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Room for more: boosting providers of social housing

Speech by the Minister for Housing, Tanya Plibersek MP Sydney Institute, 19 March 2009

CHECK AGAINST DELIVERY

I would like to acknowledge the traditional owners of this land, the Gadigal people of the Eora nation and pay my respects to their Elders both past and present.

The role of public housing, at its inception during Australia's post war reconstruction, was to create an affordable and secure base from which tenants could build or rebuild their lives.

Public housing was a spring board allowing people to land softly and then jump out of disadvantage.

It still plays this role for some Australians, but for many tenants this is no longer the case.

As Minister for Housing I hear from young single parents concerned about the way their kids are growing up in areas where drugs are too readily available.

I hear from older women, living alone, who are scared to go out or are kept awake at night by noisy, violent neighbours.

I hear from the elderly who struggle to walk up the stairs to the apartment they have lived in for 30 years.

I believe we can do much better when it comes to social housing.

An opportunity for reform

After more than a decade of inaction and reduced investment - housing is once again a national priority for the Australian Government.

We have put in place \$20 billion worth of policies and measures right across the housing market – from home ownership to homelessness.

Our initiatives are assisting Australians in all forms of housing tenure.

Young families are being encouraged to buy their first home, and we are significantly stimulating the economy with the \$1.5 billion First Home Owners Boost.

We are tackling rental affordability for low income households with the new idea of a National Rental Affordability Scheme. It provides tax incentives to those who build new rental housing.

And we have committed to halving homelessness by 2020 with a national action plan and an additional \$1.2 billion for better services and specialist supported housing.

And, to add to this, we are making the single largest investment in social housing ever made by an Australian Government.

This is a massive opportunity to reform our social housing system – a system that now takes in community, not for profit and cooperative housing as well as the State run public housing departments.

Tenants have new needs but our systems are old

There are many famous Australians who credit their time in public housing for their later achievements in life.

People like Bryan Brown, John Alexander and one of the few men to have gone straight from club cricket to opening the batting for Australia - Dave Warner.

Businessman John Alexander, who was once a kid running around a housing estate, explains:

The Housing Commission wasn't welfare based that perhaps it is for people today.Going into a Housing Commission house allowed you to build up some capital to buy your own house, which is what my parents subsequently did. ⁱ

Suburbs like Elizabeth in South Australia, or Broadmeadows in Victoria, were built to house workers in the Holden and Ford car plants.

Inner city developments were created to house families that had been living in sub-standard housing that was making them sick.

Suburbs here in Sydney, like Warwick Farm or Jannali where I went to school, housed many returned service men and their families.

Living in a stable environment allowed people to take up work, build assets and set their families on a path to self sufficiency.

Take Kathy Rogers – who in 1956 became the first woman in NSW to buy her Housing Commission house. She had three children and her husband was dying. They moved into a Housing Commission home in Liverpool in 1947. Two weeks before her husband's death she bought her home and spent the next 32 years cleaning houses to pay it off.

For many people like Kathy it was largely successful.

But today public housing caters for a very different group of tenants.

Reduced Government investment has necessitated tighter targeting and this in turn has resulted in the profile of public housing tenants becoming more disadvantaged over the years.

We have more jobless households in public housing – 66 per cent of working age adult households were jobless in 2001 compared to 43 per cent in 1981.

We also have a higher percentage of sole parents in public housing.

The biggest increase has been the number of public housing tenants receiving Disability Support Pension: Around one in twelve households were receiving the Disability Support Pension in 1981 whereas now one in four receive the Pension.ⁱⁱ

Supporting public housing tenants today requires more than just a house.

And while the needs of people in public housing have changed, the housing system has not.

Over the ten years to 2007 the Commonwealth's contribution to the States for public housing fell by 24 per cent.

This led to a \$3.1 billion decline in investment by 2008.

The impact of no growth money in public housing is that the stock has not kept up with the times.

When Labor was last in Government, public housing stock was 5.8% of total housing stock. If that proportion had been retained, we would have 90,000 extra units of public housing today.

On average our public housing stock is between 20 and 29 years old.

14 per cent of our stock is more than 50 years old.

The cost of maintaining 30 year old dwellings is more than twice that for dwellings less than 15 years old.

A large number of public housing properties across the country are three bedroom detached houses. But there are high numbers of single people who need public housing for whom they are too big or large families for whom they are too small.

We have other problems that arise because too much of our public housing stock is concentrated together in large estates.

While public housing makes up around 4 per cent of Australia's housing stock, in some local government areas a third or more of the houses are public housing dwellings.

Flemington in Melbourne and the Adelaide suburb of Munno Para have heavy concentrations of public housing: around 28 per cent of homes in these suburbs are public housing properties.

In Windale in Newcastle almost two thirds of homes are public housing dwellings.

Often where these estates were built to support local industry, job opportunities disappeared as industry patterns changed.

Some estates have a strong feeling of community, but on others mutual support, trust and cooperation between tenants is low. Children grow up in jobless households and jobless neighbourhoods. They see very few employed adults as role models.

And there are few people around who have the means to lend a hand or offer a hand up.

People on these estates are dislocated from jobs, services and transport.

They can become entrenched in their social isolation, with young people having an expectation that they will grow up to rely on public housing, as their parents have done.

Indeed I've heard of parents who discourage their teens from working because extra household income means higher rents.

This can reinforce social problems, not reduce them.

Their neighbourhoods are regularly featured in reports on the most disadvantaged postcodes in the country by researchers such as Professor Tony Vinson.

The way we provide social housing has not kept pace with these significant socio-demographic shifts.

Social housing across Australia is still primarily run by the government departments that we established to build the stock in the post-war period.

There is still one large provider in each state that plans, owns, develops, manages and allocates social housing.

Yes, all states have modernised their systems.

Yes, there are good examples - links between housing departments and other human services, spot purchasing and better approaches to maintenance.

But we are left with the problem that we are often not delivering opportunities for public housing tenants; 90% of stock is held by eight government providers; and our system is not transparent or accountable.

Our reform vision

I am determined to use the \$6.4 billion social housing component of the Nation Building and Jobs Plan to transform the social housing system.

The Australian Government's reform agenda is ambitious and long term.

COAG has agreed to a reform agenda and at the end of next week I will be meeting with State and Territory Housing Ministers to agree on how these reforms will be implemented.

Success for me will mean that social housing tenants and their children have better outcomes in life; social housing providers will be innovative, responsive and creative; and our housing system will be efficient and nimble.

I want some future Minister for Housing to hear from young families with kids who spent a few years in public housing when times were tough, and then, when they are able to get more hours at work, were able to purchase a small share of equity in their own home and eventually move to home ownership.

I want her to hear from older couples in public housing who live next door to young couples who are working to pay off their first home in the same apartment block.

And from a young person whose mental illness has stabilised and who is living in an affordable housing close to his family who provide crucial support.

Where we will start

More housing providers

The centrepiece of the Government's reform agenda is to facilitate the growth of a number of sophisticated not for profit housing organisations that will operate alongside existing state-run housing authorities.

In 2007, community housing organisations held 34,700 properties nationally.

This compares with 340,000 held by public housing authorities.

For the most, part community housing organisations are relatively small organisations that manage properties but do not own them.

There are about 1,000 providers nationally – some managing as few as 10 properties - others who themselves have developed and own over 1000 properties.

Overall, they are very good at tenancy management. Often they have lower rates of rental arrears and better track records at maintenance than state housing authorities.

Among the ranks of the community housing providers there are 11 organisations, known as growth providers.

These organisations are growing on a commercial path, often with the backing of Governments and financial institutions.

Growth providers – such as Community Housing Limited or Common Equity in Victoria or Brisbane Housing Company - are now property developers in their own right. They are partnering with larger developers and major banks to take on major developments like Kensington in Victoria or Bonnyrigg in NSW.

These are developing sizeable balance sheets - some in excess of \$300 million – and leveraging a further 25% from the private sector on top of government subsidies.

They buy blocks of inner city land to create mixed communities. Their tenants live in developments alongside young families buying their first home, retirees who have downsized and young singles renting an inner city flat.

Often these growth providers are able to work more flexibly than the state-run housing authorities. They can provide a range of housing products – social housing, subsidised rental homes for key workers, rent-to-buy programs and shared equity schemes.

It is my strong view that these growth providers offer a means to deliver the innovation, flexibility and commerciality we need to transform our social housing system.

Over the next five years, I would like to see more large, commercially sophisticated not for profit housing organisations emerge and operate along side the existing state and territory housing departments.

I would like to see organisations operating in different markets - including across State borders - providing a range of housing products for low and moderate income Australians to offer the opportunity of a housing career to low income Australians.

This would include products like affordable rental homes under our National Rental Affordability Scheme or shared equity as a start to home ownership.

I expect these organisations will set the standard in different areas – be that in the cost of construction, the cost of maintenance, social mobility of tenants or partnerships with private finance and builders.

The Australian Government will invest over \$7 billion in affordable rental and social housing over the next four years.

This historic investment will build 50,000 affordable rental homes through the National Rental Affordability Scheme and another 20,000 social housing dwellings through the social housing component of the Nation Building and Jobs Plan.

That is a total of at least 70,000 new homes.

These significant funding streams will develop the social housing system we need for the future.

And this social housing system must include new providers, at scale, to bring contestability to social housing for the first time.

The Australian Government is proposing that a significant proportion of housing stock constructed under stage two of the Nation Building and Jobs Plan be transferred to the community housing providers by 30 July 2014.

I am also starting work now on the new regulatory environment we will need, with time frames for national regulation and registration to be announced later this year.

COAG has also agreed to establish independent prudential supervision for social housing providers.

At the moment we simply do not know how much of the social housing dollar is spent on capital, rent subsidies and tenancy support.

This is simply unacceptable.

We need reliable and comparable information on the relative costs of construction and maintenance of social housing – whether it is for government or community housing providers.

I intend to improve the transparency and accountability of social housing.

Within two to three years we will clearly be able to benchmark the costs and performance of different providers.

I have also restarted discussions about the way the Commonwealth funds social housing. For decades the Commonwealth has provided funding based on state and territory population share.

The level of Commonwealth subsidy per social housing dwelling varied greatly from \$1375 per annum in South Australia to \$3175 per annum in Queensland in 2006-07.

It is perverse that in the face of high demand for social housing, our funding system provides no incentive for States to increase their stock. In fact – it does the opposite.

The funding provided by the Commonwealth to the states is not in any way linked to the number of public housing dwellings provided or the number of renting households assisted.

The more public housing a state has, the thinner they have to spread the Commonwealth's subsidy.

I would like to see the Commonwealth providing funding to the states based on the number of dwellings in each jurisdiction to create a clear incentive for states to retain and build more houses.

Better stock and more of it

The Government is very clear that we need more affordable rental homes, including public and community housing. That's why we have made the single largest investment of any Government in public housing.

We need to create more mixed communities – where public housing dwellings are part - but not a feature - of the neighbourhood.

Mixed communities are more likely to build social capital – the goodwill, shared values, networks, trust and reciprocity that exists in neighbourhoods.

According to Professor Michael Woolcock, communities with strong social capital will be in a stronger position to confront poverty and vulnerability, resolve disputes, and take advantage of new opportunities.

As Professor Woolcock states, people who are well-connected 'are more likely to be housed, healthy, hired and happy'.ⁱⁱⁱ

In the long run I want to see state and territory governments redevelop the remaining broad acre public housing estates.

They should be renewed to create mixed communities. This is the way of the future.

I will be asking States and Territories to come back to me with their plans.

I expect that it will take us at least 10 years to achieve this renewal, as renewal has to be achieved with the support and involvement of existing tenants.

I also want to see a better match between the homes that are on offer and the size of the households that need them - particularly for the aged.

There are many models for providing quality accommodation for older social housing tenants.

Some states have built dedicated seniors villages, giving older people the community they are looking for and freeing up larger homes for families.

The Benevolent Society in Sydney's Eastern Suburbs is developing 'Apartments for Life' that will include social housing, private rental and units for purchase in the one development.

I believe that there is a need for additional specialist models of accommodation, like Wintringham in Victoria, that meet the needs of particular groups such as people who have been homeless.

South Australia are currently building a new development for young adults who have been homeless that will provide education and training on site. The aim is to link housing with skills training so that these young people start on a path to independence.

Developing specialist accommodation models is one of the important strategies to come out of our White Paper on homelessness.

We also need to consider the fact that our older public housing stock is less energy and water efficient, and has poor sound insulation.

We have an opportunity to build more energy efficient homes – that respond to the issues of climate change and keep the utility costs low for tenants.

These are serious concerns for tenants who can least afford high heat and cooling bills and who spend much of their time at home.

Six star energy efficiency will become the new minimum standard for residential construction. I have already included greater energy efficiency in the guidelines for new social housing to be build under the stimulus package.

Projects that create mixed communities, are well located, deliver high standards of energy efficiency and are suitable for people with disabilities and older people will all get preference when we allocate funds under the Nation Building and Jobs Plan this year.

Opportunities and responsibilities for tenants

Reform in this area is not just about bricks and mortar.

If we want a system that is a spring board to greater opportunity and economic independence, public housing tenants ought to have greater choice and control over the homes in which they live.

Surely we should be able to provide people with a short list of available properties they are eligible to rent and allow them to choose.

Choice is important.

In the future, tenants will also have a choice of providers when they are looking for social housing. I want that to be possible without tenants having to join multiple queues.

I will be asking all States and Territories to establish single gateways for people to access public and community housing.

Whereas public housing was once an enabler, part of a housing career which allowed working class people opportunities including home ownership, today it is too often just a safety net that fails to provide the range of assistance required by tenants.

Social housing providers can not deliver the services of GPs, community nurses or psychiatrists for their tenants.

They shouldn't be expected to step in where other areas of government have failed.

But they should improve access for tenants to health, employment, and education services.

Social housing providers need to work with other services – particularly for tenants who have been homeless, live with chronic mental illness, are leaving violent relationships, are ageing or bringing up young kids.

There are some excellent case studies.

Here in NSW, the Government established the Housing and Accommodation Support Initiative for social housing tenants with a mental illness.

It is achieving great outcomes. Seventy per cent of tenants are staying in the same home for 12 months or longer and 43 per cent of tenants have started working or studying.

This kind of flexibility and partnership ought to be standard business for social housing providers.

In the context of homelessness, states and territories have agreed to give public and private tenants better tenancy support so that people keep their homes and get access to the health and community services they need.

But this is a two way street.

In return for better services, more choice and control of their environment, and more opportunity, comes more responsibility for tenants - towards one another and towards their property.

Tenants would be expected and assisted to make the most of the support that will be on offer.

To that end, tenants should be held accountable when they vandalise homes or make their neighbours' lives a misery.

And tenants benefit from the security of living in public housing should treat this with respect.

There are some tenants who are especially vulnerable and will always need social housing that is safe and suitable for them to stay well.

For others social housing will be a transition – a place from which to build or rebuild their lives.

Sophisticated providers of housing need to work well with all tenants and put in place differentiated services and support – targeted to their needs.

Conclusion

The Australian Government's investment in social housing and homelessness gives us a once in a lifetime opportunity to establish a flexible, responsive, transparent and enabling system of social housing; a permanent refuge for those down on their luck and a springboard for those who need a temporary hand up.

I am determined to build a system that aids the most vulnerable, but doesn't trap them into disadvantage; a social housing system that benefits the whole community.

ⁱ Siobhan McHugh; *Shelter in the Storm: Bryan Brown, Samon chieftains and the little matter of a roof over our heads*, Allen and Unwin, 1999, page 77

ⁱⁱ The AHURI Research and Policy Bulletin No 77 *Public Housing and Employment*

ⁱⁱⁱ Woolcock, M. (2001). "The Place of Social Capital in Understanding Social and Economic Outcomes." *ISUMA*, Spring 2001: 11 – 17.