Submission by
The Australian Association of Social Workers
Victorian Branch

Pathways to a Fair and Sustainable Social Housing System

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Executive Summary

The Australian Association of Social Workers (AASW) is the key professional body representing more than 7000 social workers throughout Australia. The social work profession is committed to the pursuit of social justice, the enhancement of the well-being, quality of life and the development of the full potential of each individual, group and community in society.

The AASW Victorian Branch, representing over 1500 social workers, in responding to the Pathways to a fair and sustainable social housing system and Social Housing: A discussion paper on the options to improve the supply of quality housing seeks to inform the review, development and implementation of more equitable and effective public housing policies.

This submission is underpinned by a number of key principles. At the core of our response is the AASW’s support of the principles and aspirations of the United Nations Universal Declaration of Human Rights and other International Conventions derived from that Declaration including the Right to Housing. The high numbers of people experiencing homelessness and housing stress over the past 10-15 years has primarily developed as a result of all governments failing to adequately plan for and resource our population’s housing needs and this is clearly a Human Rights’ violation.

The AASW welcomes the more recent State and Federal funding and policy initiatives over the past 4 years aiming to steadily expand the supply of affordable rental housing including public housing, but calls for an even greater investment in public and not-for-profit housing than is currently budgeted and a major communication campaign to accompany this extra expenditure. The AASW identified many areas for consideration, the key one is the urgent need to proportionately increase public housing stock to adequately reflect the true level of housing need across Victoria and expand eligibility criteria which can only become possible when stock numbers are doubled from their current level.

Further principles include well evidenced recognition that housing stress directly affects the health, educational, employment, and emotional well-being of individuals and families. It impacts upon both current and future wellbeing and life-chances. Social workers have a commitment to working with individuals, groups and communities in the pursuit and achievement of equitable access to social, economic and political resources and this includes equitable access to the housing resources of the country.
Introduction

The AASW Australian Association of Social Workers (Vic Branch) welcome the opportunity to make a response to Pathways to a fair and sustainable social housing system and Social Housing: A discussion paper on the options to improve the supply of quality housing released by the Victorian Government late April 2012 as part of a 3 month public consultation. Our response is built on the frontline experience of a range of AASW members employed across community agencies, organisations and programs responding to the needs of people in housing stress, at risk of homelessness or experiencing homelessness (rough sleeping, couch surfing or living in rooming houses).

Some social workers have a wide experience, both of the challenges of the widespread loss of affordable private rental, as well as the vastly changed opportunities for low skilled secure work within the inner south and more broadly across regions-metro and rural. This reduction of job numbers/hours and greater casualisation is most particularly evident for low skill workers in labour markets such as manufacturing, construction, retail, telecommunications and manual labour. This has been evident in the increase in people of working age with no or low skills experiencing long term exclusion from jobs and has been supported by research of public housing tenants in this age group, “working age public housing tenants are the tenure group who have experienced the greatest increase in labour market disadvantage in the past 30 years.”

Many AASW members deliver services to either those currently living in private rental, eligible for social housing, as well as supporting tenants living in social housing (community or public tenancies). We frequently interact with Victorians reliant on very low incomes either through their low paid often variable employment, or through their being dependent on Centrelink or Department of Veteran Affairs income benefits—many of these recipients have struggled to locate and sustain secure and sufficient paid employment to ensure their basic requirements of life—shelter, food and clothing. As outlined by research “the growth in precarious employment has changed the previous pattern of access to housing for a significant proportion of households. Overwhelmingly precarious work is low paid work.”

Many of the people we work with also struggle with additional disadvantages such as chronic disability and poor physical health, an enduring mental illness, isolation, language barriers, past experiences of trauma, torture and abuse and increasing exclusion from any housing market-private or social. We have mainly responded to the questions raised in the public consultation’s feedback form.
1. What is the role of government?

a. What should the future of social housing look like (note that social housing includes public housing and community housing)?

In 2011 the AASW welcomed the Victorian Government response to the Inquiry into Adequacy and Future of Public Housing and the Baillieu Government’s subsequent media release that committed to a longer term construction of at least 6500 homes provided over their first term of Government. From our experience, the future of social housing requires committed expansion to ensure that the decrease in accessibility to private rental, due to increased competition, with its inherent displacement and homelessness is replaced by similar numbers of stock of social housing across Victoria.

- Low private rental vacancy and unaffordable private rental cost levels have been well documented by DHS Quarterly Rental reports over the past 10-15 years. Increasing private rent amounts are unaffordable and inaccessible for many households in the lowest income quintiles “The median weekly rent for Victoria as a whole increased by $5 to $335.”

- AHURI has also captured the decreasing private rental stock available between 2001 and 2006 for households on the lowest income levels anywhere in Melbourne or Sydney. This research shows that 87% of Melbourne’s households in the lowest quintile (lowest 20% of incomes) and 22% of the second lowest quintile (21-40% of incomes) are not living in affordable housing.

- DHS research described in the discussion Paper Pathways to a New Social Housing Framework states that private rental housing costs have increased by 83% over the last 10 years (from $180 per week in 2001 to $330 in 2011).

- The National Supply Council has reported that we currently face a deficit of 493,000 and by 2020 this will blow out to over 600,000.

- More recent research by Anglicare found “the problem was a lack of housing stock aimed at the low socio-economic sector. According to the Real Estate Institute of Victoria’s March rental vacancy rate update, when compared to Geelong and Bendigo, Ballarat has the lowest level of vacancies.” The 2011 census shows rental stress in this region is 10.2 per cent, compared to 9.3 per cent in Geelong and 8.5 per cent in Bendigo. It also compares unfavourably to 9.7 per cent in Melbourne and 9.1 per cent in Shepparton.

- In June 2012 the COAG Reform Council finds “no indication overall affordability has improved. The annual assessment finds rental affordability has worsened, especially for those on the lowest incomes”.

This challenges the premise in the Discussion Paper that private rental can be a transition for people currently living in public housing. Making this unfounded assumption the basis for shifting large numbers of people out of public housing to accommodate people struggling in private rental will not avoid increased housing
stress, homelessness, impacts on health, education and communities and will likely add to costs rather than lead to greater sustainability and fairness.

Internationally it is recognised that housing is a human right and Australia is a signatory of the International Covenant on Economic, Social and Cultural Rights. AASW welcomed the Victorian Government’s recent endorsement to Human Rights through the retaining the Victorian Charter of Human Rights 2006. In addition Victoria’s Housing Act 1983 aims to ensure “every person in Victoria has adequate and appropriate housing at a price within his or her means.” There is a fundamental compact that citizens have with the State. The future of Public Housing needs to be guaranteed and proportionately subsidised as our population increases and ages just as Government provides for other public goods such as public hospitals and schools. There needs to be an established campaign by the Victorian Government informing the community of the benefits of government owned and managed public housing just as for State education and public hospitals.

In 2010 when AASW responded to the Legislative Council Family Community Development Committee’s Inquiry into the Adequacy and Future of Public Housing in Victoria, we noted the welcome increase in social housing assisted by the Federal Government’s Nation Building/ Economic Stimulus as it would both boost the supply of social housing as well as economic activity through the associated building, supply of materials and employment opportunities. The Victorian Government has strongly supported these projects which is well recognised by many AASW members who have been directly involved in assisting the new recipients of this housing over the past 12 -18 months as they move into their new homes. It is evident when observed firsthand, the dramatic improvements to physical health, social and psychological and the changes in people’s lives through being able to obtain secure, affordable and well located social housing which is evidenced through the significant decrease in presentations of these clients to broader public services.

b. The Victorian Government owns and manages 65,000 properties. Should the Government own and manage such a large number of homes if other organisations could provide better services to tenants?

The AASW believes that a doubling of stock is the required target to the current numbers of social housing currently operating within public and community models if we are to more adequately meet the needs of the Victorian population which is both increasing and ageing-social housing stock should represent 10% of available housing in Victoria-it currently sits around 4%.

Due to current financial modelling of community housing, AASW supports both public housing continuing to be expanded at the same time that Community housing is being developed and grown. Community housing is greatly reliant on cross subsidisation of rents to cover operating costs so it is largely and increasingly targeting low income workers for allocations charged a sub-market rent of around 70-80% of market rent. Therefore Community housing is not as accessible to those unable to obtain a living wage in the paid workforce.
Office of Housing staff are generally poorly paid; team numbers also fluctuate widely, particularly when staff are on leave and officers are left to work under great pressure. Public housing officers do not necessarily have social work or welfare based backgrounds. Many of them have different approaches to social work/welfare/housing advocate and support workers. The public housing system can at times be too rigid to cope with the very high needs being presented by people in crisis. An example of this is a client with acquired brain injury and memory loss, who struggles to manage appointment times, being given only a few days to accept a property or lose it, at a time when his case worker is away. This may also arise if stringent tenancy reviews were implemented with fixed term tenures in future.

Public housing could provide better services to their tenants if staff were better funded and skilled to deliver advice, assistance and responses to possible applicants and tenants. Due to reduction in funding by past Federal and State governments, public housing budgets have decreased 50% over the past 20 years and this has impacted both on staffing capacity and stock maintenance and expansion. Greater targeting of public housing to those with high disadvantage and most chronic needs should have warranted greater investment in staff recruitment and skill development.

There is higher demand for public housing in areas where there is easy access to public transport, shopping and leisure facilities. Preferably there should be a clear move away from large public housing estates to smaller dwellings mixed with private rental properties often referred to as “tenure blind”. There is active resistance by many communities for such a mixture of dwellings however this would in time remove the stigmatisation that often occurs where there are larger estates. Diversifying the models of public housing positively affects the general well-being, life chances and mental health of all in the community-public housing tenants and neighbouring residents alike. The AASW supports the need for greater diversification of public housing communities through broader application and allocation policies and practices.

Community Housing organisations will face the same challenges if these high need, low income households and low maintained stock were to be transferred across to them to own and manage without recurrent capital and non-capital funding.

c. Should community housing take on a greater ownership or management role?

If Community Housing were to take on a greater ownership or management role it would need to be given much greater recurrent subsidies to be able to ensure it could cover costs of housing some of the lowest income households for example those in receipt of Newstart income support. Increasingly Community housing providers have been moving away from allocating housing to those on Newstart. The diverse range of community housing providers and associations can also be difficult to navigate; the community housing system is not as transparent in terms as a central system and this is particularly challenging for people who are from CALD groups, especially new migrants and refugees unfamiliar with a community, non-government
sector as well as those experiencing their first experience of homelessness (eg. older private renters).

d. How can we be sure that public housing is provided to those with the highest priorities and that it meets their needs?

The AASW acknowledges it can be extremely challenging in the face of unmet and increasing demand to deliver the fairest way to allocate scarce stock. The AASW supports the need to urgently expand public housing in order to be sure that public housing is provided to those with the highest priorities and that it meets their needs.

The Pathways to a Fair and Sustainable Social Housing System raised the concern that some tenants currently living in public housing no longer meet the high priorities of allocation compared to those currently assessed at that level on the waiting list; that some tenants may no longer require subsidised social housing and that they could be assisted to transition out of this housing into private rental and towards work providing the income needed to sustain this through either locating work or obtaining higher paid work. It is not our experience that this is supported by evidence- both regarding the availability of alternate affordable private rental and adequately paid, secure work, nor that there are so many current public housing tenants without similar high levels of physical health and/or mental illness. Many tenants only manage many of these chronic health conditions and remain living independently in the community due to the secure, affordable social housing tenure.

Even further targeting concentrations of applicants with high and chronic needs in housing as suggested by The Pathways to a Fair and Sustainable Social Housing System would lead to reduced capacity within the housing estate itself to share communal aspects of living, further reduce overall rent incomes and create greater stigmatisation in the wider community.

The fairest model would be to set targets of increased building of public housing- able to be offered to both those with high needs and to low income working households similar to what historically occurred in public housing and current community housing allocation models, but in public housing stock, a higher percentage of those on the lowest income should be allocated housing.

AASW is well aware through our work of low income households struggling in private rental who are potentially eligible for public housing but who are not currently applying for a range of reasons. This was supported by research in 2005 that showed people can be deterred from applying by perceived difficulties in applying, length of waiting lists or by a lack of awareness that they may be eligible. viii

e. How can the public housing sector work more effectively with other groups, such as community organisations, to better meet the needs of tenants and the community?

There are numerous examples of community development and capacity building projects that have leveraged good will and extra funds to better meet the needs of
tenants and the community for eg. Community gardens, community kitchens and shared arts projects.

2. How could the allocation of public housing be made fairer?

a. How can the allocation of limited public housing stock be made fairer?

As we have outlined, AASW members are involved daily assisting people on low incomes experiencing housing stress, at risk of homelessness and experiencing homelessness. Many of our members are also involved in assisting people moving into public or community housing and sustaining their tenancies. There is growing evidence that subsidised housing is needed for the long term optimal functioning of the lowest income households in society who are unable to obtain a living wage that will ensure they can compete in the private rental market.

There are sustained market failures in terms of being able to assure fair access to private rental and home ownership for households in lowest income deciles, in addition they face limited tenancy protection from rent increases and turnover of owners thus eviction for sales. There is a risk that households who transition out of subsidised housing or remain locked out of ever attaining subsidised housing will become homeless or extremely precariously housed. This has long term impacts both for these individuals, couples and families but equally cost impacts regarding health, education and lost productivity outcomes across society.

b. Should public housing tenancies be reviewed from time to time (such as eligibility and length of stay)?

There are already policies in place that can review tenants’ eligibility on a routine basis –most tenants have signed an authority to allow for their incomes to be checked ensuring they are paying correct rent. Some tenants have been able to secure low paid work and so pay a higher rent but it is till usually much lower than market rent and the security of the tenure often allows them to work locally for a minimal low wage.

Private rental remains highly precarious for some households and workers. Unless there are greater laws introduced regarding rental protection transitioning working tenants out of public housing will expose them to housing stress and homelessness and having to go through the whole process of applying for public housing again.

c. If public housing tenancies are reviewed, how often should this happen?

In 2010 when AASW responded to the Legislative Council Family Community Development Committee’s Inquiry into the Adequacy and Future of Public Housing in Victoria, we supported underutilised stock eg a single older person remaining in a 2-3 BR to be assisted to transition nearby to a 1 BR.
d. How can Government support tenants to make the move from public housing into community housing or into the private rental market? (For example bond assistance, rental brokerage?)

Our learning from Private Rental Brokerage Assistance Programs PRAP over the past 2 years is that it has worked well for families with low support needs ie. Services having the ability to subsidise private rent through a financial/work/family transition but its success has also relied on the household re-securing employment and training, it has taken intensive support and partnerships between the PRAP worker and family services worker and Real Estate agents. Cuts to these support services have led to programs being wound back despite evidence that they can be successful – particularly in terms of preventing families and young people entering the Homelessness Service system. It is also worth noting that not only have these programs been successful due to brokerage, but they have proven the importance of capacity building around life and living skills to ensure successful maintenance of tenure. Not only does the government need to ensure adequate funding to support these people, but additional support needs to be available as each person transitions through the stages of private rental, taking into particular account the briefness of tenure in the private market.

3. How could the public housing system be made more flexible?

a. How can we encourage tenants who are ready to become independent to move into the private housing market?

Like other OECD countries, Australia has experienced growth in the number of Disability Support Pension (DSP) recipients due to changes in industry structure and increases in precarious employment. With greater targeting of Public housing since the late 1990’s there has been a similar increase in public housing tenants in receipt of a DSP. In future due to the recent introduction of allocating half of public housing vacancies through Segment 1 Homeless with support criteria, tenants will need even greater support to sustain their housing.

If tenants’ needs change and living in public housing no longer suits their needs, many will instigate the search for private rental without the support of incentives. Many other public housing tenants are already living independent lives but still rely on secure, affordable and accessible social housing. This question seems premised on an assumption that large numbers of applicants will be able to access public housing, that there are multiple tenants who could achieve the financial means and sustained employment required to secure private rental housing and leave public housing. This assumption does not seem to fully factor the lack of affordable private rental. Many people who are working full time still can struggle to manage rents. We see people paying 50%+ of their income on rent despite working due to the low wages and part time nature of their work. Under current rental legislation, tenants also have little recourse to challenge rent increases.
b. If a tenant’s situation changes, how can they be supported to relocate to housing that is more suited to their changed needs? For example, helping a single person currently living in a large family home, to move into a smaller more suitable property.

The AASW note the recent cuts to Social Housing Advocacy Program (SHASP) and greater demand for Housing Establishment Funds (HEF) restrict the services to help with any transitions. We frequently experience an inability to assist a person who has secured accommodation to be able to pay for removals. Stock rationalisation needs to be considered as there are still a number of single tenants that remain in 3 bedroom properties after their family has grown. Whilst we recognise this property has been this person’s home, if they could be offered a smaller property nearby within same neighbourhood it would open up the chances for a new family to benefit from being able to access a secure public housing property.

c. Should the existing rent policy, where most tenants contribute a proportion of their income in rent, be retained?

AASW supports the current benchmark of 25% as being the basis for affordable rent – particularly if the household is receiving lowest 40% of incomes.

c. (i). Can you suggest fairer or better ways to charge rent for public housing?

Public housing rents should reflect the quality and amenity of the housing being allocated. It is not a very fair system that charges the same rent irrespective of the state and size of the dwelling and proximity to local amenities.

(c. (ii). Should there be a link between the cost of providing public housing and the rent that tenants pay?

No. To cover the cost of providing public housing both state and federal governments should be providing a rental subsidy.

4. How could tenure be made fairer?

a. Should tenants who have the potential to become self-sufficient, through training or employment for example, be offered a more limited tenancy arrangement (length of stay)?

Public tenants should not be treated differently within the tenancy legislation to other tenants by introducing some type of mutual obligation to their lease. Tenure should not be attached to efforts toward self-improvement. It is the long-term security of tenure (and affordable rent) that is most likely to provide the stability required for low income persons/families to participate in community, education and opportunity. For example researchers have outlined that DSP recipients may face an unemployment trap, whereby the simultaneous increase in tax liabilities and withdrawal of government benefits and housing assistance create a high work disincentive that trap low-income persons in cycles of poverty and non-employment. ... persons who go on disability programmes rarely exit into employment with the outflow rate of only about 1 per cent in Australia and other OECD countries such as the United States and Canada.
b. If more limited tenancy arrangements were introduced for tenants who had the potential to move into other forms of housing, what length of stay should be offered?

As we have outlined AASW do not support tenure being limited and notes where tenants’ circumstances do change for the better they are often likely to make this transition themselves, and in a timeframe suitable to their individual household needs. For those with demonstrated significant cash holdings and confirmed future cash flow a twelve month notice to vacate was considered appropriate.

5. How can public housing be made fairer for tenants?

a. What measures could Government take to ensure that tenant's involvement in work, education or training is encouraged?

Studies of initiatives that have boosted tenant involvement in gaining new skills and becoming more involved in the running of activities and service on their public housing estate such as Community Renewal have shown community development and engagement approaches can be successful.

b. Should the allocation of a public housing tenancy recognise a tenant’s short term needs, such as education and training?

Pilot programs regards the allocation of Transitional Housing Managed THM properties to young people where the tenancy is linked to them remaining engaged in school should be reviewed to gather any evidence from this approach about the outcomes achievable when tenancies and education are linked in this way.

6. How can public housing be made fairer for the Victorian community?

a. What obligations should we expect tenants to meet in return for living in public housing?

Current Residential Tenancies legislation clearly outlines issues such as maintaining the rented property in a clean and reasonable condition, ensuring quiet enjoyment and paying rent.

b. Are there any issues in the public housing system that would be a barrier for tenants to participate in education and training?

The underlying assumption here is that there are only barriers to participating in education and training for tenants in public housing that does not exist for low income households struggling with high rent, churning in and out of private rental households. This is built on a further and unfounded assumption that an adequate private housing market in which those in employment or training are judged to be sustaining their housing.
7. What could be done to encourage tenants’ good behaviour?

a. What could be introduced to encourage public housing tenants to keep their properties at an acceptable standard and act as a ‘good neighbour’?

Studies of initiatives that have boosted tenant involvement in gaining new skills and becoming more involved in the running of activities and service on their public housing estate such as Community Renewal have shown community development and engagement approaches can be successful. Tenants are more likely to maintain a property that is good condition from the beginning of a tenancy.

b. How can the good behaviour of tenants, maintenance of property and participation in the community be rewarded?

Aside from the daily examples AASW members see in the course of their work with local public and community housing tenants and communities, there are many published examples over the past 12 years of State Housing Week Pennington nominees that highlight just some of the exemplary voluntary contributions tenants in public and community housing bring to their estates and wider communities. These public accounts of contribution and dedication to their homes, estates, communities and the wider Victorian society would be a beneficial way of highlighting the importance of maintaining and supporting social housing to the broader society.

8. How can the supply of quality social housing be improved?

a. How can issues relating to the supply of quality social housing be addressed?

The sustained and expanded supply of quality social housing relies on there being more realistic Federal and State Government subsidies.

Keystart Home Loans is an initiative of the West Australian Government established in 1989. It is owned by the Department of Housing and Works, and managed by the Keystart Housing Scheme Trust. Keystart was set up to assist people into affordable housing, and is only available to residents purchasing a property in Western Australia.

All Keystart Home Loans are for owner occupation, and the borrower cannot own any other property. No refinancing from other lenders is permitted, so Keystart is genuinely looking to assist people into affordable housing.

The key features of their loan products are:

- Maximum loan $475,000;
- Maximum security property value $500,000;
- Loan term up to 30 years with principal and interest payments;
- No lenders mortgage insurance applicable;
• Low deposit 4% acceptable 2% genuine savings required) up to security property value of $450,000 (no borrowed funds permitted);

• Shared Equity products available with WA government owning up to 40% of home and borrower owning remaining 60% - maintenance costs, rates, etc payable in proportion to ownership;

• Increased loans are only available for the purchase of additional equity in the case of a shared equity property;

• No ongoing fees;

• Most forms of income accepted – Centrelink; family tax benefit; maintenance; wages;

• No minimum unit size and no postcode restrictions;

• Maximum income limit to $120,000 per household.

b. How can the supply of social housing be made more sustainable?

The sustained and expanded supply of quality social housing relies on there being more realistic Federal and State Government subsidies.

c. What can the Government and the community housing sector do to attract investment in community housing?

Government and the community housing sector will only attract investment if investors can rely on recurrent Government subsidies to meet the shortfall in cost covering rental income.

d. What are the different types of properties that should be offered to meet the demand and needs of tenants?

The different types of properties that should be offered are dictated by a range of indicators-established demand on current housing waiting lists and more broadly review of people currently struggling in private rental that could also be eligible for subsidised housing.

e. How can the community housing sector improve the way that it operates to ensure that it can provide housing over the long term?

The Community housing sector will not be able to provide affordable housing to a wider range of low income households or remain sustainable without recurring Government subsidies, both state and federal.
General Response

- When people are housed, the State saves more Health, Education and Correctional dollars as well as boost overall productivity and local economies.
- If you don’t have secure housing it is very difficult to access and sustain work.
- The Housing Market is multifaceted and is impacted by a range of financial policies such as negative gearing and investment which has turned housing into a commodity
- To be fair and sustainable we need to remove the stigma from types of tenure.

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2. ibid
5. National Housing Supply Council 2nd report
6. ANGLICARE Rental Affordability Snapshot 2012