

## **Speaking Notes for the Launch of “Vision and Plan for Social Housing”**

*A report for Powerhousing Australia,  
prepared by SGS Economics & Planning Pty Ltd, July 2009*

This report was deliberately called ‘Vision and Plan’, because you can’t properly plan or manage anything unless you know where you’re heading.

We desperately need a vision for social housing. There’s plenty of COAG activity; plenty of rules and regulations for the providers of social housing – especially in the not for profit sector; and in one sense, there’s plenty of money.

But what are we actually trying to achieve with all this effort? What do we expect of our collective investment in social housing in a post industrial, post GFC, ageing and carbon priced Australia?

Oddly, despite the billions we’ve poured into social housing over the past 6 decades, the public discourse about the role and purpose of social housing has been threadbare – a little like prison reform in this regard.

However, one could claim that actions speak louder than words. Implicitly we’ve gradually shaped the role of social housing to become residualist sector – a housing provider of last resort, or a welfare safety net. We’ve slowly but surely choked back aggregate investment since the 1950’s; we have about 100,000 fewer social housing units today than what we would have had had we maintained the social housing rate at 5.8% of the total stock – the figure it was at in 1996.

Recently, the Commonwealth has started to set out a new agenda for social housing. In a speech to the Sydney Institute in March last year, Housing Minister Tanya Plibersek highlighted that public housing no longer provided the ‘platform for opportunity’ it was designed to offer when the CSHA was first devised in the 1940’s. She noted, with regret, that social housing today was tightly targeted on people dependent on welfare payments. She called for stronger investment, without saying how much.

But even these statements fall short of a crisp and clear vision for the role of social housing in a modern Australia. Is it to be ‘a better safety net’ or should we try to reinstate it as a mainstream housing option, which can provide a stepping stone to opportunity for otherwise marginalized households, and help us meet our objectives for inclusive and sustainable cities and regions?

The vision proposed in the report is a long one, but there are no superfluous elements.

Over the 10 years to 2020, social housing in Australia will transition from its current safety net role to resume its originally intended function to provide low and moderate income households with opportunities to engage in employment, education and training within neighbourhoods which are safe, well connected to urban services and reflective of the wider social mix across the nation. To achieve this role, social housing stocks will ultimately need to be expanded to between 10% and 15% of all occupied private housing. Fulfillment of this mandate to build sustainable communities will also require a transformation of social housing management. By 2020, social housing will be offered within a genuine multi-provider system, fostering innovation, value for money and customer choice. The not for profit sector is expected to comprise at least half of all community / government owned housing, including stock transferred from public housing authorities.

The 10% to 15% target is critical to this vision. It is an evidence based aspiration, calibrated to provide secure housing to the most vulnerable, and affordable housing to the large moderate income sector which is squeezed out of home ownership in jobs rich locations.

But let's not mistake just how monumental this task is. Were we to achieve a 15% ratio of social housing by 2020, we would need to invest around \$19 billion per year; 10% would require an investment of around \$10 billion per year. To achieve 10% over a 20 year period, an annual investment of around \$7.4 billion would be required; 20% to 25% of all housing starts would need to be in this sector. This puts the \$6.4 billion Nation Building package in some perspective.

However, it is also important to remember that 10% to 15% is a modest target by some international standards. Austria, Denmark, France, Sweden and UK all have around 20% of their housing in this sector. In those countries with less than 10% (e.g. Ireland, Belgium and the US), social housing tends to be highly residualised, carrying the sorts of problems that Minister Plibersek was saying we need to confront and roll back.

To deliver anything like the vision just outlined, we need to look beyond the current institutional arrangements for social housing in Australia. The vertically integrated, quasi military approach which is embodied in most of our public housing authorities might have suited the 1950's when we were rolling out huge estates to supply workers to factories and ports. But it is out of step with today's requirements for flexibility and customer focus.

It is also secretive and opaque. It shouldn't be necessary to have a succession of AHURI reports trying to understand the finances of State Housing Authorities. With greater transparency and good will, we might have had a much healthier outcome under the old CSHA.

We argue in the report, that the new institutional arrangements have to feature a much bigger role for the not for profit sector – which resonates with the Minister's call back in March. The not for profit sector deserves this role partly because the old bureaucratic models don't work anymore. More importantly, expanding the non-government, non profit sector will improve productivity and consumer choice in the delivery of social housing. Competition by comparison amongst multiple providers can also be expected to generate much faster innovation in social housing. Not for profits have also demonstrated a superior capacity to provide housing for key workers and to promote human capital development by engaging otherwise disenfranchised people in the workforce.

This bigger role for not for profits needs to be facilitated in a comprehensive reworking of Commonwealth-State arrangements for managing the taxpayer's investment in social housing. The report suggests that these new arrangements should be characterized by five key themes:

1. A contestable multi-provider system;
2. Tempering the dominance of the State Housing Authorities (which soak up too much of the thinking power in the industry and monopolise flows of advice to Ministers);
3. More involvement from the private sector, building on the Government's NRAS initiative;
4. Strong nationally based prudential supervision of social housing providers (to safeguard the community's capital, but also to facilitate institutional investment); and
5. Capacity building because, with a growing number of exceptions, community housing is still a cottage industry.

Specifically, we have proposed two new Commonwealth institutions. Firstly; an Australian Social Housing Regulatory and Prudential Supervision Authority (ASHRPSA) This would provide advice to the Commonwealth on warranted investment in social housing. It would also be responsible for the registration, auditing and prudential supervision of social housing providers, including State Housing Authorities and those in the private. ASHRPSA would ultimately replace State and Territory based registration arrangements. It would operate at arm's length from the Government, with its own competency based board.

Secondly, we have proposed the formation of an Australian Social Housing Development Authority (ASHDA). This would be focused on training, knowledge transfer and innovation within the sector. It would be jointly funded by the Commonwealth, States and its social housing provider members. Its board membership split accordingly. Organisations like Powerhousing Australia would 'keep ASHDA honest' by representing members' interests. Locally based peak bodies and capacity building agencies would ultimately 'fade away' or reposition themselves as niche organizations once ASHDA is up and running.

Importantly, overall policy would still be enshrined in the National Affordable Housing Agreement (NAHA – the replacement for the CSHA). Funds would flow to providers via the States, not direct from the Commonwealth. Consistent with the subsidiary principle, the States would continue to decide where and how social housing funds are best deployed. But the formation of ASHRPSA would remove a key obstacle that has dogged Commonwealth – State relations in this area, as the performance of providers across the country would be rendered much more transparent.

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