Taking Stock: The reconfiguration of public housing governance in Australia

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Reconfiguring social housing: the policy context

The ASSA workshop Taking Stock: The Reconfiguration of Public Housing Governance in Australia took place against the backdrop of decades of change that have been occurring in the policy and service delivery arenas of public housing. Initially designed as a solution to the shortage of housing for working families in the post-war period, public housing has now become a major policy problem in many advanced western nations (Dekker and van Kempen, 2004; Hastings, 2004; Arthurson, 2008; Atkinson and Jacobs, 2008; Kearns et al., 2013). Reduced public spending on housing, declining financial viability, ageing and deteriorating dwellings, long waiting lists, reduced security of tenure and a tightly focused allocation policy that limits public housing to those with the most complex and acute needs have combined to create a situation in which public housing is strongly correlated with a high prevalence of poverty, disadvantage and associated social problems (Palmer et al. 2007; Atkinson and Jacobs, 2008; Morris, 2013; Yates, 2013; Fitzpatrick and Pawson, 2014). The effect is that public housing has become highly stigmatised and viewed as a veritable 'dumping ground' for the poor, the unemployable, the criminal and the anti-social.

Writing in 2010, Jacobs and colleagues (2010: 2) reflected on the parlous state of public housing in Australia, suggesting that it was at a 'crossroads insofar as its long-term future is uncertain'. More latterly, some of Australia's States have begun to consolidate their policy settings in two key ways, both of which prioritise new partnerships in housing provision with non-state actors. The first set of actors are not-for-profit housing providers (otherwise referred to as community housing providers or CHPs), which presently manage approximately 17 percent of the total stock of social housing (AIHW 2015). The shift in nomenclature from 'public' to 'social' housing is a deliberate one in recognition that State and Territory governments are no longer the only large scale providers of below-market rental housing. While CHPs have been in existence, and steadily growing, since the mid-1990s, their role in the provision of social housing has been given greater prominence since a 2009 Council of Australian Governments agreement that 'up to 35 percent' of all social housing stock should be under CHP management by 2014. Implicit here was a commitment to 'public housing stock transfer' on a substantial scale (Milligan and Pawson, 2010). Following similar models rolled out in the UK and previously in Australia on a 'trial' basis, public housing transfers are expected to enhance the efficiency and viability of public housing provision by increasing revenues via tenants' access to Commonwealth Rent Assistance; leveraging private investment to help fund new housing stock; and improving services for tenants (see Pawson et al., 2013 for a discussion of this).

Second, in response to growing pressures on social housing, the private rental market has also come to be viewed as a suitable alternative for all but the most vulnerable low income households. This has prompted governments to implement a range of programs to support the growth and operation of the 'affordable' private rental sector as a way of encouraging low-income groups to avoid or leave social housing. The ASSA workshop coincided with the release of the NSW Government's *Future Directions for Social Housing in NSW* (2016) strategy which clearly outlines the NSW Government's ambition to assist more social housing applicants and tenants in accessing private rental housing, thereby reducing demand for social housing and breaking the 'dependency culture' supposedly resulting from tenants being free to remain in social housing without any incentive to move on once their circumstances improve.

Reconfiguring (social) housing systems: a governance approach

As a way of making sense of the various changes taking place within Australia's public housing system, a fruitful approach is to consider them as part of a reconfiguration of the way public housing is governed. At a basic level, the term governance refers simply to the activity or process of governing (Rhodes, 1995), meaning the policies and processes through which the management and delivery of social housing takes place. A more contemporary meaning of governance, however, draws attention to the fundamental changes in how this act of governing takes place: away from the formal powers of the state towards a more 'hybrid approach' enacted by a range of governmental and non-governmental agencies (Stoker, 1998). Not only does this entail the devolution of responsibilities once thought to be the province of the state to the private and not-for-profit sectors, but also a shift away from collectivised or social forms of risk management towards individualised risk management strategies, such that even those who are most disadvantaged are required to take greater responsibility for their own well-being (Dean, 1999; Rose, 1999).

This framework provided a focal point through which workshop participants conceived of the growing interconnectedness of the public, private and community housing sectors and critically examined the assumption underpinning these reforms that they would lead to significant improvements in housing outcomes for disadvantaged groups. More broadly, though, workshops participants also drew attention to the way social housing operated within a wider housing system, which accounted for many of the problems facing the social housing sector (such as the channeling of taxpayer-funded support towards tax breaks for home owners and landlords), and reflected the same kinds of challenges relating to housing affordability (as exemplified by the increased pricing out of young people from house purchase). It was agreed that any analysis of the parlous state of public housing, and attempts to bring about reform, would only be effective if they were embedded within a broader housing system perspective transcending some of the traditional dualisms of public and private.

A new role for community housing providers

One of the clearest indications of the reconfiguration of social housing governance is the framing of a greater role for CHPs within a reformed social housing landscape. As the presentation by Vivienne Milligan noted, CHPs themselves are 'hybrid' organisations: neither corporate not state actors, but rather 'social enterprises' with characteristics of state, commercial and community actors. Despite the state's proclaimed significance of CHPs in the future of social housing provision, three areas of concern were raised during the workshop which seriously question whether present arrangements will enable CHPs to address the affordable housing shortfall.

The first is that there remains considerable ambiguity in the detail of how CHPs will fit into a reconfigured institutional landscape. Milligan and others asked, for example: what will be the

unfolding identity, legitimacy and benefits of CHPs, particularly if democratic accountability is limited (for example, by a small membership base)? How robust and responsive will they be to changing policy and market contexts? And, what is/will be required of the state to sustain housing policy goals through this model? Second, Milligan, Pawson, Yates and Burke identified a number of challenges facing CHPs, which are likely to limit their capacity. These include a high-risk operating environment generated by volatile policy and housing markets; mounting operating cost pressures; the challenge for CHPs to remain socially focused while chasing new revenue sources; and the varying capacities of different organisations within the sector. They predicted that if the trends in social housing from the last 20 years continue over the next 20, and unless expanded state support is made available, Australia's existing affordable housing shortage will only grow.

Finally, participants engaged directly with the proposition of tenancy transfer to ask how significant an impact it would have on social housing provision. Pawson noted how the Australian approach to transfers differed from that occurring in the UK in several significant ways. In Australia, such initiatives are usually limited to the transfer of housing management responsibilities, and do not involve ownership handover of the housing stock. This diminishes the capacity of CHPs to leverage off their additional assets. Pawson also observed the lack of tenant involvement in the Australian context on the key issues of whether transfer would proceed, in the selection of the receiving organization, and in the specification for the post-transfer housing service.

More broadly, workshop participants posited that because the dysfunctional nature of the public housing system is so deeply embedded, there is a real danger that any large-scale hand over of public housing to not-for-profit organisations will simply mean these organisations end up inheriting the current problems that beset the state sector. Putting these concerns aside, though, Pawson and others reflected how the state's appetite for tenancy transfers appears shaky and hesitant since the new Queensland Labor Government has already moved away from a state-wide process of transfer while recently-announced NSW housing proposals incorporate only a weakly-stated transfer commitment of uncertain size. Pawson estimated that despite all the publicity around the project, to date only around 15,000 tenanted homes have been transferred out of a total of 350,000 public housing units in the early 2000s and that at current rates this program would not constitute a 'major transformation' within the next decade. In any event, public housing transfers to not-for-profit organisations are shaped within a managerialist agenda rather than conforming to the usual hallmarks of 'privatisation' such as asset-stripping and extraction of shareholder returns from the business. By the same token, however, it has yet to be demonstrated that transfers result in positive governance reforms – e.g. in terms of more meaningful tenant involvement.

Pathways into private rental

In light of the challenges encountered by the social housing sector, the private rental market is increasingly identified as a suitable alternative if appropriate incentives can encourage low-income households to avoid social housing in the first place or to transition out of it once their circumstances improve. There is concern among state housing departments that tenants are remaining in social housing for too long, and that this limits access for others in greater need. Such a narrative positions social housing as a transitional, rather than a long term, tenure except for groups who require a housing 'safety net' on a permanent basis – the aged, the frail and people living with a physical or mental illness. As Michael Darcy observed, they also seek to create disciplined (neoliberal) tenants who recognise, first, that social housing residence is a form of 'dependency' and that they should find ways to become more self-reliant through work or training; and second, that when their situations do improve, they should transition out of social housing. Within this narrative, there is an evident shift in the relationship between the state and social housing tenants away from the state as *provider* of sustainable housing tenancies to that of *enabler* of self-reliant tenants by building the capacity of tenants to become more self-reliant and

by providing a pathway for those tenants to then transition out of social housing. These assumptions, and the new policies and practices they engender, were critically evaluated during the workshop and found to be highly problematic.

To begin with, as Michael Darcy, Ilan Wiesel and others noted, they appear to have been formulated in ignorance of empirical research on tenant exits from the social housing sector, which already shows that moving people out of an already highly residualised tenure is going to be difficult. Wiesel and Darcy both reported the findings of recent research in NSW and Victoria which showed that most public housing tenants have no intention of leaving public housing, even when they find work. This is because private rental is seen by tenants as too expensive, while public housing also offers a more secure tenancy insofar as (income-based) rents can be adjusted if a tenant's economic situation deteriorates (such as through job loss) whereas private rents cannot. Tenants also reported being attached to their homes and neighbourhoods and, understandably, not wanting to leave them. What the research also shows is that when tenants do elect to move out of social housing, only in around one quarter of cases do they do so because they wish to move into private rental. In many cases, tenant exits are more likely to be motivated by problems in the neighbourhood, or with neighbours, that induce tenants to leave quickly even if they have no stable housing option to go to. Further, those who do move into private rental face much higher rents, which can be difficult to sustain. The presenters concluded that, rather than tenants transitioning through some linear housing pathway from social housing to private rental and ultimately to home ownership, the private rental experience may actually lead to social housing re-application or even homelessness because of affordability pressures. Presenters concluded that if housing departments wish to encourage exits from the public sector, they first need to address the affordability and insecurity problems within the private rental sector.

Workshop participants also highlighted key contradictions in various components of government policy around helping less disadvantaged groups exit social housing. One of the consistent criticisms of social housing, for example, is that its highly targeted allocation system has led to a concentration of disadvantage by corralling society's most disadvantaged groups into a single tenure, often in designated neighbourhoods. As Kathy Arthurson and Lynda Cheshire noted, this has spurred the development of policies of 'social mix', which seek to diversify housing tenure and income groups by interspersing social housing tenants with employed home owners and private renters. Yet Arthurson explained that it is not social housing per se that creates stigmatised neighbourhoods, but the practice of allocating social housing to only the most disadvantaged groups. Encouraging employed tenants to exit social housing runs counter to the philosophy of social mix and further entrenches the residualisation of the social housing sector by leaving only the very disadvantaged living there. Angela Nunn also pointed out the potential for a schism to emerge in social housing estates whereby transitory tenants are often seen to undermine stable communities. Head and Parsell put forward a contrasting assessment. They argued that as a component of the state delivering resources, social housing authorities should take a more active and purposeful role in disrupting the disadvantaged and excluded lives that many social housing tenants experience. They asserted that simply ensuring a comprehensive and well-functioning social housing system, although an ideal objective, was inadequate to improve the lives of some people who are excluded from housing and others excluded from social participation who were social housing tenants.

The 'hollowing out' of the state

Despite the state's aspirations, then, for the not-for-profit and private rental sectors to play a greater role in the provision of housing to low-income groups, the evidence so far suggests that their enrolment into the governance landscape of social housing is currently stymied and that the state itself remains the most significant actor within this policy field. The problem, as workshop

delegates agreed, however, is that the most important change to social housing governance has been the hollowing out of the state itself, such that the gaps created by the winding back of state support are not being filled by any other actor. First coined by Rhodes (1994), the idea of a hollowed out state is that the reconfiguration of the state (through trends such as out-sourcing and privatisation, the loss of functions by governments towards alternative delivery systems; and limits placed on the discretion of public servants through new public management) has eroded its capacity to 'steer the system'. In its place, he argues is a fragmented and inefficient system which is unable to plan and coordinate, and in which lines of accountability have become blurred. Cost cutting exercises within the system have also led to:

> … loss of front-line staff; cutbacks in measures to mitigate disasters because in normal times such cuts will attract little attention; reduced maintenance, especially staff training; solutions to the wrong problems because of the focus on limited objectives; and reduced redundancy which removes the flexibility so essential to coping with disasters. Finally, the employment of executives on contract leads to a loss of bureaucratic experience (Rhodes, 1994: 149).

While subsequent scholars have debated the veracity of Rhodes's thesis, arguing that the outcomes described above are due less to any structural erosion of state power than to practices of mismanagement (Holliday, 2000), the notion of a hollowed out, or at least 'mismanaged' state, provides a useful framework for exploring how the state's capacity to deliver public housing has been eroded over the last 30 or so years. Workshop participants outlined a range of reforms that have contributed to this process. First is the reduction in funding towards public housing provision. Elsewhere, Groenhart and Burke (2014) have recorded how the channeling of funds from the direct provision of social housing to demand-side housing allowances designed to assist tenants to rent in the private market (usually through Commonwealth Rent Assistance payments – CRA) means that by 2008, CRA expenditure reached twice that of social housing expenditure. As Pawson pointed out in his presentation, this has been accompanied by rising maintenance costs due to the ageing of the public housing stock and declining funding channeling through to the State governments through the Commonwealth State Housing Agreement (CSHA). Pawson noted in his presentation that, as a result, all state housing authorities have fallen deeper and deeper into deficit since the 1990s.

Second, and associated with this trend, are the changing demographics of social housing tenants – from low-income working families to highly marginalised and largely workless households. The low availability of public housing properties has necessarily tightened housing allocation according to needs-based criteria, such that a large proportion of tenants are either over working age, or on a disability pension. The effect is not only that transitions out of the sector are unlikely to occur, but also that the rent paying capacity of tenants has diminished which has also undermined the financial viability of the sector.

Third, workshop participants pointed to the disappearance of formerly free-standing and semi-autonomous State Housing Authorities (SHAs) and their incorporation within Human Services departments as a key symptom of a hollowed out public sector. They worried that this kind of restructuring not only created instability more generally, but that the resultant monolithic agencies were poorly equipped to provide the degree of flexibility required within new housing service models. In these circumstances, the 'housing voice' within state government is often muffled or silenced and the prevailing 'individual client-focused' culture is liable to treat service users as passive clients rather than active consumers with collective interests.

Fourth, Terry Burke, in particular, identified the 'hollowing out' of housing-specific knowledge and policy-making capacity at all levels of government and described inadequate staffing, inadequate training, high staff turnover, low morale and poor policy capacity as common in state government

departments now responsible for housing policy (alongside other policy areas). In the sphere of Indigenous housing, as Rhonda Phillips' presentation demonstrated, these same hollowing out processes can be witnessed in the loss of dedicated funds for Aboriginal housing in urban areas; the erosion of Indigenous community housing organisations (ICHOs); the mainstreaming of Indigenous housing programs, funding, policy and service delivery; and the challenges encountered in recruiting and retaining Aboriginal staff in those mainstream agencies. Workshop participants deliberated over Keith Jacobs' proposition that, rather than viewing these outcomes as indications of policy failure, they might actually be understood as signs of a highly successful attempt to channel more people out of public housing into other tenures.

The need for housing reform

Having identified the major challenges facing the social housing sector, participants turned to the prospects for reform. Consistent with the earlier message that social housing could only be understood within the context of the broader system of housing more generally, workshop delegates agreed that attempts to enhance affordable housing provision were only possible as part of a broader strategy to fix the entire housing system, which currently provided no incentive for the private sector to support affordable housing. In her presentation, Kath Hulse provided a framework for thinking about whole-of-system housing reform, suggesting a reorientation of attention away from housing tenures towards housing *outcomes*, regardless of tenure. In her view, all housing occupants should experience: ease of *getting in* to housing (relating to housing access and availability); *affordability* of housing (initial costs and ongoing rents); *control* of their home environment (feeling safe and secure); and *community connectedness* (feelings of belonging). Delegates debated how such a program could be progressed and made the following observations.

1. How can a case for housing reform be framed so that it receives broader support? One the one hand, adequate housing for all Australians is an equity issue and one of basic human rights. On the other hand, delegates felt that equity arguments are insufficient to gain traction and that the only way of garnering support for housing reform was to express the problem in terms of the economic case that inadequate provision of suitably located affordable housing is a drag on city productivity.

2. Similarly, social housing is increasingly embedded within a neoliberal 'responsibilisation' agenda that vilifies social housing tenants as a drain on the public purse. Since equity arguments may not hold sway in light of this, an alternative approach is to demonstrate the considerable contribution that social housing tenants make to society and government. In this sense, the reform narrative requires a hi-jacking of the responsibilisation agenda, rather than a rebuttal of it.

3. Is bi-partisan support a necessary pre-requisite? A debate ensured between some delegates about whether bi-partisanship around housing reform was required to avoid the 'stop and start' policy settings, or whether this would gloss over the presence of conflicting stakeholder interests, which need to be acknowledged and managed rather than ignored.

4. The problems arising in the housing system are slow-burning and thus easy to ignore until a crisis erupts. It may well take a crisis for any proposed housing reform to garner support.

5. The absence of a national housing policy, aside from the CSHA and the National Affordability Housing Agreement (NASA), is part of the problem. To date, housing has only been addressed in segmented fashion such as planning, taxation or homelessness. Neither academics nor policymakers have ever determined what a national housing policy would look like. This is

something that should be done and it should be consolidated around a limited number of key points.

6. Even when reform may appear impossible, there are precedents in other areas where major change has occurred despite initially being viewed as a marginal issue. Delegates pointed to the success of focusing attention on domestic violence in recent years, or of the establishment of the National Disability Insurance Scheme as sources of inspiration for change that might be emulated.

7. Reform may be achievable through legislative change which can offer protection to housing agencies by bestowing the status of statutory bodies upon them. The example of the NSW Aboriginal Housing Office, as one such body, illustrates the benefits of embedding reform through legislation – a reflection implying that reform proposals should be more often couched in terms of legal measures.

8. The housing system is in such a state of dysfunction that while any program of reform needs to be targeted at the underlying problems rather than the symptoms, even tackling symptoms at this stage would be an improvement to the present situation.

Further research

In the last session of the workshop, delegates considered the arguments presented during the two days of presentations to outline where further research was needed. The following six priorities were identified:

1. What are the lessons that could be learned from major reforms achieved in other sectors and in other countries?
2. What is the real condition of the public housing stock and the public housing finances?
3. What is the true scale of need for social housing in a country like Australia?
4. How can the 'responsibilisation' agenda be subverted to assess the contribution that tenants could make to housing and neighbourhood governance?
5. What are the outcomes of recent reforms such as the National Regulatory System for Community Housing, Fixed Term Tenancy regimes or the National Rental Affordability Scheme?
6. What are the future housing implications of current system trajectories?

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