



VICTORIAN PUBLIC  
TENANTS ASSOCIATION

# 2025-26 Federal Budget Submission

RETURNING COMPETITIVE NEUTRALITY TO SOCIAL  
HOUSING



## 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 waiting list, 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 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 2023-24 financial year we helped more than 1,300 residents and housing applicants. The VPTA's workload has more than doubled since 2020, and demand continues to grow.

## Acknowledgment of Country

This submission was prepared at the VPTA office, on the lands of the Wurundjeri people in Na'arm.

The VPTA team is privileged to work across Victoria. In all places, we acknowledge the Traditional Owners of Country. We offer our respect to Elders and their ancestors who have cared for the land, sky, and waters for tens of thousands of years.

## Income support, negative gearing and capital gains concessions

There are policy interventions available to Government that the VPTA believes would drive substantial improvements in housing affordability for the populations we seek to assist – namely through the increasing of income support payments and via tax reform.

These are topics that are well traversed by our colleagues in other parts of the community sector, and while the VPTA would be strongly supportive of these changes, they do not form an explicit part of this submission.

## Where has all the public housing gone?

The VPTA appreciates that both public and community housing have roles to play in a holistic social housing system. The scale of housing need for the lowest income Australians requires pulling every possible lever to create more housing options. We recognise that, in seeking to deliver varied types of housing packages – from the Housing Australia Future Fund, the Social Housing Accelerator, Help to Buy, and the forthcoming National Plan – the Government has been attempting to do this throughout its first term.

While both public and community housing seek to deliver long term rental properties at a price related to household income, there are many differences between the two social tenures which mean that despite the growth in community housing, public housing still has a vital role to play in housing the Australians most in need of assistance. Despite this, new funding streams from both Federal and State and Territory Governments have been overwhelmingly directed at community housing.

Public housing rents are more affordable than community housing rents, and public housing generally offers greater security of tenure. Researchers at RMIT University have found that it is public housing which has the greatest protective factor against homelessness, finding:

“...public housing to be a very strong protective factor reducing homelessness. Public housing is particularly effective because it is affordable. It has also traditionally offered a long-term, secure housing option for those at the bottom of the housing market. This is because public housing leases provide the benefits of security of tenure commonly associated with home ownership. Community housing on the other hand appears not to offer the same level of protection. These findings emerge despite community housing being affordable, however security of tenure

is weaker possibly because providers are more dependent on rent.”<sup>1</sup>

Not only is public housing a critical safety net, it is also the preferred social tenure type of many people. The Antipoverty Centre presented survey results to the Everybody’s Home People Commission which found that 55 per cent of respondents want to live in social housing, and of those:

- 46 per cent of respondents prefer public housing,
- 41 per cent of respondents reporting no preference, and
- Only 13 per cent of respondents prefer community housing.<sup>2</sup>

Experienced social housing renters in Victoria also indicate a strong preference for public housing over community housing, with 43 per cent of transfer applicants only willing to consider a public housing placement, compared to just two per cent who would only consider a community housing placement.<sup>3</sup>

There is a strong possibility that the high proportion of people selecting either public or community housing have done so for strategic purposes. It is frequently the strong advice of the VPTA to waiting list applicants that selecting both public and community housing gives them the best chance of receiving an offer of housing quickly.

In face of the many benefits of public housing, we must then ask why States and Territories have so strongly been preferencing community housing growth in recent years.

For example, Victoria’s flagship Big Housing Build pledges to deliver 12,000 new homes. Not one of them will be publicly owned and managed. All will be managed by the community housing industry.

It wasn’t until the Social Housing Accelerator was announced that the Victorian Government committed to new public housing in the redeveloped Carlton ‘red brick’ high rise renewal. However, more than a year on, the VPTA and impacted residents at other sites has continued to push for confidence that at least some of the homes at other renewal sites will be retained in public hands. This is an urgent question for affected households, who have clearly stated a strong desire to return to their homes as public housing residents. They continue to wait for an answer.

The VPTA believes that a significant cause of the preference for delivering community over public housing relates to the competitive advantage that

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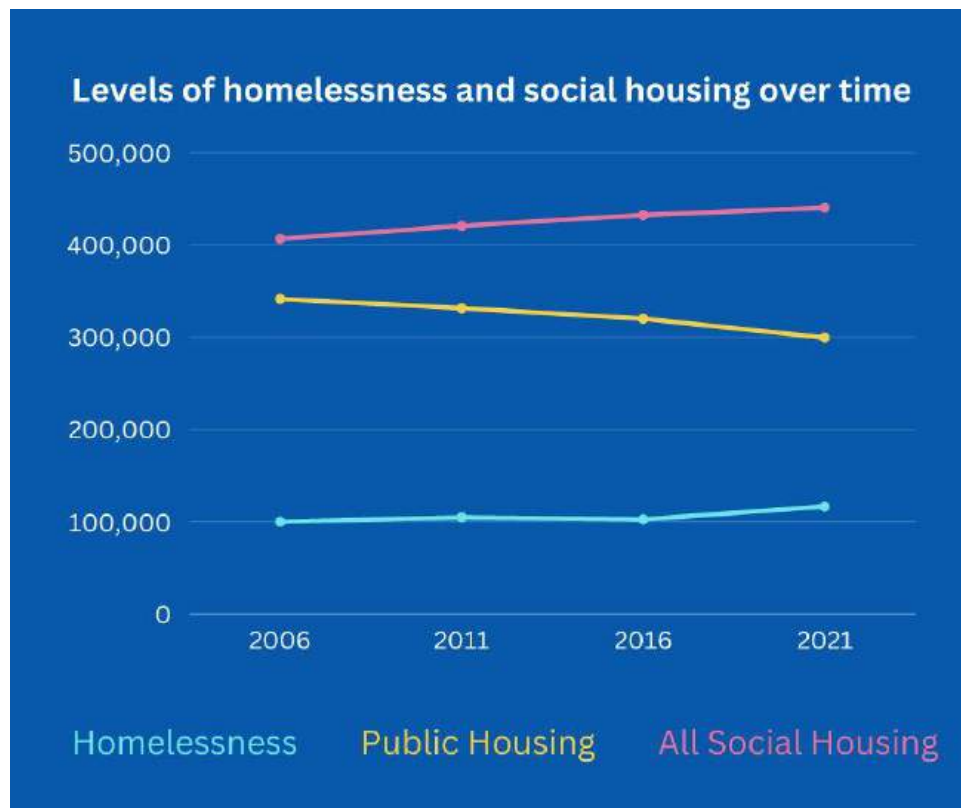
<sup>1</sup> Johnson G, Scutella R, Tseng Y and Wood G, *How do housing and labour markets affect individual homelessness?*, Housing Studies, 2018, <https://doi.org/10.1080/02673037.2018.1520819>.

<sup>2</sup> Everybody’s Home, ‘Voices of the Crisis: Final Report from the People’s Commission into Australia’s Housing Crisis’, 2024, pg 47.

<sup>3</sup> Homes Victoria, ‘Applications on the Victorian Housing Register: Preferred social housing provider – transfer applications only’, <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr#transfer-applications-on-the-vhr>, accessed 31 October 2024.

community housing holds over public housing, as an indirect result of their business model. This is a serious issue as it causes taxpayer money and assets to be funnelled to private organisations which are less capable of addressing the needs of all Australians who need housing support and is highly likely to leave those in most urgent need out in the cold.

This can be demonstrated by comparing the upward trend of homelessness with the loss of public housing, even in the face of an increase in social housing overall.



### Addressing the unintended consequences

There are two key changes which the Federal Government could make that would return much of the competitive neutrality to the social housing sector:

1. Treating State and Territory Housing Authorities as charities for tax purposes, and
2. Extending eligibility for Rent Assistance to public housing renters.

#### The tax status of State and Territory Housing Authorities

As charities, community housing providers can deduct Goods and Services Tax ('GST') from their construction costs.

This directly results in a community housing provider being able to build many more homes than the State or Territory could if they were building the homes

directly.

Given State and Territory Governments have an ethical obligation to be building and holding homes for the benefit of taxpayers, it would be consistent with the intended purposes of charitable tax exemptions to extend these to State and Territory Governments for the express purpose of constructing new public housing.

The VPTA believes that if State and Territory Governments can get the same output dollar for dollar in housing construction as a community housing provider, one key disincentive for developing more publicly owned and managed housing will be eliminated.

#### Rent Assistance for public housing residents

The VPTA understands the historical reasoning for excluding public housing renters from receipt of the Rent Assistance supplement being that their housing was already federally subsidised via payments to States and Territories for housing and homelessness responses.

However, as the community housing industry has expanded, they too have begun receiving funding directly from State and Territory governments for the purpose of delivering housing services. This creates a double layer of funding that public housing cannot access.

Further through the Housing Australia Future Fund, and the National Housing Infrastructure Facility before that, community housing providers can access a further source of funding which remains impractical out of reach for State and Territory Governments. The effect of these conflated funding sources is that private community housing providers can triple-dip into public funds in a way that public housing cannot.

This is a source of substantial unfairness between public and community housing.

This is exacerbated when considering that the proportion of rents charged in community housing in Victoria exceed those charged by public housing, even before the provision of Rent Assistance is taken into account.

For example, an Age Pensioner in Victoria would pay proportionally more rent living with some community housing providers than in public housing, before Rent Assistance. Once Rent Assistance is taken into account, a single Age Pensioner would pay more than thirty per cent of their total federally supplied income directly to their housing provider.

<b>Income components</b>	<b>Public housing assessable</b>	<b>Community housing assessable</b>
<b>Base payment \$1047.10</b>	25%	25 – 30%
<b>Energy supplement \$14.10</b>	25%	25 – 30%
<b>Pension supplement \$83.20</b>	Not assessable	25 – 30%
<b>Total</b>	\$265.22	\$286.02 – \$343.30
<b>Proportion of income as rent</b>	23%	25% - 30%
<b>Rent assistance \$211.20</b>	Not received	100%
<b>Total payable</b>	265.22	\$497.22 - \$554.50
<b>Proportion of income as rent</b>	23%	37% - 41%

By paying Rent Assistance to public housing renters, or the equivalent amount of rent assistance directly to State and Territory Housing Authorities, public housing would be more fairly funded on a per head basis.

## Conclusion

Thank you for the opportunity to provide this submission to Government. Should you wish to discuss these recommendations further, please contact Katelyn Butterss, [kbutterss@vpta.org.au](mailto:kbutterss@vpta.org.au).

## Recommendations

1. Exempt the cost of public housing construction from tax, consistent with the tax treatment available to community housing providers due to their charitable status.
2. Extend eligibility for Rent Assistance to public housing renters or provide an equivalent amount of additional funding to State and Territory housing authorities.