who could benefit from early intervention without adequate support until they reach a critical point. Referrals between services are hindered by a lack of awareness of resources and capacities, often resulting in renters navigating multiple contacts and services, and potentially becoming disengaged from the support process.

1.1.3 Renters often try and resolve issues themselves, which can exacerbate problems.

Renters frequently attempt to address issues independently, potentially worsening situations. Delayed resolutions, especially concerning rent increases and eviction notices, can lead to accruing debts as renters struggle to catch up on payments without timely assistance from support services.

1.1.4 Power imbalances exist within the market, deterring renters from taking action to address issues.

Power imbalances in the rental market and retirement villages arise from renter concerns to preserve their tenancies in a tight housing market and renters perceiving rental providers and property managers as having more influence and greater access to legal resources. This can intimidate renters and retirees from pursuing disputes or resolving issues, perpetuating a perceived inequitable environment.

1.2 Service accessibility and design

1.2.1 Low understanding of services on offer limits client expectations.

Renters' limited awareness of available services, which are often discovered through internet searches such as via CAV, hampers their expectations and delays access to support until crises arise. This lack of prior knowledge results in unclear expectations about service capabilities, providers, and funding, leading to lower expectations for outcomes. Improving awareness could facilitate earlier access to services, though concerns about overwhelming current resources and disjointed coordination amongst service providers remain, particularly regarding less recognised services like Tenancy Assistance and Advocacy Program and the Retirement Housing Assistance and Advocacy Program.

1.2.2 Isolated referrals with little follow-up from service providers is impacting client engagement with support.

Isolated referrals and passive engagement from service providers are hindering client involvement with renter services. Most referrals occur when clients seek help for other needs like food or bills, leading them to renter services almost incidentally. Passive referrals, where clients receive contact details and are expected to initiate contact themselves, often result in low follow-up. Enhancing awareness for self-referral or implementing "warm referrals" where all parties discuss needs together could improve transparency and encourage clients to actively participate.

1.3 Workforce challenges

1.3.1 A lack of experience and training within industry is exacerbating need and demand.

Property managers are often perceived as lacking a thorough grasp of rental legislation, leading to issues such as incorrect advice given to renters and driving increased demand for renter services. This problem is compounded by complex and inconsistent housing contracts, especially in retirement villages where legal guidance is scarce, leaving retirees unsure of their rights.

Inadequate training amongst service providers further impacts service quality, particularly in effective onward referrals, although there has been some success in training staff to support clients with a range of needs e.g., people from a culturally and linguistically diverse (CALD) background, First Nations renters, those experiencing domestic violence or people impacted by natural disasters.

1.4 Program management and governance

1.4.1 Focus on crisis management risks long-term sustainability of service and retention of staff.

The current emphasis on crisis management poses risks to the long-term sustainability of services and staff retention. Future service design should prioritise some early intervention over solely crisis management, although the current resource constraints make this challenging. Empowering renters about their rights and available services could foster early intervention and improve awareness, offering a potential pathway forward amidst current limitations.

2 Introduction

2.1 About this paper

This discussion paper is an opportunity for consumers, organisations from the sector and interested parties to contribute views and perspectives to assist with Consumer Affairs Victoria's (CAV) renter services review.

The Victorian Government funds renter services through CAV, a part of the Department of Government Services (DGS). These include:

- the Tenancy Assistance and Advocacy Program (TAAP): provides place-based and state-wide support to Victorians who have issues in private rental arrangements and are financially disadvantaged or experiencing vulnerability.
- the Tenancy Central Service (TCS): provides specialist support and advice to the place based TAAP workers, professional development and media, campaigns and advocacy activities related to renting.
- the Retirement Housing Assistance and Advocacy Program (RHAAP): provides specialist statewide support to people aged 55 and over living in retirement housing (inclusive of worker advice and casework services), and media, campaigns and advocacy activities related to retirement housing.

CAV also delivers additional renter services, including digital and phone information and assistance through its website and contact centre, residential tenancies investigations (into excessive rent or non-urgent repairs) and its compliance and enforcement functions.

The paper captures the following issues from desktop research and preliminary consultations with the sector as part of the review:

Insights about the drivers and barriers most relevant to renter services, both for service providers and clients.

Experiences of service providers, and sector stakeholders involved in the renter services sector, to inform how the service may need to evolve to meet current needs and demand.

The paper offers key consultation questions for consideration and provides an opportunity for readers to respond through a survey to share thoughts on:

- How well renter services are working
- How they might be better designed to serve the needs of clients experiencing rental issues.

2.2 Snapshot of the renter services review

The renter services review aims to consider whether the existing service models should be updated or improved to ensure services are accessible and aligned to the needs of Victorians experiencing vulnerability or disadvantage who have private renting or retirement living issues.

The scope of the renter services review will include:

- Service delivery under CAV renter services programs, including:
  - services currently provided by state-wide and place-based agencies, in the RHAAP and the TAAP,
  - the TCS and how it can most appropriately support CAV renter services and the broader sector in Victoria.
- The sustainability of funding sources and resourcing to support CAV renter services.
- Demand for and accessibility of renter services as a result of trends in the housing sector and wider economy.
- A review and assessment of the model of TAAP workers as non-lawyer advocates.
- How renter services can offer solutions that meet the needs of diverse service users.
- Ways to improve the efficiency and effectiveness of renter services and coordination with other support services.

More detail is available in the review's Terms of Reference.

2.3 Desktop document review

The first stage of the renter services review was a desktop document review, undertaken to inform future consultation. Key themes and observations are included throughout this document.

2.4 Key areas of consultation

This discussion paper seeks feedback to inform the renter services review covering the following four key areas:

- Demand for services
- Service accessibility and design
- Workforce challenges
- Program management and governance

Consultation questions that are posed throughout this discussion paper relate to these key areas. These questions are consolidated and listed below.

Demand for services

1. How has demand for services changed as a result of cost-of-living and housing pressures, natural disasters etc.?
2. Are there areas of demand that CAV funded renter services are not currently reaching and any type of consumer who is not currently receiving the renter services they need?

3 Who are the priority groups in the community that would benefit from increased access to renter services?

> In your response, please consider who these clients are e.g., their demographic or location and the type of service response they need.

Service accessibility and design

4 What is different about how and when clients might access renter services now compared to a few years ago?

> In your response, please consider any changes to how and when clients want to access services (e.g., phone call, referral, time of day/day of the week)

5 What are the opportunities to co-locate or integrate services to ensure clients receive support that meets all of their needs?

> In your response, please consider possible logistics of co-located services, such as location, along with any consideration to key services that should be integrated together.

6 How can innovation and joined-up services be better used in service model and program design?

7 How can services be designed to continue to meet the current needs of Victorians experiencing vulnerability in the market, while also having the flexibility to adapt to emerging ones?

8 How can services be designed to minimise overlap and ensure consistency both in delivery and reporting requirements?

Workforce and sector needs

9 What are the key workforce challenges for renter services?

10 What support or change is needed to continue to enhance the professionalism of the sector in Victoria and ensure its long-term sustainability?

Program management and governance

11 What opportunities are available to change program reporting and data gathering to improve rental service offerings?

> In your response, please consider the use of data in measuring the impact of renter services, what sort of data should be collected and any opportunities to maximise the use of data for the sector and system advocacy.

12 What changes can be made to funding arrangements to support the development of the service response?

3 The sector and renter services support

The landscape for renter services is changing. Cost of living, fewer people owning homes, low vacancy rates, population growth, rising property prices and shortage of supply are contributing to a competitive rental market and ongoing housing pressures. The need for renter services is increasing; more Victorians are now in need of renter services who don't fit the typical profile of those who have accessed support in the past.

3.1 Changes to the rental landscape and level of demand

The rental market is changing. Levels of home ownership are falling and rent increases are become larger and more common, with rent inflation being seen across new and existing renters, property types and all states. The industry is seeing a lack of supply and affordability of rental properties, which is contributing to an unstable and contested housing market.

COVID-19 has had a significant impact on patterns of supply and demand, with many Australians changing their renting habits, such as an increased desire for more space and fewer housemates. The reopening of the international border in early 2022 has also contributed to decline in vacancy rates, with a greater increase in those looking for rental properties . Increased inflation and cost of living is further contributing to renters' financial vulnerability. With general increases in the prices of most goods and services, renters' income is having to stretch further for everyday basics, with many experiencing cash flow problems.

Renter services are seeing a cohort of new clients, who haven't previously felt vulnerable or disadvantaged in the market but are now struggling to sustain their tenancy and rent increases. These groups are less likely to understand how to access or navigate support, as many are using the services for the first time in their lives. This may be coupled with a greater sense of shame, exacerbating barriers to access. Retirees for example, may be more reluctant to approach housing services as they may not see themselves as vulnerable in the marketplace, having spent the majority of their lives in a 'secure' bracket, and feel shame or an unwillingness to define themselves as needing help.

3.1.1 Changes in housing vulnerability

Renter services are also seeing a greater number of clients presenting with co-occurring complex needs. For older clients, this might be mobility or hearing issues. Other clients may also be experiencing illness or poor mental health, unemployment, domestic violence, be victims of scams, or have experiences of natural disasters and those still struggling due to the longer-term impact of COVID-19. This adds to the complexity of support required, as clients are often struggling with additional needs and requiring more intensive support and efficient onward referrals.

Vulnerabilities across the sector are increasing. Homelessness is on the rise, with concerning trends observed in groups that experience higher rates of vulnerability in the housing market, such as older women, First Nations and CALD communities, who are also more likely to require additional support outside of renter services e.g., for domestic violence or family support. These groups are also more likely to be living in substandard accommodation, accept poorer living conditions and have lower incomes.

Service providers believe there is unmet demand for renter services, with renters experiencing issues but not receiving the help they need. Being able to access adequate support is essential, and even more pressing for specific groups in the community who are experiencing vulnerability, speak a language other than English, or for First Nations clients. The sector needs to consider how best to ensure renter services are accessible and supportive to these cohorts.

3.1.2 Accessibility of rental services

Current service provisions are limited in their digital technology delivery. There is opportunity to do more, along with incorporating multiple forms of engagement, such as telephone, email, face-to-face and online chat.

However, it is also important to consider the development of these with a strong focus on usability and accessibility to facilitate take up. It is important that these are considered and tested with a variety of service users, due to concerns around digital literacy levels amongst some groups (particularly older Victorians). Retirees sometimes struggle with online requirements, such as emailing an important document over. Purely digital provision would be a barrier for cohorts who typically need more specialist, face-to-face delivery.

3.2 Renter services in Victoria

3.2.1 CAV-funded renter services in Victoria

Current CAV funded renter services include several components:

- the Tenancy Assistance and Advocacy Program (TAAP)
- the Tenancy Central Service (TCS)
- the Retirement Housing Assistance and Advocacy Program (RHAAP).

The overarching objective of these models is to resolve issues in renting and retirement living to prevent adverse outcomes for the renter or resident and reduce the incidences of loss of accommodation or homelessness.

Through its contact centre, CAV provides a significant amount of renter services to the community. In 2022-23, CAV answered more than 63,000 calls and provided in excess of 1,600 front-line compliance and resolution services. In 2022-23 CAV received more than 5,400 requests for reviews of rent increases, an increase of more than 120 per cent on the previous year . CAV's regional officers also conducted more than 500 inspections where there were disputes between renters and rental providers over non-urgent repairs.

3.2.2 Non-CAV funded services in Victoria

Victoria's broader renter support framework also includes support programs funded by the Department of Families, Fairness and Housing (DFFH) through Homes Victoria, and rental legal assistance through Victoria Legal Aid (VLA) and community legal centres.

DFFH programs include:

- Tenancy plus, which aims to prevent homelessness and support renters to stay in housing. The program is funded to support at risk public housing renters.
- Private Rental Assistance Program is a preventative program that provides holistic support to households experiencing or at risk of homelessness. Support is focused on financially disadvantaged or victims of family violence.

VLA administers funding for the state's network of community legal centres and also provides tenancy legal assistance through its Legal Help service and in-house legal practice.

3.2.3 Legal versus community delivery

There are mixed views from stakeholders regarding the provision of renter services through a legal service versus a community or housing service.

Those currently in the legal sector suggest the complexities of the law require a legal background and specialist knowledge of complex contracts (such as retirement contracts, which can be complex and lack consistency). In addition, there is a requirement of accompanying due diligence, risk and quality assurance.

Those in community-based services believe the intersection between renter issues and other co-occurring vulnerabilities requires a more holistic approach that considers all aspects of the renter's situation. The legal perspective also agrees that there is a need for interconnection of services and that they can facilitate this.

4 Preliminary review findings

In 2023 and 2024, as part of the first stage of this review, CAV gathered information from:

- In-depth online interviews with funded and non-funded service providers.
- In-depth online interviews with service users.
- Government and sector research and online resources, including systematic reviews, evaluations and summary reports, along with sector case studies.

4.1 Renter and retirement housing services insights and data

Client numbers in the TAAP have risen significantly since a low of 6,650 clients in 2020-21 when service delivery was significantly impacted by COVID-19 lockdowns and renters received various supports to mitigate the impact of the pandemic. In 2023-24, 8,892 clients were support by TAAP advocates, a 33 per cent increase on the pandemic impacted year of 2020-21, and an increase of 8.5 per cent on the pre-pandemic year of 2018-19 when 8,195 clients were supported.

Across a similar period, resources to TAAP have remained the same at 22 full time equivalent staff. In response to the increased client numbers, agencies have also increased the number of service hours delivered, with 2022-23 six per cent above the service hours delivered in 2018-19.

Clients accessing TAAP are predominantly female, with the trend remaining consistent across 2018-19 to 2022-23 when 69 per cent of clients identified as female. Client incomes have also remained relatively static across this period, with people earning between $0 to $40,000 per year predominantly receiving support. Within the income bracket of $20,001 to $30,000 per year, there has been a noticeable increase, with this group now accounting for 44 per cent of clients in 2022-23, up from 32 per cent in 2018-19.

From 2018-19 to 2022-23 there has been minimal change in reported support provided through CAV funded renter services to CALD and First Nations communities, with the rates sitting at around 12 and 3 per cent respectively, indicating low engagement for these communities. This contrasts sharply with the trends reported in stakeholder interviews around increasing demand for services from these communities.

The predominant issues clients receive support for remain notices to vacate (34 per cent in 2022-23, up from 32 per cent in 2018-19) and rent arrears (11 per cent in 2022-23, up from 10 per cent in 2018-19). Urgent repairs have recorded a 4 per cent increase in this time period.

Case outcomes across this period have remained largely steady with full redress at the Victorian Civil and Administrative Tribunal (7 per cent) and successful negotiation (12 per cent) the most significant case outcomes reported beyond information and referral. Information and referral now account for 37 per cent of reported case outcomes, up from 29 per cent in 2018-19.

Client numbers in the RHAAP have fluctuated across the 2018-19 to 2022-23 years, including through the years impacted by the COVID-19 pandemic, from a low of 320 clients supported in 2018-19, to a high the following year of 435 clients. Number dropped again to 323 by 2021-22, but have increased significantly to 421 clients in 2022-23, a 31 per cent increase on 2018-19.

While engagement of CALD communities was slightly higher in the RHAAP in 2022-23 than it was for TAAP at 15 per cent, the proportion of First Nations clients is lower at around 1 per cent, or 5 individual clients who identified as being Aboriginal.

RHAAP clients predominantly live in for-profit retirement villages (35 per cent) and not-for-profit retirement villages/independent living units (25 per cent), and while the bulk of clients report incomes of between $20,001 and $30,000 per year (69 per cent in 2022-23), an increasing number of clients include those with incomes between $30,001 and $40,000 per year with this group now accounting for 21 per cent of clients. Almost all RHAAP clients are reported as receiving Centrelink benefits.

Contractual disputes and maintenance issues are the most common reported specific issues that RHAAP clients are supported with, along with management issues and charges or fees.

4.1.1 Demand for services

Demand for renter services is increasing, with a new demographic of Victorians requiring support.

- **The housing market is changing**. Increases in rent, threats of evictions, fewer homeowners and more renters, and a decline in affordability of housing is contributing to significant housing pressures.
- Cost of living and rising inflation is resulting in higher costs for everyday goods and services, with Australians typically spending a larger proportion of their income on basic living expenses. This, coupled with rising rental costs, is resulting in i**ncreased financial vulnerability for many**.
- Due to the challenging economic climate and the complex housing market, more Victorians **who don't fit the typical profile** of those who have accessed support in the past, are **now in need of renter services**.
- Whilst renters are typically younger, move more often, have lower incomes and lower wealth, there is now a **proportion of people who have had reliable and reasonable income in the past, but are now in need of support services**.

There is a proportion of at-risk clients who require renter services but are not receiving adequate support.

- Due to high demand for existing renter services, **prioritisation is made for clients with urgent needs** and in more immediate crisis. This leaves those who are still vulnerable and at risk, but more suitable for early intervention rather than crisis management, being **deprioritised and without access** to adequate support. By the time clients can access a service, they can be in a very vulnerable position.

- When making referrals from one service to another, **service providers are often unaware of the receiving service's resources and capacity**, with many not able to take on additional clients. This can often result in renters having to contact services multiple times, potentially disengaging renters from the process.

Renters often try and resolve issues themselves, which can exacerbate problems.

- **Renters may try to reach a resolution with their property manager or rental provider without assistance from support services**, which in many cases takes time. While self-help is generally encouraged where a renter has the skills and confidence to do so, and securing your own outcome can be empowering, it can also be risky for renters where issues remain unresolved. Failure to secure a resolution in a timely way can worsen the issue, particularly for rent increases and notices to vacate, with renters accumulating debt after falling behind on rent payments during this period.

Power imbalances exist within the market, deterring renters from taking action to address issues.

- A perceived **power imbalance exists between rental providers / property managers and renters**, with perceptions that rental providers hold more power than renters due to renters' fear of losing their tenancy, particularly in a tight housing market. The perceived lack of regulation in place, along with a lack of awareness of rights and responsibilities of rental providers, property managers and renters, exacerbates the inequity.
- **Imbalances are similarly observed in retirement villages**, with rental providers thought to have more ready access to lawyers and legal advice. This creates a daunting and overwhelming environment for the renter, which can be intimidating for retirees who have a dispute.
- Power imbalances can lead to **renters accepting an issue or not proceeding with a dispute**, due to the anxiety of engaging with rental providers and proceeding down the complex dispute process.

Consultation questions:

1. How has demand for services changed as a result of cost-of-living and housing pressures, natural disasters etc?
2. Are there areas of demand that CAV funded renter services are not currently reaching and any type of consumer who is not currently receiving the renter services they need?
3. Who are the priority groups in the community that would benefit from increased access to renter services?

   In your response, please consider who these clients are e.g., their demographic or location and the type of service response they need.

4.1.2 Service accessibility and design

Low understanding of services on offer limits client expectations.

- **Awareness of services on offer is low**. Renters often conduct an internet search to find services available to them. CAV can be a point of reference for internet searches, as renters are aware of CAV's involvement in rental disputes as a consumer issue (as compared to financial counselling services). However, it is unclear if this search successfully connects renters with a service.
- Given there is little to no awareness of a renter service prior to connecting with it, **clients have limited understanding of what the service can do for them**, who delivers it and how the service is funded, resulting in **low expectation of intended resolution or outcome**.
- **A greater awareness of renter services would allow clients to access the service sooner, prior to a crisis point**. However, there is also acknowledgement that advertising the service is likely to generate demand which can't be serviced by the current resourcing.
- The programs **don't appear to be operating as a suite**, rather clients are referred to a service based on the issues presented at the time. There appears to be lower awareness amongst other service providers about the TAAP and RHAAP services, which can impact onward referral for clients.

Isolated referrals with little follow-up from service providers is impacting client engagement with support.

- **Being referred by an agency** where the client has presented with a need for a different type of support (food, bills, mental health), is the most **common pathway** to renter services.
- Passive referrals are common amongst service providers, where **clients are given contact details of another service to engage themselves.** Clients often don't follow up passive referrals as they feel they are being passed from service to service, producing a clear barrier for engagement and interest in process.
- **Improved awareness for self-referral, or improvement in join-up of services** where 'warm referrals' are made (a three-way conversation happens in the presence of the client) can provide an open and transparent process in which information can be exchanged between the service provider, the client and the other service.

Consultation questions:

4. What is different about how and when clients might access renter services now compared to a few years ago?

    In your response, please consider any changes to how and when clients want to access services (e.g., phone call, referral, time of day/day of the week)

5. What are the opportunities to co-locate or integrate services to ensure clients receive support that meets all of their needs?

In your response, please consider possible logistics of co-located services, such as location, along with any consideration to key services that should be integrated together.

6 How can innovation and joined-up services be better used in service model and program design?

7 How can services be designed to continue to meet the current needs of Victorians experiencing vulnerability in the market, while also having the flexibility to adapt to emerging ones?

8 How can services be designed to minimise overlap and ensure consistency both in delivery and reporting requirements?

4.1.3 Workforce challenges

A lack of experience and training within industry is exacerbating need and demand.

- There is a perception that **property managers do not have a thorough understanding of the relevant legislation to provide accurate information and advice** to renters. The consultation suggests there are many instances where the property manager has acted inappropriately e.g. drafting invalid notices or being unfamiliar with legislation around rent increases. This can contribute to rental issues arising and demand for renting services that could have been avoided.
- Within the housing sector, contracts are often complex and inconsistent. This is particularly pertinent for retirement village contracts, where there is a **shortage of lawyers who can assist with challenging retirement contracts**, leaving retirees confused as to their rights and next steps.
- Poor training and experience within service providers can **impact quality of service delivered**, such as effective onward referral, which is highly dependent on training of staff.
- Stakeholder interviews found that training provided to ensure staff are skilled in supporting clients with specialised needs (CALD, First Nations, people experiencing domestic violence, people impacted by natural disasters) was a positive of the existing service, although **more could be done**.

Consultation questions:

9 What are the key workforce challenges for renter services?

10 What support or change is needed to continue to enhance the professionalism of the sector in Victoria and ensure its long-term sustainability?

4.1.4 Program management and governance

Focus on crisis management risks long-term sustainability of service and retention of staff.

- Future consideration of service design needs to **shift some focus to early intervention rather than solely crisis management**, although it is important to note that as it stands the current design would struggle to focus on early intervention due to demand exceeding service levels currently funded.
- There is an opportunity to empower renters about their rights to encourage early intervention and awareness of services on offer.

Consultation questions:

11 What opportunities are available to change program reporting and data gathering to improve rental service offerings?

In your response, please consider the use of data in measuring the impact of renter services, what sort of data should be collected and any opportunities to maximise the use of data for the sector and system advocacy.

12 What changes can be made to funding arrangements to support the development of the service response?

5 Next steps

Responses to this discussion paper, our desktop review and interviews with stakeholders and users will be brought together to inform the next phase of the renter services review: future service model design. In this phase CAV will develop options for future service models and seek feedback from stakeholders on these proposals to ensure that future design of the renter services will meet client needs, prior to providing recommendations to government on the future approach.