

St Kilda Community Housing

Submission - National Housing and Homelessness Plan (National Plan, The Plan)

October 2023

About St Kilda Community Housing

Since 1984, St Kilda Community Housing (SCH) has provided affordable accommodation options for single people in the St Kilda area. Originally the St Kilda Rooming House Issues Group, we work to increase the quantity and improve the quality of housing for single people with connections to the local area, and, through housing, we build communities.

Our residents often lack strong family attachments, experience social disadvantage, or have special needs such as a mental illness, drug and/or alcohol dependence. They are disadvantaged by a lack of financial resources when competing in mainstream housing markets and often have a history of homelessness or are at risk of homelessness.

As such we play a critical role in Victoria's homelessness service system through housing management and tenancy support. We believe that social inclusion and engagement is the right of all members of our community. Inclusion and community are at the forefront of our work and shape our programs and the partnerships we form.

In addition to providing affordable community housing and tenancy support, we deliver:

- creative expression opportunities – photography, creative writing
- a variety of social activities, such as social meals programs
- ongoing paid employment for residents in our maintenance, cleaning, and gardening activities.

We manage 345 rooms across 21 properties, of which 257 rooms are self-contained and 88 are in rooming house accommodation with shared facilities. We employ 22 FTE staff in a variety of roles including housing management, capital development, maintenance, cleaning, and gardening (including residents employed as part of a social enterprise that we initiated). Our forecasted income for FY 2024 is \$3.56 million.

We see the National Plan, and key documents such as the National Housing and Homelessness Agreement (NHHA) as critical tools for Australia to more effectively address homelessness and to fund, establish, manage and maintain an adequate, supported, social (public and community) housing supply.

About this submission

SCH acknowledges that the National Plan Issues paper raised 7 questions:

1. How can governments and community service providers reduce homelessness and/or support people who may be at risk of becoming homeless in Australia?
2. How can governments, across all levels, best work with communities to support better housing outcomes for Aboriginal and Torres Strait Islander people?
3. How can all levels of governments, along with housing organisations, institutional investors, not-for-profits, and private industry, improve access to social housing, which includes public housing and community housing?
4. What should governments, private industries, the not-for-profit and community sectors focus on to help improve access to housing and housing affordability in the private market?
5. How could governments work better with industry, community services and other organisations to improve housing outcomes for all Australians?
6. How can governments, the private and community sectors, help to improve sustainable housing and better prepare housing for the effects of climate change?

While all questions are important, our response is limited to Questions 1, 3 and 5.

Question 1: How can governments and community service providers reduce homelessness and/or support people who may be at risk of becoming homeless in Australia?

This question seeks feedback on:

1.1 - What is most contributing to homelessness in urban, regional and rural or remote areas?

1.2 - What short, medium, and long-term actions can governments take to prevent homelessness or to support people who may be at risk of becoming homeless?

1.3 - What types of homelessness supports and services do we need more of? For example, earlier intervention, crisis support, mental health supports, etc.

1.4 - How can services be better coordinated to support people who are experiencing homelessness and more effectively respond to those at risk of homelessness?

To reduce homelessness and support people at risk of homelessness the National Plan should:

- recognise the importance of a Housing First approach in the homelessness service system, that more efficiently and effectively integrates homelessness services with social housing
- tailor policy and funding responses to the specific needs of the lowest income 'hardest to house' cohorts, recognising that housing those with the greatest needs costs more
- prioritise upgrades to ensure fit-for-purpose stock for residents currently in sub-standard rooming house or community housing stock, and when upgraded, facilitate stock transfers to build the resilience and viability of community housing providers
- recognise the maintenance challenge faced by rooming house and community housing providers and fund this as a priority to preserve and retain existing stock

Reducing homelessness and housing those with the greatest needs is more cost effective for community housing providers than for the homelessness service system

Securely housing people who are homeless or at risk of homelessness produces whole-of-government cost savings, especially in the areas of health and justice.¹

[Recent research](#)² shows that it costs state government more to keep a person chronically homeless than it costs to provide permanent supportive housing to end homelessness. Over a 12-month period, people who were chronically homeless used state government funded services that cost approximately A\$48,217 each. Over another 12-month period the same people were tenants of permanent supportive housing and used state government services that cost approximately A\$35,117, including housing costs.

Housing First - permanent supportive housing quickly connects people with housing and is more efficient and effective

SCH supports an early intervention (Housing First) approach to quickly connect people to permanent housing and support services without preconditions or barriers to entry (such as sobriety, treatment or service participation). This recognises that client support is separate and not conditional to their housing. While more cost effective than the homelessness service system, permanent supportive housing does cost more to deliver due to the complex needs of the target cohort.

Housing First approaches have been shown to be more effective for residents through rapid access to permanent housing and support services in their local community, and more cost effective for governments. AHURI³ identified health system savings of \$4,846 per person per year (2009 -2012) by housing homeless people who spent fewer days in hospitals and psychiatric care. Similarly, supportive accommodation programs averaged \$2,397 (in 2011) in reduced costs for the justice system through reduced prison time and interactions with police.

Both state and local government have identified that those experiencing greatest homelessness risk, people transitioning from institutions and those with severe mental health challenges as target cohorts of permanent supportive housing.

¹ Davison, J., Brackertz, N. and Alves, T. (2021) *Return on investment for social housing in the ACT*, report prepared for ACT Shelter, Australian Housing and Urban Research Institute, Melbourne

² [Supportive housing is cheaper than chronic homelessness \(theconversation.com\)](#)

³ AHURI 2016 *The financing, delivery and effectiveness of programs to reduce homelessness*. AHURI Final Report 270

www.ahuri.edu.au/data/assets/pdf_file/0018/9900/AHURI_Final_Report_No270_Thefinancing,-delivery-and-effectiveness-of-programs-to-reduce-homelessness.pdf

SCH's single focus is on these people. They have the highest requirements and often other CHPs are reluctant to house them. These residents require additional supports, costing more to house and can heighten neighbourhood concerns about safety and amenity. Higher costs relate to:

- more active and intensive tenancy management resulting in lower property portfolios managed per FTE
- increased property damage
- greater turnover of properties / movement of tenants
- higher rates of arrears
- increased incidents involving emergency services and police
- no internal capacity to 'cross-subsidise' lowest-income tenants with families or higher income residents

Rooming house stock is important to a Housing First response, particularly in the inner city

We predominately manage government properties of which a significant portion are old, tired and expensive to maintain. Twenty-five percent are rooming house accommodation with shared services, which no longer match community expectations. Community expectations shifted significantly during COVID leaving our housing difficult to tenant. We have a significant maintenance liability; however, many properties require capital upgrades to modernise stock.

Upgrades to remove shared facilities result in fewer tenancies resulting in a decrease to our rental base. The environment is competitive and focused on growth. On the back of homelessness service funding, large support agencies are becoming housing providers and competing for capital funds to establish their portfolios.

In addition, inner urban areas are more expensive, competitive and have limited land opportunities. While gentrified, these areas retain strong service systems and the necessary social infrastructure to respond to the complex needs of our residents and as such are a critical part of the homelessness service system.

Although our older housing stock is substandard and does not meet contemporary expectations, these rooming houses play a critical role in preventing homelessness.

A Common Ground model provides supportive housing and improved access to services

Common Ground is a model that provides permanent supportive housing. It combines the provision of a secure home with the services that support people to sustain their tenancy in that home, including a concierge service to manage access to the physical building, ensure safety, and to coordinate service supports. It is an example of a supportive accommodation program that improves outcomes and can also be more cost effective.

In Victoria when supportive accommodation is provided through a Housing First model by a Housing Association or Provider, they are unable to access Homelessness service funding - a disincentive to providing stable and permanent housing to complex cohorts, on very low incomes. Funding should be available for flexible support periods and to support partnering with specialist services to prevent further homelessness of families and individuals.

Recognise and fund the role community rooming house providers play in preventing homelessness

Community managed rooming houses are an important and poorly understood part of the social housing system. For registered Community Housing Providers, the regulatory environment is characterized by duplication, is overly onerous and fails to take a risk-based approach. It is long overdue for reform.

The National Plan should be clear about the future role of community managed rooming houses in the homelessness service system and within the housing continuum. The National Plan must establish the parameters necessary to ensure the financial future of smaller, community managed housing providers, central to a highly localized housing first approach are sustainable.

While economies of scale feature prominently in government responses to decades of underfunding to address inadequate supply, on-going management (particularly for the cohort we house) is more nuanced and outcomes may be diminished when delivered at scale.

Despite our proud history and strong reputation for supporting disadvantaged people, our operating environment is increasingly challenging. Our point of difference, which is a core strength recognised and highly valued by local and state government, is increasingly not supported through funding norms and operational requirements. For example, in Victoria

the Director of Housing Interim General Lease effectively transfers to SCH the risk and responsibility of maintaining older properties in need of upgrade and capital repair - neither of these functions can be properly funded from our rental income. Our maintenance obligations are unfunded, our compliance obligations are increasing, and we have an underlying operational deficit.

This is due to a range of factors that are inadequately dealt with under the current policy, regulatory and funding regimes:

- housing those with greatest needs costs more
- rooming house stock is no longer a preferred housing option, yet plays a critical role in the homelessness service system in the area that we operate
- rents no longer cover costs or provide for maintenance
- upgrades are expensive, and reduce our rental base
- development risk is being shifted to housing providers, presuming bigger is better, despite economies of scale not guaranteeing better resident outcomes and reduced homelessness overall

The inherent operational deficit for social housing is well documented. Maintenance cannot be deferred indefinitely. Impacts compound over time and agencies such as SCH, that focus on housing people on the lowest incomes, with challenging behaviours, poor rental histories and limited life skills, can no longer make ends meet. Increasingly other providers overlook these people.

Should this critical sector of the housing system fail, these people will be homeless.

It is a policy gap or an anomaly that despite performing a critical role in the homelessness service system we are unable to receive homelessness funding and must rely only on our fixed low rents.

Rent income must cover costs, maintenance and upgrade for Community Housing Providers or be supplemented

As outlined above, we manage Director of Housing stock that is old, tired and in need of maintenance and upgrade. Our financial capacity to fund this is limited. Our balance sheet is weak lacking assets which limits our ability to borrow to maintain and grow our business. Our rental income is insufficient to cover costs, let alone service debt. The Interim General Lease results in SCH being liable to maintain old buildings, a liability that exceeds what they can generate in rent.

This means that:

- maintenance is deferred, and the increasing compliance burden takes precedence
- capital grants are critical to our operations
- upward cost pressures exceed rental growth (labour, utilities, maintenance) and can no longer be absorbed
- the homelessness service component is unfunded

The National Plan must set out the public policy settings for both the homelessness service system and community managed rooming houses.

The National Plan must recognise and provide funding to address the structural gap between capped low rental income (25% of the lowest incomes) and the cost to service our cohort's needs. This would enable us to maintain and progressively improve our ageing properties that are no longer fit for purpose and provide permanent housing more cost effectively than through the homelessness service system.

Funding and addressing this policy gap would recognise the service component, additional to tenancy management, necessary for a Housing First response for this cohort at greatest risk of homelessness.

Development risk is being shifted to housing providers presuming bigger is better, despite economies of scale not guaranteeing better resident outcomes

In Victoria there are large Housing Associations and smaller, generally local area-based Housing Providers. For most Housing Providers, our size becomes a challenge when the development risk is being transferred from government through the Big Housing Build. This is driven by a desire to 'move fast' and deliver 12,000 properties within 5 years to significantly impact on the social housing shortfall.

While a useful strategy for CHPs who are targeting low-medium income earners and seeking to provide affordable

housing, the funding is time limited and development skills and construction capacity are not core skill sets of tenancy management agencies.

Development requires us to retain or access specialist professional skills to secure grants, assemble land and deliver large projects as well as to complete complex financial modelling, undertake fundraising and communicate effectively beyond the local community. This is not funded and was previously not a core ongoing function of Housing Providers.

Additionally, the need to foster multi-partner projects and nature of milestone payments mean that the 'front end' risk (project bid, project planning and detailed design costs) must be financed by our rents, putting pressures on cash flow. Costs of participating in competitive funding rounds under the Victorian Big Housing Build are high, even for smaller projects.

This results in Housing Associations, who have depth and capacity, being more successful and creates barriers to entry for smaller Housing Providers rather than fostering collaboration and cooperation.

We assert that there is a clear and distinct role, alone and in partnership, for 'boutique' locally responsive housing providers, and that the supported tenant and tenancy management model we deliver has evolved in direct response to localised needs. Bigger does not always guarantee better tenant outcomes.

Further, if agencies such as ours fail to secure funding for contemporary, well designed additional stock, then our renter base of vulnerable, disadvantaged singles on the lowest incomes, also miss out. And yet, these are exactly the cohort that funding should be focussed upon.

The focus on affordable housing should be secondary to a policy and funding focus on public and community housing.

Question 3: How can all levels of governments, along with housing organisations, institutional investors, not-for-profits, and private industry, improve access to social housing, which includes public housing and community housing?

This question seeks feedback on:

- 3.1 - What changes can be made to the current social housing system to improve outcomes for tenants and/or improve the efficiency and effectiveness of the social housing sector?*
- 3.2 - What actions are needed now to ensure there is social housing available for people in need?*
- 3.3 - Are there longer-term policies that need to be considered to support social housing over the next 10 years?*
- 3.4 - How can governments ensure social housing is built in the right locations (considering environmental, socio economic and cultural factors) and will meet current and future needs of social housing tenants and the broader community?*

To improve access to social housing and modernise the critical CHP sector, the National plan should:

- recognize and fund a complex person's housing subsidy for those CHPs that play a key role in the homelessness support system
- funded joint State/CHP Asset Improvement Plans to maintain and improve poor amenity stock, including a maintenance subsidy to keep old buildings habitable and not lose stock
- public housing stock transfer - allowing CHPs to access additional stock, finance, and ability to secure debt

A new model - Tenancy Management Plus, with complex cohort subsidies aligned to tenants needs

Our responsive and integrated tenancy management and support services are undervalued. Our tenancy mix has changed over the years through residualisation, and our cohort is increasingly one with complex housing and support requirements. This required support has been largely integrated into our housing manager roles, evidenced by our ratio of managers to tenants being significantly higher than for CHPs with a more diversified tenancy mix, including affordable housing (people on rent assistance, low to medium incomes, family groups).

A 'complex persons housing subsidy' or another supplement is required.

When integrated and dispersed across social housing the price to support our tenants is more cost efficient. Often, the support provided for our cohort by external homelessness services is time limited and not sufficiently focused on maintaining positive housing outcomes. Engagement is too often regarded as the role of the resident and not the support provider, and there is limited accountability and transparency relating to the quality and outcomes of these funded

support services. In contrast, the support we deliver is completely unfunded. On-site housing managers have a keen interest in maintaining housing and are best placed to deliver a range of support services and functions and can do this more cost effectively than eligible support agencies. The extraordinary growth in homelessness services funding in recent years is not sustainable.

To continue to provide housing for this cohort, SCH requires bridging or supplementary funding aligned to the tenancy issues presented by this group of people.

Our service model is relatively unique in offering long term housing services to the ‘hardest to house’ cohorts. The National Plan must set out the services needed for people out of homelessness and recognise the additional cost of tenancy support, over and above tenancy management that needs to be built into CHPs rooming house funding.

Through more diversified funding and a recognition of the cost of supporting complex needs, a sustainable business model can be found. We appreciate that *business as usual* under the current funding arrangements is not an option for SCH. The current funding models will force us to either expand our geography, broaden our focus away from the local high-need cohort, partner, merge or exit.

Adequate funding is critical to improve access and maintain existing community housing

We believe there is a significant benefit for our resident cohort inherent in smaller, locally nuanced services, who operate efficiently and deliver excellent services and support.

A more efficient model whereby (some) homelessness support services and housing support is integrated into tenancy management will see better outcomes and more sustained tenancies - improving access to social housing.

Under the current NHHA and funding arrangements there are limited options for smaller CHPs such as SCH who support a narrow, very low income, high need cohort. Ironically, this is the cohort that most critically requires appropriate, permanent, and affordable housing.

Our locational differences and the additional support we provide to support our residents needs requires acknowledgement and funding. The National Plan must address this structural operational deficit and also prioritise maintenance of existing stock.

Decades of underinvestment mean that the number of public housing properties (428,000 in 2017) continues to decline, and the number of social housing properties has been largely static for 20 years despite significant population growth and a significant increase in people seeking specialist homelessness services in the inner city.

SHSC geographical location of client – SA3, SA4, RA, GCCSA⁴ - Client count

Financial year	2015	2016	2017	2018	2019	2020	2021
Melbourne City	2,106	2,444	2,620	2,665	2,936	3,189	3,828
Port Phillip	3,246	3,012	2,800	2,591	2,491	2,353	2,152

We do not support a future of fewer, larger CHPs operating nationally, in the absence of hyper-local, ‘boutique’ providers able to respond to local needs. We see a strong future for both small and large CHPs, with a broader range of funding and service delivery models that align with particular locational needs (homelessness, LGBTQI, Indigenous, Mental health etc.).

Typically, when undertaking feasibility studies of potential new housing developments, fewer properties if any, are allocated to singles on very low incomes, with complex support requirements and histories of trauma. This group is removed to make developments stack up financially. This is understandable as social housing providers are required to contribute, typically through debt, to the overall costs of each development and *cannot afford* to house this group. From a financial perspective, they are a poor business decision.

For agencies such as ours to continue to do the heavy lifting of housing this cohort, the National Plan must recognize this cohort, where and how they are housed and supported, and unless required to be integrated into new developments, recognize the residualisation that inevitably occurs, bringing with it increased needs.

Securing the future role of Community Housing

Access to social housing could be improved by addressing the unsustainable operating environment for CHPs. The current

⁴ <https://reporting.aihw.gov.au/Reports/openRVUrl.do>

system runs at a loss, does not cover ongoing operational costs, and cannot fund maintenance and growth. As more of our tenants are from the lowest-income households, our rental income falls. As we upgrade away from shared facilities, the number of tenants (and rent income) diminishes. This situation could be enhanced through:

- removal of investment contribution typically required in capital grant rounds from smaller CHPs
- maintenance subsidies to ensure amenity upgrades in older buildings.
- complex cohort housing subsidies - to support the most complex tenants' needs
- expand Commonwealth Rent Assistance to all community housing tenants
- lift rent cap to 30% (not 25%) for CHP managed public housing
- increased capital funding for stock replacement, expansion, and repairs, and retain development capacity within State Departments of Housing to support CHPs

Question 5: How could governments work better with industry, community services and other organisations to improve housing outcomes for all Australians?

This question seeks feedback on:

5.1 - How could governments work better with your industry or organisation?

5.2 - How should communities be involved in initiatives to improve housing and homelessness in the future?

Governments could work better to improve housing outcomes through:

- a clear focus on homelessness, public and community (social) housing through the National Plan
- clearly setting out the public policy settings for the services needed for people out of homelessness

The broad focus across the housing spectrum is to the detriment of public and community housing

Social housing is critical infrastructure and is the best solution for homelessness prevention. However, the current NHHA considers the full housing continuum, to the detriment of the lowest income earners, and the support needed for them to remain in stable, safe, and secure housing. The National Housing and Homelessness Plan should rebalance this and focus on those aspects that are the core responsibilities of government.

The National Plan should:

- articulate the role of smaller CHPs and community rooming houses in the homelessness support and social housing system - our service model is relatively unique in offering long term housing services to the 'hardest to house' cohorts
- integrate funding for homelessness services as an addition to rental income to address the structural funding gap

To continue to provide housing for this cohort, we require additional funding to bridge the widening financial gap and in recognition of the tenancy issues presented by this group of people.

Being on a sustainable footing would enable us to build partnerships of benefit to our residents.

For example, in the property maintenance area, we have developed a relationship with Toyota who have assisted us to improve our workflows, leading to a more efficient service. We are exploring partnerships with suppliers, to help them meet their CSR objectives and provide us with stable costed supplies.