



To: The Secretary  
Legal and Social Issues Committee  
Legislative Council Parliament House  
Spring Street East Melbourne VIC 3002  
Via email: phrp@parliament.vic.gov.au

## **Inquiry into the Public Housing Renewal Program**

I am a public tenant of over 20 years who also worked in the community sector for eight years until 2015. In the latter role I often engaged with community housing tenants on their tenancy experiences - their feedback revealed some disparities and a lack of rights when contrasted with the public tenant experience. This is relevant to the Renewal Program's plan to transfer tenants to social or community housing landlords post-redevelopment and helped to inform that aspect of my submission.

Unless otherwise stated, my submission will refer to 'public housing' as a separate entity to 'social housing'. Like other public housing advocates, I reject DHHS's adoption of 'social housing' as an umbrella term incorporating both public and community forms of housing. Once 'public housing' vanishes as a label or concept, its physical death can't be far behind. While 'social housing' gained currency in the UK to reflect the expansion of community housing and its adoption of a growth-oriented business model, there's now been a resurgence of 'community housing' when referring to all types of NGO housing, possibly as it has a friendlier ring to it.

In addition to responding to some of the terms of reference of the Inquiry, I will also depart from the terms of reference to offer some additional reflections on the need for the State Government, along with engaged Members of Parliament, to interrogate the rationale that has informed the preference for investing in social housing at the expense of allowing the public housing system to run down and without any demonstrated capacity of social housing to adequately deliver housing for those most in need. I will offer a rationale as to how and why public housing should, once again, become the main platform for delivering low-cost housing to Victorians in need.

The intentional neglect of public housing includes the absence of any meaningful avenues where public tenants can have their voice heard either on local estate matters or on the bigger picture, while the failure to invest in new public housing stock has led to ever-increasing numbers of Victorians experiencing homelessness.

My submission also deals with the highly problematic approach of Port Phillip Council - due to its allegiance to a local Housing Association it consistently fails to consider local public tenant amenity relevant to its duties and sidelines the important role of public housing in the local residential mix.

Other advocates have responded with detailed arguments in their submissions on the ways in which the Public Housing Renewal Program inadequately addresses many issues impacting on affected tenants, and the consequences of disposing of public housing assets. [REDACTED] commitments have precluded my immersion in the finer points of the Renewal Program and I **endorse the questions and concerns raised by other supporters of public housing.**

## Response to the Inquiry Terms of Reference

### 1. Adequacy of a proposed 10% increase in public housing given the size of the waiting list:

This stock increase is vastly inadequate when the waiting list of over 35 thousand applicants plus 22 thousand Victorians in homelessness are taken into account.<sup>1</sup> Key contributors to severe housing insecurity are the inflated private rental market which is inaccessible to people on low fixed incomes and the shrinkage of affordable housing options to meet population growth. The latter is largely due to the failure of consecutive Labor and Liberal Governments to invest in public housing since the John Cain era of the early 1990s. The current level of social (including public) housing in Victoria is a mere 3.5% of total homes.<sup>2</sup> VAGO's recent report into 'Managing Victoria's Public Housing' notes "*The total stock of public housing decreased by 581 dwellings between 2006 and 2016*".<sup>3</sup>

A report commissioned by Minister Foley to determine the level of demand for social housing, based on predicted population growth, made the following finding:

*"1,700 more social housing homes are needed each year over the next 20 years to maintain social housing at its current 3.5 per cent share of the total homes in Victoria. This is an increase of over 30,000 social homes over the next two decades. Double this amount of social housing homes is needed over the next 20 years if lower income households, currently facing housing stress in the private rental market, are to have affordable housing".<sup>4</sup>*

In light of the current plan to increase public housing by only 10%, one wonders whether the Minister reads his own reports.

It's hard to accept the State Government's claim that the Renewal Program will yield a 10% increase in properties on the affected estates and whether this is a desirable outcome for those tenants. To compress additional housing into smaller pockets of land will necessitate shrinking the building envelope, leading to reduced liveability as families cope with more confined spaces (including less storage space). Many

<sup>1</sup> Last available figures: 2011 Census, see Council to Homeless Persons fact sheet: [http://chp.org.au/wp-content/uploads/2012/12/10122012\\_Homelessness-in-Victoria-with-2011-ABS-stats.pdf](http://chp.org.au/wp-content/uploads/2012/12/10122012_Homelessness-in-Victoria-with-2011-ABS-stats.pdf)

<sup>2</sup> 'Victoria's Social Housing Supply Requirements to 2036' (2017) State of Victoria, Department of Health and Human Services (1703017).

<sup>3</sup> Victorian Auditor-General's Office (VAGO), 2017, 'Managing Victoria's Public Housing'.

<sup>4</sup> 'Victoria's Social Housing Supply Requirements to 2036' (2017) State of Victoria, Department of Health and Human Services (1703017).

people living in public housing have complex needs and their housing should be a haven, not a hassle.

The plan to dispose of large slabs of inner-Melbourne public housing estates cannot be regarded as a fit-for-purpose response to the overwhelming need for affordable housing options to cater for the needs of an expanding population, many of whom are part of the casualised workforce and hence fall into the low-income category requiring affordable properties that demand less than 30% of their income in rental outgoings.

Please refer to **‘Additional points’** for some unpacking of the myths around the cost of managing public housing.

## **2. Ability to cater for all demographics including families, couples and singles:**

Over the past 20 years both public housing redevelopments and community housing projects in the inner-city have overwhelmingly comprised one or two-bedroom units. This has squeezed out larger families, or even those with one child of either sex. Yet those vulnerable families also benefit from service-rich areas close to the city. This practice of forcing families in need to the middle or outer suburbs amounts to social engineering and needs to cease.

The proposed reduction in the number of three-bedroom units compared to existing walk-ups means that the majority of larger families will be prevented from returning, post-redevelopment. This renders Minister Foley’s pledge “guaranteeing that every tenant has the right to return to a new, improved home once the project is completed” unenforceable.<sup>5</sup>

While the plan to “connect a two-bedroom apartment with a one-bedroom apartment”<sup>6</sup> to create flexible living arrangements is innovative, larger families don’t necessarily need this – they just need sufficient bedrooms, not an extra kitchen! Questions remain as to how occupying two units may impact on a family’s rental liability, particularly if properties are transferred to social housing providers as the model is based on reducing costs and enhancing profits.

## **3. Effects on current public housing tenants:**

The main immediate effect is the lack of clarity afforded to tenants around major aspects of the redevelopments including:

- timelines;
- the precise nature of the rebuilds;
- whether the public and private components will be segregated, thereby entrenching social divisions;
- proposed transfers to unknown social housing landlords;

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<sup>5</sup> Public Housing Renewal Update, November 2017;  
<http://www.theage.com.au/victoria/public-housing-selloff-to-developers-will-leave-shortfall-for-the-poor-report-20171029-gzahfr.html>

<sup>6</sup> Public Housing Renewal Update, November 2017.

- taking Gronn Place and North Melbourne as examples, the redevelopment plans are not presented in a user-friendly context to aid their interpretation either by the affected tenants, many of whom have English as a second language, or by members of the general public. The plans and accompanying notes can only be properly deciphered by planning professionals and developers.
- This lack of clarity and air of mystery around the proposals is stressful for the tenants.

**Elderly tenants require special consideration:** I have attended community meetings comprised mainly of the affected tenants and have noted that a great many are frail and elderly. The Department must consider the health and psychological benefits of 'ageing in place'. The greatest care should be taken to ensure that the Renewal Program does not traumatise these elderly tenants. Community health workers along with staff from Housing for the Aged Action Group, who have expertise in supporting older public tenants through redevelopments, should be engaged.

The prospect of returning to a new landlord who may make all sorts of unanticipated bureaucratic demands on these frail and elderly tenants would be highly disorientating and should be sufficient grounds to maintain at least some blocks (such as Older Person Units) in each estate as genuine public housing, in order to minimise the suffering of this highly vulnerable tenant cohort.

#### **9. Transparency and genuine community consultation with affected residents, neighbouring communities and the broader Victorian community:**

Consultation with affected tenants on the nine estates has not been fully transparent. Tenants aren't clear as to who their landlord will be, post-redevelopment. Concerning the inaccessible nature of the plans and taking Gronn Place and North Melbourne as examples:

- the Gronn Place 'sketch plan' doesn't specify how the redevelopment will be divided up into public and private segments;
- nor does it specify bedroom numbers per unit;
- a mock-up or drawing is required to convey the true impact of six, 6-8 storey blocks on the site;
- the artist's sketch of the proposed North Melbourne project also doesn't indicate the location of public/private blocks and whether public tenants will have direct access to the communal lawn;
- the sketch does convey the extremely dense nature of the development – this cannot be regarded as conducive to positive wellbeing.

The decision to opt for privatised social housing in preference to public housing as the State Government's main platform for delivering low-cost housing has never been subjected to economic modelling. Nor have the many concerns raised by tenants about the arbitrary practices of social housing landlords ever been addressed by the Government, let alone rectified.

In addition to the unacceptable plan to dispose of much-needed public housing assets, the decision to redevelop nine estates simultaneously (plus Flemington and

Preston) is sheer lunacy. The only possible rationale is that the Government already has infrastructure plans for the massive revenue injection that will be realised from the asset sales.

DHHS has been opaque in its account of to where the many hundreds of tenants will be temporarily relocated to, should the redevelopments proceed. Tenants at the Walker street, Northcote estate have had their moving-out date postponed and presumably this is due to an absence of vacant properties, as confirmed by a tenant who spoke to The Age: “I don't think they have anywhere for us to go”.<sup>7</sup> Gronn Place Brunswick tenants feel they are being bullied into leaving rather than having the opportunity to wait until the Inquiry releases its findings next year.

The relocation of entire estate communities will also have broader impacts: the Kensington redevelopment led to drastic enrolment drops at the local State and Catholic primary schools which apparently took about five years to recover.<sup>8</sup>

These planned mass relocations invite speculation as to why the Government has been withholding vacant properties when there are 35 thousand people on the waiting list. As the relocated tenants will also be housed in private rental accommodation, this option should be available for waiting list applicants who are homeless or in severe housing stress.

**The broader Victorian community** has been misled by the State Government about the nature of the Parliamentary opposition to these sales, and the Minister for Housing has condemned the report initiated by several Councils where estates are earmarked for redevelopment. It is particularly disappointing that several high-profile NGOs are also siding with the Government in their public statements instead of taking the time to understand the concerns expressed by tenants, Parliamentarians and engaged citizens.

### Additional points

#### **Debunking pejorative myths about the cost of managing the public housing system:**

Firstly, the available evidence indicates the widely-held notion that public housing is a drain on the taxpayer is a myth. It should be noted that a perusal of DHHS/DHS Annual Reports over many years reveals that the State Government realises an annual profit from public housing rental income of around \$80-\$100 million **once maintenance, council rates and other sundry costs are deducted**.<sup>9</sup> In 2011, when a public housing colleague queried DHS

<sup>7</sup> <http://www.theage.com.au/victoria/public-housing-selloff-to-developers-will-leave-shortfall-for-the-poor-report-20171029-gzahfr.html>

<sup>8</sup> As related to me at the time by the President of the Kensington public tenant group who was actively involved in the redevelopment.

<sup>9</sup> Rental operating costs are defined as ‘maintenance, rates and charges, tenant utilities and operating expenses’, DHHS Annual Report 2015-16, p.145. In 2015-16, when those first three categories plus ‘rental property lease expenses’ are deducted from ‘Rental income and income from services’ a profit of \$81.6 million remains, p.133. This lower than usual profit reflects high maintenance costs of \$200.1. There is no evidence that ‘operating expenses’ refers to any other line items. In 2016-17 the same line items show a profit of

bureaucrats on the accuracy of this interpretation of public housing accounts, they confirmed it. This has also been validated by a senior housing academic who investigated the same issue in NSW and found that tenants' rent payments covered the cash cost of operations.<sup>10</sup>

In the absence of evidence indicating that these annual profits are ploughed back into the public housing sector, it seems most likely that this net income is diverted into the State's general revenue despite the overwhelming need for the public housing system to fund critical maintenance, asset upgrades and to adequately staff local Housing Offices. A further, critical need is cooling measures – mainly air-conditioning and insulation, particularly for the elderly and very young to help combat the over-heating of properties due to global warming. **I strongly encourage the Committee to investigate the destination of this profit from rental income.**<sup>11</sup>

#### **How to fund investment in public housing:**

**Existing stock:** Notwithstanding the above-mentioned disappearance of rental income profits, **annually recurring funding** is required to maintain and upgrade existing public housing stock, just as education, health and transport services are provided for in each State Budget. There is no doubt that some of the estates currently earmarked for redevelopment do appear tired and run-down. Dilapidated external infrastructure such as broken steps should have been replaced long ago.

The recent Auditor-General's report, *Managing Public Housing* (2017) notes that despite the recommendations from its previous 2012 Audit around ageing stock and growing demand, DHHS has failed in the interim to implement a comprehensive asset management strategy.

**Investing in new public housing stock:** The previous State Labor Government (2000-2010) heavily invested in the privatised model of Housing Associations, largely from general revenue, despite the model's obvious drawbacks. Hence, it would not be acceptable for the State Government to now 'cry poor' when responding to the glaring need for massive investment in genuine public housing. There are many revenue options available such as land tax, stamp duty and gambling taxes along with raising bonds specifically as an investment-generator for a public housing building program. The State Government is also able to borrow money for infrastructure programs at favourable interest rates. There is also ample government-owned land that could be utilised for this purpose. Economies of scale enable governments to roll out big projects economically – however, this doesn't need to imply that public housing can only be provided on large estates. They can also utilise small plots as they have in the past and as community housing currently does. This would temper the exaggerated social panic that segments of society project onto public housing estates,

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\$110.9, p.217. Interestingly, the Director of Housing operating statement, 2015-16, shows a net result for the year of \$265.9 million, p.235.

<sup>10</sup> Personal correspondence from an AHURI-funded housing academic. Re NSW accounts see: <http://tunswblog.blogspot.com.au/2014/09/nsw-land-and-housing-corporation.html>

<sup>11</sup> Please refer to DHHS Annual Report 2016-17 'Director of Housing Comprehensive operating statement' p.217: segregating OoH accounts from overall DHHS accounts appears to be a new, clarifying initiative, commencing with the previous Annual Report. It's still not clear what happens to net profit from rental income.

whilst concerns raised herein about reducing units to the size of virtual dogboxes should be heeded.

**Mistakes that have led to the current crisis:** the Bracks/Brumby Governments chose to invest over one billion dollars in social housing in preference to building public housing and we are paying for that choice<sup>12</sup>. There is no evidence of any economic modelling to support the shift from public to social housing. Bracks' first Housing Minister Bronwyn Pike commissioned Hal Bisset from Ecumenical Housing to explore the UK model whereby Council housing estates were being reformed into privately-managed, growth-driven Housing Associations and that restructure formed the template for Victoria's Housing Association platform.

While the original stated intention was that Housing Associations would only receive start-up capital of \$70 million,<sup>13</sup> overall eight Housing Associations were granted a billion dollars between 2002-2011<sup>14</sup> along with half a billion dollars from the Nation-Building Stimulus Plan.

The Auditor-General's report into Social Housing<sup>15</sup> noted that the providers had failed to house applicants from the priority segment of the public housing waiting list (high needs or long-term homeless). So while some providers do house people in this category who self-refer, the model has failed to ease either the public housing waiting list or the rate of homelessness in Victoria. Due to the model's growth-driven orientation, the preference for tenants on higher incomes than the Centrelink-dependent means that it can never compensate for public housing.

Furthermore, the Office of Housing, as it was previously known, has state-wide management and policies that are consistent and transparent while the multitude of organisations making up the community housing sector have variable policies, particularly around eligibility and allocations, which aren't always publicly available and this can be confusing for applicants. When I worked in the community sector, several clients who definitely were eligible based on income and housing stress had received verbal knockbacks from the local Housing Association and were refused the opportunity to make applications.

Until about 20 years ago the public housing system catered to the working class and there is a strong argument to be made that rather than just narrowly targeting high-needs tenants

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<sup>12</sup> Evidence of the one billion dollar social housing funding to Housing Associations comes from a CHFV archived webpage and DHS Annual Reports 2010, 2011, available on request. Press releases from the Bracks/Brumby govts also mentioned relevant funding but amounts were duplicated in successive statements, making it hard to keep track. These press releases also misrepresented funding for public housing by conflating it with social housing. A release 2/5/07: 'Record \$510 Million for Public and Social Housing' claims that \$200 million would be allocated "to build and redevelop 800 extra public housing dwellings". My efforts to monitor public housing stock numbers in the relevant time period indicate this never occurred.

<sup>13</sup> Office of Housing Consultation document – 'Strategy for Growth in Housing for Low Income Victorians', 2004.

<sup>14</sup> Initial funding would have been to the Housing Associations' previous incarnations as community housing bodies, eg. Port Phillip Housing Association was formerly St Kilda Community Housing.

<sup>15</sup> VAGO, 2010, *Access to Social Housing*. See also The Age, Cooke.D, 24/6/10, 'Housing groups leave most needy in the cold'.

the system should revert to making income and overall financial circumstances the main eligibility criteria. This would open up public housing to the working poor. At the same time the Government could fund the community housing and health sectors to provide more medium and long-term supported housing for people with high needs. The latter group would then have access to more targeted care and support than they receive in public housing, enabling them to manage their health issues from a recovery framework.

Community/social housing providers desire public housing assets in order to reach critical mass for financial viability. As the model is flawed it's unlikely that they will ever achieve this and will continue to rely on government funds both to manage public housing and for further asset growth. We have all witnessed the horrific Grenfell Tower fire which was a consequence of private providers' cost-cutting to maximise profits in spite of residents oft-expressed warnings of the block's fire hazards.<sup>16</sup>

Along with higher rents than the public housing sector, **the revenue stream of Housing Associations and all other community housing providers is dependent on 100% of tenants' Commonwealth Rental Assistance.** This measure which was designed to help low income tenants cope with rising rental costs has now become another handout to social housing landlords.

**Cost-shifting:** the proposed transfer of 1,100 public housing properties to social housing providers will trigger tenant eligibility for Commonwealth Rent Assistance for all the affected tenants aged 17 and above - it is paid to each low income individual, not to the households. The Howard Government had previously refused to bear such a massive financial encumbrance<sup>17</sup> so it would be interesting to know whether, and on what grounds, the Turnbull Government has actually agreed to this opportunistic plan.

**The problematic approach of Port Phillip Council to public housing:** When evaluating **CoPP's submission to the Inquiry**, the Committee should consider whether Council's pro-community housing agenda is even-handed and reflects any consultation with public housing residents of the municipality. Despite our attempts to have our voices heard on matters affecting our homes and neighbourhood, Council has refused to listen to public tenant concerns in terms of how we may be affected by Council's symbiotic relationship with Port Phillip Housing Association, should the Public Housing Renewal Program be extended to this area.

Port Phillip Council has a long association with Port Phillip Housing Association as its predecessor, St Kilda Housing Association, was a Council initiative in the late 1980s in response to the need for more affordable housing for residents eased out of the area as gentrification pushed up private rents. Annual contributions from Council rates helped to fund their housing program. It appears this arrangement continued up until the past

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<sup>16</sup> A search on the Guardian website yields many articles concerning Grenfell and the practices of UK Housing Associations which now seem focused on maximising profits via developments with little, if any, social benefit.

<sup>17</sup> Evidence available on request, from a CHFV bulletin circa 2004.

financial year, even though PPHA is a flourishing organisation with 1146 properties, valued at over \$300 million.<sup>18</sup>

Efforts made to explain to Councillors why public tenants are opposed to the transfer of public housing assets to Housing Associations were snubbed (details on request). As Yarra and Moreland Councils passed resolutions opposing transfers several years ago, it was hoped that we could explain why Port Phillip Councillors should pass a similar resolution. Instead, CoPP's housing blueprint, *In Our Backyard*, recommends "transfers to registered Housing Associations and Housing Providers".<sup>19</sup>

**The City of Port Phillip's submission to the Inquiry** advocates maximising "*the yield, diversity and / or quality of housing in existing public housing estates where there is a clear social benefit*" through sales, redevelopments and transfers.

- Council's stipulation on 'social benefit' warrants clarification in the light of their failure to consult with local public tenants regarding whether they desire to transfer to a social housing landlord;
- the recreational open spaces on estates which Council seems to regard as an underutilisation are actually a greatly-valued, cost-free leisure option where tenants socialise with their neighbours while their children enjoy the playground;
- Council consistently fails to consider whether its preference for community housing over public housing is actually cost-effective;
- or whether community housing has been effective in housing those most in need.

In short, instead of objectively assessing the benefit of local public housing and consulting with local public tenants, Council continues to demonstrate its preference for community housing to the extent that it fails to represent the interests of the public tenant segment of the municipality's residents. This includes a lack of consultation on recreational pockets adjacent to estates. One in particular has been upgraded to meet the needs of Port Melbourne's young families whilst the needs of the ageing population on the estate are ignored (eg. for seating in the park). This feels like discrimination and a lack of social equity.

Finally, the Committee may wish to consult the '*Inquiry into the Adequacy and Future Directions of Public Housing in Victoria*', authored by the Family and Community Development Committee of the Victorian Parliament, 2010. It contains much useful information. In contrast, the Baillieu Government's Housing Minister, Wendy Lovell, authored a report '*Pathways to a Fair and Sustainable Social Housing System*', 2012, which deeply stigmatises public tenants, skewers the rationale for public housing and incorrectly paints it as a drain on the public purse.

It is hoped that the Legal and Social Issues Committee will arrive at recommendations that maintain public assets and aim to restore the public housing system to a vibrant and well-resourced response to the housing stress faced by so many low-income Victorians.

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<sup>18</sup> Source: PPHA Annual Reports, 2016-14. Council's last two Financial reports state "Council's \$0.5 million commitment to affordable community housing being held in reserve to be distributed by an expression of interest process to be undertaken in 2017/18." Contributions to the other much smaller community housing bodies in the municipality would be a more effective use of Council rates.

<sup>19</sup> City of Port Phillip, 2016, *In Our Backyard* p.25 hard copy, p. 26 online version.