

Submission to
**Office of Housing,
Consultation Document,
Strategy for Growth in Housing for
Low-income Victorians**

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INTRODUCTION

This paper has been developed in response to *Strategy for Growth in Housing for Low-income Victorians-Consultation Document*, released by the Office of Housing in January 2004. The Tenants Union of Victoria (TUV) welcomes the opportunity to comment on the strategy. The TUV also welcomes the State Government's recent commitment of additional funds for affordable housing.

The TUV views the housing associations strategy as a means by which the state government can achieve better tenant outcomes for low-income Victorian households who are reliant on the social housing system. It is an important initiative, however the potential for housing associations to radically impact on the demand for affordable, appropriate housing should not be overstated.

Increasing genuine client choice

The TUV supports genuine housing choice for low income Victorians. However, the concept of choice for clients of social services is complex and due consideration must be given to the constraints and incentives that bind choice. The concept of choice may be easily misapplied to circumstances where the level of choice by the client is in practice highly constrained.

In the private rental market choice is directly a product of capacity to pay and as such low-income households are tightly constrained. In the private rental market the varying levels of choice and constraint result in a highly segmented market. To establish genuine choice, low-income renters in most instances need alternatives to private rental.

In the public and community housing sectors, client choice is also highly constrained by policy settings affecting eligibility, access and transfer. It is imperative that client choices in the social housing sector are not further constrained for many households by the introduction of quasi-market forces based on capacity to pay. We believe that this will invariably result in an inequitable segmentation in the social housing sector.

Households seeking social housing do so primarily because of a lack of choice in appropriateness, affordability or access to housing in the private rental market. Given the current lack of alternatives to private rental, any differential between the core outcomes available to a household in the private rental market and those available in housing associations will create demand or an incentive to access a housing association.

This should not be confused with the best outcome for those households. It is simply a better outcome than the private rental alternative. We are concerned that an unintended consequence of this strategy may be that many households are then precluded from their best possible housing option. It is imperative that there are no hidden or overt restrictions on households wishing to exercise choice and ultimately access the housing option that will best meet their needs. Put simply accessing a housing association should not foreclose later access to public housing. This will however require improvement in the public housing system to ensure greater access for those households that want to move on to this option.

If housing associations deliver good quality tenant outcomes then there will be very little incentive for households to move. If they do not, then demand will continue to be created for alternatives, particularly for public housing. Mandating good tenant outcomes would diminish this incentive at the outset.

Given the high degree of uncertainty about the specific details of what housing associations will offer both initially and over time (see Attachment B), we have adopted an approach based on the principles that should be applied to a range of tenant outcomes.

This paper identifies a number of principles and concomitant practices that should be adopted to ensure that the housing associations strategy contributes to a social housing system that is responsive to tenant needs and gives equal consideration to tenant outcomes and the financial viability of the association.

These principles are confined to the housing associations strategy only, and are not applicable to the policies and procedures of the current public or community housing systems.

KEY PRINCIPLES

Affordability

Housing associations should offer real housing affordability for low-income households.

An affordability benchmark should be developed to ensure best possible affordability outcomes for tenant households in the two bottom income quintiles¹. Variations in rent setting models will provide flexibility in achieving best possible affordability outcomes based on individual household need, while addressing the problem of workforce disincentives that rent setting based on a percentage of income can cause. The benchmark should be based on a sliding scale with those on the lowest incomes (i.e. young people and singles) having an after-housing income of no less than the Henderson Poverty Line (HPL) plus 25%. Those on slightly higher incomes should have an after-housing income of no less than HPL plus 10%. These benchmarks must include service charges and the proposed ‘amenity premium’.²

Access

Housing associations should ensure an appropriate balance between equitable access for a range of prospective households and the targeting of scarce housing resources to those most in need.

Eligibility criteria should be adopted that ensures a diversity of tenants within the housing association system, while still assisting the segment of applicants most in need of housing. **Percentage targets for applicants from the four segments should be adopted.** This will ensure that providers can appropriately match tenant need with an appropriate offer of housing. Appropriate penalties that sit between the extremes of self-monitoring and reporting, and withdrawal of government funding, need to be developed to ensure compliance by housing providers.

A central housing register for lodging applications should be developed to ensure easy access to the system at the point of application. Applicants should be able to apply at a range of locations across the state including Office of Housing offices, THMs and Housing Associations. Housing Register staff will need to be well trained and remunerated. The process should be as non-invasive as possible, however a realistic assessment of the applicant’s needs and the most appropriate application should be made where possible.

¹ The ABS identifies that in Melbourne the two bottom income quintiles represent households with a gross household income of \$701 per week or less.

² The Tenants Union strongly opposes the notion of an additional ‘amenity charge’ being imposed on housing association tenants. Replicating the constraint of the private rental market in the housing associations strategy, albeit at a lower level, does not ensure the best possible affordability outcomes for tenants, nor does it ensure genuine locational choice for tenants.

Appropriate regulation of the central housing register will prevent the register being used as a means to restrict access to particular applicants. **Outstanding debt, previous eviction or similar information should not be included on the register**, as this could be used to restrict access to particular households.

Entry to the housing association system must be voluntary, with no penalty for households that refuse an offer of housing or that do not wish to transfer from the public housing system. Given the potential for significantly different policies and procedures, this is one area in which tenants must be given the choice to refuse. Households must also be ensured of an option out of the housing associations system, through **transfers to the public housing system**. This will ensure that households are able to exercise genuine choice, with a view to achieving the best possible housing outcomes.

Housing associations should be evenly spread across the state to ensure genuine locational choice for applicants. Geographic boundaries should be adopted to provide some certainty for applicants as to where their offer of housing may be located, however **boundaries should be smaller than the current public housing broadbands**. This will reflect the capacity of Housing Associations to respond to local needs, and demonstrate their connectedness with the local community.

Appropriateness

Housing associations should only offer housing that complies with minimum community standards and is managed in accordance with best practice policies and procedures.

Security of tenure and minimal ‘churning’ of tenancies through the development and implementation of standardised policies and procedures related to the issuing of notices to vacate should be adopted. These should include **the prohibition of ‘no reason’ notices to vacate, and the adoption of a benchmark of maximum forced evictions of no less than 5% of total tenant households.**³ The benchmark provides a measure to ensure that housing associations are actively sustaining tenancies.

The principle of sustaining tenancies must include certainty around security of tenure for tenants. Ideally security of tenure in relation to the property would ensure that tenants could age in place, however in a sector with increasingly scarce resources, problems with under-utilisation of properties may impact on the system overall.

Security of tenure in an area is an acceptable compromise, which will ensure that tenants can age in their community, if not property. Clear geographic boundaries and other criteria will need to be determined to ensure genuine compliance with this principle. Security of tenure within the system is not appropriate, as tenants could potentially be moved from their networks and supports at a time when they are most needed.

³ From July 2002 to June 2003 VCAT received 39,068 applications for possession orders. This represents approximately 10% of total tenant households in Victoria. The benchmark of 5% is appropriate, as it is expected that housing associations will offer better tenant outcomes than the private rental market or public housing system.

The standard of properties provided through housing associations must meet reasonable community expectations, including appropriate energy efficiency standards, and disability access⁴ for all properties. Developing a **minimum housing standard** based on this bottom line will ensure that all tenants within the system are treated equitably. Housing associations should also guarantee that tenants have access to utilities directly, or indirectly through the association.

Participation

Housing associations should offer a range of participatory mechanism for their tenants.

Housing associations provide the opportunity for developing genuine participation structures for tenants that move beyond the ‘committee model’ to a greater range of involvement. **Housing associations should demonstrate effective involvement by tenants on three key levels.** Individual involvement should include the opportunity to choose paint colours and floor coverings for the property. Community involvement should include the opportunity to participate in local projects initiated by, or in conjunction with, the housing association including employment projects, community arts projects, or other community development initiatives. Structural involvement should include opportunities for tenants to participate in Boards and Board sub-committees of housing associations.

Housing associations should also be required to demonstrate that tenants have been genuinely consulted on policy and procedure initiatives.

Dispute Resolution

Housing associations should comply with relevant legislation and offer independent dispute resolution for no legislative complaints.

All housing association properties, and their tenants, should be covered under the *Residential Tenancies Act 1997*. Legislative disparities should be minimised, for example rooming house declarations, which currently apply to some community housing and Transitional Housing Managers (THM’s), provide significantly different levels of protection and rights, and can be confusing for tenants to navigate. Housing associations should be required to demonstrate equity of coverage across all properties. This will ensure ready access to the Residential Tenancies List at VCAT should disputes arise.

An independent appeals process for administrative decisions should cover all housing associations, to ensure equitable treatment for tenants, and a vehicle for policy improvement. The process should be independent of the Office of Housing and its staff, so as to avoid the potential for conflict of interest. **Compliance should be demonstrated through a maximum number of appeals per housing association.**

⁴ A disability specific housing association should not be based on accessibility of the housing stock for people with a disability, but the provision of support.

Locating an appeals process for non-legislative decisions within the office of an independent Ombudsman (discussed below) will provide a one-stop shop for tenants. Both processes and procedures must be simple to use, streamlined and free of charge.

A rights based framework must ensure **ready access for tenants to independent advocates** who are able to provide a range of services to tenants as required. These include negotiation, assistance with paperwork, preparation and representation at appeals and tribunal processes. Housing associations should demonstrate compliance through active referrals and no complaints by tenants about their access to advocacy services.

Quality

Housing Associations should regularly check the quality of their tenant outcomes with their tenants.

Regular surveys of client satisfaction must be undertaken to ensure that tenants have an opportunity to provide feedback on the operations of housing associations. Survey responses should be confidential, and feedback should be requested in a number of ways including written and verbal, with tenants being assured access to interpreters and other supports as required.

Regulatory Framework

Housing Associations should be regulated by a comprehensive framework that protects tenant outcomes over time.

A stringent regulatory framework needs to be adopted that will ensure that housing associations remain focused on the core business of providing housing to low-income households. Legislation must be developed that provides surety that assets will be protected, and clear process for review and regulation of housing association activities. **An independent Ombudsman should oversee the administration and compliance of housing associations with the legislative and non-legislative requirements of the strategy.**

Attachment A: Tenants Union of Victoria

The Tenants Union of Victoria (TUV) is a specialist statewide advocacy organisation and community legal centre, established in 1975, that provides free information, advice and advocacy to residential tenants, rooming house and caravan park residents across Victoria. In the year 2002/2003 the TUV assisted almost 30,000 private and public tenants and residents in Victoria.

The vision of the TUV is for genuine housing choice without social or economic disadvantage. Our mission is to promote and protect the rights and interests of all residential tenants in Victoria.

The TUV also promotes community awareness of tenancy laws and issues, lobbies for tenancy law reform and provides accredited training on a statewide basis for tenant and housing workers. The TUV produces a number of publications throughout the year including multilingual information in 11 community languages, a journal on tenancy issues entitled 'Tenancy Quarterly' and a broadsheet publication for tenants entitled 'Tenant News'. In previous years the TUV has been a member of a number of State Ministerial Advisory Committees related to housing and tenancy issues and currently has a seat on the Victorian Ministerial Housing Council.

Attachment B:

Everything you wanted to know about Housing Associations...?

Rents

1. Specifically, what is the limit to rent setting? 35%? 40%? 50%? What is the ballpark that the Office of Housing modelling is in? How is this affected by scale?
2. How much is the amenity premium expected to be? Any limit?
3. If you can establish a need to be located in a particular area (eg. social or medical requirements) do you still have to pay the amenity premium?
4. Is it possible that tenants could be charged 30% rent + service charges + amenity premium? Wouldn't this effectively make housing costs a much higher proportion of gross income? (eg. US benchmark 30% inc utilities)
5. Is proportion of rent based on gross income including rent assistance or net income after rent assistance? In the latter case, couldn't rents be up to 5% more of gross income?
6. Isn't all this undermining the 30% concept that is a housing stress indicator not an affordability indicator?
7. If scale is a factor, what will ensure improved rent setting as scale increases?

Scale

8. How is scale to be achieved? Isn't the biggest Victorian provider currently about 1500 units? Based on overseas experience isn't smallest viable scale about 5000 units? Our concern is smaller scale will then require more rigid tenancy management and higher housing costs i.e. poorer tenant outcomes.
9. If scale is a factor, why wouldn't we try to achieve viable scale faster?
10. Based on \$70m total over 4 years, how many units? (about 600?) Even at compounding 25% leverage that is only about an extra 250 units? Will this keep pace with expressed and implied demand?
11. Given small leveraging outcomes initially why not consolidate more community housing providers?

Eligibility

12. Is eligibility based on equivalent incomes to receive \$1 of CRA? Does this include households receiving family tax benefit only?
13. If eligibility is broad what will be the communication process be? How will people know?
14. Will there be a single waiting list to give a clearer picture of expressed demand? Will this also include the non-housing association community-housing sector? If not, why? If so, how will this affect THM's and SAAP?

Allocations

15. If eligibility is broad how will allocations occur? Who decides? What is the appeals process?

16. What does the modelling say about the ballpark of client profile? 30% priority, 70% wait turn?
17. If the Registrar is going to monitor this what are the guidelines for the registrar? What is the accountability of the Registrar? What are the system targets? What is the public disclosure of system outcomes for tenants (eg. how many tenants on after housing HPL +25% or how many private tenants still in unaffordable housing.)?
18. What prevents cherry picking of clients by providers?
19. If the system is optative, will there be any penalty for refusal to take up a housing association offer?
20. If there is a penalty for refusing a housing association offer, what are the boundaries around offers? What geographical constraints eg. broad-banding?
21. If you take a housing association offer can you transfer to public housing later? What are the constraints?
22. What are the other barriers to housing association access or allocation? Eviction from public housing? Existing public housing debts?
23. How are housing association allocations linked to transitional housing and support programs? How does the allocations process give priority to those most in need? Does it?

Tenure

24. What are the requirements for security of tenure? Security of dwelling? Security of location? Security of system? Any?
25. To what extent is housing associations viability affected by under utilisation? Are there any utilisation assumptions in the modelling? If so what are they?
26. Will there be eligibility reviews for housing association tenants? Are they covered by the relevant RTA provisions?
27. How will increases in income be dealt with to minimise poverty traps and disincentives?

Standards

28. What are the cost implications of minimum standards?
29. Will housing associations be required to construct to current OoH standards?
30. If not, what standards?
31. Given the proposed changes in essential service regulation, will housing associations guarantee access to utilities?
32. Will all housing association stock have disabled access? If not, does this create a barrier or limit client choice?

Stock transfers

33. What does modest mean? How many and to whom?
34. Will this change when the current CSHA expires?
35. If the housing association system is optional, how does that work with public housing redevelopment? If units are handed over to a housing association and a tenant has a right of return doesn't that mean that you have to accept management by the housing association or not return? Does that become a return barrier? Do they retain their current public housing entitlements? If so how does that affect viability for the provider?

Public Housing

36. If housing associations aren't taking a proportional share of high needs clients wont that exacerbate (or at least not diminish) the existing tensions in public housing? Or create barriers for access of high need clients?
37. What's the broad strategy around public housing improvements?
38. If over time you have equivalent households in housing associations and public housing with different housing costs and conditions of tenure doesn't that raise the same equity issues as arose with the 23%/25% in public housing?
39. If the logic is that growth is only possible through leveraging in NGO' s, why wouldn't the logic be to transfer more public stock over time if possible? Aren't the value of the public housing assets being under utilised if that's isn't the case?
40. How will the appeals process work if there is no overarching policy, policy objectives or procedural framework? At the moment the appeals process only looks at the application of policy and procedure; will the appeals office be able to establish the policy objectives?
41. What enforceability will appeals have? (We don't want a system that relies solely on the good will of the providers)

ROI Process

42. Who will represent consumer in the ROI process? Who will assess the prospective providers capacity to genuinely engage with tenants?