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12 July 2021

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Dear Angelina

## **Re: Social housing in Victoria – background and scoping paper**

Thank you for sending me this paper. It's a very useful stocktake of social housing across your state and will be a great plinth for the review. I really welcome the investment the state is putting into social housing. The trick will be to make sure regulation boosts standards and doesn't become an obstacle to progress. Here are a few points I'd like to make.

### *Striking the right balance between maintaining existing homes and building new ones*

One of the major UK news channels, ITV, is exposing shockingly poor standards across social housing in London. Why is this? It may well be that the housing associations put more effort into going for growth rather than fixing the homes they already had. As the English regulator says: *"The sector faces a growing range of competing internal and external pressures which will demand strategic control and decision-making. The needs of current tenants must be balanced with future demands; choices must be made between essential ongoing investment in the existing housing stock and contributing to new supply..."*

The Welsh regulator has written to its landlords asking if they also have the sorts of repair issues ITV is covering in England. It seems the Welsh regulator simply doesn't know what any reasonable person would expect them to know.

Does your review team have a robust estimate of the likely repair bills for your existing homes? How will that data influence the split in investment between the homes you have and those you want to build? Funders are saying they don't want to be associated with the sorts of issues that ITV is uncovering. So, poor standards may have a knock-on effect.

### *Building back better*

UK housing associations have been able to access low-cost private funding for building new homes. Did they spend the money wisely? Not all the time. Some of the new homes needed an overhaul more or less immediately to keep them safe. Regrettably, in other cases the landlord had to knock properties down and start again. For the avoidance of doubt this is not always about cladding choices. How will you make sure the new homes are up to scratch?

De-carbonisation of homes is high on the agenda in the UK. No one can be certain of the exact costs yet, but where HQN has looked in detail at business plans it's clear that estimates of decarbonisation costs outweigh available resources by a wide margin.

As RIBA says in *Greener Homes – decarbonising the housing stock* "...regulation of social housing will only be successful if there is in place a mechanism for social landlords to access finance at low cost, or a system where the government contributes to part of the cost in the form of a grant." It would be worth considering this point and what it means in your state.

### *Listening to the resident voice*

You want to take a "tenant-centred approach to the regulation of social housing" and we certainly welcome this. We sent you our report called [Listen, act, learn: aspirations for tenant and resident involvement](#) for the Regulatory Board for Wales Tenants at the Heart Review. Some of that may be relevant to you. However, you do have a high proportion of residents who are vulnerable and with support needs. What does this mean for you?

It may be that traditional satisfaction surveys don't get to the root of the matter. The last set of satisfaction figures for Victoria looked fantastic. But do they tell the whole story across all the residents? You can take false comfort from these ratings. By way of example, one association in England that delivers dreadful homes in the areas exposed by ITV nonetheless enjoys a satisfaction rating of 89% for its overall repairs service.

Data like that can wrongfoot a board and regulator by masking poor standards. We would always recommend some form of independent service inspection to challenge boards and ensure any regulator truly knows what services are like on the ground. This approach ended in England under austerity but is coming back as part of the response to Grenfell. It seems that standards fell as the government diluted the powers of the regulator.

We can see that you're trying to listen to the voices of Aboriginal people. What are you doing about other groups? The NHS in the UK now employs people with learning disabilities as advisers. Is this something you've looked at? [Beyond the High Fence](#) is a report for the NHS that recommends better services for people with learning difficulties and autism. So, we're seeing some positive benefits from this approach in the UK.

### *Do you base regulation around people or properties?*

You say that getting performance information from the non-registered community housing organisations is "challenging". Yet these organisations do cater for vulnerable people. Are you spotting all the risks here? How do you know? In England there are concerns about standards at some of the special needs associations that fall below the 1,000-home threshold for the normal form of regulation. That said, you might not necessarily want to overburden non-registered CHOs with red tape. How do you get the balance right?

As your paper makes clear, there's a lot of crossover between the characteristics of social housing and private renters. Is it fair that people should have different forms of regulatory protection due to the accident of whose house they live in?

### *How do you make sure you are getting value for money?*

The state is about to spend over \$5 billion on the Big Housing Build and you must use the money wisely. What does this mean? You'll need to make sure that:

- New homes are procured at fair prices, in good condition, and in places where people want to live
- All of your homes are looked after properly to keep them safe and preserve their value
- The costs of management and maintenance are transparent with benchmarking in place to demonstrate that costs are competitive
- There are lines of defence in place to prevent fraud.

The regulator must be able to operate cost effectively itself and give the state government assurance that the sector is making the best use of its investment.

### *Should encouraging social mobility or levelling up be an aim?*

Very few people leave social housing in Victoria, as they cannot afford to do so. Meanwhile, their peers who own homes see their wealth grow. Hence the gap between the groups widens. And it passes on down through the generations with the bank of mum and dad becoming Australia's ninth-biggest mortgage lender. Professor John Hills, in his 1997 report *Ends and means: The future roles of social housing in England*, foresaw this issue and how it would throttle upward mobility for tenants. More recently, Thomas Picketty has pointed to the dangers of locking swathes of society out of owning assets.

So, the obvious risk is that while Victoria will build more homes and look after them better via regulation, the life chances of the residents will not necessarily improve. Can you do more? In England, the appearance and reputation of some estates can lead to stigma for residents.

Will people be proud to say they live in one of your homes?

Thank you for asking HQN to contribute to your review. I hope this is helpful and I look forward to talking to you again.

Yours sincerely



Alistair McIntosh  
Chief Executive