

## MUNICIPAL ASSOCIATION OF VICTORIA

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21 March 2022

For the attention of the Independent Review Panel  
Social Housing Regulation Review

Sent via email: [info@shrr.vic.gov.au](mailto:info@shrr.vic.gov.au)

Dear Panel Members

We welcome the opportunity to provide a response to the Social Housing Regulation Review Interim Report. The Review and the Interim Report is comprehensive across a range of issues. Our comments focus on those recommendations which directly impact the capacity of local government to influence and shape housing outcomes for people who live in their communities.

The Municipal Association of Victoria (MAV) is the statutory representative and advocacy body for Victoria's 79 councils. Today, the MAV is a driving and influential force behind a strong and strategically positioned local government sector. Our role is to represent and advocate the interests of local government; raise the sector's profile; ensure its long-term security; facilitate effective networks; support councillors; provide policy and strategic advice, capacity building programs and insurance services to local government.

The MAV has a long-standing interest in housing, and considers that every Victorian deserves safe, secure and affordable housing. We have provided a range of submissions and advice to the many inquiries and reviews which have been undertaken in recent years regarding social and affordable housing. These have included the Victorian Homelessness Inquiry, the Federal Parliamentary Inquiry into Housing Affordability and Supply, the Victorian Government Housing Strategy discussion paper and the Ministerial Advisory Committee on Planning Mechanisms for Affordable Housing

We also host and support the Victorian Inter Council Affordable Housing Forum and work closely with the Community Housing Industry Association (CHIA Vic) to develop resources to support councils as they seek increase supply of social and affordable housing. Victorian local councils understand that housing is an essential element of community wellbeing and have a strong track record in the development of innovative solutions to local housing issues.

### **Commonwealth/state/local government roles in social housing**

We recognise that drivers of housing affordability involve all three levels of government. At the federal level, Commonwealth tax and income support policies and specific purpose funding to the states have a direct impact, including through the National Housing and Homelessness Agreement. The development and management of social housing and homelessness services is the responsibility of the Victorian government as is policy and programs that support people



on the Housing Register. It also sets state-wide planning frameworks which influence supply and requirements councils need to comply with in their local planning frameworks and policies.

Despite their lack of direct influence over Commonwealth and state policy and investment decisions, many councils, often working in partnership with the Victorian Government and community agencies, have developed innovative solutions to local housing problems. In some cases, councils have contributed their own funds, assets and expertise to facilitate an increase in affordable housing and improve outcomes for social housing tenants.

### **Need for greater transparency and accountability in public housing**

Councils across Victoria support public housing, providing services, infrastructure and amenity essential for the wellbeing of tenants. Despite this, they have limited insight or input to public housing development or operation. Financial and performance information about public housing should be openly available. An independent regulator for both community and public housing as proposed in papers 2 and 10 would greatly enhance the transparency and accountability needed to effectively manage and develop public housing in Victoria.

### **Response to key issues raised by the SHHR Review process**

Set out below are comments on recommendations of particular interest to local government. Please note that we have not had the opportunity to circulate this response prior to its submission. We draw on insights from previous submissions and work with councils across the state.

#### *Paper 2 – Recommendations for better outcomes for social housing tenants:*

Recommendations that support improved outcomes and simplify the system for social housing tenants, increase transparency, improve dispute resolution, tenant sustainment and empowerment (Paper 2) are supported in principle. The MAV welcomes a greater focus on tenants and service delivery. Clear, accessible and enforceable standards for both public and community housing are an essential foundation for a fair and effective housing response. Including a specific objective for the regulatory system in the *Housing Act 1983* is a sensible approach to addressing the current apparent lack of clarity for both public housing and community housing tenants

#### *Paper 5 – Dwelling standards:*

We also support efforts to improve energy efficiency, accessibility, fire safety and the general maintenance of social and public housing included in this section. The lack of information on social housing property conditions is an ongoing concern for many councils as is the difficulty that many social housing tenants encounter when trying to obtain necessary accessibility modifications. The application of the 14 minimum standards enshrined in the *Residential Tenancies Act 1997* to long term social and community housing tenancies is a good first step to address these issues.

#### *Paper 8 – Professionalisation of the frontline social housing workforce:*

Is a necessary first step to fully develop and implement many of the Panel's proposals in this regard. A well supported and professional workforce is essential to ensure that tenants' rights are understood and supported. Councils work closely with community housing and homelessness support workers and appreciate the challenging work they do. Panel recommendations for a workforce development strategy, including formal training, minimum qualifications and a workforce centre of excellence are welcomed.

#### *Paper 9 – The definition and regulation of Affordable Housing:*

The definition of Affordable Housing and the lack of mechanisms to generate more affordable housing is a key issue for councils in Victoria. While housing affordability has always been an issue for low-income households, it is now extending to moderate income households seeking either to rent or buy housing. Young people are finding it more and more difficult to start life in secure housing. In some municipalities, there is no affordable accommodation for key and

essential workers supporting local economies. Housing must be affordable not just at the point of purchase, but in the long term.

The MAV's work to improve the environmental sustainability of housing aims to extend requirements for Environmentally Sustainable Development through collaborative leadership in the development of zero-carbon buildings and urban places. It is essential that sustainable environmental design, accessibility and safety requirements are factored into any definition of affordability.

The available mechanisms for councils to create more affordable housing, such as S.173 Agreements are often difficult to enforce over the long term and the sector would welcome regulations and oversight that ensure that continuing community benefit. The MAV looks forward to further discussion about affordable housing definitions and improved regulatory arrangements in the Panel's final report.

*Paper 10 – A single, independent and transparent regulator of public housing:*

We support in principle the Panel's recommendation for a single, independent regulator of both public and community housing. Regulation, particularly of public housing, needs to be significantly improved and a strengthened to ensure a mature and forward-looking social housing system. Paper 10 proposes a number of different ways that this could be achieved, and we generally agree with the Panel's consideration of these, with co-location with the Essential Services Commission an apparently viable option worth exploring.

Following from the principle that people on low and very low incomes should have access to the same standards of regulation and redress, we urge the Panel to consider how the single regulator could be accessible to prospective social housing tenants, including those who are living in caravan parks and rooming houses.

*Paper 11 – Regulation of public housing and Homes Victoria Public Housing Operations:*

Along with other respondents to the Review, the MAV welcomes the Big Housing Build and the creation of Homes Victoria as the agency responsible for growing and delivering a sustainable social housing system. However, we agree with the Review finding that the governance arrangements are complex and opaque, particularly with regard to the relationship between the Department of Families, Fairness and Housing (DFFH) and Homes Victoria and where overall responsibility for housing policy and funding resides.

We are concerned that the scope of the powers and responsibility of such an important function lacks transparency and clarity. We understand that Homes Victoria is a public non-financial Corporation and that the CEO of Homes Victoria is also the Assistant Secretary of DFFH. The Federal Department of Finance advises that '*The primary function of non-financial Corporations are to provide goods and services which are mainly market, non-regulatory and non-financial in nature, financed predominantly through sales to the consumers of goods and services*'.<sup>1</sup> The establishment of Homes Victoria as non-financial Corporation places it in the same category of Australia Post and NBN Co Ltd, which do facilitate sales to consumers, however it is unclear why Homes Victoria has been developed with these commercial accountability constraints, given that social housing is not a viable commercial product without subsidy and that providers are not for profit organisations. It also influences the design of regulatory standards approved by government.

This is a critical issue for both the MAV and the local government sector. It is difficult to develop a productive partnership with Homes Victoria when we are unclear about how the roles of public housing landlord and manager, policy leader and social housing investor are managed and balanced within one agency. We call for transparent and accessible communication about the structure, operations and governance arrangements.

A case in point is the recent proposal for a mandatory rate exemption to be imposed on 34 councils across Melbourne, Geelong, Ballarat and Bendigo for all social housing owned by

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<sup>1</sup> <https://www.finance.gov.au/about-us/glossary/pgpa/term-public-non-financial-corporations>

Homes Victoria and community housing organisations. We understand this proposal was to address funding shortfalls within Homes Victoria. If it had been proceeded with, it would have resulted in the perverse outcome that those municipalities with the largest numbers of social housing dwellings would have the double impost of foregone rates revenue and higher services needing to be provided to support social housing tenants. Yet ratepayers in neighbouring councils would simply by virtue of location would not be contributing.

We suggest that funding shortfalls within Homes Victoria need to be addressed via state revenue sources, to ensure all taxpayers are contributing to the provision of social housing. It is vital that there is ongoing and sufficient State Government funding to grow the volume of social housing stock, and for current and new assets to be adequately maintained.

*Papers 12 and 13 – Social and Affordable Housing governance and regulation:*

The MAV agrees with the Panel that there is an urgent need for continued growth in social housing stock in Victoria. The Interim Report highlights that overly complex administration exists at different levels in the social housing system. Recommendations that reduce duplication and compliance costs for community housing associations, and which may encourage more not for profit organisations to register are supported in principle.

The Big Housing Build, as the Report reflects, is a unique opportunity to not only grow the stock of social and affordable housing in Victoria, it is also an opportunity to innovate. New players are coming into the market.

Recommendation 13.2 proposes augmentation of the regulator's powers to enable effective regulation of Special Purpose Vehicles (SPV's) and other 'novel forms of partnership' involving registered agencies and/or Homes Victoria. The Report notes that multi-party agreements of this kind are becoming more common as innovative solutions to the housing crisis are being explored.

SPV's and joint venture or partnership agreements, such as housing trusts, can support council influence over the ownership structure and long-term community outcomes of social housing projects, and can therefore be an important tool. Development of agreements of this kind can be time consuming and complex, and councils need to carefully consider the benefits and disadvantages of this approach.

In partnership with the Community Housing Industry Association (Victoria), (CHIAVic) the MAV is about to release several resources to support Councils and Registered Housing Agencies to determine an appropriate model to release and develop council land for affordable housing. The resource assists councils to value the contribution to affordable housing over time and ensure community benefit is sustained over the life of a project.

Improved regulation of these kind of arrangements are supported in principle as long as implementation does not over complicate already complex mechanisms. Local government should be actively included in consultation around the nature of new regulatory arrangements for SPV's and similar agreements.

*Paper 16 – Performance reporting for transparency and accountability:*

Reliable, accessible and comparative information is essential to allow councils to properly perform their policy development functions. The MAV supports in principle the Panel recommendations for a single, standardised set of performance reporting data. We suggest that, where possible, this data should be compatible with the Specialist Homelessness Services (SHS) dataset, which is administered by the Australian Institute of Health and Welfare (AIHW) and should be available at the Local Government Area level. Lack of access to data about people on the Victorian Housing Register waiting list is source of frustration for local government strategic and social planners, who require this to estimate the level and nature of social and low-cost housing needed in our communities. The Scottish social housing reporting provides a good model, and introduction of a similar system would greatly assist local government planners, and help councils promote the continuing community benefit of social and affordable housing.

A useful dataset would need to address the data gaps identified in Appendix D to the Interim Report. Data that describes the type and condition of housing, environmentally sustainable design and accessibility modifications and maintenance histories would help councils better understand the profile of public and community housing in their municipalities. Tenant demographic, wait list, allocations and exit data would also greatly assist councils to proactively plan community services and social infrastructure.

*Paper 18 – Prospective social housing tenants:*

Introduction of a system of active waiting list management for prospective tenants could, if properly resourced, reduce the uncertainty and hardship faced by those on the Victorian Housing Register, and provide much needed information about the circumstances in which they live and the challenges they face. Active waiting list management is costly, requiring a significant support workforce, the long-term benefits of sustained tenancies and diversion from public housing might also be substantial. The recommendation for a Code of Conduct for private landlords would be useful - a pilot focussed especially on rooming house and caravan park operators would be useful.

**Conclusion**

We thank the Panel for the opportunity to comment on the Interim Report, which has responded to many of the issues that Victorian councils tackle in their efforts to provide better housing outcomes for their communities.

For recommendations suggesting new roles or activities for councils, we would appreciate the Panel including the need for consultation with the local government sector as a core ingredient to reform proposals. We look forward to further consultation around the implementation of many of these recommendations, should the Victorian government support them.

We look forward to the next stage of deliberations of the Panel on this matter and to the release of the Victorian government 10 Year Social and Affordable Housing Strategy. We hope that both will provide more clarity about social and affordable housing management and governance intentions of the Victorian government in the long term.

If you would like more information, or wish to discuss this submission in more detail, please contact our Social and Affordable Housing Adviser, John Smith at [johns@mav.asn.au](mailto:johns@mav.asn.au)

Yours sincerely



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