

**REF: SUBMISSION TO THE INDEPENDENT REVIEW OF THE REGULATION FOR SOCIAL AND AFFORDABLE HOUSING**

20 September 2021

Social Housing Regulation Review  
c/o-Old Treasury Building  
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To the Social Housing Regulation Review Panel,

Thank-you for your review of the regulation of social housing in Victoria.

I am the Executive Officer of Community Information & Support Victoria (CISVic), the peak body representing 55 local community information and support services, across 64 sites in Victoria. We are also the lead agency in a consortium of 29 local centres delivering federally funded Emergency Relief under contracts. In the year 2019-2020 we distributed over \$2.8 million in emergency relief to community members from 34 sites. Services provided by our member agencies include: material aid, food, information, advocacy, referral, case management, budgeting assistance, financial counselling, No Interest Loans, and personal counselling. Each year we have contact with around 500,000 Victorians and we are very often the 'first port of call' for people seeking assistance.

One of the main issues for people using our services is homelessness or precarious housing. Our member agencies assist people in all types of housing duress, from rough sleeping, to overcrowding, unsafe housing, substandard rental properties, and impending eviction. Even before the pandemic our member agencies identified housing and homelessness as a major issue requiring fundamental systemic change. With the COVID-19 pandemic the problem has escalated, and they are seeing more people and families who have never accessed support services before. Many people can no longer pay their rent due to job loss and uncertain work. The situation is really dire, for example when families with children are threatened with eviction into homelessness, or when older women just do not have the income to cover standard rent.

This Submission largely responds to regulation matters raised in Consultation Paper 2, while suggesting expanded Terms of Reference as a matter of relevance.

**Affordable and secure rental supply needs to be addressed alongside regulation**

While the Review focuses on regulation as a way to remedy the housing crisis into the future, we believe the most pressing problem is the lack of an adequate supply of affordable and secure housing for people on low incomes and those who are disadvantaged. We

highlight the need for substantial investment in social housing, and public housing in particular.<sup>1</sup>

The Review specifically aims *'to identify future regulatory arrangements to provide strong resident protection, better information to Victorians and position social housing for growth and transformation over the next decades'* and it will *'assess the settings for regulation that best support the long-term interests of social housing residents and their communities...'*, however, without addressing the central issue of supply, regulation may have limited effect on 'resident protection', especially given the power imbalance between landlords and tenants when there are just not enough secure and affordable homes for everyone who needs one.

Illustrating the shortage of housing for people in need, in March 2021 there were over 50,800 applications on the Victorian Housing Register. Many applications are on behalf of a family, or multiple people and it is estimated 100,000 people are waiting for social housing altogether. Furthermore, the Victorian Public Tenants Association estimated in 2019 that 500 applications are added to the waiting list per month.

Despite this severe deficit, public housing has been found to provide the best *prevention* against homelessness by far<sup>2</sup> For this reason, and because our member agencies witness the tragic reality of homelessness and housing insecurity every day, CISVic is urging the Victorian Government to make a substantial investment in social housing over the next 10 years – 70,000 new homes in all, including Victoria's 'Big Housing Build'.

### **Public housing needs to be a substantial proportion of new social housing**

We argue that a substantial proportion of new social housing should be public housing. Our reasons for this have been well articulated by Per Capita (2021):

*'... publicly funded and managed housing represents an essential component of our social housing sector. Public housing is the only tenure that offers long-term, affordable, secure leases to the households most at need and most at risk of homelessness; public leases can offer the security of tenure only otherwise available to homeowners. Security of tenure in community housing tends to be weaker, possibly because their financial model makes them more dependent on rental revenue and therefore less tolerant of arrears or other tenancy issues.'*<sup>3</sup>

In addition, public housing is more affordable than community housing with rent capped at 25 per cent of household income, whereas community housing providers can charge up to 30 per cent of household income (which is commonly used as a definition of rental stress). Community housing tenants also pass on Commonwealth Rental Assistance payments to their landlord. Research by the Victorian Public Tenants Association demonstrates that many types of low income households would be in significant rental stress in community housing. Per Capita argues that the availability of public housing for them would save community housing providers costs in pursuing rental arrears and evictions. Of course it

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<sup>1</sup> This was also addressed in our previous Submission to the Victorian Government 10 Year Social and Affordable Housing Strategy, April 2021.

<sup>2</sup> *'Evidence both internationally and locally shows that providing good quality public housing in appropriate locations is the most effective way to keep people out of homelessness. Data from the University of Melbourne's Journeys Home study - the only longitudinal study in the world that tracks currently homeless populations alongside at-risk and vulnerable populations - shows that public housing is by far the strongest preventative factor against homelessness, finding that '...the magnitude of its effect was many times greater than anything else.'* (Falzon, J, Jordan, M & Lewis, A 2020, Per Capita Submission to the Inquiry into Homelessness in Australia, p.16)

<sup>3</sup> Lewis, A 2021, *Per Capita Submission to the Ten Year Social and Affordable Housing Strategy For Victoria*, pp. 15-17.

would also save the tenants themselves an enormous degree of anxiety, stress and insecurity, and the need to approach support agencies such as ours for help.<sup>4</sup>

### **Any rationalisation of regulation across the rental sectors should cleave to the highest standards of protection for tenants**

In relation to the Review's focus on '*possible rationalising of regulation across three the rental sectors – public housing, community housing, and the private (non-community) rental market*', we would argue that any such rationalisation should not cleave to the worst possible conditions for tenants, but to the best. Firstly, the 'best' must include *affordable* rent, otherwise such housing is not possible at all. As noted above, public housing provides the cheapest rent, capped at 25 per cent of income, and it also provides housing for people in the most disadvantaged circumstances. In contrast community housing providers are able to charge a level of rent that constitutes rental stress in relation to household income.

The 'best' regulation should also facilitate *accessible* rental housing i.e. rental properties that people in need of a home can actually acquire and access. Community housing organisations vary in purpose and the make up of tenants. Importantly they can accept those who are not able to access the private rental market but who are also not eligible for public housing. Thus they have the capacity to 'cherry pick' tenants who need less support to maintain their tenancy.

In addition, and as a minimum, the 'best' regulation would also recognise *housing as a human right* in all of its practices and policies, even when this may threaten landlord profit or the capacity to build equity. Currently public housing tenants in Victoria have legal human rights protection. Community housing residents do not have this protection in law. In fact, although community housing organisations are NFP entities, they are also private entities and may operate like profit-oriented corporations focused on building property portfolios, and the equity that enables further borrowing and 'corporate' expansion. Without human rights protection, the preservation and optimisation of the rental revenue stream may take precedence, for example in selection of tenants and readiness to evict.

In terms of rationalising regulation to protect tenancies in the private (non-community) market, this would seem to be problematic with the current level of unaffordable rents being largely attributed to housing becoming an investment commodity (rather than just a home), and with those needing a home being thus priced out of the market. The 'leaving it to the private market' experiment of the last few decades has evidently been an abject failure in ensuring that low income or disadvantaged tenants have a safe, affordable and secure home.<sup>5</sup> While government rental assistance goes into the pockets of private landlords, homelessness has only increased. It would arguably be a challenge for the private rental market to provide the same standard of low rent and human rights protections of the public housing system, while maintaining the desired profitability and security of income from this investment stream. (At the same time, we applaud the recent changes in rental law in Victoria, that enhance security, minimum standards and the capacity to live in rental properties as a secure home).

No doubt, there is much room for improvement in the public housing system too, such as proper investment into ongoing maintenance, energy and water efficiency, and 'universal design' for older tenants and those with disabilities.

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<sup>4</sup> Ibid.

<sup>5</sup> For evidence of the unaffordability of rental properties for people on low incomes, see Anglicare Victoria's '*Rental Affordability 2021 Snapshot*' at: <https://www.anglicarevic.org.au/Victorian-Rental-Affordability-Snapshot-2021.pdf>

In addition, the regulation focus of the Review on 'residents' ignores those who may aspire or need to be a 'resident' but are excluded from the rental housing market due to low or no income, or other characteristics such as having a disability, or being an older woman who has been in unpaid or underpaid work for her whole adult life. Any review of regulation for rental housing needs to take account of those who are completely shut out of the market, because of the characteristics of that market.

### **Principles for social housing regulation**

In relation to the principles of social housing regulation in Consultation Paper 2 of the Social Housing Regulation Review, we agree it should be tenant-focused, promote tenant outcomes, and be equitable and consistent across tenants (in similar circumstances) – but only insofar that this consistency is at the highest not lowest standards of tenant protection as discussed above. We also agree that housing should be much better integrated with support services, especially for those who are most vulnerable such as women fleeing family violence, those with mental health or drug use issues, young people leaving care, and long-term rough sleepers. In line with this, we support the 'Housing First' approach for those who require a high level of support to obtain housing stability.

The long term growth and viability of the social housing sector is also important, however for reasons given above we believe this should not be left to a community housing, privatised model alone, and certainly not the mainstream private rental market. We strongly advocate that the Victorian State Government commits to a pipeline of new units and houses – 7,000 per year for the next 10 years, and that a substantial proportion of these be public housing. This would not only provide stimulus in the economy, it is the most effective, efficient and socially just way of upholding the human rights of Victorians, while reducing the costs of a wide range of associated support services.

We also suggest an immediate moratorium on 'gifting' public land and property to privatised community housing organisations in return for new housing units that might more cheaply be built by the government itself without having to relinquish precious public property.

Yours sincerely

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