



VICTORIAN PUBLIC  
TENANTS ASSOCIATION

# Budget Submission

2023-2024



## Who We Are

The Victorian Public Tenants' Association (VPTA) is the voice of public housing in Victoria.

As the peak body representing existing public housing renters and those on the waitlist, our goal is to provide advice to renters, and to improve and expand the public housing system in Victoria. Although not formally part of our role, we also assist community housing renters where possible.

We believe all social housing renters deserve a representative voice, regardless of their specific tenure type.

While our work is in Victoria – we are the only peak body in Australia which exclusively represents public housing renters or people who live in social housing.

We undertake systemic advocacy and provide policy advice to the Victorian Department of Families, Fairness and Housing ('the Department'), undertake community engagement work and operate a free and confidential telephone advice service. In the 2021-22 financial year we assisted more than 650 residents and applicants with in-depth advice and assistance and experienced a 30% increase in workload.

At the time of writing, the number of cases managed to date in the 2022-23 financial year has already exceeded the amount managed in 2021-22. The VPTA team continues to experience increased demand for service.

## Acknowledgment of Country

We acknowledge the Traditional Owners of Country throughout Victoria, and recognise their continuing connection to land, waters, sky and community.

We pay our respects to Elders past, present, and those who will become Elders in the future, as well as all Aboriginal and Torres Strait Islander peoples.

We thank you for caring for the land we share with you over tens of thousands of years, which we acknowledge was never ceded.

## Introduction

We appreciate the pressures placed on the first Budget of a parliamentary term – which is necessarily delivery focussed.

In recognition of these pressures, this Budget Submission is largely constrained to:

- Urgent matters which require attention for core programs to continue,
- Long term, systemic pressures that need to be addressed for public housing to be delivered efficiently and at a standard which meets community expectations, and
- Proposed measures which would lead to substantial improvements in quality of life for public housing renters.

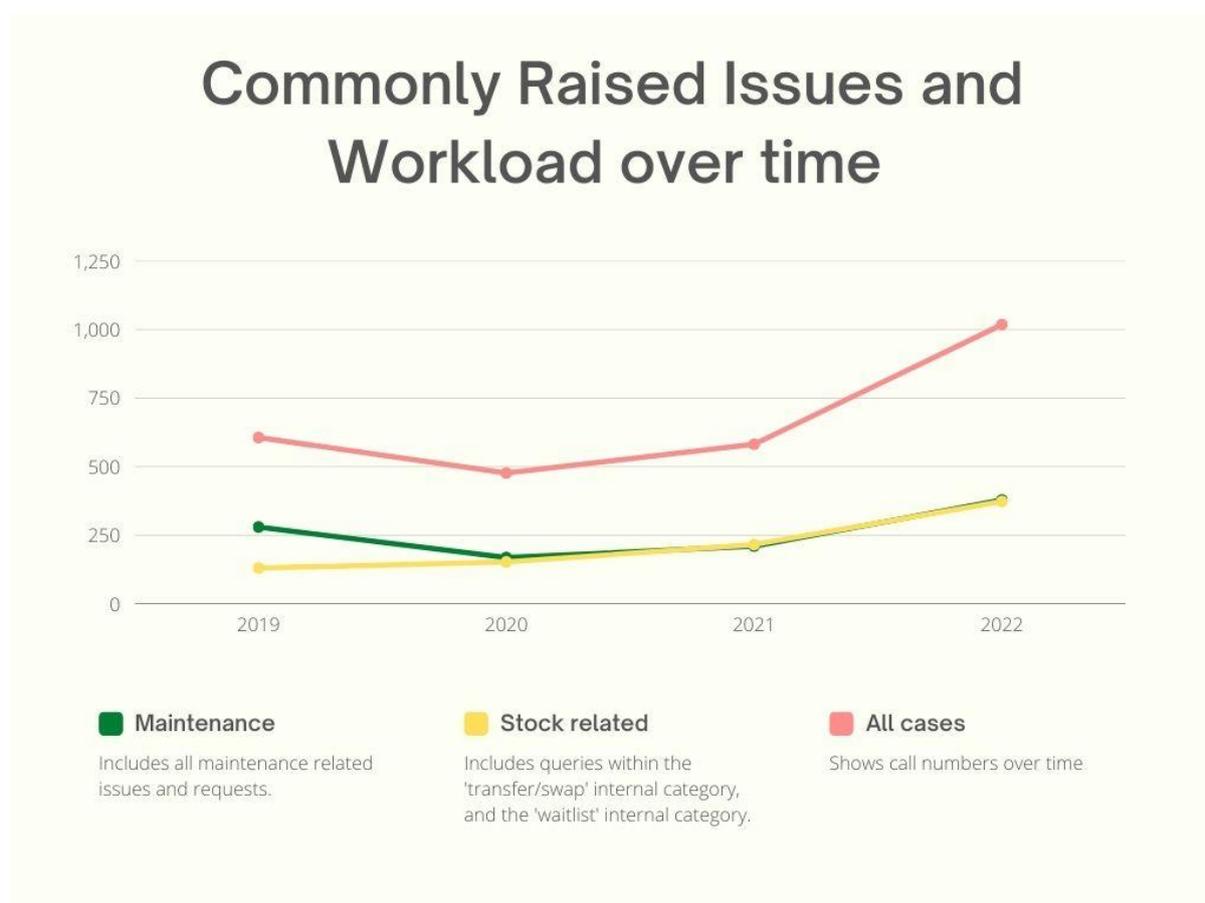
We would welcome an opportunity to discuss any of the nine recommendations further.

## Use Housing Asset Bonds to address the waitlist now, while planning for the future

We congratulate the Government on its historic \$5.6 billion commitment to the Big Housing Build, which is due to be fully acquitted by 2024. Despite the scale of this program, Victoria will need to continue to grow social housing stock, and publicly owned and managed stock in particular, to address community need.

The Big Housing Build will deliver thousands of new, community managed social housing properties. Once this project is complete, imperative to also grow publicly managed properties – which provide greater equity of access, greater rights and protections for residents, and more affordable rents – will remain.

From 2021 to 2022 (calendar years), the VPTA's workload increased by 75 per cent. The most common issues raised with the VPTA were maintenance concerns, and issues related to the dire lack of public housing stock – with each topic accounting for around 40 per cent of concerns raised.



*Source: VPTA calls and case analysis data 2019-2022, unpublished*

We must grow the number of publicly owned and managed properties in Victoria by at least 60,000.<sup>1</sup> This will take careful planning and work, it cannot happen overnight. However more than 100,000 Victorians – parents, children,

<sup>1</sup> Victorian Housing Peaks Alliance, *Make Social Housing Work*, 2020, pg 4.

grandparents – more than half of whom are covered by priority applications on the wait list, and they cannot wait another day.

On the most recent Census night, more than one million homes in Australia were vacant. The Government could gain access to a portion of Victoria’s vacant homes by creating a Housing Asset Bond (HAB).

Unlike traditional Government Bonds where investors provide cash to Government for a set period in return for an interest rate typically greater than inflation, HAB participants would agree to lease a vacant property to Homes Victoria for temporary inclusion in the public housing stock for a period of 10 – 15 years. Rather than receiving returns in the form of interest, Homes Victoria would instead pay participants market rent plus one per cent.

Market rent would be calculated alongside the existing public housing market rent desktop evaluations every second year and adjusted as necessary.

In order to ensure the program did not further fuel demand in the property market, Homes Victoria would set eligibility criteria that exclude properties purchased after the announcement of the HAB program. Homes Victoria would also need to ensure that properties accepted into the program are compliant with the Residential Tenancies minimum standards at the time the HAB commences.

In return for participating in the HAB, Homes Victoria would provide investors:

- Greater than market rent on their vacant property for the life of the Bond,
- The property returned to the owner in the state it was received, less reasonable wear and tear,
- Significant savings in terms of avoided expenditure on account of maintenance, management fees, time and effort of the owner, and risk of the property being vacant. The only ongoing expense to participants associated with the property would be Council rates.

Homes Victoria would be able to target property intake to the HAB to meet the needs of the current waitlist in terms of dwelling size and location.

Further, the cost of HAB properties to Government would be offset by the rent charged by Homes Victoria.

The VPTA estimates that the average annual cost to Government per HAB property would be around \$14,000<sup>2</sup>, plus maintenance. The current recurrent expenditure per public housing property in Victoria is \$46,917, including capital costs.<sup>3</sup>

Government could further offset the cost of the HAB, by reforming elements of the Vacant Residential Land Tax. Options for reform of this tax include:

- Applying the tax to vacant residential properties in a broader area, it currently only applies in 16 Local Government Areas, or
- Removing voluntary notification of vacant properties, or

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<sup>2</sup> See workings in Appendix

<sup>3</sup> Australian Productivity Commission, 2022 Report on Government Services, Table 18A.43.

- Increasing the rate. Currently, the tax is one per cent of the capital improved value of taxable land. For example, a vacant residential property with a value of \$500,000 incurs a \$5,000 annual tax.<sup>4</sup>

Tightening rules around this tax may also incentivise property owners to join the HAB program.

The HAB is not intended to replace investment in long term, Government owned, public housing construction. Rather, it is recommended as a short-medium term solution, until the required houses become available.

#### *Recommendation One*

*Introduce a Housing Asset Bond scheme to address the need for urgent public housing stock while long term planning and construction takes places.*

## Install Solar Panels on existing public housing homes

We have welcomed Government's commitment to including solar panels on as many new social housing properties as possible.

The fact that 500,000 Victorians households are already benefitting from rooftop solar panels is likewise cause for celebration.<sup>5</sup> Existing public housing renters remain the last group of Victorians with no opportunity to access assistance for the installation of solar panels on their homes, despite these homes being some of the least thermally efficient housing stock.<sup>6</sup> Further, people who live in public housing spend more on energy than other Victorian households while also being the most at risk of experiencing energy hardship.

A 2021 survey conducted on behalf of the Independent Social Housing Regulatory Review found that public housing participants ranked the cost of heating and cooling their homes as one of the most important features of a property.

We estimate that there are 23,461 existing public housing properties that are suitable for installation of rooftop solar panels, which could save each household up to \$535.49 per year in lower energy bills.

This program would create an additional 1,118 jobs, at a cost of \$117,305,000.

#### *Recommendation Two*

*Install solar panels on some existing public housing properties to save renters up to \$535.49 per year and create 1,118 jobs.*

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<sup>4</sup> Victorian Government, State Revenue Office, 'Vacant Residential Land Tax', accessed online, 16 August 2022.

<sup>5</sup> Premier of Victoria, *Victorians Embracing Solar at Record Levels*, [www.premier.vic.gov.au/victorians-embracing-solar-record-levels](http://www.premier.vic.gov.au/victorians-embracing-solar-record-levels), 17 January 2021.

<sup>6</sup> Australian Housing and Urban Research Institute, *Warm, cool and energy-affordable housing policy solution for low income renters*, 2020, pg 5.

## Keep Victorians in their homes

We echo the concerns of colleagues at the Victorian Council of Social Services and the Council to Homeless Persons regarding the future of Victoria's current, housing first inspired programs, *Homeless to a Home* and *Homes for Families*.

At the height of Covid-19, Victoria led the way – practically eliminating rough sleeping in a number of areas, using housing first ideas as a central design pillar in ongoing housing responses, and announcing an historic commitment to build new social housing properties.

Funding for these programs is now quickly coming to an end. This Budget must extend funding for these programs to avoid the 2,000 + households who have finally been able to access safe, secure and affordable long-term accommodation continue to have a place to call home.

Additionally, the VPTA notes that funding has recently lapsed for key programs supporting Aboriginal and/or Torres Strait Islander households – *More Than a Landlord*, and *Aboriginal Homes Connect*. These programs should likewise receive ongoing funding to ensure tenancies can be accessed and sustained by all Victorians. We note that Aboriginal Homes Victoria has provided the Government with specific recommendations about *More Than a Landlord* in particular, that the VPTA supports.

### *Recommendation Three*

*Extend funding for housing first inspired programs, Homeless to a Home and Homes for Families to keep the promise of long-term, safe, affordable housing, as well as More Than a Landlord and Aboriginal Homes Connect.*

## Make the Aboriginal and Torres Strait Islander Tenant Advocate pilot program ongoing

In late 2021, Homes Victoria granted the VPTA 12 months of funding to pilot two identified roles – the Aboriginal and/or Torres Strait Islander Tenant Advocate program.

As a result, for the first time Aboriginal and/or Torres Strait Islander Victorians have been able to access a culturally safe, free and independent service for advice regarding the Victorian Housing Register and social housing tenancies that is delivered independently from any residential rental provider.

This is in line with the goals of *Mana-na Woorn-tyeen Maar-takoort* (Every Aboriginal Person Has a Home), the Victorian Aboriginal Housing and Homelessness Framework.

The two staff were fully recruited and inducted by June 2022. In their first six months of work they had already assisted close to 100 Aboriginal and/or Torres Strait Islander households either access or maintain their housing, or to resolve key housing related issues.

Demand for these services has been substantial – there is a clear and urgent need for this service to continue.

The VPTA is seeking a permanent increase to organisational funding of \$350,000 per annum so that these roles can become ongoing.

### *Recommendation Four*

*Make funding for the Aboriginal and Torres Strait Islander Tenant Advocate program ongoing to ensure all social housing renters have access to cultural safe, free, and independent advice and assistance.*

## Prepare to Implement the Regulatory Review

This Budget should set aside funds to implement recommendations of Social Housing Regulatory Review Panel's Interim Report:

- a. No evictions into homelessness
- b. VPTA extended to become peak body
- c. Introduction of a Single Regulator and Dispute Resolution body

An independent Social Housing Regulatory Review was announced alongside the Big Housing Build, to ensure that Victoria's larger social housing sector is properly structured and equipped to assist renters access and sustain homes now and into the future.

The community sector has engaged deeply with the expert panel appointed, and the Interim Report suggested a number of important reforms that were broadly welcomed. Notably, recommendations aimed at putting greater protections in place to prevent evictions into homelessness, and greater support for renters through advocacy mechanisms such as expanding the role of the VPTA to become the peak body for all social housing renters, and important steps to ensure greater equity for social housing renters across different tenure types.

The work of the panel has concluded, with a Final Report and recommendations having been provided to Government in mid-2022.

Despite the time, important nature, and expense of this process, the Government has not released the Final Report, or indicated which, if any, of the recommendations will be implemented.

These recommendations should be implemented as a matter of priority – it's an investment in the success of the Big Housing Build.

### *Recommendation Five*

*Allocate funding in the 2023-2024 Budget to begin to implement the recommendations of the Social Housing Regulatory Review Panel's Final Report.*

## Resolve entrenched maintenance issues

Concerns and problems occurring due to poor service from maintenance contractors is a dominant theme of the VPTA's work with public housing renters.

Our Tenant Advocates often work with renters who have been waiting multiple months to have simple issues addressed, whose possessions have been ruined as a result of maintenance not being attended to, who are living in homes without access to one or more essential services, who feel they have been spoken down to and disrespected by contractors or found that contractors are not attending when scheduled.

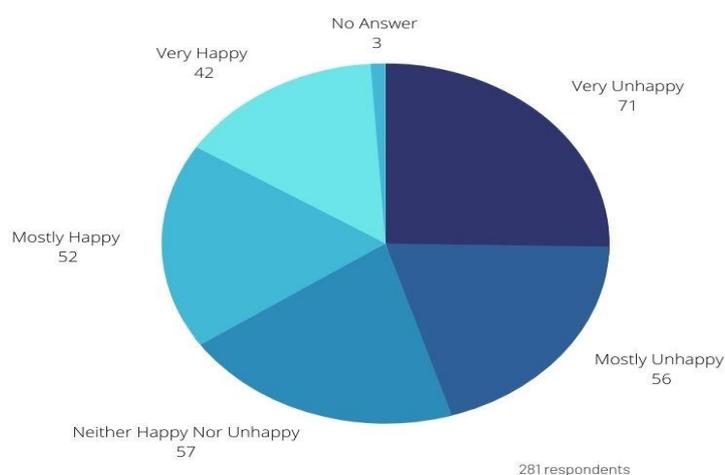
As maintenance contracts come up for renewal, it is imperative that they are reviewed and tightened to drastically improve services for renters.

## Quality control

People who live in public housing already experience a high level of stigma in the community, it is untenable that publicly funded maintenance contractors are attending public housing properties and causing residents to feel disrespected, wasting valuable resources by failing to adequately complete works.

Relatively high levels of reported satisfaction to quality control surveys (83 per cent satisfaction with urgent jobs, and 75 per cent satisfaction with non-urgent jobs) are inconsistent with experiences shared with VPTA staff and suggest that this issue is underreported to the Housing Call Centre. In 2021, the VPTA conducted a survey with Red Road Consulting for the Social Housing Regulatory Review Panel ('public housing SHRR Survey'). Around one quarter of responded indicated that they were very unhappy with the repairs and maintenance service that they had received.

In the last 12 months, how happy were you with your repairs and maintenance service?



*Source: public housing SHRR Survey, survey responses, unpublished*

Further, our Tenant Advocates are often told by renters that they have changed their plans or made special arrangements so that they can wait at home for a contractor to attend, and on numerous occasions – the contractor has both not attended, and not communicated this to the renter.

*Recommendation Six*

*Undertake a strict performance review of each maintenance provider, imposing all available penalties up to and including cancellation of the contract where adequate service has not been delivered to renters. Repeat this process regularly during the life of newly awarded maintenance contracts.*

## **Modernise Communication**

Many who rent in the private rental market, or who own their own home, would expect to be contacted with an update about the scheduled work, particularly if the contractor can no longer attend at the scheduled time and date. This is not the case for people who live in public housing.

The VPTA continues to advocate that the Department introduce a text message-based confirmation and alert system, similar to those operated by a number of companies, which confirms when a contractor is scheduled to attend a property, communicates updates or changes, and allows for the renter to respond quickly to indicate whether or not the arrangements are acceptable.

This would remove the need for contractors to call the renters they are scheduled to visit directly and is likely to therefore increase compliance with contract requirements.

*Recommendation Seven*

*Introduce a text message based confirmation and alert system, so that renters can be easily kept up to date with the status of their maintenance request, and when a contractor will be attending their property.*

## **Ensure appropriate contractors are available**

The VPTA has become aware of a need to ensure that where possible, there is an option for a renter to request a female contractor attend their property. Victim Survivors of Family Violence can be negatively impacted by the need to admit an unknown man to their home. However, a lack of female contractors employed by the companies holding maintenance contracts means that this cannot generally occur.

Although workarounds exist (such as having a trusted person present with the renter at the time the work is scheduled to occur) they are impractical as contractors are not reliably contacting renters or attending properties at the

scheduled time. This also places an additional load on already stretched housing and community services workforces which is not sustainable.

As maintenance contracts are soon to be reviewed, we recommend the new contracts include a requirement that a more diverse pool of contractors be employed.

#### *Recommendation Eight*

*Include a requirement in new maintenance contracts that will allow female contractors to be requested and ensure they will be available in specific circumstances – including where the renter has experienced Family Violence.*

## **Pilot a Public Housing Renters Forum**

The VPTA proposes to hold a Public Housing Renters Forum – a free to attend, one day event catering to approximately 100 Victorian public housing renters. Its purpose will be to bring people together, and to provide opportunities for renters to hear from and ask questions of key Government agencies and officials, hear from relevant community sector agencies, as well as learn and be inspired by each other's achievements.

The structure of the day would mirror that of a traditional conference, including blocks of plenary and concurrent sessions.

We commonly hear that people who live in public housing seek opportunities to gather and learn from and with each other. The Public Housing Renters Forum would meet this need.

#### *Recommendation Nine*

*Provide funding for the VPTA to pilot a Public Housing Renters Forum.*

## Summary of Recommendations

1. Introduce a Housing Asset Bond scheme to address the need for urgent public housing stock while long term planning and construction takes places.
2. Install solar panels on some existing public housing properties to save renters up to \$535.49 per year and create 1,118 jobs.
3. Extend funding for housing first inspired programs, Homeless to a Home and Homes for Families to keep the promise of long-term, safe, affordable housing, as well as More Than a Landlord and Aboriginal Homes Connect.
4. Make funding for the Aboriginal and Torres Strait Islander Tenant Advocate program ongoing to ensure all social housing renters have access to cultural safe, free, and independent advice and assistance.
5. Allocate funding in the 2023-2024 Budget to begin to implement the recommendations of the Social Housing Regulatory Review Panel's Final Report.
6. Undertake a strict performance review of each maintenance provider, imposing all available penalties up to and including cancellation of the contract where adequate service has not been delivered to renters. Repeat this process regularly during the life of newly awarded maintenance contracts.
7. Introduce a text message based confirmation and alert system, so that renters can be easily kept up to date with the status of their maintenance request, and when a contractor will be attending their property.
8. Include a requirement in new maintenance contracts that will allow female contractors to be requested and ensure they will be available in specific circumstances – including where the renter has experienced Family Violence.
9. Provide funding for the VPTA to pilot a Public Housing Renters Forum.

## Appendix 1: HAB calculations

**Table 1: Household income and rebated rent amounts<sup>7</sup>**

	Household A	Household B	Household C	Household D
	Single person, 42 years old	Couple, 70 and 75 years old	Single parent, 1 5 year old, 1 10 year old	Single parent, 1 child, 16 years old, studying full time
<b>Base Payment</b>	Jobseeker	Age pension	Parenting Payment	Jobseeker
	\$642.70	\$1,358	\$863	\$642.70
<b>Energy Supplement</b>	\$8.80	\$21.20	\$12	\$9.50
<b>Pension Supplement</b>	n/a	\$109.60	\$25.20	n/a
<b>FBT A</b>	n/a	n/a	\$395.92 (assumes maximum rate per child, excludes supplement)	\$257.46
<b>FBT B</b>	n/a	n/a	\$168.28 for 5 year old \$117.48 for 10 year old	\$117.46
<b>Total</b>	\$651.50	\$1,488.80	\$1,581.88	\$1,027.12
<b>Rebated rent (fortnightly) amount (25% of gross assessable income + 15% of child related payments)</b>	\$162.87	Excludes pension supplement \$344.6	Excludes pension supplement \$218.75 + \$102.25 = \$321	\$163.05 + \$56.24 = \$219.29
<b>Annual rebated rent</b>	\$4,234.62	\$8,959.60	\$8,346	\$5,701.54

**Table 2: Weekly median rent by LGA and property size<sup>8</sup>**

	Shepparton	Brimbank	Melbourne
<b>1 bed</b>	\$190	\$260	\$329
<b>2 bed</b>	\$275	\$340	\$475
<b>3 bed</b>	\$360	\$375	\$725

<sup>7</sup> Assumptions: Pension Supplement is excluded from gross assessable income, families receive maximum amount of FBT A and FBT B, families receive no child support, household has no rental or maintenance debt, excludes FBT supplement amounts.

<sup>8</sup> Source – DFFH, Tables from Rental Report March quarter, <https://www.dffh.vic.gov.au/publications/rental-report>

**Table 3: Total annual cost to Government, per property type<sup>9</sup>**

	<b>Shepparton</b>	<b>Brimbank</b>	<b>Melbourne</b>
<b>1 bed</b>	\$9,978.80	\$13,655.20	\$18,907
<b>2 bed</b>	\$14,443	\$17,856.80	\$24,947
<b>3 bed</b>	\$17,279.08	\$19,695	\$38,077

**Table 4: Total annual cost to Government, per household type and location<sup>10</sup>**

	<b>Shepparton</b>	<b>Brimbank</b>	<b>Melbourne</b>
<b>Household A</b>	\$5,744.18	\$9,420.58	\$14,672.38
<b>Household B</b>	\$1,019.20	\$4,695.6	\$9,947.40
<b>Household C</b>	\$8,933.80	\$11,349	\$29,731
<b>Household D</b>	\$8,741.46	\$12,155.26	\$19,245.46

**Average cost per home, per year<sup>11</sup>: \$11,304.61 (plus responsive maintenance costs)**

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<sup>9</sup> Annual market rent, +1%

<sup>10</sup> Property size determined by public housing allocations guidelines. Annual cost to Government = annual market rent + 1% (per table 3) less the amount of rebated rent charged to the household (per table 1).

<sup>11</sup> Assumes owners continue to pay rates but meet no other expenses.