



COMMISSIONER FOR
BETTER REGULATION

GPO Box 4379
Melbourne Victoria 3001
Telephone: 03 9092 5800

6 April 2018

Mr Nick Foa
Director of Housing
Department of Health and Human Services
50 Lonsdale Street
MELBOURNE VIC 3000

Dear Mr Foa ~~Mr Foa~~ **NICK,**

I would like to thank the staff of the Department of Health and Human Services (DHHS) for working with our team on the preparation of the Regulatory Impact Statement (RIS) for the proposed Housing Determination (*Victorian Housing Register — Determinations of eligibility criteria, priority categories and priority criteria for applicants for social housing 2018*). The current Determination is due to sunset on 23 May 2018.

Under section 10 of the *Subordinate Legislation Act 1994*, the Commissioner for Better Regulation is required to provide independent advice on the adequacy of all RISs prepared in Victoria. The Commissioner's role is to advise on the adequacy or otherwise of the analysis presented in the RIS, rather than the merits or otherwise of policy or regulatory proposals. A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about assumptions made, and is proportionate to the proposal's expected effects. The RIS also needs to be clearly written, so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received by us on 5 April 2018 meets the adequacy requirements of the *Subordinate Legislation Act 1994*.

Amendments to the *Housing Act 1983* in 2016 resulted in the establishment of the Victorian Housing Register (VHR) — a single waiting list for social (i.e. public and community) housing. A key purpose of the VHR was to consolidate the waiting lists previously maintained separately (by the Department for public housing, and by numerous individual community housing organisations for community housing) into one single list for allocating available social housing to applicants. The current Determination came into effect on 23 May 2017 and enabled the establishment of the VHR.

The Determination specifies the eligibility criteria for access to social housing, priority categories for access and criteria for establishing priority access. The criteria apply to both new applicants for social housing, and to existing social housing tenants seeking to move to a different social housing property within the sector. The Determination distinguishes between two types of application for inclusion on the VHR:

- 'priority access' — for people most in need of housing (which is determined by the 'priority categories' specified in the Determination)
- 'register of interest' — for people who are not considered to fall into the category above but who, nonetheless, meet the eligibility criteria for social housing (including income and asset criteria) and who wish to access social housing.

The RIS outlines the Department's consideration of some options for altering the income, asset and priority category criteria in the current Determination. It concludes that the preferred option is to maintain the existing criteria in the proposed Determination, except for applying an increase to the income limit that applies to 'register of interest' couples with three or more children, and an increase to the asset limit that applies to 'priority access' applicants. Other income and asset limits will remain unchanged, as will the existing priority access categories. The changes proposed from the current Determination are therefore:

- income limits applicable to register of interest applicants — increase the current income limit by \$332 per week, per child, for couples with three or more children, to reflect the increased costs face by larger families; and
- asset limit for priority access applicants — increase from the current \$5,379 to \$12,758 to improve access to social housing for those in genuine need.

The Department states that the nature of the Determination in specifying the eligibility criteria and the prioritisation of social housing applicants, makes a cost benefit analysis approach to assessing impacts inappropriate. Instead, the costs and benefits are assessed in qualitative terms.

For example, the RIS makes it clear that relaxing the eligibility criteria has the impact of potentially increasing the number of households eligible for social housing. Tightening them has the opposite effect. Given a fixed supply of social housing in the short term, these effects will flow through to the waiting lists, other things being equal. However, the increased clarity around prioritisation of applicants offsets these impacts, by ensuring those in greatest need are afforded the highest priority in the allocation of housing.

The Department explains that it is not possible to estimate precisely the costs borne by those who may be eligible for social housing under the income and assets criteria (register of interest clients), but who may be pushed further down a wait list, by those who are in greater need. Nor is it possible to quantify the benefits flowing from those in greatest need being placed in social housing sooner.

The VHR will provide benefits to applicants in terms of reducing the costs, inconvenience and stress of having to apply for social housing through many different providers. And the VHR itself is expected to deliver savings to the Department and to social housing providers through the provision of a single, consolidated list of applicants. The RIS notes that the VHR will be fully operational by the end of 2018. The Department will conduct an evaluation of the implementation and operation of the VHR in 2020-21, and will also review the effectiveness of the income and asset eligibility criteria, and the priority categories in the proposed Determination. These evaluations will provide important information to the Government about the effectiveness of the new VHR.

As you know, it is government practice that this letter be published with the RIS when it is released for public consultation.

Should you wish to discuss any issue raised in this letter, or the implications of new information or policy options identified through the public consultation process for your proposal, please do not hesitate to contact me on (03) 9092 5800.

Yours sincerely



Anna Cronin

Commissioner for Better Regulation