



Affordable Housing Industry Advisory Group

c/- Nicola Foxworthy, Chair

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TO: Social Housing Regulation Review

info@shrr.vic.gov.au

Thank you for the opportunity to submit to the review of Social Housing regulation in Victoria.

The Affordable Housing Industry Advisory Group (the Advisory Group) is a member-based organisation comprising representatives from peak industry bodies and organisations involved in the residential development, finance, and not-for-profit housing sectors (see **Attachment 1**).

The Advisory Group vision is for a sustainable, scaled and diverse Affordable Housing system (which includes Social Housing), that meets the housing needs of very low to moderate income households.

The Advisory Group objective is to draw on its members' experience to inform the development of this system and ensure industry is enabled to partner, co-invest, deliver and manage outcomes at scale.

Reflecting its cross-industry composition, the Advisory Group is particularly interested in how regulation can:

- Provide an enabling regulatory environment that supports the growth of a systemised, scaled and diverse Affordable Housing industry that involves a range of participants and inputs from across government, the private and not-for-profit sectors;
- Support trust and confidence in regulated entities as prudential managers of investment and social outcomes, in turn supporting increased investment in new supply;
- Support transparent, clear and equitable regulatory oversight of the application and recycling of subsidy by a diversity of entities operating at local and/or national levels and at a range of scales;
- Support established and emerging models of Affordable Housing delivery, ownership and management;
- Support innovation and appropriate levels of risk taking by regulated entities, reflecting the sources of investment, participants in the system and need for scaled outcomes;
- Support consumers of Affordable Housing to access and sustain their housing outcome and to pathway between different tenures and levels of subsidy whilst remaining in the same dwelling (if desired and appropriate).

The Advisory Group recently provided a submission to the Homes Victoria consultation on the development of a long-term Social and Affordable Housing strategy that highlights several elements considered critical for governments to put in place to ensure a well-functioning Affordable Housing system. A copy is provided to the review at **Attachment 2**.

Ensuring an appropriate regulatory system to support sector growth and ensure the appropriate use and re-use of subsidy over time is recognised as an important part of a sustainable Affordable Housing system. The review of the regulatory environment is subsequently strongly supported.

The Advisory Group note that the first discussion paper is not specifically addressing issues with current regulation or potential areas for new regulation and look forward to further opportunities to input on these areas as the review progresses. Please note that Advisory Group members may also make direct submissions to inform the review from specific sector positions and experience and may hold different opinions on any single issue.

Comments on Terms of Reference

The Advisory Group note that the Review's Terms of Reference appropriately recognise the importance of tenant experience and voice; the need for regulation to support significant growth, avoid duplication, and ensure comparable and transparent regulation of both public and community housing; and the case for moving towards national regulation.

As an overall comment, the Advisory Group note that the review title positions it as an examination of the regulation of 'Social Housing', but that the terms of reference appropriately reflect there are broader 'affordable housing' models in operation and indicate that it will assess how the regulatory system can support growth and ensure oversight across community, public and affordable housing.

It is recommended that going forward, the review and subsequent discussion papers reflect and position itself as assessing current and potential regulation required to support a scaled and sustainable Affordable Housing system, which includes Social Housing as a key delivery, allocation and management model.

Reflecting this broader framework and the input into the development of a long-term strategy, the review is recommended to focus on how regulation can support:

- **Outcomes for people**, with emphasis on appropriateness of built form and tenure, affordability and security of housing, eligibility and allocation, consumer rights and participation and choice;
- **Sustainability of existing assets and growth in supply through investment attraction**;
- **Diversity** of affordable housing types, tenures and pricing;
- **Housing pathways, security and choice**, including home ownership models and options where residents do not need to move if circumstances change; and
- **Accountability** for public investment, including transparency of outcomes and consistency in performance standards.

Comments on Discussion Paper Focus

The Advisory Group supports the review taking a consumer focus. In its submission to 10-year strategy consultation the Advisory Group suggested the following indicative framework provides a consumer lens from which to develop a strategy. This framework is suggested to also be of relevance to the

review and the consideration of the ways in which regulation intersects with the system and the realisation of Affordable Housing outcomes for people:



The discussion paper focuses predominantly on the current Social Housing system, being housing that is owned or managed by the State (public housing) or a community housing agency. It also notes there are other forms of low-cost housing such as caravan parks and boarding houses with varying levels of regulation and limited or no affordability or allocation requirements.

The Advisory Group consider that the definition of 'low cost housing' as the primary definition for the review does not reflect the essential interaction between a housing product and a household's capacity to pay in determining an Affordable Housing outcome. The Advisory Group is concerned that this definition may not support a regulatory approach that can respond to the dynamic nature of Affordable Housing outcomes or the breadth of Affordable Housing tenures and models both in operation and emerging.

It is recommended that going forward the review reflect the definition of Affordable Housing adopted by the Victorian Government and legislated in the *Planning and Environment Act 1987* being, 'housing, including Social Housing that is appropriate for the housing needs of – very low, low, moderate income households'.

The Act establishes income bands and a range of matters that must be considered when assessing the appropriateness of a housing form for these households. This framework reflects Affordable Housing can encompass Social Housing and other programs, tenures, ownership and management structures, and places emphasis on household eligibility, housing need and elements to ensure appropriateness of the housing response, particularly affordability and allocation to households in need.

The Advisory Group recommend that the review apply this wider definition and consider whether the current legislative regulatory environment, including the definition of Social Housing under the Housing Act (which relates to ownership not tenant beneficiaries), best reflect this broader and emerging Affordable Housing system.

Related to this point, the Advisory Group suggests that the discussion paper does not adequately reflect current and emerging Affordable Housing models and programs including:

- Housing provided under the public or community housing systems to eligible households at a market price (where there is no subsidy but allocation policy, realisation of security of tenure, or housing support not otherwise offered in the market is important);
- Home ownership models such as shared equity or affordable rent-to-buy; and
- Privately owned and managed affordable housing, such as within build-to-rent developments.

It is suggested further emphasis is given in the next phase of the review to these areas and the other areas regulation of outcomes noted in point 4.4 of the discussion paper, including regulation through charitable tax requirements; housing secured on privately owned land by planning requirements or a Section 173 agreement under the *Planning and Environment Act 1987*; or housing owned and potentially managed by private operators currently operating under minimal or no specific Affordable Housing regulatory framework.

The Advisory Group would welcome the opportunity to discuss or clarify its submission and for opportunities to share its experience with the review team to input into the next stage of the review.

Please contact myself as Chair at nicola@cehl.com.au or Kate Breen (kate@adoutcomes.com.au) with any questions or to arrange a time to discuss.

Yours sincerely

Nicola Foxworthy
Chair

Attachment 1: Advisory Group Membership (June 2021)

- Community Housing Industry Association Victoria
- Urban Development Industry Association (Vic)
- Common Equity Housing Ltd
- Housing Choices Australia
- Housing First
- National Affordable Housing Consortium
- Unison
- Haven Home, Safe
- Frasers Property
- ISPT
- Mirvac
- Burbank Group
- Bendigo Bank
- Bank Australia
- CBRE
- Savills Property Consultancy

Attachment 2: Submission to development of long-term strategy

- *See attached*