



SOUTH PORT COMMUNITY HOUSING GROUP INC.

Submission to the Housing and Homelessness National Plan

Oct 2023

Acknowledgement

We acknowledge and pay our respects to elders past and present and to the future Traditional Custodians of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.

Introduction

South Port Community Housing Group (SPCHG) congratulates the Commonwealth Government in committing to the development of a National Plan for Housing and Homelessness. A National Plan has been long called for by the community sector to coordinate and commit to addressing the current housing and homelessness crisis. It is a point of national shame that we have allowed the conditions and situation to escalate to the rates of rental stress and lack of access it has today.

SPCHG hold that adequate Housing is a basic human right. For too long, Housing has been allowed to further entrench wealth inequality in Australia through distortionary taxes that have favoured investors over those in genuine need and grant programs that have rapidly stimulated demand, only to later exacerbate affordability and supply constraints.

A national plan needs to define an ambitious mission statement supported by specific, measurable, actionable, realistic targets to reduce and end homelessness. Greater investment in social housing is needed to increase and maintain in line with population levels. A national plan should define clearer responsibility for coordination and commit to address decades of under investment.

Our youth housing support program has run for 35 years, and supported hundreds of marginalized young people to move from crisis situation to stabilised support. Our submission brings together our collective 40-year experience of providing affordable rental housing options to vulnerable singles and working at the coalface of homelessness in inner Southern Metropolitan Melbourne.

We offer our recommendations in the spirit of genuine partnership, and with the hope that there is collective momentum to develop practical solutions to solve this pressing issue from all sectors of Australian society.

Summary of Recommendations:

Recommendation 1

A National Plan should examine the purpose of governments role in the provision of social housing. It should clearly define levels of responsibility, coordination and address levels of need.

Recommendation 2

A National Plan should examine whether the current rate of JobSeeker is a barrier to people of most need obtaining and sustaining housing.

Recommendation 3

Boost Commonwealth Rent Assistance and index it to changes in rents typically paid by people receiving income support.

Recommendation 4

Build more social housing for those most in need. Increase social housing in Victoria by at least 6,000 units each year, for the next ten years, to meet current levels of demand.

Recommendation 5

Increase levels of funding for holistic and flexible models of support that are closely integrated with social housing providers and designed to reduce the risk of tenancy breakdown with a return to homelessness.

Recommendation 6

Encourage all social housing agencies include at least two Directors on their Boards who have 'lived experience' of homelessness or housing crisis.

Recommendation 7

Review and address distortionary and unfair tax breaks, such as negative gearing and capital gains, which allow people to use housing as a vehicle for speculative investment while demand for basic affordable housing is through the roof.

Who We Are

South Port Community Housing Group provides long-term, secure, affordable housing, practical support, and a sense of community to single adults who are homeless or in housing crisis.

The organisation was formed by community initiative in 1983, to undertake community-based management of State-owned local rooming houses. We have also provided a specialist youth homelessness service in the area for more than 35 years. We are a registered Housing Provider and registered Charity with the Australian Charities and Not for Profit Commission.

Our property portfolio has grown to 365 tenancies: 71 in properties owned by the organisation; 294 in properties under a General Lease with the Victorian Government. Priority allocation of housing is given to people from the local area to help retain important networks of supports and connections to the community.

Just under half our renters are on a Disability Support Pension, 14 per cent on the Age Pension, and 32 per cent on a JobSeeker income payment. Over the past 10 years we have created more than 100 new units of affordable accommodation in the local area, exclusively for marginalised singles in greatest need.

In the 2022-23 FY, the organisation supported 21 young people who were homeless or facing homelessness with tailored and intensive case managed support. In 2021, we were successful in our bid to lead a consortium of agencies delivering housing and support to 50 individuals as part of the Victorian Government's groundbreaking Homelessness to a Home initiative.

Aside from a small amount of grant funding and private donations, the organisation is independent of government funding, relying on rents from renters to fund its operations. We are compliant with all relevant legislation and agreements and signed on to the Victorian Housing Register. We are approachable and accessible, and our renters report a high sense of trust and satisfaction with the way their tenancies are managed.

Purpose of the Social Housing System

The development of a National Plan to address Housing and Homelessness needs should first examine the purpose of government in providing social housing, the adequacy and or failure of markets, and their roles in provision and addressing this need.

SPCHG supports the commonly expressed view that the purpose of social housing is to meet the housing needs of people whose housing needs are not adequately met by the 'housing market'. The purpose of social housing is to provide, a safety net for people who face barriers sustaining a tenancy in the private rental market, whether for reasons of affordability, personal issues and health conditions or other circumstances.

If the fundamental purpose of social housing is to provide a 'safety net' for those members of society who cannot access housing in the private rental market, then allocation policies need to be fully aligned with this purpose. Social housing would then be allocated to those individuals who are assessed as facing the greatest levels of 'difficulty' in accessing housing in the private rental market. The implementation of this allocation policy approach would also require the development of a consistent and transparent methodology for assessing relative levels of 'difficulty' across a range of factors such as household type, income level, and location. These levels of 'difficulty' would then be translated into levels of social housing 'need'. The methodology would also need to consider other factors which increase the level of 'need' such as age, cultural background, disability, mental illness, addiction, experience of chronic homelessness, criminal history and history of tenancy failure. One of the most critical barriers to accessing housing in the private rental market is the current level of Commonwealth Government pensions and benefits.

Recommendation 1

A National Plan should examine the purpose of governments role in the provision of social housing. It should clearly define levels of responsibility, coordination and address levels of need.

Reform Welfare Assistance

A key reason why many individuals are not able to gain access to housing in the housing 'market' is because they are receiving income support from the Commonwealth Government. The level of income support provided by the Commonwealth Government is no longer adequate to allow many people, particularly single person households, to gain access to private rental housing. Anglicare's 2023 annual snapshot of rent affordability in Victoria showed that not a single property was available and affordable to a single person on Youth Allowance or Jobseeker. The proportion of 1 BR private rental properties in Melbourne, for example, which are affordable to a single person on a Centrelink income is

now estimated at 1.3 per cent.¹ The median rent for a 1 BR unit across Melbourne is currently \$425 per week.² This is significantly higher than the current weekly rate of JobSeeker at \$374.60.

The levels of Commonwealth Government income support need to be reviewed and adjusted to allow more people to gain access to private rental housing. Particularly the current rate of JobSeeker for single person households and the rate of Commonwealth Rent Assistance, the Commonwealth Government's key welfare measure to address rental stress in the Australian housing market.

Recommendation 2

A National Plan should examine whether the current rate of JobSeeker is a barrier to people of most need obtaining and sustaining housing.

Better Target Commonwealth Rent Assistance

The Productivity Commission's latest Report on Government Services indicates without the provision of Commonwealth Rent Assistance (CRA), 71.9 per cent of low-income households would have experienced rental stress in June 2022.³ Rental stress is described as the payment of more than 30 per cent of income on housing. Alarming, this year 43.9 per cent of CRA recipients are considered to be experiencing housing stress.⁴ These figures likely undercount the already worsening situation and rising levels of homelessness. Since its introduction in 1958, CRA has been indexed to the Consumer Price Index, so the real value of CRA has not kept pace with the rise of rent levels. SPCHG supports the call, outlined by the Productivity Commission, to better target CRA to support low-income renter's actual costs and needs to access the rental market.⁵ We understand, as a welfare assistance program, CRA is restricted by constitutional limitations in that 'the Australian Government is empowered to make certain social security payments only, which do not include rent or other housing payments in their own right'. However, as other programs of assistance have identified, a workaround could be established to provide grants to states and territories to administer for this purpose. Economic modelling conducted by the Australian Housing and

¹ Homes Victoria (2023) Homes Victoria Rental Report - June Quarter. <https://www.dffh.vic.gov.au/rental-report-june-quarter-2023-word>

² Ibid

³ Productivity Commission (2023) Report on Government Services. <https://www.pc.gov.au/ongoing/report-on-government-services/2023>

⁴ Ibid

⁵ Productivity Commission (2022) In Need of Repair - The National Housing and Homelessness Agreement. <https://www.pc.gov.au/inquiries/completed/housing-homelessness/report/housing-homelessness-overview.pdf>

Urban Research Institute (AHURI) has found reforms to CRA to better target eligibility could cut housing stress by 44 per cent and generate an annual cost saving of \$1.2 billion.⁶

Recommendation 3

Boost Commonwealth Rent Assistance and index it to changes in rents typically paid by people receiving income support.

Increase the Supply of Social Housing

There is currently not enough social housing in Victoria to provide an effective 'safety net' for individuals on the lowest incomes. The failure of this 'safety net' over recent years has been expressed through increasing levels of homelessness. The National Housing and Homelessness Plan, in order to be effective, will require a primary focus on investment in social housing. The National Plan should clearly define objectives and targets, based on the needs data, and include specific information on the number of social housing units to be constructed across Australia to meet the needs of different household types, income types, age types, and special needs groups. The stock of social housing in Australia, currently around 442,700, has remained stagnant over the past 20 years, while Australia's population has grown by 33 per cent. A recent Community Housing Industry Association funded report has found Australia has an estimated shortfall of 640,000 social housing properties and will require an additional 940,000 by 2041.⁷ We support calls to increase social housing in Victoria by at least 6,000 units each year, for the next ten years, to meet current levels of demand.

SPCHG does not support direct government investment in types of 'affordable' housing which are not affordable or available to people on the lowest incomes. These are also the cohorts of society who are most excluded from the housing 'market' and most at risk of homelessness. We believe government can more effectively address the broader issues of affordability for lower and moderate-income Victorians by reviewing the current ways in which governments 'intervene' in the housing market and consider new forms of 'intervention'. We believe this strategy will be more effective than directly investing in 'affordable' housing at the expense of direct investment in social housing.

Recommendation 4

⁶ Ong, R; Pawson, H; Singh, R; Martin, C. (2020). "*Demand-side assistance in Australia's rental housing market: exploring reform options*", AHURI.

⁷ Van Den Nouwelant, R; Troy, L. and Soundaraja, B. (2022). "*Quantifying Australia's Unmet Housing Need. A National Snapshot*". CHIA, UNSW, Sydney University.

Build more social housing for those most in need. Increase social housing in Victoria by at least 6,000 units each year, for the next ten years, to meet current levels of demand.

Support Diversity, Representation and Choice in Housing Provision

Over the past 20 years the community housing sector has further evolved in response to a range of government social housing policy initiatives and reforms. These have included the introduction of regulatory frameworks, the increasing complexity of compliance reporting, the delegation of higher levels of asset management responsibility and the development of funding models for growth that require significant levels of co-contribution and increasing levels of project scale and complexity. While these social housing policy initiatives have resulted in increased levels of professionalism and accountability they have also, arguably, resulted in the erosion of many of the key elements which initially made 'community' housing different from 'mainstream' public housing.

Over the past 20 years a number of community housing agencies, including SPCHG, have made an intentional series of choices to retain the key elements of 'community' housing as a form of social housing. They have achieved this while also embracing the need for ongoing innovation as well as higher levels of professionalism and accountability. SPCHG, for example, has made an ongoing choice to further develop a model of social housing provision which includes the following key elements:

- Operates at a scale that is local and personal. All multi-unit properties are located within walking distance/short public transport ride of a SPCHG office.
- Has an agency membership made up of people living in social housing as well as local community members.
- Has an agency Board elected by the members.
- Has an agency Board made up of people with relevant skills and experience who live within these local communities. Including people who live in social housing.
- Has a developed a specialised 'supportive housing' model of tenancy and asset management designed to meet the needs of single people on the lowest incomes who have experienced homelessness and have high levels of support needs.
- Has a strong focus on the development of supportive, long term, personal relationships between housing staff and the people who live in social housing.
- Employs staff who are highly skilled and qualified.
- Has a strong focus on creating opportunities for people who live in social housing to participate in their local community.

- Has a strong focus on the development of a diverse range of local partnerships which facilitate more effective access to local support services and resources.
- Has a strong focus on participating in local community projects and activities.
- Includes specialised expertise and experience in the design of housing for single person households who have experienced homelessness.

These key elements of the SPCHG model of social housing provision, which can be described as Permanent Supportive Housing, have been further developed because they are seen as critical strengths. They are seen as critical elements in effectively sustaining the tenancies of singles persons who have experienced homelessness. They are critical elements in supporting people to make the transition from an experience of homelessness to an experience of home and community.

Permanent Supportive Housing sits in direct contrast to the widespread use of 'transitional' housing for people who have experienced homelessness, which is increasingly seen as out-dated and ineffective. While transitional housing makes sense when there is an optimal amount of permanent and affordable housing to transition to, when availability is scarce it most often just leads to a costly and ineffective perpetual cycle of homelessness. To be safe, secure and regain confidence in building new connections and accessing services, people need permanent housing.

SPCHG's housing management approach includes a high-level of engagement and collaboration between SPCHG staff and renters. Experience of our workers strongly suggests a clear separation of housing and support services but a need to work more collaboratively to identify lines of responsibility, boundaries, and pathways to support renters and clients.

Support should be provided at a location well known to the client with emphasis on developing living and life skills i.e., financial literacy and budgeting, cooking, and tenancy responsibilities. The vast majority of people who apply for SPCHG housing will have experienced the following barriers to gaining access to housing in the private rental market:

- Lack of adequate savings to afford the bond or rent in advance.
- Lack of adequate income to afford the weekly rental.
- Lack of a positive rental history.
- Lack of any furniture or kitchen equipment.
- Lack of a fridge or washing machine.
- Lack of access to a motor vehicle.
- Lack of any positive history with a utility supplier – including electricity and gas.
- Lack of any positive experience in effectively managing a 'home'.

Further, the vast majority will experience a lack of supportive social networks and relationships. They will have a higher risk of social isolation and the further deterioration of their physical and mental well-being. The standard design of 1 X BR units in the private rental market, and in 'generalist' forms of social housing, can often exacerbate the risk of social isolation.

The provision of a holistic and flexible model of support focused on sustaining tenancies, and closely integrated with housing management, is an essential element of the Supportive Housing model. Without this type of support the placing of highly vulnerable people into long term social housing will often result in tenancy failure and recurring episodes of homelessness.

We support the development of a single model of support that operates across both public and community housing. The model of support for the social housing sector needs to include the following elements:

- Available to all social housing renters through every stage of their tenancy. An assessment of support needs becomes part of every social housing allocation process.
- Flexible in terms of the level and duration of support.
- Clearly focused on sustaining social housing tenancies.
- Fully integrated with social housing management.
- Requires support workers and tenancy managers (via frequent face to face contact) to develop a common set of values, objectives and processes in relation to the shared task of sustaining tenancies.

Recommendation 5

Increase levels of funding for holistic and flexible models of support that are closely integrated with social housing providers and designed to reduce the risk of tenancy breakdown with a return to homelessness.

Ensure Those with 'Lived Experience' are Involved in Decision Making

The values of any organisation need to be expressed at the highest levels of governance and organisational decision making. They need to be expressed at the level of the Board. The Boards of social housing agencies should include a diverse range of people with a diverse range of experience and expertise relevant to the provision of social housing. One of the most relevant areas of experience and expertise is the "lived experience" of those members of the Victorian community who are social housing renters. These are people who directly

experience the impact of strategic decision making in relation to the provision of social housing. Including strategic decisions about physical and social design, tenancy management, asset management and support. SPCHG believes all social housing agencies should be required to have at least two Directors who currently live in social housing properties managed by the agency. The presence of social housing renters on the Boards of social housing agencies, in our experience, can powerfully contribute to cultural change. It can lead Boards to more carefully consider their decisions from the perspective of those who will directly experience the impact. It can also create a stronger sense of partnership and empowerment.

Recommendation 6

Encourage all social housing agencies include at least two Directors on their Boards who have 'lived experience' of homelessness or housing crisis.

Review, Reduce and Avoid Further Distortionary Interventions in the Housing Market

The housing 'market' in Victoria operates according to market principles, including the principle of supply and demand. It also operates under the influence of a range of government policy settings. These include both Commonwealth and State Government policies. These policy settings can be understood as government "interventions" in the housing market. They include, for example:

- immigration policy which creates population growth and fuels levels of housing demand;
- taxation policies which increase the demand for housing as a form of investment;
- decisions about how interest rates are set;
- policy decisions about the levels of housing density allowed within metropolitan areas and the supply of new residential land; and
- decisions about housing design and construction standards.

Many of these interventions in the housing 'market' are desirable and necessary. But they are also key factors in creating a Victorian housing 'market' which is increasingly unaffordable to lower income Victorians. The measurement of success of a Housing and Homelessness National Plan will surely to be whether it provides a reliable and enduring pipeline of direct investment by the Commonwealth Government, in funding well designed and located social housing, to address the years of chronic undersupply and investment.

Adjusting the other tools and supplementing those where necessary, rather than as a focus, should be the Plan's response in partnership with the States, Community Housing Providers

and institutional investors for the important other Affordable Housing sectors. SPCHG holds that governments can best address the broader issues of affordability for low- and moderate-income households by reviewing current government interventions in the housing 'market' and considering new forms of intervention. We believe this is a more effective strategy than diverting limited levels of direct government investment away from social housing to forms of 'affordable' housing which are not affordable or available to individuals on the lowest incomes. There are many possible new ways in governments can intervene in the housing 'market'. Some of them require changes at a Commonwealth policy level. Many of them have been widely researched and documented. They include the following types of 'interventions':

- Changes to negative gearing.
- Changes to capital gains tax exemptions.
- Relocation of government offices to regional centres.
- Increased density levels in middle ring suburbs and along arterial roads.
- Mandatory Inclusionary zoning.
- Developer contributions.

Recommendation 7

Review and address distortionary and unfair tax breaks, such as negative gearing and capital gains, which allow people to use housing as a vehicle for speculative investment while demand for basic affordable housing is through the roof.

Conclusion

In closing SPCHG believes that the traditional strengths of community housing as a type of social housing needs to be strongly recognised and affirmed within the National Plan. It will be a critical factor in creating effective pathways for people out of homelessness and social exclusion. SPCHG would be pleased to elaborate on any of the points raised in this submission and look forward to the opportunity to continue to work with all levels of government and across sectors towards addressing this pressing issue for all Australians.

On Behalf of

South Port Community Housing Group