

TRANSCRIPT

FAMILY AND COMMUNITY DEVELOPMENT COMMITTEE

Inquiry into the adequacy and future directions of public housing in Victoria

Melbourne — 11 February 2010

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Ms K. Colvin, policy and public affairs manager, and

Ms S. Toohy, housing policy officer, Victorian Council of Social Service.

The CHAIR — Good afternoon, and welcome to the public hearing. Thanks very much for being here today. This is a parliamentary inquiry, not a government inquiry. All evidence taken at this hearing is protected by parliamentary privilege as provided in the Constitution Act 1975 and further subject to the provisions of the Parliamentary Committees Act 2003, the Defamation Act 2005 and, where applicable, the provisions of reciprocal legislation in other states and territories. Any comments you make outside the hearing will not be afforded such privilege. We are recording the proceedings, and you will be sent a copy of the transcript. You will be able to make minor adjustments if it is necessary. We have a 45-minute session, so I would invite you to make a verbal presentation. If you could, please restrict it to 25 minutes so the panel can ask questions within the next 20 minutes. Before you make a presentation please introduce yourself with your terms of reference. Thank you very much.

Ms TOOHEY — I am Sarah Toohey from the Victorian Council of Social Service. I am a policy officer there.

Ms COLVIN — I am Kate Colvin also from the Victorian Council of Social Service, and I am the policy and public affairs manager.

The CHAIR — Thank you very much.

Ms TOOHEY — I just wanted to say, firstly, thanks for giving us the opportunity to present to the committee. We are really pleased to be able to contribute to this discussion on the future of public housing in Victoria. A number of VCOSS members have made submissions to this inquiry and a number will be making presentations, I understand, to the committee, so I am sure you will be hearing what we hear from them on a very regular basis, which is that the lack of affordable housing in Victoria seriously undermines their ability to be able to assist their clients.

In working with people to address mental health issues, provide family support, provide drug and alcohol services and employment and disability services, safe, secure and affordable housing is really fundamental. In recognition of that a number of homelessness agencies in Victoria support what is called a housing first model, which is where stable housing is provided prior to addressing or even starting to be able to address any other issues that have led to homelessness in the past.

They are some of the direct consequences for the rest of the community services sector around a lack of affordable housing, but as we said in our submission, we do not think that you can really fully explore the future of public housing without reference to the wider housing market and the pressures that this market places on households.

The private market has failed to deliver affordable rental housing for low-income households in Victoria, particularly for single people and single parents who make up the majority of people on public housing waiting lists. Just 1 per cent of private rental properties were affordable for low-income singles and 3.2 per cent were affordable for single-parent families in Melbourne in the September quarter of 2009. Overall the shortage of affordable and available housing in Melbourne is estimated to be around 40 000 properties. The steady increase in rental prices in regional areas is also increasingly putting pressure on households that in the past had more access to affordable housing in these areas.

In our submission we have outlined in more detail the key pressures on affordable housing. What I would like to do is actually talk more in this presentation about the recommendations we have made.

Our first recommendation was a target for the provision of housing to be set. We have suggested an interim target of 5 per cent of all housing in Victoria. This would bring Victoria into line with the proportion of affordable housing available in the rest of the country. Although it may not sound like a particularly ambitious target, to reach the target in the 2010–2011 financial year we would need to build an additional 28 000 properties. To put that in perspective, the Nation Building stimulus package funded 20 000 properties with \$6.4 billion, and that was nationally. So meeting that target would require a fairly substantial —

Mr SCHEFFER — How many dwellings?

Ms TOOHEY — Nationally, 20 000.

The CHAIR — So 20 000 additional houses in Victoria in 2010–2011, is it?

Ms TOOHEY — We are saying to meet a 5 per cent target in the 2010–2011 year you would need 28 000 houses.

The CHAIR — Additional?

Ms TOOHEY — Additionally, yes.

The CHAIR — In Victoria?

Ms TOOHEY — In Victoria, yes. That is off the base that you currently have now. Recognising that that is a fairly substantial investment required, our second recommendation is that 5 per cent is really an interim target. What we would need is better data on what is a desirable proportion of public housing both for social and economic sustainability. Once that is agreed, that needs to be a really set and achievable target. Looking to other similar countries, we would think it is around more like 15 per cent to 20 per cent of the proportion of total housing.

In recognition of the enormous financial challenge of building the number of affordable housing properties that we think we need, our third recommendation is really around setting a plan that would use all the other policy options available to government to deliver these targets — things like the planning system, state government developments and different funding mechanisms to do that. The state government has previously stated its commitment to an integrated housing strategy. In 2006 the discussion paper *Towards an Integrated Victorian Housing Strategy* was released, but we have not seen a final document. We really think that is pretty fundamental to be able to start addressing some of those broader housing needs.

To us, one of the very clear ways of supporting affordable housing is through the planning system. This has been recognised in the national housing reforms, yet in Victoria the current planning legislation does not support the provision of affordable housing in its objectives. We think that this high-level legislative support is required so that local councils can pursue affordable housing solutions for their municipalities. To be able to do that with much success we think the Victorian planning provisions also need to support this. We have proposed that the Victorian planning provisions should be amended to incorporate inclusionary zoning.

Mrs SHARDEY — What is inclusionary zoning?

Ms TOOHEY — It allows councils to require developers to provide an affordable contribution within their developments of affordable housing. One of the things we like about this model is that if it is introduced over time, the additional cost of providing the housing is absorbed in the land cost rather than the property cost. We think that has an overall market benefit. One really excellent example of where this has been achieved in Victoria under the current planning regime is the Inkerman Oasis development in St Kilda. This was done in conjunction with the Port Phillip Council, where they gifted land in exchange for a number of units to be provided to a local social housing provider within that development.

Obviously if that can be achieved in the current system, why do we think you need inclusionary zoning? There are a couple of unique features to the Port Phillip example. Firstly, the mechanism used to do this in Port Phillip was a section 173 agreement. That is a voluntary agreement between a developer and a council, so there is no impetus for the developer to actually enter into that agreement if they did not want to. Secondly, the Port Phillip council has a very long history in affordable housing provision and it is quite sophisticated in being able to negotiate that kind of agreement, and we are not sure that all councils would have that capacity at the moment. Thirdly, the available land that councils have and what councils have to leverage off at the moment is not huge, so you would get only a very limited investment in that. The other benefit of inclusionary zoning is that for a lower financial investment you can get more properties in desirable locations close to transport and services, which links in with our sixth recommendation.

The following recommendations we made go more to improving the operation of existing public housing to the benefit of both the tenants and the Office of Housing. The first of these, which we suggest that the committee investigate, is the use of choice-based letting.

The current public housing allocation system is quite black and white for tenants. Households are able to nominate a broad-band area in which they would like to be housed, and if they can have medical or other evidence about the types of housing they need, they can be exempt from certain housing offers. In effect, nominating a single broad-band area or applying for exemptions lessens an applicant's chances of a property being available within an acceptable time frame; it blows out your time on the waiting list fairly substantially. More realistically, what households will do is list a maximum of three broadband areas that are available. That means they might have to relocate from their existing area away from family and social supports, or they will avoid gaining exemptions and accept housing that does not meet their needs. We think that does not provide much choice in the current allocation system.

Choice-based letting operates in a way that is more closely aligned to the private rental market, where properties are advertised by the Office of Housing and households that meet current eligibility criteria are able to apply for properties that they deem appropriate for themselves. By providing that aspect of choice, where it has been used predominantly in the UK, households have been able to pick a property that they deem appropriate. It has increased tenant satisfaction, it has reduced tenancy turnover and it has also made improvements in tenancy turnaround time, so they are vacant for less time.

One of the things that choice-based letting does, though, is increase the workload of the housing officers who already manage a significant number of properties where a high proportion of tenants have very complex needs. With this in mind we have recommended that the Office of Housing increase the number of housing support officers and reduce the number of tenancies managed by each of these. This would not only facilitate some more innovative allocation techniques, like choice-based letting, but also improve the housing support officers' capacity to manage complex tenancies.

Research by AHURI, the Australian Housing and Urban Research Institute, has suggested that property management for tenants with complex needs can be improved if the property managers have specialist training in things like mediation and conflict resolution, and are also able to work more collaboratively with other local support services — like, in Victoria, SHASP — but also community services and police. But to be able to gauge the effectiveness of any of these changes and other tenancy and property management initiatives, VCOSS has suggested that the Office of Housing should publish quality assurance measures on an office-by-office basis so the tenants are able to benchmark their office's performance against comparable offices. That allows for greater transparency, and it also allows tenants and policy-makers to work out where additional resources and supports are required.

Finally, to improve the housing quality for all tenants, both public and private, VCOSS has recommended that minimum housing standards be introduced into the Residential Tenancies Act. Although this inquiry is obviously about public housing — and we think standards also need to apply to public housing — we are also concerned about the impact of the private housing market on those who cannot access public housing. Currently 22 per cent of households in the lowest income quintiles are in private rental housing while 13 per cent are in state-owned or state authority housing. Not only do private rental tenants face higher rents, but they have less security of tenure and have little choice in the current market environment to accept properties that are of lower standard, or substandard, we would say, in some cases.

I would like to highlight again the absolutely fundamental role that housing plays in supporting social and economic participation, and how much the lack of affordable housing undermines expenditure in so many other social support areas. I would like to thank the committee for the opportunity to present, and Kate and I are happy to take questions.

Mr NOONAN — Thanks for your submission, and we can see crossovers between other submissions we have received. Some have in fact even named VCOSS as the source of their view on this, so congratulations on all that you have done.

Under 'Planning for affordable housing', you cite the New South Wales and South Australian acts, which have been amended. I wonder whether you can give us some context and history in terms of when that was done and what outcomes have been achieved since those acts have been amended in a practical sense?

Ms TOOHEY — The New South Wales one I know less about. The South Australian one is a relatively recent development. I think it was around 2007 that they introduced their plan for affordable housing. They

have seen some developments. There are also some problems with developers underdeveloping so as to not have to meet the targets that are set. It has not been an overall smooth run, but it is quite early in the piece, so we do not have a huge proportion.

Mr NOONAN — What are the targets and what are the amendments to the act?

Ms TOOHEY — In South Australia the targets are 10 per cent affordable and 5 per cent needs to be targeted to households with very high needs, so the equivalent in Victoria would probably be 5 per cent of housing targeted to people on the segment 1 waiting list and 10 per cent targeted to people on the general wait list.

The CHAIR — You mentioned changing the culture, with properties to be advertised as opposed to the current practice. I would like to go further and ask you about how that can be achieved, because what happens is, for instance, a client comes to my office after a family breakdown. They have been living in a car for a week, so we find the person crisis accommodation and then transition accommodation, and then eventually he gets into a permanent public housing arrangement, so where does that advertising fit in?

Ms TOOHEY — It would fit in probably at the transitional stage, I would imagine, because the way it operates in the UK is that every housing association operates slightly differently, but they allocate points based on time on the waiting list and need, so they take into account where you are currently housed and also how long you have had an application in. So how it would work in Victoria, say, with the current waiting list, you would probably look at how long someone had been on segment 1 and what their current housing situation was, whether they were still unhoused or whether they were in transitional housing. One model I have heard of is gold, silver and bronze allocations of need, so the higher your wait time and the more insecure your housing circumstance, you would have a gold need, and that would prioritise you for a particular type of housing.

The CHAIR — When you say advertising, where do you advertise?

Ms TOOHEY — The housing associations advertise on their website and they advertise to pre-registered support services, and that is sort of how transitional housing is managed at the moment. So with transitional housing, if the support provider has an agreement with the transitional housing manager, they will be notified when a transitional housing property becomes available and they will essentially bid their clients into that property, and the property manager will have to make an assessment of need.

The CHAIR — So only people in transitional housing can respond to that website advertisement?

Ms TOOHEY — No, sorry, I have confused the two issues. That transitional example is just an example of how it might function, but separately to that, we think, the advertising would be open to everyone. I do not think it would be open just to transitional housing.

Mrs POWELL — One of your recommendations was to amend the Victorian planning provision to allow for the use of inclusionary zoning. A number of witnesses have mentioned something very similar. Do you mean to make an incentive for developers to build affordable housing, or is it more for the developers to build affordable rental housing? For some people the need is to rent rather than to buy. What is your view on that?

Ms TOOHEY — That is a really good question. It is not a great answer, but it is a bit of both. There is definitely a need. I think at the moment we are recommending a proportion of 10 per cent of any development be affordable, and in that scenario we would think that it would be appropriately managed by a community housing association, so I think something more attractive along the South Australian model lines would be 10 per cent affordable rentable and 5 per cent affordable purchase — something along that sort of mix.

Mrs POWELL — And who would manage that rental property, one of the associations or the developer?

Ms TOOHEY — I think it would be more appropriate in conjunction with the community housing provider or housing association.

Ms COLVIN — In general I think the developers would prefer another agency to be managing it.

Mrs POWELL — That is why I was asking.

Mrs SHARDEY — I assume when you are talking about the last topic that you are talking about a development across a large area of land and not a single building development. Are you separating the two?

Mr NOONAN — I think it goes to the issue of the number of dwellings there might be in a new development: is it 3; is it 300?

Mrs SHARDEY — If you were just doing one building, you could have 20 apartments, and if there are apartments that are perhaps of a particular standard, would you be saying within that building there should be some apartments which are suitable for more affordable housing or not?

Ms COLVIN — I guess inclusionary rezoning is a concept the detail of which depends on the particular scheme that you draw up, so ideally I think we would be looking at a scheme that sort of captured a little bit of both of those that you are talking about. So where there is perhaps an infill area in the inner city where there is going to be a large amount of development — like the Coburg redevelopment, for example — it would be appropriate to build in 10 or 15 per cent of affordable housing across that development perhaps in a variety of different buildings in the development. But to really get the maximum benefit out of it you would also want to do it for smaller developments but obviously not for every property that is developed, so either a minimum of 10 or perhaps 20. If there are going to be perhaps 10 units in a development, then one would be affordable.

Models can also be built where the affordable contribution may not be in that building. If there is a development of 10 units, the developer may make a financial contribution to the council in lieu of putting in a development, which could then be amassed and have a higher percentage in another building.

Mrs SHARDEY — It would not just be in the form of a development tax or anything? Would that be what it could become?

Ms COLVIN — Again it just depends on the detail of how you build the model.

Ms TOOHEY — You could put a threshold over which your requirements could not be met by a contribution, I guess.

Mrs SHARDEY — Lastly, in recommendation 9 in relation to publishing data and benchmarking performance, were you thinking of particular KPIs for performance so that if you were going to be comparing different offices' performance in terms of maintenance, what sort of thing did you have in mind?

Ms TOOHEY — It was what was not available when we were looking to have a look at the performance. I think you would want to start off with just the publication of the data first off, and you would get a sense of what the benchmark was.

Mrs SHARDEY — What sort of things could you put in it?

Ms TOOHEY — What we have suggested is the number of urgent priority and non-urgent repair requests that were not completed within the required time frames; the number of tenant contacts required to finalise the maintenance issue; targets met by external contractors, which I believe the Office of Housing does collect but it is not public at the moment; and the average time between scheduled programmed maintenance per property. Scheduled maintenance I think is once every six years. That is the schedule, but whether that is kept up and what the time frames are I think would be useful information.

Mr NOONAN — Can I go back to the first part of the issue that Helen raised, because this is really pertinent to my part of the world. I am in Williamstown, and it is essentially inner city as Melbourne expands. I think we raised in the informal briefing that there might be up to 15 parcels of industrial land that might be subject to rezoning or are the subject of rezoning — those you would see as the ones where there is nothing on the sites and they have been used for industrial use in the past. A developer may acquire the site but in the future in the knowledge that if they want to put in an application to rezone for residential use, whatever they develop on that site might be subject to a 10 per cent affordability arrangement. Am I interpreting your submission correctly?

Ms TOOHEY — Yes.

Mr NOONAN — Is that how South Australia works?

Ms TOOHEY — It is a bit broader than that. It is not only non-developed land. I think as an introductory measure — and it would work most easily, particularly in inner city areas — it gives you that certainty around purchasing the land and having to incorporate those costs in the price that you pay for the land. South Australia is broader than that, but we think, particularly as an interim starting measure for councils, in rezoning it is much easier to facilitate than it is to change an existing zoning.

Ms COLVIN — Can I add a little bit about rezoning, because I think rezoning is a particular example where the argument for it is most strong, because if that land is owned by a private citizen, then at the stroke of a pen when it is rezoned they are suddenly made immensely richer.

Mr NOONAN — They hit the jackpot.

Ms COLVIN — It seems like a very fair contribution back to the community that has gifted them this substantial sum that they include some affordable housing in the development.

Mr SCHEFFER — Going back to the Oasis development in St Kilda, you said there were some unique factors that brought that about and that unfortunately that has not been broadened as an approach. One of the unique factors that you mentioned was the availability of the land there and that land is not available in that way in the inner city and in a lot of parts of Melbourne. But that would not be the case in rural and regional Victoria. Have you done any work at all on the possibility of these sorts of developments where land is a lot cheaper and probably there could be transfers and contributions from councils?

Ms TOOHEY — Yes. The unfortunate thing is that in areas where there is less demand it is a less attractive thing for developers to enter into. At the moment in inner city areas you are not going to dampen building demand because it is desirable within the market, and you are going to have purchasers, whereas if you do anything that would even slightly increase the cost of land in rural areas, you may — I do not want to say scare off — deter development of a certain size or proportion. Literature around inclusionary zoning suggests it is better in higher demand markets.

Mrs POWELL — You have probably answered my question, because I was going to talk about that sort of scenario in country Victoria where developers develop portions of land, because they have done their market research and they know what is needed, whether it is 1 acre blocks or whatever and whether that becomes then Victorian planning provisions and whether that forces them then to do that, or whether it is better to do an incentive-base where the developer receives something in return, whether it is some sort of incentive. Do those other models in New South Wales and Queensland — —

Mrs SHARDEY — It is South Australia.

Mrs POWELL — Do they have incentives? Is it a requirement that they do that to get the development passed, or is there an incentive for them to do that?

Ms TOOHEY — They are both requirements and incentives. It is much more effective when there is both a requirement to do it and an incentive to reduce costs. Sorry, there was the first part of that question that I missed.

Mr NOONAN — It is the 1 acre situation.

Mrs POWELL — Yes. In regard to 1 acre, sometimes some developers will subdivide a large parcel of land into 1 acre lots or even 4 acre lots depending on what the market shows. A lot of that happens around the Shepparton area and many of those farming communities. Would those provisions impact those developers, given that we are talking about large parcels of land and not smaller parcels of land?

Ms TOOHEY — The model we have envisioned for inclusionary rezoning would be on a council-by-council basis. I would not imagine that a council in Shepparton would want to apply it, because of the market reasons I outlined before. I think that could be taken into account. Because it really is dependent on local market factors. I think that local councils can make that judgement.

Mrs SHARDEY — So you are talking about local government making the decision, not a blanket?

Mrs POWELL — Local planning provisions rather than Victorian planning, yes, that is definite, whereas there could be an impost blanket wide as opposed to each council deciding that this is where it wants to see development and it wants to encourage people to build affordable housing.

Ms TOOHEY — Yes.

Ms COLVIN — Because there is no enabling legislation, the council that decides it wants to require developers to make a contribution is not able to. What we are proposing maybe is enabling legislation so that local governments can take that initiative.

Mrs POWELL — If they choose.

Ms COLVIN — Not so that every local government has to take that initiative.

The CHAIR — Thank you very much your presentation; it has been very informative.

Witnesses withdrew.