



Public Accounts & Estimates Committee

Minister for Housing

16 May 2012

The Housing Portfolio

Total Social Housing (June 2011)		
Dwellings		82,974
➤ Public		65,352
➤ Community		13,464
➤ Transitional / Crisis		4,158
Residents	Approx	130,000
<u>Other Services</u>		
- Emergency (fire and flood)		
- Accommodation		
- Bond Loans Housing establishment		
- NRAS		

2012-13

1,600 upgrades to public housing dwellings.

1,150 new homes to be acquired.

77,000 households to be assisted with long term social housing.

Over \$200 million for Homelessness support.

Government Challenges

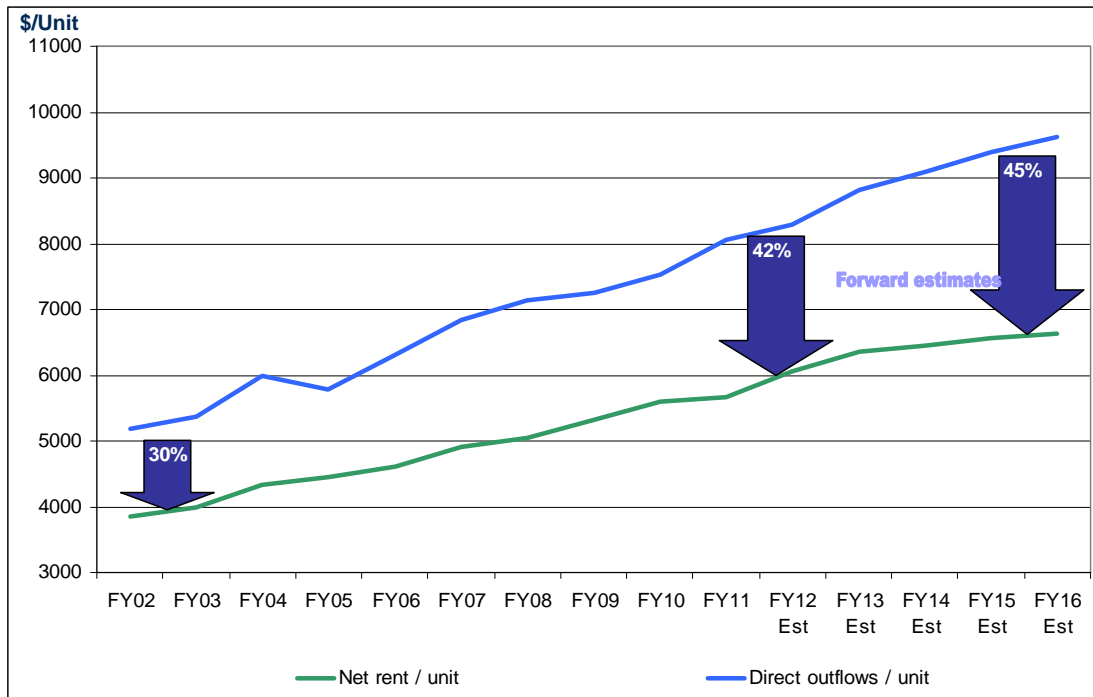
- **Growing structural deficit**
- **Lack of knowledge of property conditions**
- **Poor asset management**
- **Significant maintenance backlog**
- **Homelessness**

“The situation for public housing is critical. The current operating model and asset management approach places the long-term provision... at risk” (Victorian Auditor General – March 2012)

“The evidence base used to inform decision-making is incomplete and outdated” (Victorian Auditor General – March 2012)

Financial Unsustainability

- There is a growing structural deficit
- Operating costs now exceed revenue by 42 percent (even with the historical underinvestment in maintenance)



“... Public housing’s operating model is unsustainable” (Victorian Auditor General – March 2012)

“The current situation has been developing over an extended period.” (Victorian Auditor General – March 2012)

Seven initiatives to address Housing's challenges from 2011

1. An independent review of the Housing and Community Building Division finances, including a Line by Line expenditure review.
2. Comprehensive property condition audit of the entire portfolio.
3. Better management of vacant stock – reduced turnaround times by 10%.
4. Audit of vacant stock – 1,000 properties returned to tenancy.
5. Commenced development of the new Housing Framework.
6. Commissioned evaluation of outstanding Nation Building projects which were 1,000 behind target when Coalition came to Government.
7. Better management of waiting list.

Homelessness Action Plan

- Reform of homelessness support services through release of the *Victorian Homelessness Action Plan*
- Innovative approaches to homelessness
- Early intervention and prevention
- Better target of resources
 - when and where most needed
 - what will make the biggest difference
- Focussed on outcomes not throughput
- Commitment of \$76.7 million
- \$25 million for innovative action projects over two years

“We particularly welcome the opportunities for innovation funded in the Plan, as well as the focus on joining up approaches across different areas of government service delivery, including health, education and justice.”

“The Plan will implement and evaluate these new approaches and chart a path towards wider system reform.”

(Victorian Council of Social Service – Media Release
5 October 2011)

Housing Framework

- A three month consultation period on two discussion papers
- The two papers:
 - *Pathways to a Fair and Sustainable Social Housing System*
 - *Social Housing – Options to Improve the Supply of Quality Housing*
- Auditor General's report *Access to Public Housing* found a legacy of poor asset management and financial unsustainably.
- Need a new approach. Status Quo is not an option.

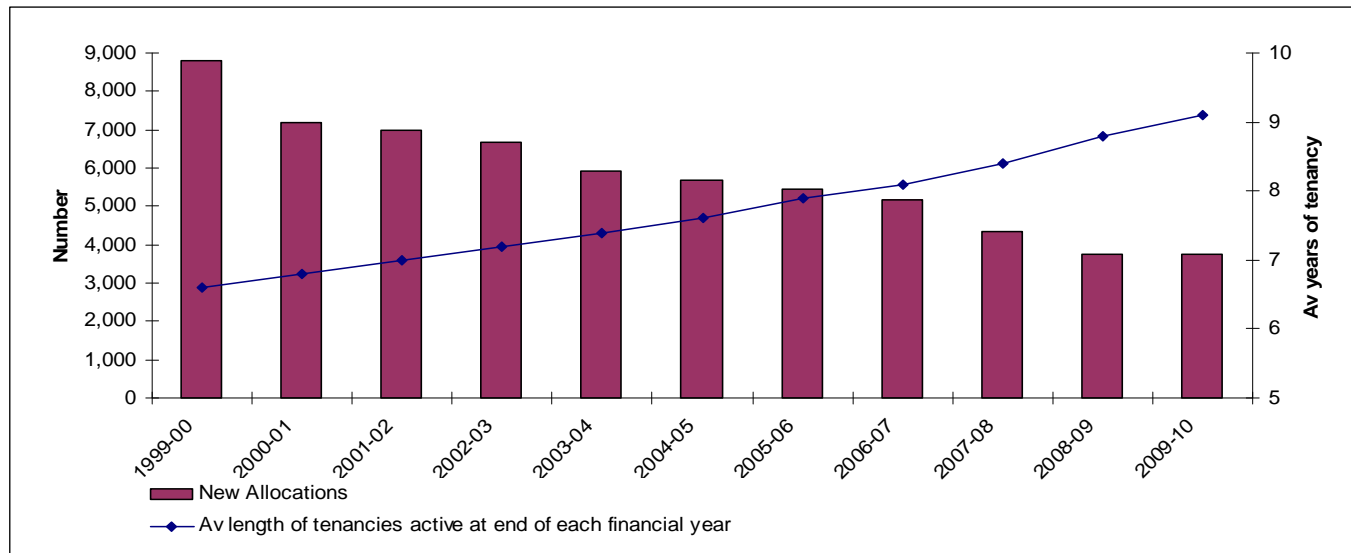
“New directions must explore innovative options for public housing... so that access to public housing can be better managed and sustainable...” (Victorian Auditor General – March 2012)

“... need for greater focus on the financial viability of public housing and other social housing options. While the long-term, future financial viability of public housing remains unresolved, the housing needs of many low-income Victorians will continue to be unmet.” (Inquiry into the adequacy and future directions of public housing in Victoria – Sept 2010)

Shift in public tenant profile

The change over time in the profile of public housing tenants has resulted in:

- lower rental returns
- reduced turnover in public housing dwellings



2012-13 Budget Initiatives

- Extension of the Support for High Risk Tenancy Program for a further four years.
- Extension of Opening Doors program for a further four years.
- Commencement of the first Youth Foyer.



Major capital projects

New Norlane

- Four-year, \$80 million public and private housing initiative.
- 320 new affordable low-density homes.
- Generating local jobs and investment for Geelong.

Housing Affordability Fund

- \$175.3 million Commonwealth funding to build 547 new affordable rental homes in Fitzroy, Prahran and Richmond.

Westmeadows

- Five year \$160 million private and social housing redevelopment with \$56 million State contribution.
- More than 220 private homes.
- 110 social housing homes.
- 34 independent living units for older Victorians.
- 120 bed aged care facility.
- New parks, bike paths and green walkways.
- In partnership with Australand and Baptcare.



Artists impression of the proposed Westmeadows development.

Summary

2012-13 is an opportunity for the Government to set a fresh strategic direction so that we can continue to deliver public and community housing into the future:

Priorities

- Addressing structural deficit
- Completion of the property condition audit
- Major capital projects

Victorian Housing Framework

- Focuses on financial sustainability
- Improving fairness

Victorian Homelessness Action Plan

- Innovative approach
- Early intervention & prevention
- Targeted resources

Budget Initiatives

- Youth Foyers
- Support for High Risk tenancies
- Opening Doors

Housing Acquisitions

