

# DEFEND AND EXTEND PUBLIC HOUSING AUSTRALIA

## SUBMISSION TO THE VICTORIAN GOVERNMENT SOCIAL HOUSING REVIEW, 2021

The simplest and most effective solution to the problems in Social and Affordable Housing is not to review regulation at all, at least of Social Housing.

That is, the solution is three-fold: to stop the privatization of Public Housing and public land, and also to build enough Public Housing to satisfy the needs of the homeless and those on the waiting list, then to expand eligibility for Public Housing to all who want it.

(Some of our members also believe that the Victorian Government should not be affecting title of public assets until a formal treaty has been achieved with Victoria's indigenous population.)

The invention of the ideas of Social and Affordable Housing has actually been the root of the problem.

Whatever the motivation of lobbyists in the 1970s against perceived problems with Public Housing, we can say that the concept of Social Housing was implemented by Governments in order to privatize Public Housing for the benefit of private organizations, most of which are misleadingly called "Community Housing", and that of Affordable Housing to benefit other private landlords.

This privatization of Public Housing, of public funding and of public land has proceeded, for the past 30 years, federally since the Keating Government, and in Victoria since the Kennett Government.

This process of privatization has failed the 2 real stakeholders; **tenants and future tenants** through loss of housing security, increased housing stress and higher rents, and **the Government and the wider community** through wasted public resources, the loss of control of Government policy to the private sector, and increased inequality.

This observation about the failure of privatization is based on the accounts of our many Public Housing and homeless members and contacts, and the objective facts of the advantages of Public Housing over private Social Housing.

Since Australian Governments have recently come under scrutiny for this process, their response has been to hide the distinction between Public Housing and private Social Housing tenancies by referring to private Social Housing inappropriately as "Community Housing", and then to combine these 2 distinct types into the term "Social Housing".

We do not expect the Review to fulfil its stated mission, to base its recommendations on the input and interests of tenants, or its aim to give tenants a stronger voice. We say this because the Review reports only to Ministers in a Government which has committed to continue the process of privatization and to avoiding full discussion of the issue. The Andrews Government has committed to continue the process of privatization in its Public Housing Renewal Programme, and its 10-year Big Build Strategy. The Panel has already committed to complementing that strategy, without first asking whether it serves the interests of Government or the tenants.

There has been no indication of any significant recognition of the history of privatization and the effects of that.

The Panel claims to be independent- yet one of its members is a Director of the peak body of the Housing Associations, one is a former Executive of a Housing Association and the other is a former Director of KPMG and a former commissioner of the ACCC, 2 organizations likely to support privatization rather than Government ownership and control.

We ask the Panel to provide us with Declarations of Conflict as Interest, as required in the Terms of Reference. We expect that such declarations have been made as per the previous paragraph.

We note the opinion piece in the Age on 15<sup>th</sup> June 2021, by Professor David Hayward, Chair of the Panel. That piece gave a detailed and fair explanation of the achievements of Public Housing, and helps reinforce our view that resources that should be used to maintain and grow Public Housing are currently being wasted.

Professor Hayward noted in the article that Public Housing in Victoria is in the black, has low administrative costs and low costs to tax payers, that there is no return on private housing and that people on Government rent assistance are still experiencing severe rental stress. However, the article failed to mention the Housing Associations or any of the history of privatization.

Being long-term Public Housing advocates, we are ever-hopeful, so we call on the Panel to transcend these barriers to fulfilling its mission. We call on the Panel to recognize the failure of privatization of Public Housing, and to recommend rather than reviewing Social Housing regulation, the simple 3 stage solution we advocate be adopted in its report.

It should also be recognized that Victorian Public Housing can suffer further from a review of Social Housing regulations. Public Housing conditions are more favourable for tenants, so a review could worsen those conditions, especially if the aim was to equalize conditions across Social Housing across Victoria or Australia. Further, a Government which is committed to privatization is likely to make regulation ineffectual or not to enforce it, and is also likely to use equalization of conditions across Social Housing to justify its privatization policy. Such justification should be rejected.

Private Social Housing organizations have failed tenants for the past 30 years, in comparison to Public Housing. Any changes to their behaviour as a result of changes to regulation, even if effective and enforced, cannot be assumed to continue long term.

That is the main point of our submission.

In addition, we submit that the Panel:

1. Correct some apparent errors in its explanation of the difference in operation between Public Housing and private Social Housing organizations
2. Emphasize the advantages of Public Housing over private Social Housing organizations from the point of view of tenants and Government
3. Challenge the use of the term "Community Housing", as being inappropriate to refer to the private Social Housing organizations

We submit that the panel recommend also that:

1. Victorian Public Housing regulations which benefit tenants must not be weakened
2. Any changes to the regulations cannot be taken to justify privatization of Public Housing

3. Government funds and property be prioritized to Public Housing so that all Public Housing needs are met before any funding is given to Affordable Housing or to private Social Housing organizations
4. the allowable income for admission to Public Housing be doubled once the current waiting list is satisfied, so that it is equal to that of admission to Housing Associations, and once that need is satisfied, to remove the income test to allow anyone to live in Public Housing
5. the Government allow tenants in private Social Housing to take advantage of superior conditions in Public Housing by converting their leases to Public Housing leases
6. the Victorian Housing Register provide statistics for Public Housing applicants separately from Housing Association applicants

In addition to the above recommendations, we make the following observations. We also include our submission to the Victorian Government's 10-year strategy, and a brief history and explanation of our group Defend and Extend Public Housing Australia.

#### **Affordable Housing-**

Whilst this submission is limited to State Public Housing policy, the issue of Affordable Housing impacts on Public Housing. We submit that Government funds and property be prioritized to Public Housing so that all Public Housing needs are met before any funding is given to Affordable Housing.

We also point out that Public Housing is a necessary part of the social safety net, to provide housing as a right to those unable to compete in the private rental market. Public Housing can also serve to lower the demand for private housing, and therefore reduce pressure on private rents and prices. Even though we as a Public Housing group cannot comment on how to regulate private housing, we can say that regulation of private housing is a more cost-effective way of dealing with problems in private housing than directing subsidies to it.

#### **"Social Housing"-**

The Panel has already begun to analyse the issues in its Background Paper no 1, 2021. The following comments relate to that Paper.

We do not share the claims made in the Terms of Reference set out by the Government about the success of private Social Housing, and would expect the Panel to make an objective assessment of that. It has not done so. The Background Paper fails generally to make clear, or sometimes even to state, the benefits to tenants of Public Housing compared to private Social Housing tenants. We do not share the Panel's repetition of the Government's claim that the Big Build is the biggest Social Housing build in Victoria's history. Most importantly, that ignores the fact that it is a continuation of private Social Housing growth at the expense of Public Housing, but also we doubt that the Big Build exceeds the growth of Public Housing across Victoria and the rest of Australia under the Hawke Government- certainly not in per capita terms, but possibly not even in absolute terms.

The Panel recognizes early in the Paper that paying 30% or more of income as rent is rental stress. Only much later on does it state that Housing Associations charge tenants 30%, but does not state that administrative charges mean that it can be even more than that. The paper does not make the necessary consequential statement about Housing Association unaffordability, or note that it is only Public Housing rents, being 25%, which are affordable- instead its definition of Social Landlord credits Housing Associations with providing affordable rent. The situation is even worse when considering that the Housing Associations have Affordable Housing, which is not even required to have any connection to the tenant's income. We note that the private Social Housing organizations had 16,693 Social Housing properties (in 2019), and yet that they had a total number of properties of about 21,000 (in 2020). This could mean that there may be nearly 20% of properties of private Social Housing organizations for which rents have no connection to income.

The Panel recognizes tenants' need for long term security. It recognizes that Public Housing tenants have security of tenure, and later claims that Housing Associations do also. It contrasts lack of protection in private rentals with that in Social Housing. We believe that there is no long-term security in private Social Housing organization properties, tenants being on short-term leases which do not have to be renewed. The Paper fails to examine how many Social Housing tenants leave due to the expiry of their tenancy, or failure to pay the unaffordable rent.

The Victorian Housing Register does not distinguish between Public Housing and Housing Association applicants, so that even the Panel is unable to say how many are waiting for Public Housing, as opposed to private Social Housing.

The Panel recognizes that many disadvantaged tenants face barriers in the private housing market. It mentions the 24,817 homeless in Victoria. Such disadvantaged tenants and the homeless are universally accepted into, and generally have their needs satisfied in Public Housing, via Priority Access in the Public Housing system. That is not the case with private Social Housing. The Panel fails to examine this. Instead, it says that Priority Access is given in Social Housing. The Panel also fails to compare the homeless figure to the 25,548 Housing Association tenancies, and fails to note that the overwhelming number of these tenancies were gifted by the Government, and could have been Public Housing.

The Panel discusses transfer of Public Housing to the private Social Housing organizations in a peripheral way and does not quantify it. We believe that the overwhelming majority of Social Housing properties were gifted from Public Housing and that this is the central issue, of privatization.

The Panel refers to the origins of the private Social Housing organizations in the 1970s as being in community and opposed to a paternalistic Public Housing, and that their mission is supposedly to foster their tenant's interests. It does not recognize that this is largely irrelevant and inapplicable to the way the private Social Housing organizations operate today, with little or no input from the tenants in management, or regard to their interests. It disregards the priorities of the tenants, which are about finance and security, which is why Public Housing is overwhelmingly favoured by the tenants themselves.

The Panel states that The Housing Registrar regulates the Housing Associations, but does not examine how effective that has been. We have been informed that it has been ineffectual.

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# **SUBMISSION ABOUT THE VICTORIAN GOVERNMENT 10 YEAR HOUSING STRATEGY, BY DEFEND AND EXTEND PUBLIC HOUSING AUSTRALIA**

**8<sup>th</sup> April 2021**

Defend and Extend Public Housing Australia submits that the Victorian Government's 10-year housing strategy does not commit anywhere near sufficiently to defending and extending Public Housing, but that it must do so if homelessness is to be solved, and if high quality homes are to be provided at lowest economic cost for all Victorians.

## **The strategy should commit to:**

1. Recognizing that Public Housing is the best form of housing which Government can provide for tenants, and for the homeless
2. Meeting the demand for Public Housing through construction of new homes or alternatively purchase for that purpose, private housing for sale, where economic
3. Providing enough Public Housing ASAP to satisfy the current waiting list- maybe within 4 years
4. Continuing to provide enough Public Housing as it is needed into the future to satisfy the future demand for Public Housing
5. Then, allowing those on higher incomes the choice of public housing by raising the maximum income allowed for applicants for Public Housing, so that it is equal to that allowed for the Housing Associations (aka "Community Housing")- at present, it is about only 1/2.
6. Then, allowing anyone to live in Public Housing, regardless of their income
7. Therefore, prioritizing Public Housing over and above other forms of housing, for any Government funding
8. Ceasing the Victorian Government's current policy of transferring ownership and/or management of Public Housing to private Housing Associations (aka "Community" Housing)- which is privatization. The current policy includes the Social Housing Renewal Programme
9. Public financing of Public Housing- from Federal or State funds, not private sector bonds as has been proposed elsewhere
10. Use of Stamp Duty revenue if necessary for financing of Public Housing
11. Public sector design and construction of Public Housing, via a Public Sector Department- as used to be the case before the current policy of Public/Private Partnership was introduced. Public Housing was then of good quality, and low-cost to the Government.
12. Retaining public land on which to build Public Housing- ceasing to sell off public land to the private sector, and ceasing to privatize land on rebuilt estates
13. Ceasing to demolish those existing Public Housing estates which are in liveable condition
14. Recognize that current Public Housing estates are already largely vibrant, multicultural and dignified communities, which are well located and connected, but which require protection from stigma imposed on them by media, social prejudice, and the Government itself.

15. Recognize that these basic features of Public Housing are intrinsic, and also listen to and respect the voices of Public Housing tenants and the homeless, who when informed, overwhelmingly prefer Public Housing.
16. Recognize that the more Victorians in Public Housing means less demand on the competitive private housing sector, and therefore lower private sector rents and home prices
17. Make publicly available and easily accessible information about the size of the waiting list for Public Housing- recently, the Andrews Government merged the list with that for the Housing Associations, so that it is impossible to find out data for the 2 separate types.

## **What the draft strategy says now:**

### **The draft strategy currently:**

1. Would maintain the current stock of Public Housing- which is insufficient for the waiting list, let alone those who would apply but for the long wait, and those who will need it in future.
2. Would grow Social Housing to “meet the need”. This means that it will increase Housing Association properties, not Public Housing.
3. Makes no commitment to numbers of houses or timeframes, beyond aiming to reach the national average for Social Housing- rather than focussing on known numbers of tenants and homeless whose needs are not satisfied
4. Makes incorrect claims that the \$5.3b Big Housing Build will hugely boost housing affordability- it will barely meet growth in demand, and does not commit to increasing Public Housing.
5. Says it will have co-investment, and act jointly with stakeholders, which include private investors. It says that “Community” Housing providers will play a central role in growth, diversity and choice, and incorrectly claims that everyone involved in Social and Affordable Housing will need to work together- when clearly the Government can meet its responsibility without trying to satisfy private interests
6. Doesn't refer specifically to ways in which it will help investors or the Housing Associations.
7. Lumps together all forms of housing which it provides or assists with under the phrase “Social and Affordable Housing”, and does not clearly define the differences for the tenant in these different forms
8. Maintains the misleading impression that people in “Social” Housing are all in crisis, and need special help- many are not, they are just people on low incomes. They just need to be treated with respect and located as other renters, and don't need special services.
9. Says that research, data and evidence is needed to determine the best approach- when there is already sufficient data and experience from our history of Public Housing versus the private or privatized forms
10. Commits to surveying Public Housing tenants regularly about their views on their housing and Government services, which is supported by DAEPHA, as it allows tenants a voice, and if it is done fairly, will probably prove the case for Public Housing.
11. Identifies the obstacles to access to “sustainable” housing as being services, support and information- when these are fairly minor, and the real cause is shortage of Public Housing.

12. Commits to partnering with local government to boost Social Housing via a Compact- but this will almost certainly involve the State Government pressuring local government to give up land for “Community”, not Public, Housing.

## **Why Public Housing, not Housing Associations or Affordable Housing**

1. Public Housing provides low-cost rent (25% of tenant’s income, and Government pays for modifications for disabled), security of tenure, and admissibility for applicants, which Housing Associations (aka “Community Housing”) do not provide.
2. Housing Associations (aka “Community” Housing) charge 30% of tenant’s income plus administration costs, modifications are paid for by disabled, with no security of tenure, and the Associations can select applicants as they prefer, particularly avoiding those with high needs or special disadvantage.
3. Hence, Public Housing is superior accommodation for tenants, and particularly the homeless, and Housing Associations are inferior at best, and at worst inadequate. Affordable Housing is even less suitable for many tenants, meaning only shared-ownership schemes with the Government or rents set at 80% of market.

## **Defend and Extend Public Housing Australia:**

Defend and Extend Public Housing Australia (DAEPHA) is an organization which was established in 2016 by Public Interests Before Corporate Interests, generally to advocate for Public Housing throughout Australia, and also specifically to resist the plans by the Andrews Government to continue the long-running process of privatizing Public Housing in Victoria.

DAEPHA primarily focusses on communicating this message to the public, to political parties and to other organizations which are concerned with the issue of housing. It does this by holding rallies, leafleting the public and political meetings, broadcasting on radio 3CR and liaising with and participating in other groups.

Many DAEPHA activists live in Public Housing and/or are members or associates of the other 2 genuine PH advocacy organizations Friends of Public Housing Victoria, and Housing for the Aged Action Group, although DAEPHA views do not necessarily represent those of these other organizations.

Convenor of DAEPHA is Dr Joseph Toscano, assisted mainly by activists Howard Marosi, Cathryn Murdoch, Don Stokes, Gaz Seron, Jessica Harrison, Julie Jones and Paul Reiner. Contact:

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