

Who is really paying for the Big Housing Build?

The Eastern Region Group of Councils is supporting calls for the State Government to abandon its proposed policy to exempt rates being paid on social housing properties.

Chair of the ERG Cr Michelle Kleinert said the proposal for a rates exemption on public and community housing left councils "between a rock and a hard place".

"It raises the question - should ratepayers be asked to fill the funding gap, or will residents just have to accept lower levels of service?" Cr Kleinert said.

"While the ERG congratulates the State Government for the Big Housing Build investment, and for proposing an enduring mechanism to tackle the persistent, chronic shortfall in social housing - *public and community housing should pay rates*," she said.

"As well as being lazy policy, the proposed rates exemption risks undermining council and community support for social housing growth across Victoria. Government has failed to communicate the urgent need and return on investment that access to secure safe and affordable housing enables."

Cr Kleinert called for all three levels of government to work together for an effective response to homelessness and to increase the supply of social housing.

"Despite the 'partnership approach' espoused by the state, it is clear that the millions saved each year by the State will come at the expense of local government ratepayers," she said.

"The ERG also supports Australian Council of Social Service's calls for the federal government to resume its "historical role" as the main funder of social housing developments by delivering a funding boost to build at least 20,000 new dwellings, and to substantially increase the Commonwealth Rent Assistance payment to low-income households, so that social housing providers can meet their growing operating and maintenance costs."

The ERG has previously raised concerns with State Minister for Housing Richard Wynne that:

- the impact will be more severe for councils with more social housing, who often have low socio-economic communities of greatest need
- there is no guarantee that funds raised through the levy will flow to areas of greatest need
- unlike the broad public benefit generated by rates exemptions for schools and hospitals, social housing is subsidised housing for individuals and the benefit flows to the owner, or, if passed on, an individual tenant
- Rate income enables councils to support Community Housing Providers through rate waivers and discounted rent and subsidies, and to deliver services and activities for social housing residents.

The Government's own [independent Rating Review](#) found that "a *rate exemption would, in effect, require the ratepayers in a municipality to provide a subsidy for public housing, a service provided by the State*" and that "the principles underpinning an optimal rates system, make it clear that the rating system should not be used as a policy lever for objectives that can be better targeted using other policy levers or are more suitably addressed by other levels of government".

ERG councils understand the need for more social and affordable housing and has been working hard to identify sites and build partnerships to start to close out the gap. Decades of underfunding have left an estimated 8000 families in this region without safe, secure and affordable housing, which is expected to rise to over 11,400 by 2036.

The Homes Victoria estimate of \$65M of rates payable is significantly under the MAV (with FinPro) estimate of \$136.8M rates lost each year, meaning that ratepayers would fully fund the \$5.3B Big Housing Build within the life of those assets.

Spokesperson for the 13-member Local Government Homelessness and Social Housing Charter Group, Dr Andi Diamond said the group was disappointed.

“We have been working towards a Compact with Homes Victoria, we have been identifying land and buildings that can be used for social housing, and now, at a time of rate capping and COVID disruption, our ratepayers are again being asked to top up State and Federal Government underfunding and directly subsidise social housing,” she said.

The ERG comprises of Knox, Manningham, Maroondah, Monash, Whitehorse and Yarra Ranges Councils and collectively represents almost 1 million Victorians, hosting 330,000 jobs generating \$47M GRP annually.

Media inquiries: ERG Executive Officer Liz Johnstone on 0412 135 350 or elizabeth.johnstone@maroondah.vic.gov.au



Background information and references:

Rates Review Report (p68 onwards) - [Local Government Rating System Review | Engage Victoria](#)

Public and community housing should remain rateable

Public housing is a form of Victorian Government subsidy to an individual for his or her exclusive private use of a property. State owned land leased on a commercial basis or for exclusive use is not currently eligible for an exemption. Tenants of the property have access to municipal services, paid for by the ratepayers, like any other property occupier. A rate exemption would, in effect, require the ratepayers in a municipality to provide a subsidy for public housing, a service provided by the State.

Similarly, community housing associations and Aboriginal housing associations, while not-for-profit and meeting many of the current criteria to be considered charitable, are providing a service which is exclusive in nature to an individual recipient. A private residence, even if publicly funded by the Victorian Government or subsidised by a not-for-profit organisation, primarily accords a benefit to the individual occupant, but not directly to the broader community. Council support for low-income residents of public and community housing may be supported through more direct assistance to the individual or direct support to the organisations themselves.

In addition, the principles underpinning an optimal rates system, as outlined in section 7.2.6, make it clear that the rating system should not be used as a policy lever for objectives that can be better targeted using other policy levers or are more suitably addressed by other levels of government. Public housing is a Victorian Government responsibility. The State has already acknowledged that community housing organisations should pay rates. Councils can provide rate relief to community housing providers through a rebate or concession if such a policy addresses community need. While the Panel notes that public and community housing providers may require more government assistance, this should be provided by the State and only from a council through a voluntary rebate or concession.

[Council rates Victoria: Homeowners may face higher rates bills due to proposed housing policy | Herald Sun](#)

MAV comment: [Submission-to-Social-Housing-and-Funding-for-Local-Services-Issues-Paper-July-2021](#)

[New report calls on greater Commonwealth investment to curb public housing crisis - ABC News](#)

[Shh! Don't mention the public housing shortage. But no serious action on homelessness can ignore it \(theconversation.com\)](#)

- *The most effective and cost-efficient way of overcoming homelessness, housing insecurity and inequality is to provide and maintain public housing. This requires a shift in policy direction that values housing not as real estate but as a basic right to a safe, secure place to dwell.*
- *Public housing supply has lagged behind housing need for decades in Australia.*
- *Australia needs to build 100 public housing dwellings a day for 20 years to provide for the people in the most urgent housing need – typically the bottom two-fifths of income groups – according to a recent study. This is achievable but would require a significant change in current policy.*
- *In a critique of the management of public housing, the Victorian auditor-general was scathing about a lack of long-term vision. The report described the current approach as "disjointed, poorly communicated and lacking in a comprehensive understanding of asset performance".*

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