



VICTORIA'S SOCIAL HOUSING SUPPLY REQUIREMENTS TO 2036

FOREWORD

The Royal Commission into Family Violence highlighted the shortfall in affordable housing options available to women and children escaping family violence. It articulated the vital nature of safe, stable and affordable housing and how a lack of affordable housing options can exacerbate trauma, disrupt social and economic participation, adversely affect health and wellbeing and sometimes leave little option but to return to a violent partner.

In response to the commission's recommendations, and to address the housing challenge, Minister Foley established the Family Violence Housing Assistance Implementation Taskforce. The taskforce brings together social and commercial housing experts, homelessness and family violence specialists and senior government officials.

To clarify the scale of demand for social housing, the taskforce commissioned an early piece of work from Dr Judy Yates, an Honorary Associate in the School of Economics at the University of Sydney. The taskforce asked for a high-level projection of demand over the next 20 years, based on predicted population growth. This work attempts to: quantify the additional supply required to sustain the current level of social housing; support a case for informed policy and investment decisions in relation to social housing; and inform the demand modelling still required to provide information specific to particular priority clients, with a key focus being those impacted by family violence.

This report shows that around 1,600 new long-term social housing dwellings are required each year for the next two decades, if social housing levels are to keep pace with overall housing growth. This figure would maintain social housing stock at current levels, in relation to total occupied housing stock in Victoria, when taking into account predicted population growth. The report's findings are consistent with those in reports recently published by Infrastructure Victoria and the Community Housing Federation of Victoria.

In addition, the taskforce is pleased to be working closely with government to clarify the continuum of housing support required in response to family violence. A particular focus is the evaluation of the range of housing related services funded through the 2016 Family Violence Housing Blitz package. These responses include: safe at home responses, flexible support packages and private rental assistance, all of which are geared to achieving the best possible housing and life outcomes for Victorians in need. Many of these assistance measures are already being rolled out in the state as part of Victoria's largest ever investment in homelessness and social housing interventions of over \$2.7 billion.

The last year has seen an extraordinary level of collaborative work between the Victorian Government and the human services sector. The taskforce is pleased to make this critical if preliminary report available, and will now turn its focus to the complex tasks of providing government with advice about both the future demand for social housing and best practice housing support models, for victim survivors of family violence.



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CEO, Council to Homeless Persons
Chair of the Family Violence Housing
Assistance Implementation Taskforce

May 2017

QUANTIFYING THE SCALE OF DEMAND FOR SOCIAL HOUSING

SUMMARY

1,700 more social housing homes are needed each year over the next 20 years to maintain social housing at its current 3.5 per cent share of the total homes in Victoria. This is an increase of over 30,000 social homes over the next two decades.

Double this amount of social housing homes is needed over the next 20 years if lower income households, currently facing housing stress in the private rental market, are to have affordable housing.

INTRODUCTION

The Royal Commission into Family Violence highlighted the lack of appropriate accommodation for victims of family violence. It recommended the establishment of a Family Violence Housing Assistance Implementation Taskforce to support the Victorian Government to understand and address housing challenges facing Victorians fleeing family violence.

Dr Judy Yates, an Honorary Associate in the School of Economics at the University of Sydney, was commissioned by the taskforce to research Victoria's social housing requirements to 2036.

The findings from Dr Yates' research help to respond to the Royal Commission's recommendation for the taskforce to quantify the number of additional social housing units needed to house victims of family violence who are currently unable to gain access to and sustain private rental accommodation. These projections, based on the expected increase in population over the next 20 years, will also assist the taskforce to provide policy advice to the Victorian Government to guide reform in homelessness, social and affordable housing. A summary of Dr Yates' research is provided below.

SOCIAL HOUSING IN VICTORIA

Adequate supply of social housing remains an enduring issue

across Australia and internationally. A shortage of social housing has meant that an increasing number of households must rent in the private market where the availability of affordable housing has declined. This is leaving a significant number of families and disadvantaged households without a suitable place to live.

Social housing remains a scarce resource in Victoria, with the volume of housing applicants exceeding the number of available dwellings. Once housed, tenants are staying longer in social housing, resulting in fewer opportunities to house the more than 30,000 new applicants, currently on the Victorian Housing Register.

In 2006, the long-term social housing stock (excluding short- to medium- term stock) was sufficient to house 3.8 per cent of all households in Victoria. By 2016 it had reduced, with the capacity to house a little less than 3.5 per cent of all households. Short- to medium- term housing has provided support for an additional 0.2 per cent of all households.

In 2016, Victoria had a total of 86,266 social housing properties of which 75 per cent were public housing, 22.7 per cent community housing and 2.3 per cent Aboriginal community housing. While the majority is classified as long-term rental, approximately 5 per cent (almost 4,000 social housing dwellings) is used for short- and medium-term accommodation under the crisis supported accommodation and transitional housing management programs.

SOCIAL HOUSING NEED BASED ON PLANNING DATA PROJECTIONS

The projections for the amount of social housing required over the next two decades were based on the Victoria in Future (VIF)¹ report prepared by the Victorian Department of Environment, Land, Water and Planning. The VIF 2016 report says there are currently 2.37 million households in Victoria, and projects this would increase by 954,000 households to reach a total of 3.3 million households by 2036. That is an increase of 45,000 to 50,000 new households each year over that 20-year period.

The VIF projections are based on the assumption of an average annual growth rate of 1.7 per cent per annum over the 20 years from 2016 to 2036. Growth is projected to be slightly higher in the earlier part of that 20-year period from 1.9 per cent between 2016 and 2021. It is expected to slow down in the later years, to 1.5 per cent between 2031 and 2036.

Based on these growth rates, a key finding of the report is that over 30,000 additional dwellings need to be added in the next 20 years if Victoria is to maintain long-term social housing at the current rate of 3.5 per cent. This translates to an increase of around 1,600 to 1,700 dwellings each year to 2036, with approximately a further 100 extra homes added to the short- to medium- term rental stock to maintain the current level of social housing.

This would be a considerable increase to the long-term rental stock compared to what has previously occurred.



HOUSING NEED FROM CURRENT SHORTAGES

The social housing projections contained in this report assume that current rates of provision of social housing are adequate to meet current (and future) housing need.

There are a number of reasons why the projected numbers are likely to prove inadequate to meet future needs:

- ... The number of applicants on the Victorian Housing Register and its precursor, the Public Housing Waiting List, continues at high levels. This is, in part, because of significant shortages of affordable and available dwellings in the private rental market. The 2011 Census reported a significant number of Victorians in the bottom quintile of the income distribution, who are paying 30 per cent or more of their household income to rent in the private market. Analysis of the 2011 Census data shows that this is partly due to a shortage of affordable and available private rental dwellings – with this shortage estimated to be about 64,500 dwellings in Victoria.
- ... Shortages in the affordable private rental market also affected low-income households in the second income quintile with a shortage of close to 22,000 private rental dwellings for this group, with more than 20,000 of these in Melbourne.
- ... A shortage of social housing, however, means that not all potentially eligible households are motivated to apply. In its recent *30-year infrastructure strategy* for Victoria, Infrastructure Victoria states that between 75,000 to 100,000 disadvantaged low income households in Victoria² do not have access to affordable housing. These estimates take into account households on the Victorian Housing Register, low income households experiencing housing stress and any Commonwealth Rent Assistance recipients paying more than 50 per cent of their income on housing.

- ... Further, close to 1 per cent of all households in Victoria but currently not in social housing, are estimated to be eligible for priority access to social housing given current eligibility criteria. With applicants for priority access on the Victorian Housing Register at around 10,000, this suggests that un-expressed demand may be almost twice the un-met demand expressed by the wait list.
- ... An even greater gap arises for households eligible for general social housing (including those eligible for priority access). More generous income and asset eligibility limits mean that almost 7 per cent of all Victorian households – or close to 150,000 households, including those currently in public housing – would be assessed as being eligible for social housing.

Each of these indicators suggest that the current 3.5 per cent share of long-term social rental housing, with a temporary back-up provided by almost 4,000 dwellings for short to medium-term allocations, does not meet the current expressed and un-expressed demand for social housing. Maintaining social housing at 3.5 per cent of total housing over the next 20 years is unlikely to meet future social housing requirements.

1 Victoria in Future 2016 Report retrieved from the Department of Environment, Land, Water and Planning website <<https://www.planning.vic.gov.au/land-use-and-population-research/victoria-in-future-2016>>.

2 Infrastructure Victoria – Draft options book version two <<http://www.infrastructurevictoria.com.au/document-library>>, October 2016, p117, pp670–672.

UNMET NEED FROM DISADVANTAGED GROUPS AND FUTURE WORK

NEXT STEPS

As the shortage of affordable rental housing becomes more acute, the pressure placed on the existing social housing stock by particularly disadvantaged households is likely to increase. Some of this demand, such as that from sole parents and single persons, will come from households identifiable in the VIF2016 household projections. However, the VIF2016 projections do not report on gender, age or income, which limits the ability to fully understand demand in a detailed way.

A significant proportion of the pressure on the existing social housing stock is likely to arise from households that cannot be identified in the VIF2016 projections or, indeed, who sometimes cannot be identified from demographic data alone. This is particularly likely to be the case for:

- ... people experiencing family violence who are unable to access and sustain private rental accommodation
- ... those in need of supported accommodation or modified housing, including persons with a disability
- ... those often discriminated against in the private market such as Aboriginal people or recently arrived refugees.

Information on the future eligibility for such households is likely to be available only from specialist surveys that focus specifically on these particular groups.

For other disadvantaged households, where the extent of the unmet demand is less readily identifiable, projections of future need are more problematic. Illustrative information on the current extent of unmet demand from some of these households, however, can be gleaned from current datasets although this only provides a partial signal of the full extent of the problem.

Building on this report, the taskforce is undertaking work to develop a model that will aid decision making based on long-term housing assistance demand and supply requirements.

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Of note is that, according to the Australian Bureau of Statistics, the Aboriginal and Torres Strait Islander population growth is significantly higher than both the average Australian and Victorian population and, in Victoria, is projected to have the second fastest growth in the country. This, together with the unique and complex socio-economic issues facing the Aboriginal and Torres Strait Islander population, is likely to lead to a greater need for housing assistance.

Added, September 2017, by the Victorian Government after the initial public release of the report

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Authorised and published by the Victorian Government, 1 Treasury Place, Melbourne.
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Where the term 'Aboriginal' is used it refers to both Aboriginal and Torres Strait Islander people. Indigenous is retained when it is part of the title of a report, program or quotation.

ISBN 978-0-7311-7179-8 Online (pdf / word)

Available at: <http://www.vic.gov.au/familyviolence/committees-for-change/family-violence-housing-assistance-implementation-taskforce.html>