



## Victorian Parliament Standing Committee on Legal and Social Issues Inquiry into the Public Housing Renewal Program

### Submission by the Community Housing Industry Association Victoria

#### **About the Community Housing Industry Association Victoria (CHIA Vic)**

CHIA Vic (formerly known as the Community Housing Federation of Victoria) is the peak body that represents the not-for-profit community housing sector in Victoria.

CHIA Vic works to support the growth of community housing as the most effective and efficient means of ensuring more disadvantaged Victorians can enjoy the dignity of safe, secure and appropriate housing.

CHIA Vic's member community housing organisations (CHOs) are committed to providing secure, affordable and decent housing for people on low to middle incomes.

Members include the organisations registered as housing associations or housing providers under the Victorian regulatory framework for non-profit housing providers plus other organisations and individuals interested in housing. These registered organisations manage more than 19,000 units of rental property, over 9,000 of which are owned by organisations themselves.

CHIA Vic welcomes the interest of the Committee in the Public Housing Renewal Program (the Program). Many of our members are keen to play a role in renewing Victoria's ageing public housing estates as a part of wider reforms to Victoria's social housing system.

This submission has been endorsed by the CHIA Vic Board and captures the views of many CHOs. CHIA Vic believes that many of its members may separately make a submission to the Committee that reflects their unique position. Therefore, members may take differing positions to those in this paper given their mission, size and property portfolio.

#### **The Context: Victoria's Housing Crisis**

Victoria is facing a growing affordable housing crisis. Without urgent attention from all levels of government, a lack of affordable housing will hold Victoria back. Doing nothing is not an option - this crisis will only get worse as Victoria's population booms.

The evidence paints a picture of a housing system in crisis. Private rental is increasingly unaffordable and home ownership is dropping and increasingly out of reach on those on low to moderate incomes.

Victoria is facing significant challenges to public housing brought on by decades of underinvestment and shrinking rent revenue. The public housing *safety net* cannot meet even a fraction of the demand, with long wait times deterring many from even lodging an application. Public housing is such short in supply it only is made available to those who can demonstrate urgent priority, leaving many others without any options.

- There are 42,630 households on the Victorian Housing Register (formerly the public housing waiting list) who have applied for *social housing*. This includes over 14,000 *priority households* who are on very low incomes and have an urgent housing need.<sup>i</sup>
- At least 10,000 public housing properties have reached the end of their useful life and need total replacement.<sup>ii</sup>
- Actual public housing stock figures have decreased by 200 units between 2012 and 2016 even though Victoria's population increased and the waiting list grew.<sup>iii</sup>
- Public housing stock is not aligned to demand; while 80% of applications for social housing need a 1 or 2 bedroom property, there are more three-bedroom dwellings than any other configuration.<sup>iv</sup>

The Program forms part of the Victorian Government's housing affordability strategy, *Homes for Victorians*.<sup>v</sup> CHIA Vic welcomes this strategy as perhaps the most comprehensive housing affordability strategy at a state level in over a decade.

Despite the new investment anticipated under *Homes for Victorians*, there is a dire need to address decades of underinvestment in social housing, especially in the *walk-up* estates. CHIA Vic commissioned research from Swinburne University to estimate the shortfall of social and affordable housing in Victoria by 2031 and 2051 (attached). This found that:

- Simply to keep social housing stock at its current level of 3.5% of all housing in Victoria requires an additional **1,800 dwellings per year**. However, this is well short of the number required to meet actual need in 2031.
- Over **6,000 additional dwellings per year** are required to meet the unmet housing need of 101,592 households eligible to register for social housing under the Victorian Housing Register.
- Over **3,000 additional dwellings per year** are required to meet the needs of 53,105 households eligible for priority housing under the Victorian Housing Register.

## The Public Housing Renewal Program

It should be noted from the outset that there is very little detailed information about the parameters of the project; such as yield studies; land values; building costs; and community infrastructure planned for the sites. Similarly there is very little publicly available information and analysis of the previous redevelopments undertaken by the State Government at Kensington and Carlton. Without this it is difficult to make any definitive statements about the number of social housing units that should be returned on the sites so

many of our comments are general. The community housing sector would like to see a greater increase than 10% but the cost of the project and the size of the Government contribution will dictate the size of the uplift. We also believe that there should be clarity about whether uplift refers to the number of dwellings or the number of people who can be housed as replacement of larger properties with one bedroom dwellings can actually represent a net reduction in the number of people who can be housed.

It is clear that the Program will not address this housing crisis on its own. Nevertheless, the renewal of these estates into modern, appropriate housing is long overdue and should not be jeopardised in an attempt to increase public housing yield or limit private housing supply on these sites. Many public housing estates are well-located and are on land of considerable public value, however they remain pockets of disadvantage so there is a valid argument for putting various types of housing and tenures on the sites.

We wish to emphasise that people are at the heart of the Program, and if not properly managed the Program has the potential to have a negative impact on tenants' sense of home and security as well as that of people in the surrounding neighbourhood of the estates. In our members' experience, there is a need to work closely with tenants, the local community and other stakeholders to develop and implement comprehensive, well targeted and accessible information and consultation opportunities to support such initiatives.

The Program does involve disruption to public housing tenants who currently live on these estates. Many of these tenants have lived there for some time and have strong connections to the area. CHIA Vic believes that it is important and appropriate that government has assured tenants that they will be able to return to the redeveloped estates under the same conditions, including rent and security of tenure.

CHIA Vic recognises that local communities in the area around the estates also have an important interest in the Program. The density, height and environmental impacts of the renewals needs to be given appropriate consideration, balanced with other planning objectives such as the meeting our city's growing housing needs. The sites are in metropolitan areas that are both in high demand but where the private rental market is increasingly unaffordable. By increasing the overall number of housing outcomes on each site – both social housing and private – the Program can contribute to the total supply of housing in desirable and well serviced areas. Accordingly, there is merit in ensuring that the land is put to its highest and best use within the constraints of Victoria's planning framework.

CHIA Vic is concerned that the planning processes may be hijacked by local councils or objectors in the community who are detractors of social housing. There are examples of social housing planning applications being opposed and politicised not because of the planning merits of the proposal but because of the intended tenants. We believe the process set out by the government - that the Department of Environment, Land, Water and Planning would be the responsible authority to determine the planning scheme amendment and planning application must stand.

While CHIA Vic does not have a detailed understanding of the nature of housing on the estates, we believe that the most efficient option is most likely for the total replacement of the housing on the site. This is most likely the most economic means by which the maintenance liability attaching to the existing stock can be addressed and to ensure that it is replaced with modern housing that meets the needs of today's social housing tenants.

CHIA Vic also recognises the opportunity for the government to offset costs of the project by allowing for private housing development to be delivered from the sites. The additional supply of private housing will also provide much needed housing stock in areas in need of housing supply.

### The role of asset management in social housing

The proposed sale of parts of the estates has attracted attention. CHIA Vic is of the view that judicious asset sales can form part of an appropriate asset management strategy. Land should be sold at its maximum market value and the sale proceeds should be re-invested back into new social housing or the land could be sold at a discounted value under specific conditions such as a greater uplift of social or affordable housing. Either way there needs to be transparency so that Victorians are assured that these valuable assets have been worked as hard as possible to increase and improve housing options.

Indeed, all providers of social housing – both public housing and community housing – should apply active asset management strategies to ensure that housing assets meet modern expectations, remains in good condition and are aligned with need. Such strategies can involve a mix of property upgrades, redevelopments, acquisitions and disposals in accordance with a strategic approach which seeks to maximise the social return on public investment in housing.

In the case of CHOs that are registered under Victoria's regulatory framework under the Housing Act 1983 (Vic), CHOs must adopt strategic asset management approaches.<sup>vi</sup> This is so that these CHOs manage assets in a manner that ensures suitable properties are available now and into the future.

It would of course be possible to replace the housing on these estates entirely with new public housing. This would require substantial additional capital investment by government, and would also result in a greater concentration of public housing in these areas.

CHIA Vic urges all stakeholders to reflect on whether this is the most appropriate outcome. Judicious sales of parts of the estates can have the added benefit of creating a mixed estate which is more integrated into its surrounding community. Social housing providers can also purchase land in other areas where there are low levels of social housing stock already. Government's school building program has involved the acquisition of land in areas of high demand, and there is no reason why housing cannot pursue similar strategies.

## The Program as urban renewal

An inclusive vision for the urban renewal of these estates should incorporate a mix of:

- social housing targeted at those households most disadvantaged in the housing market;
- affordable rental housing targeted at low to moderate income working households;
- homes sold via shared home ownership schemes;
- private market housing, some for sale at a relatively affordable level with covenants or other conditions keeping the stock affordable over time;
- independent living units for seniors and/or aged care; and
- community facilities.

A proportion of housing should be adapted for people with disabilities and allow for on-site support staff to be located nearby.

Inclusion of these elements on the sites could create a more inclusive mix and address concerns that there will be a stark divide between the social housing and private housing on the completed estates. CHIA Vic believes that all types of the completed housing should be indistinguishable from the exterior.

CHIA Vic believes that a more imaginative solution to the housing crisis would also involve inclusionary housing practices where a quota of all housing in new estates is reserved as social housing or affordable housing. This would see affordable housing more effectively integrated into the community rather than concentrated all in one estate.

## How CHOs can contribute to the renewal of public housing estates

The Department's *Registration of Capability* document for the Program stated that a goal of the Program is to build capability in the registered housing associations sector by encouraging partnerships between private developers and housing associations to deliver the program.<sup>vii</sup>

At this stage government has not indicated if there will indeed be any role for CHOs in the Program and if so, how this role will be determined. CHIA Vic believes that to not involve CHOs in the Program would be a missed opportunity. Engaging CHOs in the Program may indeed address many of the concerns identified by the Committee.

Victoria's community housing sector is able to play a leading role in the Program to maximise the benefit to tenants and the community from the renewal of these estates. This role could include:

- tenant and community engagement to develop a shared community vision for the renewed estate;
- communication on the progress of the Program with tenants and the local community;

- assisting public housing tenants with relocation to temporary housing and with a smooth transition back to the newly-built housing;
- tenancy and property management of the completed social housing units on the site;
- delivery of additional social housing and affordable rental housing via an additional financial contributions from the CHO;
- management of site facilities and owners corporation management; and
- management of private rental stock on the site.

Renewal of these estates is more than just about managing successful tenancies but also an opportunity for place management. A CHO with a vested interest as the long-term owner or manager of a substantial portion of the site will have a clear incentive to engage with all residents – tenants and owners – in a meaningful way to promote a stable, healthy and vibrant community.

During the pre-development and construction phase, these strategies are designed to empower the local community by asking them what kind of community they would like to see. It includes:

- engaging the ideas and energy of residents and the community in a meaningful way in the design and management of the site, such as formation of neighbourhood engagement groups and forums to allow the community to give expression to their vision for the community;
- providing clear, accurate and timely information to residents and the surrounding community to explain how the redevelopment will take place;
- informing tenants about the process of transferring tenancies from public to community housing, including how the “no disadvantage test” will be applied;
- communicating with stakeholders about how the CHO has acted on their concerns or suggestions; and
- planning programs and initiatives for the post-construction phase to promote social well-being and inclusion.

CHIA Vic believes that plans for these estates could include provision an on-site office and community facilities. Being on site goes beyond responsive and effective tenancy and property management. It enables the CHO to build trust with tenants and residents, and fosters connections with local service providers in order to:

- enable a responsive and pro-active approach to neighbourhood relations;
- contribute to an overall sense of security at the site;
- provide a platform for local community-building initiatives;
- facilitate effective and constructive partnerships with local community services (health, education, employment, financial literacy) to better sustain tenancies and promote wider well-being for public and community housing tenants; and
- develop new social enterprises such as private rental management or facilities management for the estate as a whole.

Since their inception, CHOs have built partnerships with a range of community support services to sustain successful tenancies. This includes support for people who have experienced or who are at risk of homelessness, outreach community-based mental health

supports, disability support and services for women and families who are the victims of family violence.

Government has stated that it sees the primary role of the social housing system to provide housing to the most vulnerable in our community, and has established the Victorian Housing Register as a statewide housing register for people seeking access to social and affordable housing to assist in facilitating this process. CHOs are experienced at working with a range of support partners to ensure that when an offer of housing is made, it is coupled with appropriate community-based supports. This is to ensure that tenants can sustain their tenancy obligations and use the housing provided as a platform for achieving their goals.

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<sup>i</sup> Department of Health and Human Services, *Victorian Housing Register social housing waiting list data*, found at: <http://www.housing.vic.gov.au/public-housing-waiting-list>, September 2017

<sup>ii</sup> Victorian Auditor-General, *Access to Public Housing* (March 2012) page 8.

<sup>iii</sup> Victorian Auditor-General, *Managing Victoria's Public Housing* (June 2017) page 13

<sup>iv</sup> Victorian Auditor-General, *Managing Victoria's Public Housing* (June 2017) pages 14 and 20

<sup>v</sup> Victorian Government, *Homes for Victorians*

<sup>vi</sup> *Performance Standards for Registered Housing Agencies*, Housing Registrar, Standard 2 (Housing Assets)

<sup>vii</sup> *Registration of Capability Public Housing Renewal Program Stage One*, Department of Health and Human Services (23 May 2017) page 10