

December 2017

2018-2019 State Budget Submission: Building homes, building capacity

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About the Community Housing Industry Association Victoria (CHIA Vic)

CHIA Vic (formerly known as the Community Housing Federation of Victoria) is the peak body that represents the not-for-profit community housing sector in Victoria.

CHIA Vic works to support the growth of community housing as the most effective and efficient means of ensuring more disadvantaged Victorians can enjoy the dignity of safe, secure and appropriate housing.

CHIA Vic's member community housing organisations (CHOs) are committed to providing secure, affordable and decent housing for people on low to middle incomes.

Members include the organisations registered as housing associations or housing providers under the Victorian regulatory framework for non-profit housing providers plus other organisations and individuals interested in housing. These registered organisations manage more than 19,000 units of rental property, over 9,000 of which are owned by organisations themselves.

Executive Summary

The last year has seen housing become a significant priority. First home buyers continue to struggle to get a foothold. Renters are under increasing stress as the private market tightens. Our social housing system struggles with overwhelming demand. Our cities and regions are faced with alarming levels of homelessness. These pressures will continue to worsen without urgent intervention and coordination across all levels of government. A failure to ensure that all Victorians can access decent and affordable housing will continue to be a blight on our community and a drag on our economic prosperity.

In March this year, CHIA Vic welcomed the release of the Victorian government's landmark housing strategy, [Homes for Victorians](#). Recognising that there are housing affordability pressures across the housing continuum, the strategy represents the most comprehensive housing affordability strategy at a state level in over a decade.

Homes for Victorians places the Victorian community housing industry at the centre of government's agenda to grow social and affordable housing, which includes:

- A \$1 billion Social Housing Growth Fund, that is invested and produces an annual funding stream (estimated at \$70m p.a.) for community housing organisations to use for new supply
- Concessional loans for housing associations
- Management transfer of 4,000 public housing properties
- A \$190 million program for the transformation of eleven ageing public housing estates
- Measures to deliver new affordable homes through the planning system
- Pilot programs to assist households into home ownership

Homes for Victorians is also a bold and transformative agenda for the community industry that will see it playing a leading role in addressing housing stress across the continuum. Together, we must ensure that public funds in new affordable homes are invested efficiently and with providers best placed to meet the needs of tenants and communities.

The 2018-2019 budget is therefore the time to build on the promise of *Homes for Victorians* and to address the urgent backlog of social and affordable housing in Victoria. With Melbourne growing at 100,000 people every year and housing stress increasing in our regional centres, doing nothing is not an option.

CHIA Vic believes that the 2018-2019 State Budget should include the following to begin to address this backlog in addition to the rolling out of *Homes for Victorians*:

1	Social Housing Supply Program for the orderly and planned growth of at least 800 new homes, with funds to be committed as soon as possible in 2018-2019 and then again in 2019-2020	\$200 million per annum
2	Support for the Implementation of the Industry Transition Plan for the community housing industry	\$250,000
3	Supporting the development of an Aboriginal Housing and Homelessness Framework.	\$350,000
4	Adopting the National Regulatory System for Community Housing in Victoria	\$500,000

These budget asks are described in more detail in the next section.

What we are asking for in the 2018-2019 budget

Ask 1: Social Housing Supply Program to begin to address some of the current backlog

A Social Housing Supply Program of \$200 million in 2018-2019 and then in 2019-2020 is essential to enable the orderly and planned growth of at least 800 new homes a year and to begin to address a backlog of investment.

The [Social Housing Growth Fund](#) is currently being capitalised using seed capital provided progressively by the Victorian Government over a period of four years, reaching \$1 billion in the 2019-20 financial year. Once fully established, the Fund will support a stable and predictable funding stream for community housing to invest in new social housing. This Fund will be supported by a demand and supply model being developed by DHHS so the funds will be invested efficiently and in areas of high need.

Nevertheless, there is an urgent need for an immediate injection of funds into social housing to address the current backlog of investment and to provide for new supply while the Fund gears up. [Research commissioned by CHIA Vic¹](#) has found that just to keep our state's current levels of social housing (as a proportion of total housing) would take 1,800 new homes each year. To meet demand would take 3,000 new social homes (targeted at those most disadvantaged) and 3,000 new affordable homes (targeted at low to moderate income working households in housing stress) over the next 15 years.

Standing still, even for one year, means going backwards and Victoria cannot wait for the Fund to be established to get new social homes on the ground. Accordingly, CHIA Vic recommends that government invest \$200 million annually over the next two years, distributed using the same model being developed for the Social Housing Growth Fund. Deeper subsidies will be required for housing targeted at those most disadvantaged in the housing market, with shallower subsidies required for affordable rental housing programs or funds used to bridge funding gaps in [Inclusionary zoning initiatives](#) via *Homes for Victorians*.

In the last year the Victorian government has implemented, specialised "rapid housing" programs focused largely at purchasing existing stock from the market and for specific cohorts (family violence and homelessness). In the family violence housing program, our sector delivered 184 new homes, exceeding government's target of 134 new homes. While all investment in social housing is naturally welcome, CHIA Vic does not believe that these ad-hoc programs provide a model for the future. Rather, we believe that housing supply programs need to be substantial and predictable to deliver efficient and good outcomes and a pipeline for investment. While there is an understandable focus on the needs of particular groups disadvantaged in the housing market, the reality is that housing disadvantage does not discriminate and there is pressing need across the community.

The community will also benefit from this program through increased economic activity and new jobs being created. The Social Housing Initiative in the Rudd-Gillard government delivered over 19,700 new dwellings with an extra 12,000 dwellings made habitable. An evaluation of this program found that for every \$1.00 of construction activity, an additional 30 cents was generated in the community, an additional 14,000 jobs were generated with 9,000 being in the construction industry.²

¹ Burke, T., (2016), *Quantifying the shortfall of Social and Affordable Housing*, found at: <http://chiavic.com.au/wp-content/uploads/2017/08/CHFV-Housing-Needs-Estimates.pdf>; work by Infrastructure Victoria echoes these findings - see *Victoria's 30-year Infrastructure Strategy*, (2016), page 104

² *Social Housing Initiative Review*, Housing Ministers' Advisory Committee, September 2012

Ask 2: Community Housing Industry Transition Plan

The Victorian Government should invest \$250,000 to support initiatives to build the capacity of the community housing industry, as identified by CHIA Vic's Industry Transition Plan for 2018-2021

The continuing success of the community housing industry and its ability to alleviate housing stress is not just about meeting challenges of scale. Planning as an industry helps ensure that the community housing sector can:

- maximise the opportunity of the current reforms such as *Homes for Victorians*;
- manage the impact of the technological, workforce and social changes; and
- meet increasing demand for affordable housing.

CHIA Vic has received funding from the Victorian Government to develop an Industry Transition Plan for the community housing industry to cover the period from July 2018 to June 2021. This Industry Transition Plan aims to:

- establish a shared vision for our industry between community housing organisations, government and those who support, facilitate and regulate the work of community housing organisations; and
- specify medium-term strategies to help realise that vision.

CHIA Vic is currently developing the Industry Transition Plan in consultation with members and key stakeholders in the wider affordable housing industry. While not wanting to pre-empt the outcome of that process, it is likely that the final Transition Plan will include strategies to address current and future capacity constraints, including:

- growing a sustainable sector, including by attracting new forms of public and private investment;
- building a skilled workforce, including attracting and retaining the right talent to take community housing the next level;
- integrating social and affordable housing with the human services sector and the wider housing sector;
- building community awareness and support for community housing; and
- supporting appropriate organisational structures and governance for community housing organisations.

To resource some of these initiatives, CHIA Vic believes that government should (in parallel with new investments under *Homes for Victorians*) support such industry-led initiatives to build industry capacity.

Accordingly, CHIA Vic has proposed a budget outlay in 2018-2019 to support industry development strategies. CHIA Vic will also use its current funding to support some of this work, and will ask members to resource other initiatives.

Ask 3: A Victorian Aboriginal Housing and Homelessness Framework

The government should boost its commitment to Aboriginal self-determination through allocating \$350,000 for a Victorian Aboriginal Housing and Homelessness Framework.

Meeting the housing needs of the growing Victorian Aboriginal community remains a significant priority in addressing the gap between indigenous and non-indigenous Victorians. CHIA Vic applauds the Victorian government's decision to transfer title to 1,448 DHHS properties to Aboriginal Housing Victoria (AHV) as an important step in achieving self-determination for Aboriginal Victorians.

There is however more work to be done. The Victorian Aboriginal population has almost doubled from 25,000 to 47,000 since 2001 and is growing at about 2 and a half times the rate of the general population. The extent of Aboriginal disadvantage – close to ten times the rate of incarceration, child protection contact and family violence – is well documented and further drives demand for social housing. Discrimination in the private rental market, especially in regional areas, means that Aboriginal people on relatively higher incomes can be in dire need of housing support that bears little relationship to income. These and other demand drivers result in homelessness rates well above the general community, overcrowding, long waiting lists and low home ownership rates.

Therefore, there is a pressing need to develop a strategy that improves housing outcomes for all Aboriginal Victorians and that advances government's self-determination agenda. The Aboriginal Housing and Homelessness Framework will aim to:

- build the capacity of Aboriginal organisations to own, manage and grow rental stock;
- identify models to secure home ownership for Aboriginal Victorians;
- ensure that regulatory environments and mainstream housing providers are culturally appropriate;
- identify the gap between supply and demand in social housing for Aboriginal Victorians;
- identify the particular issues and gaps in services for Aboriginal Victorians;
- provide advice on sustainable models for Aboriginal housing providers; and
- advise on opportunities for housing to be a platform to improve the social and economic inclusion of Aboriginal Victorians, including employment and training associated with housing portfolio management.

CHIA Vic understands that AHV has put a proposal to the Victorian government for funding of \$350,000 to lead and undertake the work to develop the Framework. It is proposed to do this under a governance framework that incorporates a steering committee chaired by an independent Aboriginal person and comprised of representatives of government and Aboriginal community controlled organisations and service providers (including other providers of Aboriginal housing).

Ask 4: Victoria to adopt the National Regulatory System for Community Housing

The budget should include an allocation (notionally \$500,000) for work to plan and transition Victoria to the National Regulatory System for Community Housing (NRSCH).

CHIA Vic supports Victoria joining the NRSCH to reduce barriers to the establishment of a consistent national provider market. Victoria's decision to stay out of the NRSCH has left Victoria's registered housing associations and providers increasingly isolated from Australia's rapidly evolving community housing provider landscape. It has also imposed unnecessary administrative burdens and barriers for Victorian-based organisations seeking to operate interstate, as well as for interstate providers seeking to enter the Victorian market.

The need for Victoria to join the national system has become more pressing following the Commonwealth government's decision to establish a National Housing Finance and Investment Corporation and a "bond aggregator" to provide efficient finance to the community housing sector. The [report which recommended the establishment of the NHFIC](#) recommended that the Commonwealth work with States and Territories to ensure that the regulation of the community housing sector better supports the activities of the bond aggregator. Victoria joining the NRSCH is an essential step in strengthening these frameworks and ensuring that Victoria has a seat at the table in the future evolution of the NRSCH.

A [2016 review](#) of Victoria's regulatory system for community housing recommended that government pursue resolution of administrative and other barriers to adoption of NRSCH. The Housing Registrar is to conduct a review of gaps and barriers to Victoria's participation in the NRSCH. CHIA Vic considers that these barriers can be overcome through a combination of mechanisms including Victoria's law adopting the NRSCH, adjustments to funding controls and changes to the policies making up the NRSCH. CHIA Vic has shared the results of its analysis with the Housing Registrar.

Inclusion of funding in the 2018-2019 Budget to implement Victoria's transition to the NRSCH would make this a priority. CHIA Vic has suggested an amount of \$500,000, but the actual amount required would depend on the resource requirements of the relevant government agencies - the Housing Registrar and the Department of Health and Human Services. While the two regulatory systems are largely aligned, the community housing industry would require some industry-led support to manage the transition to the new regulatory environment.