

Office of Housing

Consultation document – Strategy for Growth in Housing for Low Income Victorians

Development of Housing Associations

1. Introduction

The Government is committed to the development and implementation of strategies to provide better housing services, and to deliver growth in the supply of housing, for low income Victorians. The complementary actions to deliver the Government's program are outlined in Section 2 below.

In *Growing Victoria Together* the Government identifies growth in affordable housing and the renewal of areas most affected by social and economic disadvantage as priority actions in meeting its social objectives.

The main purpose of the consultation focuses on the commitment to establish Housing Associations contained in the Government's election policy documents (November 2002).

In the May 2003 Budget, the Government confirmed its commitment to growth in affordable housing, including the establishment of four Housing Associations. The Government committed \$70 million for this and related purposes. This investment builds on the \$94.5 million Social Housing Innovations Project (SHIP) funding, announced during the Government's first term of office. The SHIP initiative will result in more than 800 additional social housing units.

Also in the May 2003 Budget the Government confirmed its support for growth in affordable housing through:

- Stronger partnerships between Government, non-government and private sectors in planning, funding and delivery of affordable housing, including the development of Housing Associations;
- An improved system of regulation and a continuous improvement approach to the delivery of housing assistance; and
- Increased private investment and social and financial equity in affordable housing.

The purpose of this paper is to seek input from interested parties – community housing providers, other community based organisations and private sector bodies – on the implementation of the establishment of Housing Associations to provide affordable housing through non-government housing providers. It also canvasses the role of a statutory system of regulation in relation to the community-housing sector as a whole.

2. Government action on housing for low income Victorians

The consultations will focus on growth and innovation for affordable housing through Housing Associations. At the same time, the Government is taking other action to increase affordable housing for low-income households:

- On 6 December 2003 the Premier announced the allocation of an additional \$40 million beyond the Commonwealth State Housing Agreement (CSHA) requirements and previously announced budget commitments to improve the supply of public housing;

- The funding and administrative framework project will streamline funding and service agreement arrangements for long-term community housing programs;
- The *Melbourne 2030* action plan¹ referred to the critical importance of affordable housing in getting the best social and economic outcomes for disadvantaged groups in the community. The plan establishes guidelines for urban development with the theme of achieving social equity, including the retention of existing affordable housing and provision of new affordable housing opportunities; and
- VicUrban as the Victorian Government's urban development agency is working towards sustainable development, affordable housing and prosperous and successful communities.

3. What are the aims of the Housing Association strategy?

The strategy has the following objectives:

To:

- Provide more affordable housing options to low income Victorians in partnership with local government, community groups and the private sector;
- Attract non-government investment in affordable housing thereby improving the capacity to meet demand among low income groups;
- Provide greater choice and diversity of affordable housing providers for tenants; and
- Build on the existing expertise of community and other groups in managing housing.

In meeting these objectives, the Government will need to balance the needs of tenants, the requirement to maximise the use of government funds and the desirability of developing innovative approaches to delivering affordable housing.

With regard to existing public tenants, the Government will preserve conditions and ensure that any decision to choose a Housing Association as an alternative provider is voluntary.

4. What are the potential benefits of this strategy?

The Government has identified a number of benefits from increasing community and private sector involvement in the delivery of affordable housing. These are:

- Choice of provider to best meet client needs;
- Opportunities for specialist or generalist housing providers to provide housing and other services - within one organisation or through improved co-ordination across agencies;
- Many locally based organisations know their communities well and can harness 'social capital' of various forms;
- Policy flexibility can support non government providers in delivering highly responsive and innovative services;
- Locally based organisations can offer greater tenant involvement in management; and
- Use of private finance to provide growth capital increases the overall funding for affordable housing and allows government funding to be used efficiently.

¹ *Melbourne 2030, Planning for Sustainable Growth*, Department of Infrastructure October 2002

The current environment in housing markets emphasises the need for reform and innovation to increase the supply of affordable housing. Contributing factors include:

- Buoyant private rental and home purchase markets;
- Commonwealth Rent Assistance has not kept pace with increases in private rental costs;
- Funding under the Commonwealth State Housing Agreement has declined for over 10 years to the point where State Housing Authorities cannot provide growth in the public and community sectors; and
- The large-scale gentrification of many former low cost housing units in the inner city areas of Melbourne.

As a result, many low income Victorians find it harder to access affordable housing and the contribution of public housing to the needs of this group is also diminished as these resources are increasingly targeted to those most in need.

These challenges and opportunities underpin the Government's desire to broaden the housing assistance system using non-government providers to meet the needs of more low income Victorians.

The CSHA also identifies and mandates the need to explore innovation, alternative private sector funding sources and non-government delivery models. It also requires action to redress workforce disincentives associated with income related rents.

5. Future housing assistance and the role of Housing Associations

Housing Associations will play a new and exciting role providing affordable housing to a broader group of applicants and tenants and attracting private sector investment for affordable housing.

Housing Associations will increase the stock of affordable housing through State grant funds and private sector finance. A modest public housing stock transfer program is also envisaged, approved by Government on a case-by-case basis.

Housing Associations will be registered by the Office of Housing and will have the following features:

- Each Association will have the potential to manage or own a relatively large portfolio of properties with a capital growth program agreed with the Office of Housing;
- Associations will be eligible to receive growth funding for capital purposes from the Government, and will use these funds to provide housing assistance to households who meet public housing eligibility or qualify for Commonwealth Rent Assistance;
- They will be innovative in delivering housing and creating partnerships;
- They will be able to borrow funds from the private sector to contribute to their growth program;
- They will be financially viable businesses with approved business plans reflecting their borrowing capacity over an agreed timeframe;
- Associations will have independent, appropriately-skilled Boards as well as active tenant participation;

- They will provide high quality housing assistance with professional and skilled housing management;
- They will meet regulatory requirements including annual financial and service audits;
- They will comply with Residential Tenancies law and other legislative requirements, including Corporations Law; and
- Associations may be established from among existing providers as well as new providers.

Housing Associations will complement existing community housing providers and the Public Housing System, which will continue to be the mainstay of social housing in Victoria, as the largest provider of housing assistance.

New housing acquisitions using the \$70 million will not attract recurrent State Government subsidy.

6. Assessment criteria for registration as a Housing Association

The Government expects that a number of service models and partnership arrangements will emerge and be refined over time. Applications for registration of the initial Housing Associations will be assessed against identified criteria. The criteria set out below are provided as examples and will be discussed further at the consultation meetings.

Example criteria to be met by those organisations seeking to register as Housing Associations:

- Must be appropriately constituted or incorporated, having an independent Board of Directors with appropriate skills mix, (demonstrated commitment to) tenant participation, and strong governance and executive arrangements that support effective leadership, financial control and risk management;
- Must show willingness and capacity to leverage agreed levels of funding from private sector borrowings or through a mix of private borrowings and social equity;
- Proposed model must be financially sustainable;
- Must have a sound business plan that articulates the Housing Association's objectives and priorities, and strategies for their achievement, including efficient use of revenue;
- Must have a demonstrated commitment to the delivery of high quality housing assistance, including appropriate and documented policies and procedures on, for example, rent setting, tenant eligibility, allocations, dispute resolution that demonstrate fairness, equity, best value and continuous improvement strategies; and appropriate accountability mechanisms; and
- Must demonstrate that policies and service delivery are responsive to local needs and that there are strong linkages to other local community and welfare support agencies.

7. Registration process

Housing Associations will be identified through a Registration of Intent (ROI) process. A call for registration will be announced in March/April 2004. The Government's election commitment referred to the establishment of four Housing Associations. This consultation process and subsequent ROI will lead to the creation of the first generation Housing Associations with opportunities for additional Associations to be developed over time. In registering initial and additional Housing Associations, the Office of Housing will be looking to address the broad range of housing needs among disadvantaged groups in the community.

Further detail on registration is contained in the attached paper on Regulation.

8. Capacity Building

The Office of Housing will support the establishment of Housing Associations and help build their capacity to take on a larger proportion of the affordable housing market. Investment in Housing Associations may include:

- Allocation of capital funds for agreed annual growth;
- Support and investment in training and professional development opportunities, including tailored training packages for Directors, executives and staff etc; and
- Assistance to build up knowledge and expertise through access to technical support.

9. Implications for existing community housing providers

Existing community housing providers may be interested in becoming Housing Associations. Periodic opportunities to register as Housing Associations will be provided by the Office of Housing for existing community housing providers.

The implementation of a funding and administrative framework for community housing providers will involve a separate process and will not be part of this consultation process. However, all Housing Associations will be required to meet appropriate accountability requirements as a minimum. Further detail on accountability requirements is contained in the paper on Regulation.

It is envisaged that there will be a staged process for all community-housing providers to participate in the proposed regulatory framework. This will be subject to a separate consultation process.

The Office of Housing will also consider ways to help smaller providers to operate within the broader housing assistance system. Strategies may include:

- Development of local housing networks to link smaller providers with larger Housing Associations and encourage referral and other arrangements (formal and informal consortia); and
- Opportunities for participation in community building and neighbourhood renewal initiatives.

There will be no forced amalgamation of smaller providers but their capacity to grow will be limited, as the Government will target capital funding to Housing Associations. However, there will be some flexibility to fund one off projects

where providers can demonstrate that these projects are linked to Government strategic initiatives.

10. Potential Funding for Housing Associations

New Housing Associations will have access to funding as follows:

- Private sector financing through borrowing or equity arrangements;
- Commonwealth Government Rent Assistance for eligible tenants; and
- State Government capital funding for growth of affordable housing stock.

The State Government will not be providing recurrent funding for new Housing Associations as they should be able to meet their ongoing operating costs from tenants' rents. Housing Association tenants will include those on somewhat higher incomes (based on current eligibility for Commonwealth Government Rent Assistance) than existing public housing tenants and, with access to Commonwealth Government Rent Assistance, should generate sufficient rent revenue to meet costs.

Community housing providers already managing stock under existing OOH programs that are subject to other funding arrangements that wish to become Housing Associations will continue to have access to those funding arrangements for a transition period. However, over time the Government will expect these developing Housing Associations to progressively reduce their reliance on recurrent State Government funding as additional revenues are established.

11. Consultation Process

This paper is being circulated to interested parties as background information for the consultation process. Following release of this paper and attachments, the Office of Housing will contact groups to invite them to participate in forums to discuss the issues raised in this document and its attachments.

The purpose of the consultation forums will be to seek input from interested parties – community housing providers, other community based organisations and industry bodies on the implementation of the Housing Association Strategy, and in particular:

- Gauge interest among community groups in establishing Housing Associations;
- Seek support from the private sector in financing Housing Association stock; and
- Gain input and views on major policy issues including the registration of Housing Associations.

The attached papers provide initial discussion on major policy issues for Housing Associations as follows:

- Rent policy framework;
- Eligibility and allocations policy; and
- Regulation and legislative requirements.

Consultations will occur in late January/February and the ROI will commence in March/April 2004. Further details regarding the consultation timetable, venues etc will be provided on Housing's web site: <http://www.housing.vic.gov.au>

RENT POLICY FRAMEWORK

Introduction

Housing Associations will function alongside public and community housing providers to provide additional accommodation to low income Victorians. Housing Associations will be required to offer housing at an affordable level of rent. However, the Government aims to develop more flexible and innovative rent policies for Housing Associations compared with current public housing policies.

Current rent policy

Rent setting in public housing provides financial equity for tenants by tying rents to a fixed percentage of income. This system provides a guarantee of affordable rent levels but does not always achieve the right balance between the objectives described below.

Current public housing rent setting can result in a number of disadvantages including:

- Complexity for tenants and for those administering the policy;
- Workforce disincentives that arise from the interaction of Commonwealth tax policy, Centrelink withdrawal rates and public housing rebated rents - that tie rent levels to income;
- Lack of flexibility for tenants who may wish to pay more for locational choice or amenity of dwelling; and
- Limiting funding for growth in public housing.

Policy Principles

The Office of Housing proposes that the following principles be used to guide the development of rent policies in Housing Associations:

- Housing Associations must deliver affordable housing and the overall portfolio will be monitored against agreed affordability outcomes;
- Housing Associations must demonstrate sustainable financial viability in their business plans;
- Housing Association tenants should be eligible for Commonwealth Rent Assistance;
- Housing Associations should not require recurrent subsidies from the State for new investment. Subsidies associated with existing community-managed programs would continue but should be reduced over time; and
- The amount of financial assistance should reflect a tenant household's need for subsidies. This means that tenants on relatively higher incomes (within the eligible group) should receive less assistance.

These principles, together with the policy objectives below will be subject to consultation with the sector. These principles and objectives will form the basis of rent setting policy for Housing Associations, and will be used to monitor their ongoing compliance.

Objectives of rent policy within Housing Associations

Housing Associations have the opportunity to develop more flexible and innovative rent policies that balance the needs of tenants with the Housing Associations' need for long-term viability.

The setting of tenant rents within Housing Associations will need to balance a number of objectives:

- Providing affordable housing for tenants;
- Providing choice, including amenity and location for tenants;
- Contributing to Housing Association viability, including use of Commonwealth Rent Assistance; and
- Providing transparent, simple and easy to understand rent calculations for tenants.

Housing Associations will be able to explore rent options that are responsive to factors such as cost of services provided, to market signals such as location and amenity of the property, and that remove workforce disincentives. However, Housing Associations will be required to demonstrate that their rent policies meet the principles and objectives outlined earlier. Initially the Office of Housing but subsequently the Registrar, once established, will give final approval for rent policies adopted by Housing Associations, including approval for subsequent changes.

Housing Associations will be able to provide housing to applicants for public housing and those eligible for Commonwealth Government Rent Assistance. In approving rent-setting policy within Housing Associations, the Registrar will assume that all eligible tenants are receiving their Commonwealth Government Rent Assistance entitlement.

Measuring outcomes of rent policies in Housing Associations

The Registrar will monitor rent policies in Housing Associations to ensure that rents remain affordable for tenants and that a high proportion of tenants continue to have rents that are within acceptable affordability benchmarks (across the portfolio). However there will be flexibility, so that some households may choose to pay more than generally accepted proportions of income in rent, for example, to live in a preferred location or to gain higher housing amenity. In measuring the affordability of housing within Housing Associations, the Registrar will assume an agreed benchmark that makes allowance for a tenant's full entitlement to Commonwealth Government Rent Assistance.

In addition to issues raised above, the Office of Housing is interested in comment on the following issues:

- The range of alternative rent models that might be considered for Housing Associations, and their implications for affordability and equity;
- GST implications for the supply of accommodation by charitable organisations and the setting of discounted market rents;
- Levying of service charges in addition to rents;
- Whether rental bonds should be required for new tenants to assist with viability in the event of tenant damage; and
- Monitoring mechanisms to ensure ongoing affordability for tenants.

ELIGIBILITY AND ALLOCATIONS POLICY

Introduction

Public housing assistance has increasingly been directed to disadvantaged households on very low incomes and those with special needs as funding under the CSHA has steadily declined over the last 10 years. “Early housing” allocations have now reached nearly 70% of all public housing allocations in Victoria with higher percentages or priority allocations in the inner urban areas of Melbourne. Therefore, public housing assistance for low income working households and those without additional support needs has also declined.

There is support for targeting public housing to high need groups as it provides the best use of limited resources. At the same time, concern is often expressed about the social consequences of high-density estates and other concentrations of public housing stock. There are also implications for the financial viability of the public housing system. Further targeting to deal with high needs demand may not be desirable and is not consistent with community-building principles. The Government considers that more flexible allocations policies to match local environments may assist in reducing concentrations of disadvantage.

Community housing providers have generally applied public housing eligibility criteria to their applicants but have not been required to make allocations from public housing waiting lists or the “early housing” waiting list. However, community housing providers mostly provide assistance to high need groups and many agencies have provided specialist responses for people with support needs.

Policy Principles

In developing eligibility criteria and allocations policy frameworks, the Government will encourage innovation and flexibility. There should be opportunities for Housing Associations to respond to local needs and test new approaches for fair and prompt housing allocations. However, there will need to be a set of guiding principles within which Housing Associations can tailor their policies. These principles may include:

- Housing Associations will provide assistance to households who meet public housing eligibility or qualify for Commonwealth Government Rent Assistance;
- Housing Associations will provide assistance to a proportion of applicants currently on public housing waiting lists, including the “early housing” waiting list;
- There should be a common point of entry for housing assistance applicants for fair and efficient allocations across all providers including public and community housing and Housing Associations; and
- There should be policy flexibility to allow Housing Associations to be innovative and to address local needs within their communities.

Eligibility criteria

The establishment of Housing Associations should provide alternative options for current and prospective public tenants and offer affordable housing for low-income households disadvantaged by tight targeting of public and community housing.

The Office of Housing will require Housing Associations to provide housing for a range of client groups with a corresponding range of needs, including those with support requirements.

Specifically, Housing Associations will provide assistance to households who are currently eligible for public housing and those who qualify for Commonwealth Government Rent Assistance. This will deliver a number of benefits including:

- Promoting a social mix of tenants within local communities thereby reducing areas of concentrated disadvantage; and
- Delivering a sustainable revenue stream for providers.

Allocations to Housing Association tenants

The Government proposes that there should be a simple and efficient allocation process for all forms of housing assistance including public housing, community housing and Housing Associations. A single point of entry to all forms of housing assistance – via a central housing register - is one option for achieving efficient and fair allocations. A Central Housing Register may:

- Provide equitable access to affordable housing for all public housing, community housing and Housing Association applicants;
- Ensure allocation of housing assistance is based on need and waiting time with agreed flexibility among housing providers;
- Create greater choice for applicants to decide among the alternative housing assistance offered by participating housing providers;
- Provide a simpler and easy to understand process for applicants and housing providers;
- Avoid the need for multiple applications by applicants to more than one provider;
- Facilitate prompt allocation; and
- Provide flexibility in allocations to address agreed local area needs and promote better social mix in communities.

In addition to the above issues the Office of Housing is interested in feedback on the following:

- The use of additional eligibility criteria for Housing Associations such as asset limits, outstanding OOH debt, property ownership and residency status;
- Other eligibility issues such as ongoing eligibility assessment, tenure arrangements and subletting;
- The proportion of Housing Association applicants that should be drawn from the public housing waiting list, including both early housing and wait turn applicants;
- The implementation of a proposed Central Housing Register; and
- The level of flexibility for Housing Associations to operate within the agreed policy framework.

REGULATION AND LEGISLATIVE REQUIREMENTS

This section discusses the proposed regulatory framework and other requirements for housing service providers. The finalised regulatory framework would be designed to cover both Housing Associations and other non-government housing providers.

Why is regulation important?

Housing Associations will be regulated to ensure that the Government's social housing objectives are met and that any financial risks are suitably managed and monitored. The existing *Housing Act 1983* does not provide the necessary powers to regulate the provision of housing by non-government providers, other than by contract.

Both private financiers and the Government will want confidence that their investment in stock is protected. Housing Associations and their tenants will also want assurance that the system is sustainable over time and that quality services will be provided on an equitable basis.

As outlined in the consultation document, the Government will assess Housing Associations against a set of standard criteria for their registration process. Beyond these criteria, Housing Associations will be encouraged to operate flexibly and with a high degree of autonomy.

Once registered, Housing Associations and other non-government providers will need to meet accountability requirements including ongoing monitoring and reporting. Greater accountability will be required for Housing Associations, as they will have a potentially higher risk profile through asset ownership and borrowing activities. In return, Housing Associations will have access to significant levels of additional growth funding from the Government.

The Regulatory Framework

The regulatory framework is being designed to reflect recognised best practice. It will draw on aspects of regulated human service industries and social housing systems in Australia and overseas and will include:

- Registration through assessment of Registrations of Intent against agreed criteria;
- A quality improvement approach to delivery of housing including staged compliance with the National Community Housing Standards; and
- Revised contract and administration arrangements reflecting a partnership approach between Government and Housing Associations recognising the shared risks for each party.

Principles for Regulation

As outlined in the consultation document, the Government wishes to promote innovation and new ways of delivering affordable housing. At the same time, the Government must be able to demonstrate that its investment is achieving its desired policy outcomes. In developing a regulatory framework, the Government will aim to balance its interest in innovation, its need to protect its investment and support high quality housing assistance.

Principles to guide the development of the regulatory framework may include:

- The level of regulation should reflect the level of risk for government and other investors;
- The regulatory requirements should allow for flexibility in policy settings;
- Reporting and monitoring requirements should not duplicate existing requirements under other government programs;
- The National Community Housing Standards should be applied to Housing Associations over time to promote high quality service delivery; and
- Housing Associations should receive regular feedback from the registrar on their individual performance.

Regulatory Powers

The intention is that legislation covering the regulatory framework will aim to:

- Enshrine Government policy objectives;
- Recognise the emerging role of Housing Associations alongside existing public and non-government providers in the delivery of housing;
- Provide a clear power for the Government to provide financial and other assistance to Housing Associations;
- Establish a statutory basis for registration of Housing Associations, setting performance standards and securing assets;
- Provide for the rights and obligations of the registrar, Housing Associations and tenants; and
- Provide a strong basis for monitoring and remediation powers of the registrar.

Supporting Client Outcomes

A key objective of the regulatory system is improvement in the delivery of housing assistance to applicants and tenants. The regulatory framework will provide mechanisms that require Housing Associations to:

- Meet and maintain acceptable property maintenance standards;
- Apply fair rents and enable fair access to housing; and
- Provide for adequate remedies where individual rights are compromised, through more consistent and formal grievance and appeals processes².

The Registrar

The Government proposes that the Office of Housing will continue, at least during the initial implementation stage, to have responsibility for regulation of Housing Associations. The Office of Housing will be able to:

- Provide a coordinated approach to the further development of the complementary roles of Government and Housing Associations; and
- Maintain one point of responsibility for achieving outcomes consistent with Government housing policy objectives.

² Note that the intention is not to override existing systems such as those provided through the Victorian Civil and Administrative Tribunal.

The Government will consider the location of the registrar in the longer term.

Regulated activities

It is proposed that the activities that will be regulated include:

- Governance and agency management;
- Use and management of publicly funded assets, including borrowing with public funded assets as security;
- Tenancy management, including rent setting and property allocations;
- Financial management; and
- Aspects of quality of service delivery.

In addition to issues raised above, the Office of Housing is interested in comment on the following issues:

- Frequency and nature of reporting to the registrar; and
- Application of National Community Housing Standards.

Attachment 2

City of Yarra Submission to the “Strategy for Growth in Housing for Low Income Victorians- Development of Housing Associations” Consultation Document.



1. Introduction

The City of Yarra includes the former Councils of Collingwood, Richmond and Fitzroy as well as parts of Carlton, Fairfield and Alphington.

Yarra faces significant gentrification pressures and the municipality has very little remaining private affordable housing stock. Public Housing constitutes almost 20% of the municipalities housing stock and much of Yarra's private affordable housing stock is under threat. As a result, Council is concerned about the displacement of low-income residents and consequently plays an active role in affordable housing issues.

Council is sympathetic to the position of the State Government in relation to affordable housing stock in Victoria. Council understands that the Commonwealth support for public housing has been steadily diminishing through the Commonwealth State Housing Agreements, and as such the State Government is carrying the burden of an aging stock portfolio under increasing demand. Council supports the State Government in exploring innovative ways of redressing the loss of public housing stock.

In developing this submission, Council hosted a community forum on the 19 January 2004. Sixty members of the local community attended the forum. Participants included public housing residents, community agencies, surrounding local governments and a range of housing providers- including private providers. After receiving a brief overview of the consultation document, forum participants were encouraged to discuss the strengths of the strategy; raise any concerns; identify areas for further information or clarification; and to suggest alterations, alternatives or improvements to the strategy. The outcomes of this forum have assisted Council in formulating a position on the establishment of Housing Associations.

Council welcomes the opportunity to respond to the "Strategy for Growth in Housing for Low Income Victorians - Development of Housing Associations" Consultation Document. This is an exciting opportunity to develop a robust and sustainable social housing sector.

2. The Benefits of the Strategy

The focus of the Housing Association brief was to explore innovative models of social housing provision and assess their relevance in the Victorian context.

Council acknowledges that the Housing Associations strategy provides numerous benefits to the affordable housing sector. The benefits of this option include:

- Access to Commonwealth rental assistance;
- Opportunities for debt financing;
- Charitable status to attract donations and other private finance;
- Ability to involve residents in management and other participatory opportunities;
- Ability to build upon the on the strong links of existing housing providers with the service sector;
- Ability for residents to choose to pay for increased amenity or location;
- Centralising public and community housing applications through a common register;
- The success of this approach overseas; and
- Operational bonuses (ie lower salary costs through packaging).

3. Developing an Appropriate Social Housing Model

The City of Yarra supports the need to develop a structure that captures greater Commonwealth funds and has the capacity to access debt finance. Council's comment in this section of the submission identifies concerns about the proposed Housing Association Model, and suggests constructive ways of improving the Strategy.

Council's Comments are italicised and outlined under the key headings identifying issues.

3.1 Opportunities to engage community stakeholders in the process

The Consultation document is an appropriate starting point from which to begin a dialogue on innovative approaches to the provision of social housing.

There is a need for ongoing discussion and consultation between the Office of Housing, residents, the community sector, local government, churches and business prior to any government commitment to a Housing Association model.

Comment

Council proposes that the timelines outlined in the Strategy be altered to include an extended consultation period prior to any Registration of Interest process. Council would welcome the opportunity to assist in this process by providing a venue for regional forums to discuss the policy proposal and the outcomes of this consultation period.

3.2 Impacts on public housing

The consultation document refers to a 'modest' transfer of public housing stock to Housing Associations (Strategy, page 3). While Council acknowledges that Housing Associations will require optimal stock levels to achieve economies of scale, this raises concerns about the impact on the public housing sector in any potential stock transfer process.

Comment

Council does not support the establishment of a new model of social housing that would result in a net loss of public housing stock. Council suggests that the

establishment of Housing Associations be achieved through a capital growth program that includes State grants and private financing in the first instance.

The consultation document also identifies the need to house mixed income communities in Housing Association stock in order to cover private finance repayments and achieve improved social outcomes (Strategy, page 9).

Comment

Council recognises the benefits of mixed income communities and supports this recommendation in principle. There is however, a fear that Housing Associations will rely on Public Housing to accommodate tenants with highest need while they cater to less problematic tenants.

A high degree of consistency between eligibility for public housing and eligibility for Housing Associations is important. Addressing current un-met public housing need should be the cornerstone in the establishment of any new Social Housing Model.

The development of a Housing Association model needs to acknowledge and address the high support needs of tenants in social housing. Planning needs to be undertaken with the local community and regional DHS to ensure that appropriate support links are in place.

3.3 Resident Perspective

The consultation document provides a limited organisational perspective on the operations of a Housing Association model.

Comment

It is important that the input of consumers of housing services is also considered. Issues such as rental affordability, transfers, allocations, eligibility, property amenity and waiting lists need to be addressed through a consultation process that is inclusive of current and prospective public and community housing residents.

3.4 Local Government

Local government in general, and the City of Yarra in particular, have been involved in the issues of housing affordability for many years. The scope of local government involvement in this sector includes roles such as needs identification; policy preparation; planning, land use and controls; community engagement and participation; advocacy; and the facilitation and/ or provision of social housing. This involvement has been consolidated through numerous State and Local Government partnership initiatives, including Local Government and Community Housing Program; the Community Housing Program; SHIP; and the Project Partnership Program.

Comment

The Consultation document does not refer to the role of local government in the establishment or ongoing functioning of Housing Associations. Council welcomes the opportunity to begin dialogue with the Office of Housing to discuss the perceived role that local government may play in this new model of social housing.

3.5 Accountability and Regulatory Framework

The Consultation document does not outline clear relationships between Government and Housing Associations. Public Housing tenants and support agencies value their capacity to advocate to State Government when issues arise around their homes and their communities.

It is important that there be strong triple bottom line accountability placed on any Housing Association model developed.

Comment

Council calls for the development of a regulatory framework consultation process to be fully implemented and finalised prior to any calls for Registrations of Interest from potential Housing Associations.

Council supports the proposal that the Office of Housing provide the Registrar role to a Housing Association model.

3.6 Financial Modeling

The consultation document does not provide certainty regarding the capacity of Housing Associations to attract external funds or the capacity of Housing Associations to potentially manage billions of dollars of stock.

Comment

Council recommends that the Office of Housing develop a clear context for the expenditure of the funds over 3 years, with an expectation that any Housing Association be required to develop a business plan that is premised on more detailed 10-year economic modelling.

3.7 Victorian Affordable Housing Strategy

3.7.1 Ten-Year Plans

Comment

The Housing Associations Strategy has been undertaken in isolation from the rest of the social housing sector. The recommended development of a 10-year Housing Associations Model needs to coincide with a corresponding 10-year plan for Public Housing, Transitional Housing, Crisis Housing, Housing Co-operative and Community Housing Program.

With an overall picture of the sector we will be able to ensure that community needs are being met through social housing programs such as Housing Associations.

3.7.2 Fragmentation

The Housing Associations Model proposes the development of a new tier of social housing, however Council is concerned that the current Social Housing structure in Victoria is highly fragmented. This raises the question, is there a need for another tier of social housing?

Comment

Consideration needs to be given to the consolidation of the tiers of social housing under a structure that has the capacity to capture rental assistance and private finance (see alternative approaches). Community Housing Providers/Housing Associations will not necessarily attract greater levels of social equity from partners.

There is a need for a Victorian Affordable Housing Strategy to identify future social housing directions. The Consultation document provides a narrowly focussed suggestion to one section of the affordable housing conundrum, but it does not contextualise its strategies in the larger social housing sector.

4. Alternatives

The Housing Associations Model proposes one of many possible social housing approaches. Consideration needs to be given to the development of alternative long-term innovative structures that can meet the same economic, social and risk management imperatives as the Housing Associations Model while also addressing:

- The need for a Victorian Affordable Housing Strategy
- The need to address an already fragmented social housing sector
- The need to retain some State and Commonwealth Government responsibility for the delivery of low-income housing

The Social Housing Authority Model proposed in Chapter 13 of the 2001 SHIP Report 'provides an excellent means to administer a social housing program, (but) the (current) timeframe does not allow the SHIP to be implemented through such a structure'. The consultant of that report identified the long-term benefits of this approach and Council believes that a 'long-term whole of sector approach' is the best path to follow. Given that this option was not applicable in 2001 due to timelines, it would stand to reason that 2004 may present a timely opportunity to re-examine this model.

Comment

Council recommends the investigation of a Social Housing Authority model that strengthens the role of regional Office of Housing offices through the devolution of responsibilities for all public and community housing stock to the regions. Regional offices would become Statutory Authorities managing all publicly funded social housing stock.

The benefits of this could include:

- *Reduced fragmentation between social housing programs*
- *Strong political accountability with close links to government.*
- *Strong existing expertise and links with communities*
- *Opportunities for innovative allocations policies.*
- *Resourcing programs to achieve social objectives.*

- *Total stock transfer to achieve rental assistance contributions.*
- *Provision of choice for tenants and the opportunity to move within the sector.*
- *Easier transition between housing types – all stock under one agency.*
- *Contracting of tenancy services to agencies with specific expertise.*
- *Opportunities to look at more streamlined structures.*
- *The development of a structure that would support a state affordable housing strategy*

5. Beginning a Dialogue

The "Strategy for Growth in Housing for Low Income Victorians- Development of Housing Associations" Consultation Document is an appropriate starting point from which to begin a dialogue on innovative approaches to the provision of social housing.

Comment

Council strongly recommends that the Office of Housing commit to a process of ongoing discussion and consultation between public and community housing residents, the community sector, local government, churches and business prior to any government commitment to a Housing Association Model.

Council requests that the proposed timelines for consultation be extended to enable broader community participation and discussion.

6. Summary

Council welcomes the opportunity to work with the Office of Housing on initiatives to strengthen and support the affordable housing options for low-income Victorians. We support initiatives that allow for increased private funds to be levered into the affordable housing sector, and we support initiatives that make available additional Commonwealth funding through the Rent Associations Scheme.

However, in the spirit of true partnership and participation, Council believes the community consultation framework proposed for the Strategy is inadequate. The Strategy, while indicating broad aims and visions for Housing Associations, is lacking in detail. Council extends an invitation to the Office of Housing to work with our community over an extended period of time in order to discuss and plan the key details of the Strategy.

Council does not support the transfer of public housing ownership to Housing Associations, and advocates that the establishment of Housing Associations should not result in any net loss of public housing stock.

Council notes that the Strategy does not refer to the role of local government in the establishment of Housing associations. We welcome an opportunity to discuss this issue.

Council believes that the establishment of any affordable housing mechanism needs to be considered in a strategic manner, within an overarching policy direction for the provision of public and social housing in Victoria. Council advocates for the development of a Victorian Affordable Housing Policy.

Council welcomes the beginning of a dialogue with the Office of Housing on the development of social housing models.

For further information or clarification of this submission, please contact Sally Isaac, Manager Cultural and Community Planning on 9 205 5720.