

The Secretary  
Legal and Social Issues Committee  
Parliament House, Spring Street  
EAST MELBOURNE VIC 3002

## **INQUIRY INTO THE PUBLIC HOUSING RENEWAL PROGRAM**

### **SUBMISSION FROM SOUTH PORT COMMUNITY HOUSING GROUP INC. (SPCHG)**

#### **About SPCHG**

Based in South Melbourne, in the City of Port Phillip, South Port Community Housing Group Inc. is a provider of community housing and specialist youth homelessness support services. The organisation has existed since 1983 when it was formed by community initiative to undertake community-based management of State-owned local rooming houses.

SPCHG's Housing Program manages 283 tenancies: 71 in properties owned by the organisation; 212 in properties under a General Lease with the Director of Housing. Apart from some private donations and small grants, the organisation is largely reliant on rent collected to fund its operations.

The organisation's mission is:

- to create and manage affordable rental housing options in the City of Port Phillip for single adults and young people who have faced homelessness and social exclusion;
- to encourage our tenants to participate in the local community and share in the benefits of inner city living; and
- to work with people who are most in need of an affordable, supportive place to live.

Since 2011, SPCHG has partnered with DHHS to acquire ownership of two local properties.

In an intensive program which began in 2009, it has also, in partnership with DHHS, converted 9 rooming houses with 130 rooms to 9 blocks of self-contained bed-sit flats with 120 bed-sits. This was a major program of tenant relocation and financial management due to rent lost during upgrade periods.

SPCHG's service model is unique, in that we are:

- completely locally focused;
- dedicated only to housing singles most in need;
- operating a housing model which integrates some support into a tenancy management function, employing people trained in social work and community development as tenancy workers;
- focused also on the needs of local young people in crisis;
- dedicated to basing our service model on strong connections to the local community.

SPCHG's sole target group is single adults who are coming from homelessness or crisis housing. Referrals are only taken from key homelessness and crisis service/support agencies, including Launch Housing, Sacred Heart Mission St Kilda, Star Health, and Vincentcare's Ozanam House.

Our housing model has many features of a Housing First approach, but through employing social workers and community development workers in our tenancy management roles, a personalised, supportive service is provided which, we believe, sustains many tenancies which otherwise might fail.

Our housing model also provides a pathway to long term housing, and increases chances of community connections, through offering newer tenants opportunity to 'advance' through SPCHG's range of housing stock from small bed-sit to large bed-sit to one-bedroom flat. This is clearly evidenced in the number of tenants who came from homelessness and now have tenancy duration of more than 10 years.

Ongoing work in tenant communication also builds community connections: newsletters, website and worker referrals promote awareness of, and links to, local services and facilities.

Operating within both the homelessness and community housing sectors, however, shows us every day the extremely high and growing need for housing for this target group.

SPCHG's commitment to the single target group of marginalised single adults coming from homelessness also stems from concern that a declining number of agencies are committed to providing, and growing, long term, affordable, rental housing stock for this group.

### **The program should ideally have had more ambitious targets**

The Andrews Government Public Housing Renewal Program is praiseworthy for its size and ambition. But while the strategy of trying to achieve an increase in stock by selling off public housing land to developers is understandable, it is also frustrating in light of what *could* have been achieved on each of the sites in question with greater government investment.

Most of Melbourne's public housing stock is located in inner and middle suburbs with excellent access to public transport, shopping options and community services and facilities. It is, in the view of SPCHG, so important that public housing remains in these wonderful locations, and remains targeted at people most in need of housing assistance and easy access to facilities important for maintaining and improving their health.

***Land currently used for public housing is too socially valuable to be traded off to developers to achieve Government savings on the cost of replacing aged housing stock.***

***SPCHG believes that the proposed requirement for a 10% increase in total public housing per site is: a) a wasted opportunity and, b) inadequate compensation for losing significant public assets (housing sites).***

***A target 10% increase in public housing is not enough. More community value needs to be obtained from these 'invaluable' sites. These sites have huge potential to better meet some urgent housing needs, and this potential is enhanced by the fact that they are all in suburbs with excellent public transport, health facilities, welfare/support services, food shopping options, so much needed by the people waiting to be housed.***

### **The need for a robust social housing system is more urgent than ever**

The Andrews Government has been a strong supporter of the social housing sector. The *Homes for Victorians* program is one of the bigger investments Victoria has seen in recent times.

But dramatically rising levels of visible homelessness, or rough sleeping, in the CBD and suburbs, combined with a housing affordability crisis affecting large segments of the Australian population, and trends like the growth in insecure, part time and casual jobs, are all feeding a growing and increasingly urgent need for growth in social housing.

Even the Productivity Commission noted, ‘Social housing provides a safety net for people experiencing homelessness, or who face high barriers, including financial barriers, to sustaining tenancy in the private rental market, and plays an important role in increasing their quality of life’. (*Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services, Draft Report*, Australian Government Productivity Commission, June 2017).

Australia’s social housing system is tiny in comparison with most European countries, and shrinking. Brave and committed State Governments can have a powerful influence in turning this around, through setting examples and taking on the arguments with the Federal Government.

Upgrade of Victoria’s public housing stock is much needed. Many estates are in sub-standard condition which is negative for tenants, negative for the image of the social housing sector, and negative for the functionality of the system.

SPCHG supports maintenance of a strong social housing system comprising three parts:

- Public housing owned and managed by State Government providing housing to those most in need;
- Not-for-profit Housing Associations aimed at developing housing stock for a slightly higher income group;
- Housing Providers aimed at higher-needs groups and providing more intensive tenancy management and specialised responses.

***SPCHG believes that the Andrews State Government, which has such an excellent record of achievements in social housing, should go one brave step further and take a moral lead on this issue, with Treasury accepting the strong need to substantially grow the social housing system.***

The housing market clearly does not meet some of the ‘safety net needs’ in our society. Housing is a rapidly growing ‘safety net need’. The result of not addressing this need is ever-growing homelessness. This is not something Australians are accustomed to and not something they readily accept. The Andrews Government should have an across-government commitment that the right to social housing should exist for those unable to afford or access private options, similar to the equivalent rights which exist in relation to access to state schools and public health services. It would need to back this up with a dramatic increase to funding.

### **Don’t give up- invest more in public housing**

\$180 million does not seem like a significant investment when viewed in the context of other State expenditures.

For an investment of \$180 million approx., we understand the Government expects to achieve a public housing replacement program of a total value of \$1 billion- based on selling off to the private sector significant proportions of the land involved.

Social housing has always been a ‘poor cousin’ when compared with the massive, and largely unquestioned, State expenditure on schools, hospitals and roads. The State Government, with sector support, could mount a campaign to turn that around. There are many cost-benefit analyses undertaken by our universities that show the value achieved by provision of secure housing, in lower use of other services, including notably, hospitals and prisons.

A larger State investment could avoid the need to sell off public housing land to developers.

### **New housing needs to be based on a publicly available State Government analysis of needs**

SPCHG supports VAGO's concern about the absence of a 'clear, long term direction for public housing' (VAGO, *Managing Victoria's Public Housing*, June 2017 pviii). We sympathise with the State Government's 'can-do', 'just-get-on-with-it' attitude to this problem but would prefer to see a response based on a sound needs analysis.

***The State Government should undertake a comprehensive analysis of the social housing needs in Victoria, and develop a targeted strategy flowing from that analysis.***

We have seen no rationale for the current selection of estates, or for the types of housing to replace the housing being developed.

SPCHG sees a very strong need for more housing targeted to marginalised single adults currently in situations of homelessness or crisis. We see no evidence that redevelopment of the public housing estates will address this need and increase such housing.

***SPCHG believes the separation of housing and homelessness/support services can create significant impediments to seamless and timely responses to maintaining tenancies of the most marginalised. The State Government should undertake research that reviews the rationale for, and effectiveness of, the separation of housing and homelessness/support services in all aspects of State Government and most of the sector.***

We regularly see disadvantages for clients in this divided system and see that a more seamless and timely response service can result where these functions are integrated into one organisation. SPCHG fails to see the rationale for the ongoing separation, including the separation that exists in State Government and the peak bodies of CHFV and CHP. Social housing should be geared to playing a central role eradicating homelessness in our society.

## **Overcoming disincentives to major upgrade and renewal**

Since becoming a property owner of two properties in the last few years, SPCHG has sympathy from practical experience for the State Government's plight in relation to finding the funds from rent collection to fund, not only management of the system, but replacement or upgrade of housing stock in poor condition. Funding asset replacement from rents is simply not possible, especially when tenants are mostly people on the lowest of incomes, namely government benefits and pensions.

We understand very clearly the dilemmas in balancing the budget in managing and maintaining social housing stock. Once provision for long term maintenance is added in to the budget, the budget is in 'the red'. It is clear to us how, or why, successive State Governments over decades, continue to inherit a run-down public housing system, much of which is in completely unacceptable condition. Housing only people in the lowest income groups, the system cannot fund itself. It requires additional funding for long term maintenance, upgrade and replacement, which successive governments have been reluctant to commit.

It is no wonder the Victorian Auditor General labelled Victoria's public housing system as an 'unsustainable operating model'. (VAGO, *Managing Victoria's Public Housing*, June 2017) but acknowledging and understanding how this situation has occurred is not to suggest the situation should continue. The State Government must make a start, and allocate the funds to turn the situation around.

## **Overcoming a difficult policy context**

SPCHG appreciates the constraints imposed by other levels of government. With a Federal Government continually reducing financial allocations and introducing unrealistic targets, and some local governments content to merely reflect narrow concerns of a few local residents, it is

acknowledged that there are strong pressures limiting State Government capacity to achieve social housing expansion.

For a State Government with a strong stated commitment to social housing and tackling homelessness, and some significant achievements in its term in government, the federal/broader policy context is a difficult one. The Turnbull Federal Government has shown little support for growth of State-run public housing, and has made it a condition of funding that the States transfer management to the private/community housing sectors. The Productivity Commission, despite acknowledging the important safety net role of social housing, has recently recommended a major shift away from housing provision to a personal subsidy (rent assistance) system, to apply to all tenures, to increase equity within the system. SPCHG also appreciates the challenges with some local Councils who have very varied support for social housing and prickly reactions to changes to planning schemes for this project.

***SPCHG praises the Andrews Government for planning such a large scale response to the extremely large and difficult problem of upgrading significant numbers of Victoria's aged and run-down public housing stock.***

***SPCHG believes, however, that ideally the Andrews Government should allocate a significantly higher amount of funding to this problem and not rely so heavily on selling off public assets and partnership with private developers.***

SPCHG does not underestimate the enormity of the task being planned. Relocating large numbers of tenants is a truly enormous and daunting exercise. But, if tenants are to be disrupted to such an extent, it is a shame to not take the (once in decades) opportunity to significantly increase the stock on each site.

### **Changes to the public housing system should, at least in part, respond to the growing homelessness crisis**

There is a strong need to increase social housing stock as quickly as is feasible. The evidence is the growing public housing waiting list, growing housing affordability crisis, visible increase in rough sleeping in Melbourne CBD and suburbs.

To start making inroads on the growing homelessness problem, Victoria needs a large segment of its social housing that will house those who:

- Are on the lowest incomes, and
- Have complex health issues which increase management costs.

SPCHG was inspired by the recent visit to Australia by Assoc Prof Eoin O'Sullivan. At the Council to Homeless Persons 2017 Conference, Prof O'Sullivan presented compelling data on the ending of homelessness in Finland by provision of new long term housing and a 'housing first' response..

***SPCHG believes that any government planning for social housing and homelessness services in Victoria should consider Professor Eoin O'Sullivan's compelling data about eradicating homelessness in Finland by providing supportive long term housing rather than crisis or transitional housing.***

SPCHG's model of housing marginalised adults has also evolved to a stage of being worthy of examination. A research report in partnership with RMIT was completed in 2017. This report 'Housing and Homes: Understanding social support and ontological security among South Port Community Housing Group tenants', Shai Diner, 2017, analysed outcomes for tenants. SPCHG intends to build on this in the next 12 months with a further analysis which is more cost-benefit focused.

***SPCHG believes that the task of growing long term housing for marginalised single adults coming from homelessness is an emerging gap in the social housing/homelessness systems. There are financial disincentives to housing this target group. This is a gap which could, partly at least, be addressed through a carefully planning public housing renewal program.***

***SPCHG urges care in allocating public housing vacancies to the Public Housing Renewal Program relocation effort, as programs like specialist youth homelessness support services rely on such vacancies to achieve suitable housing outcomes for clients.***

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Chairperson

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## **Appendix 1.**

### **Understanding of the Public Housing Renewal Program**

Our understanding is that the program in question involves 9 public housing estates plus two already commenced which will not be subject to all of the same conditions (Flemington and Preston), involving approximately 1,890 tenancies in total, as follows:

Flemington (excluding towers)	198
Preston (already commenced)	81

Northcote	87
Heidelberg West	154
Brunswick West	81
North Melbourne	112

Clifton Hill	36
Prahran	120
Ascot Vale	842
Brighton	127
Hawthorn	52

The Government will call for expressions of interest from private developers to take on each project, which may or may not also involve partnerships with Housing Associations. Each site will have unique arrangements, but developers will be required to create at least 10% more public housing than exists currently and in return will acquire part of the site for development as private housing.

Planning schemes have been amended to fast-track the projects.

Tenants are being relocated, and being guaranteed return to equivalent, but new, accommodation on their estate.

Tenants are being consulted through a comprehensive series of meetings at each location being conducted in late 2017.

The total value of the project is over \$1 billion. The State Government is allocating \$180 million to nine of the projects, plus an additional \$50 million to the Preston and Flemington projects, which have already started.