

## **The Past and Future of Public Housing**

### **Notes for the speech by John Mant**

Shelter NSW seminar, 'Housing action: snapshots from the last 30 years', Sydney University, 23 November 2005

#### The Post War Ideal

We should start with the Post War Ideal for public housing.

The British vision was copied:

Tenure neutrality – same financial and security advantages between home ownership and renting public housing

British planned estates – both for new suburbs and slum clearance

State Governments had public works dominated Housing Commissions do the job of creating estates and building housing. Renting public housing was a minor function where rent collectors, from a position in the organization well below the design professionals, essentially managed the estates.

#### Menzies spoils the Party

Menzies spoiled the Post War party by starting what has become a massive subsidy program for home owners – lower interest loans (now not necessary due to the freeing of the banks), no tax on the 'rent' enjoyed by home owners and, later, no capital gains tax, value not included in the assets test, lower rates for pensioners, first home owners grant,

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As a result, the homeowners can always outbid the renters – leading to a distortion of the housing markets and, indeed, the whole land market in our cities – one reason why land for other uses is taken over for housing. And why people build houses much bigger than they need – the subsidies make it better than any other investment, increasingly so as more level field investment choices are created.

#### The decision to subsidise home ownership necessarily relegated provision of public housing to those most in need.

The latest Dept of Housing rent and tenure policies are just a further instalment in the slow but inevitable need to ration supply to those most in need. This has been going on for decades, ever since the 1960's.

#### But Housing Commissions Ignored the Fundamental Change

But the Housing Commissions and their supporters went on as nothing had changed. It took 30 years to even begin to come to terms with the consequences of rationing public housing to those most in need.

The Commissions continued being building organizations and, when there was criticism of their estates (because of the increasing lack of social mix), they merely employed designers who won awards with estates and houses that looked even less like where home owners lived. This increased stigmatisation as well as giving good design a bad name.

Many policy activists, including some associated with Shelter, went into a thirty years policy time capsule, dreamed of a return to the Post War ideals of tenure neutrality, cost rents, and the reintroduction of massive low cost capital funds from the Commonwealth. Tenure neutrality will never happen because nobody has the political guts to reduce the subsidies given to homeowners. The other day, even that great economic reformer John Howard wimped out, firmly ruling out reducing the massive subsidies to homeowners. He was left calling on the States to increase supply.

#### The Housing Commissions have failed

We must recognise that the Commissions have been failures.

In many case they did more harm than good:

- Herding the most disadvantaged families in large estates or high rise blocks
- Wasting money on building assets that cannot be sold – or even have separate water meters and other service connections

- Failing to properly maintain their assets. Only in the last 10 years have they started to change from being building organisations to being asset management organisations
- Most importantly, their performances have given public housing a bad name with the public, leading to opposition to tenants locating nearby and there being little political support for more money being given to public housing

#### Dedicated staff having to work in the wrong organisations

What we are left with are some wonderful staff most of whom do an amazing job working in huge centralised, necessarily bureaucratic, Ministerial Departments.

In NSW we have the second biggest housing organization in the English-speaking world, established as a Ministerial Department!

Every decision is theoretically the responsibility of the Minister

Time and resources are wasted in answering questions from and making submissions to the Minister and in sending everything up to the Minister's office for clearance.

Housing is a portfolio to put the new or hopeless Ministers:

- Recently there has been three Ministers in one year – no continuity of 'the Boss'
- Much of the time of senior staff is spent in educating the new Ministers and their private staff on what is a most complex and difficult operation

The pressure is always on:

- To make no mistakes
- To have no experiments that might go wrong

In these circumstances how can you have the kind of localised, responsive management of houses and tenants, let alone allowing some tenants to manage themselves?

How can you allow local housing teams to apply localised and flexible policies and practices? Everywhere has to apply the same policies and practices as everywhere else, across the whole State.

#### Time to rethink the whole system

Surely it is time to rethink the whole system:

- Accept the failures of the Commissions
- Accept there will be no major injection of public funds to the big organizations that the public think have failed – even if some are now better managed
  - Get the Minister out of the firing line and substitute a more efficient accountability mechanism and more consistent policy management
  - Decentralise
  - Fragment
  - Let a thousand flowers bloom
  - And do it in a way that you can lever off some, at least, of the \$25 billion investment

#### Two Barriers to Fragmentation

Two things need to happen before you can split up the monolithic housing body:

- The State Government needs to accept it can transfer titles to non-profit, non-government bodies without ruining its credit rating
- The award conditions of Departmental staff need to be protected if they transfer to non – profit organizations

Shelter should now commit itself to supporting a new way of doing better things with what we have, rather than continuing to hope that the Post War dream will return.