

**Parliament of Victoria
Family and Community Development Committee**

**Inquiry into the Adequacy and Future Directions of
Public Housing in Victoria**

Victorian Government Response

March 2011

Introduction

The Victorian Coalition Government welcomes the Parliament of Victoria Family and Community Development Committee (the Committee) final report from its *Inquiry into the Adequacy and Future Directions of Public Housing in Victoria*. This report outlines the Government's response to the Inquiry.

The Inquiry

On 29 July 2009, the Committee received directions from the Legislative Council to inquire and consider the adequacy and future directions of public housing in Victoria. The terms of reference stipulate that the inquiry include:

- (a) Public housing waiting lists in Victoria;
- (b) The impact on individuals and families of waiting times to access public housing and how this varies by each segment;
- (c) The adequacy, quality and standards of Victorian public housing;
- (d) The safety and location of Victorian public housing and public housing estates; and
- (e) The impact of public housing need on specific groups, including women, seniors, the homeless, indigenous Victorians, refugees, people with a mental illness, substance abuse and/or disability.

Public housing tenants, community service organisations, housing associations providers, academics and representatives of Government departments gave evidence to the Inquiry, in the form of 109 written submissions and 43 public hearings. The Committee released a final report of its findings and recommendations on 6 October 2010.

Recommendations

The Committee made 81 recommendations in the final report. The bulk of these recommendations focus on:

- The Government's overarching strategic direction for public and social housing in Victoria (20 recommendations);
- How people access public housing and how public housing is allocated (24 recommendations);
- The support people in public housing need to sustain their tenancies (20 recommendations);
- The maintenance, upgrade and renewal of public housing (12 recommendations); and
- The housing workforce (5 recommendations).

The Committee's report and recommendations reinforces for the Government that there is an urgent need for change and reform in the public and social housing sectors that reflects contemporary needs, social trends and the socio-economic characteristics and demographic distribution of the Victorian population. This applies not only to metropolitan Melbourne but regional and rural Victoria – especially those in the typical catchments for public and social housing eligibility.

Any new direction in this key social policy area needs to be strategic and based on effective foundations of policy, finance, capital and asset management, and eligibility for public and social housing. It also needs to reflect the reality that the government has inherited from its predecessors an extensive stock portfolio, much of which is ageing or needs either outright replacement or extensive refurbishing. Moving ahead with forward-looking public housing assets and services is something that requires a long-term plan that is capable of evolving as Victoria evolves over coming decades.

1. Future directions for public housing

1.1 Key issues

The Committee argues that the former Victorian Government does not have a clearly articulated strategy framework for public and community housing, including: its vision for public housing; how it will respond to the changing public housing tenant profile; and how it will secure long-term investment for public and community housing in the state. Accordingly, the Committee recommends that the new Government develops a new strategic framework and asset management strategy in which it clearly identifies how it will address these issues.

The Government intends to do this in a way reflecting its policies and priorities.

1.2 What the Government is doing

Australian governments replaced the Commonwealth-State Housing Agreement (CSHA) and the Supported Accommodation Assistance Program (SAAP) agreement with the National Affordable Housing Agreement (NAHA) which was signed in November 2008. This was a significant change, as the CSHA had been the principal funding agreement for housing between the Commonwealth and States and Territories since 1945. Victoria is bound by its obligations under the NAHA until it expires in 2013.

Associated with the NAHA are four time limited National Partnerships (NP). NPs for Social Housing, Homelessness and Remote Indigenous Housing were signed in December 2008. In February 2009, in response to the Global Financial Crisis, Australian governments entered into agreement for the fourth NP, the Nation Building and Jobs Plan.

The NAHA and NPs included a wide range of intended reforms to the housing system (25 in total). These are collectively referred to as the National Housing Reform Agenda. This Agenda includes developing strategies to address:

- Options for Commonwealth payment of funding for social housing;
- Enhancing and growing the community housing sector;
- Anticipated supply shortfalls;
- Leveraging investment;
- Utilising government land supply and other interventions; and
- Improving data collection.

In addition, in December 2009 the Council of Australian Governments (COAG) agreed to the development of a housing supply and affordability reform agenda led by Treasurers, through the Ministerial Council on Federal Financial Relations. A working group comprising Treasury and First Ministers' officials (with representation from other agencies as necessary) is undertaking this work. In participating, Victorian officials are working under the policy direction of the Government, and will be reflecting the policies and priorities of the new Government and not those it inherited.

1.3 Further action

Notwithstanding the National Housing Reform Agenda, the Government recognises the need for a renewed and clear strategic direction for housing in Victoria that addresses the housing circumstances of low income and socially disadvantaged Victorians, and which aims to maximise personal choice and responsibility as well as rights and entitlements. The Government therefore is committed to reshaping public and social housing to encourage personal and family responsibility as well as not block people's paths to becoming highly skilled, productive, and engaged in the social and economic life of the Victorian community.

Cabinet in Confidence

The Victorian Government welcomes the Committee's recommendations setting out the need for a strategic framework for social housing. The Government proposes to develop a housing framework which addresses current and future housing challenges for low income Victorians; and provides a vision for a vibrant housing system which builds human capital and contributes to the productivity of Victoria's economy.

In developing this housing framework, the Victorian Government will in 2011-12 actively consider implementing an effective range of policy and programs covering a range of issues also raised by the Inquiry, including:

- A clearer vision for Victoria's public, social housing and homelessness systems;
- Better data on the changing profile of Victorians and how this is reflected in their housing needs and choices; and
- Aligning our housing programs and our asset decisions to meet the emerging practical realities of the contemporary and future Victorian community and society, instead of perpetuating rigidly administered social engineering visions of the past.

2. Improving how people access public housing and how public housing is allocated

2.1 Key issues

The Committee found that public housing eligibility criteria exclude some people who are in genuine need of assistance and that the application process is overly complex. To address this it made a number of recommendations to review aspects of eligibility criteria to ensure people in need are not excluded from applying for housing. Several other recommendations related to allocation practices aimed at increasing client choice, ensuring allocated housing meets client needs and that clients are linked with appropriate support services.

The Committee suggests the way in which the Government publishes wait list data is not sufficiently comprehensive and recommends more detailed information is provided to prospective tenants and the broader public. It also recommends that communication to prospective and current tenants be improved to provide clients with better information about their housing options, rights and responsibilities.

The Government generally supports the Committee's recommendations in this area.

2.2 What the Government is doing

The Victorian Government believes that public housing is an important option for Victorians whose needs cannot be met by the private market and considers targeting of eligibility criteria is required to ensure those people most in need are assisted first.

However, as the Committee acknowledges, broadening the eligibility criteria for public housing may impact the size of the waiting list and increase wait times at a time when the current supply of public housing is insufficient to meet demand.

Addressing the complexity of the public housing application process to make the registration process simpler for Victorians in need is underway. This was a big problem under the previous Government. Tying people up in red tape strips independence and dignity away from those Victorians who apply for public and social housing, and turns them into commodities rather than people. The government intends for this to change in consultation with tenants, applicants and provider and advocacy groups.

With reference to the Committee's related recommendations, the Victorian Government is also considering a process to integrate waiting lists between the public housing system and other social housing providers. The purpose of this is to create a long-overdue single register from which to house applicants in public and long term community housing, which will:

- a) Provide one entry point for applicants to register their interest in public and community housing;
- b) Streamline application and waiting list management procedures; and
- c) Provide better and more transparent data on demand for public and community housing, by identifying the relative housing need of all applicants, what they are applying for, and what their housing outcomes are.

In some cases assisting people is best achieved by supporting Victorians to maintain their existing private tenancies. Through the Department of Human Services (DHS), housing agencies provide housing information and support to private rental tenants to obtain and maintain tenancies through advocacy, material and monetary aid.

The Victorian Government acknowledges that transparency in public housing waiting lists and waiting times is in the public interest and that the data should be as timely, open and meaningful as possible.

Cabinet in Confidence

While waiting list data can provide an indication of demand, the nature of demand for housing assistance from low income Victorians and the way in which that demand can be met is more complex. In addition to public housing waits, DHS also publishes a quarterly Rent Report about the private rental market to inform the community about changes in vacancy rates and rental affordability across metropolitan Melbourne and regional Victoria more broadly. This information can be used by Victorians to make informed choices about the affordability and accessibility of rental dwellings that meet their needs.

2.3 Further action

The Victorian Government acknowledges the constraints placed on the public and social housing system as a result of supply limitations. However, the Government is working to address the Committee's recommendations on access and allocation of public housing through the development of initiatives including:

- Introducing a new segmented waiting list model that will make the system easier to understand by prioritising the homeless and households experiencing family violence first, then those in unsuitable housing, followed by those who require public housing due to low income;
- Exploring the establishment of new supported housing models such as Youth Foyers, which provide a platform from which youth can build their lives to become productive participants in the community; and
- Piloting a choice based letting scheme for 'hard to let' properties to offer applicants increased choice and flexibility in their housing decision.

The Victorian Government is also committed to responding better to the most disadvantaged Victorians who are experiencing homelessness and cannot participate in the Victorian community. The Government is reviewing its homelessness response in the context of a broader framework for housing.

3. Sustaining tenancies

3.1 Key issues

The Committee found that while rental revenue is an important source of income for the public housing program, many tenants face a range of obstacles in managing their rental payments and in other aspects of their tenancies. A number of recommendations are made concerning support for people to maintain their tenancies. Several recommendations focus on the Social Housing Advocacy and Support Program and to linking tenants with other services when their tenancies are at risk.

The Committee also make a number of recommendations on tenancy management policies and practices, particularly related to rent setting, debt management and anti social behaviours. Early intervention and participation strategies are recommended with a focus on improving communication with tenants and involving tenants in decisions that affect their tenancies.

The Government generally supports the Committee's recommendations in this area.

It also endorses the strong message from these recommendations that public and social housing tenants have responsibilities as well as rights, including the basic responsibility to pay their rent on time. While it is right and fair to use all possible and reasonable ways to assist tenants who get into difficulty in meeting their basic obligations, these obligations should not be excused or ignored by public policy or in administering the system.

3.2 What the Government is doing

The Government recognises the importance of assisting public housing tenants to sustain their tenancies and improve their ability to participate in the Victorian community, be highly skilled, productive, and engaged in work. This means that that the public housing response must do more than just place a roof over tenants – it must support them to link up with other services they need to improve their circumstances.

The Victorian Government has a number of initiatives aimed at supporting public and community housing tenants to maintain their tenancies, including:

- programs which work in collaboration with community service providers to improve outcomes for tenants with complex needs at risk of losing their tenancies by providing them with appropriate supports and services; and
- programs which assists tenants to access a range of services in their community. These services include financial counselling, help with resolving a tenancy problem and assistance in making a complaint about their housing. DHS is also working with service providers to improve debt management policies and procedures; and adjust funding in response to changing client needs and demands requiring some people to be provided assistance over a longer duration.

The Victorian Government is also working to reduce the complexity of public housing rent setting policies and procedures to make it easier for tenants to maintain their rental payments and reduce any disincentives to participate in the workforce.

As a part of the National Housing Reform Agenda, Victoria is working with other States and Territories to share information on programs to improve tenancy management practices that respond to inappropriate tenant behaviours. The Victorian Government is piloting an initiative to address anti-social behaviour focussed on increasing support for public housing tenants with a history of tenancy breaches.

Cabinet in Confidence

In recognition of clients as key stakeholders in improving customer service, the Victorian Government has established a platform for tenants to give regular feedback at a local and regional level on departmental services. This offers tenants the opportunity to increase knowledge about their rights and responsibilities and creates an informed, engaged and empowered tenant community.

3.3 Further action

The Victorian Government will evaluate the Support for High Risk Tenancies Program and Tenant Participation Framework in 2011. From 2012 onwards, this evaluation will inform practice improvements for client outcomes and sustaining tenancies.

The real risk of people getting trapped in a public housing life cycle due to poverty or other circumstances, and that for many residents public housing can be for life, are challenges that the Victorian Government wants to ensure are eradicated as features of public and social housing policy and culture in our State. The Government therefore wants to ensure that policy and procedures around public and social housing, including its administration and legislation, encourage as many tenants as possible move into the private rental market, or become homeowners in their own right.

As part of its inherited National Housing Reform Agenda obligations, Victoria is reviewing rent setting policies, particularly in relation to removing disincentives for tenants to take up employment opportunities. In partnership with Centrelink, DHS is also developing a Work Pays Estimator to help tenants understand how their Centrelink payments and rent rebates are affected when they gain employment. This should encourage more clients to engage in employment, education and training.

Beyond those activities, however, the new Victorian government also plans to work with tenants, advocates and, the community services and the private sectors to identify and implement strategic solutions to getting individuals and families out of the public housing life cycle wherever possible.

The ultimate goal is for more Victorians and their families to rely on themselves in renting or owning their homes, while ensuring that the most vulnerable Victorians still have a safe and secure place to live.

4 Public housing maintenance, upgrade, renewal and minimum standards

4.1 Key issues

The Committee found that the quality of public housing stock was highly varied due to the high proportion of aging stock and the inadequacy of maintenance programs. The Committee made a number of recommendations concerning the maintenance, upgrade and renewal of public housing stock. With respect to maintenance, these recommendations related to concerns on the management and performance of maintenance contractors. The Committee also recommended that the Government involve tenants more in decision-making on the maintenance and renewal of public housing stock.

The Committee cited evidence suggesting that in terms of minimum public housing standards, the Victorian *Residential Tenancies Act (1997)* and residential building regulations compare unfavourably with international legislation on the same issues. In addition, the Committee suggested that the Government could do more to formalise procedures to improve the environmental standards of public housing stock.

The Government generally supports these recommendations.

4.2 What the Government is doing

All properties reach the end of their usable life at some stage. The Victorian Government will ensure that future public housing stock renewal and distribution needs to reflect contemporary social needs and best practice.

In order to keep public housing safe, comfortable and secure, some properties require maintenance or renovation. The Victorian Government notes that more than 30 per cent of public housing is over 30 years old and in some cases, it is more cost effective to redevelop or replace the property than maintain it. Any tenants living in these properties are eligible for a transfer and are given priority to transfer to an alternative property.

Maintenance

Public housing maintenance is a major responsibility of the Victorian Government and its contractors. In 2009-10 300,000 maintenance jobs were carried out on over 65,000 properties each year.

A number of procedures are in place to improve the quality and responsiveness of maintenance works on public housing properties. Contracts between DHS and maintenance providers specify nine performance criteria and maintenance jobs are monitored to ensure they meet these criteria. In addition, housing staff meet with head contractors quarterly to identify and manage any quality, timeliness or other performance issues. Should a maintenance contractor fail to meet their obligations, DHS can apply a range of penalties including the application of liquidated damages, financial penalties and ultimately termination of contract.

Improving the energy and water efficiency of housing

A number of initiatives are in place to improve the energy and water efficiency of public housing properties. Existing properties are being upgraded with new water and energy saving products such as exhaust fans, energy efficient lighting, improved insulation, solar hot water systems, water-saving showerheads and dual-flush toilets. All new properties are built to a 6-star energy efficiency standard.

Tenant involvement

The Victorian Government provides a number of opportunities for tenants to be directly involved in maintaining public housing. Tenant community leaders from the Regional Housing Council and the Victorian Public Tenants Association are invited to, and actively participate, in meetings with maintenance contractors. In addition, DHS operates programs to help to

Cabinet in Confidence

connect tenants with employment through public housing maintenance and service contractors, and participants in the program can access certificate courses in related fields. Social enterprises have also been established in some public housing neighbourhoods, which provide employment opportunities for public tenants in maintenance works for public and private housing.

Nevertheless, the Victorian Government also expects that tenants take responsibility for the quality of their own residential environments wherever possible, and encourages them generally to take pride in where they live. It starts from the position that almost all tenants share those values and resent others in their communities who make them unhappy or unsafe for individuals and families. This includes Victorian Government agencies and employees, including the Office of Housing, working, positively with tenants to keep public housing precincts safe and places of common enjoyment. It also includes avoiding anti-social behaviour in public and social housing residential communities and enabling tenants and housing authorities better to cooperate in stamping it out.

The Government's current changes to the *Residential Tenancies Act* to ensure that the Director of Housing can promptly remove tenants who commit indictable drug offences in common areas of public housing precincts (such as corridor, gardens or playgrounds rather than a actual residential areas) will improve the quality and living for all affected tenants and residents. A safer community is a happier community.

4.3 Further action

Notwithstanding current initiatives, the Victorian Government is also committed to ensuring the State's public housing assets are managed and improved using best practice approaches.

Maintenance

The Victorian Government will renew future maintenance contracts for public housing to include stronger performance monitoring measures, including measures on the quality and timeliness of work with stronger penalties for poor performance. Following an open tender process, contracts with stronger penalties and sanctions for non-compliance will be in place in late 2011.

As part of the National Reform Agenda, the Victorian Government is also working with other States and Territories to improve performance indicators for social housing stock and maintenance benchmarks, and to make them more relevant and meaningful.

Minimum standards

The Victorian Government is working in collaboration with community stakeholders to examine the introduction of minimum standards in rooming houses. The introduction of any standards in rooming houses, or in other forms of rental accommodation, would need to balance the health and safety of tenants with the need to maintain the supply of accommodation for those Victorians in need.

5 The housing workforce

5.1 Key issues

The Committee reported that frontline housing staff are increasingly working with clients who have complex needs. It acknowledged that this often translates into greater workload for staff and that the structure and skills of the workforce must be able to meet the demands of this environment. The Committee makes a number of recommendations about the training needs of housing workers to enable them to better support clients, and the Government generally supports these recommendations.

5.2 What the Government is doing

The Victorian Government has been developing programs to improve how it responds to anti-social behaviour in public housing, including offering its housing staff training in dispute resolution and in dealing with complex clients and challenging behaviours.

DHS has also completed the initial stages of a Service Delivery Model Review. Work completed to date includes a review of housing worker responsibilities and division of work that involved consultations with housing workers. A trial has been implemented to reduce the number of properties managed by housing workers in areas with a high numbers of complex tenants and neighbourhood issues.

Housing staff can access professional development opportunities, including sponsored placements in the Certificate IV in Social Housing, department leadership programs, and specific needs training identified by regional offices.

5.3 Further action

The Victorian Government is developing a comprehensive workforce plan for public housing officers through a new Workforce Strategy and an associated Learning and Development Strategy. This process will include a gap analysis of knowledge and skills and the identification of staff learning and training requirements. These will inform future training and development strategies.