



Community housing and public accountability in Victoria

The Victorian social housing system comprises both:

- a public system, run by the Director of Housing, a body corporate established under the Housing Act; and
- community housing organisations that are funded and regulated by the government to provide social housing and affordable housing programs.

The proposed transfer of public housing assets to community housing organisations in Victoria is seen by some stakeholders as loss of public assets (in effect privatisation) and a loss of accountability for the management of social housing.

By contrast, the Community Housing Federation of Victoria (CHFV) believes that:

- there are robust safeguards in place for housing assets under the stewardship of the community housing sector which means there is no loss of public assets; and
- community housing is more transparent and accountable than public housing for the way it delivers housing assistance and manages housing assets.

Regulation and funding of community housing – registered agencies

Victoria's system for the regulation of community housing was established in 2005 under changes to the Housing Act 1983 (Vic). It was introduced to support a new policy approach to social and affordable housing in Victoria and to support the growth of community housing. This system is overseen by an independent statutory appointee, the Registrar of Housing Agencies.

Organisations registered under the scheme are known as "registered agencies" and information on them is kept on a public register. While the regulatory system is formally an "opt-in" system", in practice any community housing organisation that wishes to receive government support - grants, operational funding or transfers of public housing – is required to be registered and maintain registration.

The registered sector now:

- manages over 19,000 units of housing;
- employs 1,300 people;
- holds \$2.57 billion in assets; and

84% of tenants say that are satisfied with the housing services provided to them by their registered agency.

How does the regulatory system protect assets owned by registered agencies?

Three elements of the regulatory system combine to protect public investment in registered agencies:

Restrictions on dealings	<p>The Director of Housing has an interest in assets where the registered agency has received funding to construct them or where it has received the assets from the Director of Housing.</p> <p>This interest, known as a “Directors Interest” is registered on the title to the property on Victoria’s land registry. It prevents the property from being sold or used as security without the consent of the Director of Housing. Consent is often granted subject to conditions, for example tri-partite agreements with security holders or agreements about the application of sale process.</p>
Regulatory powers of Registrar	<p>The Registrar has the powers of an inspector, including to formally investigate an agency, to require the provision of information and to interview relevant people.</p> <p>In the event of regulatory failure, the Registrar has broad powers to intervene to protect loss of assets, including:</p> <ul style="list-style-type: none">• entering into arrangements with other registered agencies, including transfer of assets subject to the Directors Interest or a merger with another registered agency;• appointing persons the governing body of the registered agency;• the appointment of an administrator to manage the affairs of the registered agency;• the winding-up of the registered agency the distribution of assets; or• any other matter the Registrar thinks fit.
“Wind-up” clause	<p>A registered agency must have in its constitution a clause which stipulates that if the registered agency is wound up, all surplus assets (land and financial assets) must be transferred to another registered agency approved by the Registrar.</p>

The effect of these three mechanisms is that public investment in registered agencies is safeguarded to at least the same extent as it were held directly by the Director of Housing. Indeed, CHFV believes that by introducing a separation of policy/funding roles and the ownership of assets, there is greater transparency about the use to which capital investment is put and how the proceeds of sold social housing assets are applied. A registered agency in seeking consent must make a business case to government for the benefit to be obtained from using assets in a particular way. By contrast, DHHS does not disclose what public housing properties it has sold and whether sale proceeds were applied to new stock, funding the operation of the public housing system or simply returned to government.

How are registered agencies held accountable?

There are four key means by which registered agencies are accountable to government, tenants and the community concerning how they provide services and remain viable.

- Compliance with Performance standards** Registered agencies must comply the Performance Standards. These relate to all aspect of the agency’s business – tenancy services, asset management, governance, probity, management and financial viability. The Housing Registrar assesses performance of all agencies annually. Agencies must submit annual data on key performance measures including rental arrears, vacancy turnaround times, maintenance turnaround times and tenant satisfaction. The Registrar publishes a summary of sector performance annually.
- Failure to meet performance benchmarks can result in investigation and the use of the Registrar’s intervention powers explained above.
- This is in contrast to the public housing system which does not set performance standards for itself other than the broad outcomes-based reporting in the budget process and in the DHHS annual report.
- Prudential oversight** Registered agencies are required to demonstrate to the Housing Registrar annually that they are financially viable by the provision of long-range financial forecasts (up to 15 years) and detailed asset management plans.
- By contrast, an Auditor-General’s report in 2012 found that the public housing system lacked an asset management plan and was financially unsustainable.
- Policies of agencies** Registered agencies are required to make information about their tenancy management policies and procedures (for example about maintenance, rent, allocation and tenure) available to tenants in a variety of formats.
- This is in contrast to the public housing system, where DHHS has recently removed its policy manual from the DHHS website in favour of general information about tenants’ rights and responsibilities.
- Complaints** The Housing Act also establishes a system for handling and resolving complaints by tenants and prospective tenants of registered agencies. A registered agency has a 30 day period to resolve a complaint at first instance. If this does not resolve the matter, the tenant or prospective tenant has the right to ask the Registrar to investigate the matter. The Registrar can make binding instructions to an agency if the agency has not complied with its own policies on the matter.
- The public housing system contains an internal complaints unit, which is not functionally separate from DHHS.