



Homelessness Australia

Creating a framework for ending homelessness

Homelessness Australia's Response to Discussion Paper on Regulation and Growth of the Not for Profit Housing Sector

Prepared by Travis Gilbert, Policy and Research Officer

Our organisation

Homelessness Australia is the national peak body representing providers of direct services to people who are experiencing homelessness. We work to prevent and respond to homelessness in Australia and advocate on behalf of our members and the homelessness sector to create a framework to end homelessness. Homelessness Australia seeks to improve community awareness and understanding of the issues facing the 1 in every 200 Australians who are homeless.

Homelessness Australia advocates for people who are homeless, aims to represent the interests of more than 1500 homelessness assistance services, and contributes to policy development and the evaluation of Australia's homelessness service system. Homelessness Australia works collaboratively with homeless people's associations, homelessness assistance services, state homelessness peak organisations, national peak organisations from other sectors, governments, business and the broader community to achieve these objectives.

Homelessness Australia represents the single men and women, families, young people and women escaping domestic violence who access the diverse support and advocacy services provided by our founding members.

Background and Context

There is a clear, pressing and urgent need to expand Australia's stock of affordable and social housing. Australia is currently experiencing what is arguably an affordable housing crisis and the private rental market is increasingly not affordable or accessible for clients who are experiencing or have experienced homelessness for various reasons, in particular financial incapacity and discriminatory practices by private landlords and property managers. Social housing is increasingly the only realistic exit point accommodation for clients who are experiencing homelessness as the majority are entirely reliant on income support to meet the costs of accommodation and other living expenses. While Homelessness Australia supports the expansion of affordable housing that is being delivered through the National Rental Affordability Scheme, in most cases NRAS properties are not affordable for people who are experiencing homelessness.

We therefore welcome the commitment to expand the social housing sector and welcome the proposal to increase the proportion and number of social housing stock managed and owned by not for profit providers while cautioning that it is essential that Government continues to exercise its responsibility to deliver public housing for all Australians who need it, particularly those who are experiencing homelessness.

Key Points

- Homelessness Australia supports the expansion of the Not for Profit (NFP) Housing Sector because it will provide a significant number of social housing dwellings for disadvantaged and low-moderate income Australians including people experiencing homelessness.
- Homelessness Australia cautions however that we believe Governments still have a role to play in the direct provision of public housing for the most disadvantaged in our community who do not have the capacity to sustain a tenancy in other forms of housing including community housing.
- Regardless of the model of regulation and growth adopted, Homelessness Australia's primary concern is to ensure that social housing remains accessible and affordable for people who are experiencing homelessness.
- Homelessness Australia understands that the key assumption throughout the paper is that leverage is an essential feature of any successful growth model. This has both positive and negative implications for the client group that we represent. These will be examined in more detail below.
- Homelessness Australia supports a robust and thorough review of the leverage modeling and sufficient flexibility within the rules to ensure that people experiencing homelessness are not 'locked out' of social housing indefinitely.
- Homelessness Australia supports the Community Housing Federation of Australia's call for the development of a single, national regulatory system that separates the role of regulator, funder and competitor.
- Homelessness Australia believes that regardless of which model(s) of growth and regulation are pursued, it is important that we do not lose the smaller providers of community housing and that the diversity of the sector is maintained, protected and respected.
- Homelessness Australia believes that proposals for the regulation and growth of the NFP housing sector need to be aligned with the development of the National Quality Framework for providers of services to people who are experiencing homelessness. Our reasons for this will be outlined in more detail below.
-
- Homelessness Australia believes that one of the key strengths of community housing is the greater opportunities that it affords tenants to participate in decision making about their property and tenancy arrangements than either public housing or private rental.

- **Homelessness Australia supports models of rent calculation that set weekly rental based on a proportion of disposable income as this is more likely to prevent tenants from experiencing housing stress, particularly tenants on very low incomes and those who are reliant entirely on income support.**

Reshaping Australia's Social Housing Sector

Homelessness Australia understands that it is the intention of the Australian Government to facilitate the development, over time, of a large and robust not for profit housing sector that will manage and/or own a significant proportion of social housing dwellings in Australia.

For a number of reasons, the private rental market has become increasingly unaffordable and inaccessible for disadvantaged Australians, in particular those who are reliant on income support. As the peak body representing providers of services to people experiencing homelessness and their clients, Homelessness Australia is therefore both encouraged and supportive of any strategy that will progressively expand the social housing sector and increase the pool of social housing stock in Australia.

In terms of providing specific feedback in response to the questions at the conclusion of chapter 2 of the Discussion Paper on the Regulation and Growth of the Not-For-Profit Housing Sector, our feedback will not specifically address questions regarding the number of community housing organisations with the capacity to become growth providers or who would or would have the capacity to enter the sector with no prior experience as housing providers. In our view this is the domain of the Community Housing Federation of Australia with whom we often work quite closely.

Homelessness Australia is pleased to be able to provide some general feedback about the future of the social housing sector in Australia.

Homelessness Australia believes there are a number of advantages for our client group that will flow from the expansion of the community housing sector. Community housing providers are renowned for offering greater opportunities for tenant participation in decision making about tenancy and property management and other housing related matters than either public housing or private rental. Homelessness Australia also believes that the often diverse tenant profile that community housing organisations are comprised of has demonstrated that it can accommodate a good mix of tenants including people exiting homelessness. We note that community housing models that calculate average weekly rentals on a proportion of a person's available disposable income benefit the most disadvantaged by acting to alleviate housing stress. The maximum proportion of income that should be allocated to rent for clients reliant entirely on income support to avoid housing stress is probably 25% given that many in this group are allocated less than \$40 per day in 'benefits'.

We certainly see a number of positive elements to the expanded role of the not for profit housing sector for the client groups that we represent. We would however caution that we believe Governments still have a role to play in the direct provision of public housing for the most disadvantaged in our community who do not have the capacity to sustain a tenancy in other forms of housing. A key assumption throughout the document appears to be that leverage is an essential feature of any future growth model for social housing. Homelessness Australia expresses concern that if all future growth is targeted at community housing and housing associations, this will have significant implications for public housing and for the most disadvantaged in our society who may be indefinitely reliant on public housing.

We would advocate for continued investment by the Commonwealth for the provision of a substantial number of new public housing dwellings each year on an on-going basis well beyond the life of the social housing economic stimulus package. While we are supportive of the expansion of the not for profit housing sector and we acknowledge that leverage is a critical means by which the pool of social housing stock can be increased more quickly than would be the case through non-leverage models, we have some concerns about the implications of this for people on very low incomes and those who are reliant on income support.

In addition to utilising leverage against assets to ensure strong growth within the social housing sector, Homelessness Australia believes that we need to guarantee that the pool of stock available to the most financially disadvantaged also continues to expand. One of the risks we can foresee should future growth of the sector be entirely based on a leverage model is that social housing may become increasingly unaffordable for our client group, especially young and older people who are more likely to be on a fixed income and/or reliant entirely on income support.

We believe it is essential to ensure that whatever growth model(s) are pursued, the pool of social housing stock that is affordable to the most disadvantaged in our community, especially people who are experiencing homelessness is increased commensurate with the increase in the total pool of social housing stock. Put simply, leverage makes it more difficult and less attractive to house tenants with the least financial resources because of the inherent need to repay the debt leveraged against the housing assets which may either force rental prices up or diminish the proportion of dwellings that a provider is able to allocate to the most disadvantaged.

Homelessness Australia supports a robust and thorough review of the leverage modeling and sufficient flexibility within the rules to ensure that people experiencing homelessness are not 'locked out' of social housing indefinitely.

We are supportive of the need to address the labour force marginalisation and social exclusion that is experiencing by many public housing tenants. We welcome the steps that have been taken in recent years to pursue community and urban renewal strategies. We are very much supportive of ensuring that new social housing stock is located in 'mixed tenure' communities with access to public transport and services. Historically, the most disadvantaged in our community have found themselves left with no option but to accept public housing in sprawling estates in outer metropolitan areas that are often away from major transport corridors and essential services. It is essential for our client group, particularly those who need access to support services and key workers to assist them to sustain their tenancy and address issues that may place them at risk of homelessness, to be housed in areas where they can readily connect to these services. We believe that mixed tenure communities that are well supported by community services, education and training providers, health services, sporting and recreation facilities will maximise opportunities for social inclusion and civic participation for disadvantaged and marginalised members of the community.

The Applicability of US and UK Models in the Australian Context

As with homelessness service delivery models, there needs to be due consideration given to the particular factors affecting the housing markets in particular nations.

Homelessness Australia understands that both the United Kingdom and the United States have in place significant demand side interventions as well as interventions aimed at increasing the supply of affordable housing. Examples include the Section 8, or the Housing Choice Voucher Program, is a Federal housing program which provides housing assistance to low-income renters and homeowners. Our understanding is that the section 8 vouchers can be used to cover rental costs over and above 30% of a person's weekly earnings. This is relevant in the Australian context as a person is considered to be in housing stress once they are allocated more than 30% of their take home pay to meeting the costs of housing. This assistance comes in the form of rental subsidies, limiting the monthly rent payment of the assistance recipient. If the Australian Government were to pursue a similar program pitched at people earning less than 50% of the median income for the area in which they are applying for housing, then it would be pertinent to consider the United States low income tax housing credit system as a potential model.

The housing corporation model adopted in the UK saw significant numbers of 'council housing' properties transferred to housing associations. According to the [Housing Corporation website](#), in 2008:

"...There were around 1,900 housing associations in England, currently managing over two million homes for more than five million people. Some housing associations were founded centuries ago, but many trace their origins to the 1960s. Many new associations have been formed to manage and develop homes transferred to them by local authorities. Each association is regulated based on where it has its head office..."

The Housing Corporation provided advice and support to housing associations, to help them provide the best and most cost-efficient services, and assesses their performance against agreed standards. In England, housing associations were funded and regulated by the [Housing Corporation](#). However the Housing and Regeneration Act (2008) created two new bodies. From the 1st December 2008 the [Homes and Communities Agency](#) (HCA) deals with funding and regeneration work and the [Tenant Services Authority](#) (TSA) take responsibility for regulation. From 2010 the TSA has regulated all providers of social housing and they are all known as Registered Providers irrespective of the private, public, for profit or not for profit status.

Housing Associations provide the bulk of social housing in the UK¹. Much of the supported accommodation in the UK is also provided by Housing Associations, with specialist projects for people with mental health or learning disabilities, with substance misuse problems (drugs or alcohol), the formerly homeless, young people, ex-offenders and women fleeing domestic violence. This suggests that the not for profit sector could be well placed to increase the provision of social housing to the client groups that Homelessness Australia represents, especially given that many community housing providers already service these groups as part of their broader tenant mix.

There are certainly lessons to be learned from assessing the pros and cons of programs and strategies that have been implemented in comparable countries that have resulted in an expansion of the social and affordable housing sector.

¹ www.housingcorporation.gov.uk

One of the criticisms that have been levelled at the process of stock transfer and rapid growth of non-government social housing provision in the UK was that it resulted in a significant number of smaller providers being squeezed out of the market.

Homelessness Australia understands that there are a significant number of smaller community housing providers in Australia some of which provide housing for specific client groups such as people with disabilities.

It would be our preference to see the diversity of the community housing sector which presently accommodates small, medium and larger providers, including those who cater to client groups with particular needs maintained regardless of the growth and regulation models and strategies that are pursued.

A Model for Australia

Homelessness Australia supports the contention of the Community Housing Federation of Australia that once there is agreement on the fundamental principles and the basic framework for the system, there needs to be a clear and robust process of engagement with all stakeholders- in particular the community housing sector- to negotiate the details of the model.

The Role of Regulation in Growing the Not-For-Profit Housing Sector

Homelessness Australia can see the need for a national regulatory framework that is flexible enough to accommodate the needs and aspirations of existing and emerging not for profit housing providers. A number of housing providers already operate across state and territory boundaries and as the sector continues to expand more providers will be seeking to do so.

In terms of making a determination about which of the proposed models of national regulation the Department should pursue in consultation with state and territory community housing bodies and the national peak body, this is the domain of the Community Housing Federation of Australia with whom we work cooperatively.

Homelessness Australia supports the Community Housing Federation of Australia's call for the development of a single, national regulatory system that separates the role of regulator, funder and competitor

We can see that the development of a single, national regulatory framework will reduce red tape and provide for greater consistency across jurisdictional boundaries.

From the perspective of the service providers that we represent, the regulatory framework for not for profit housing providers needs to be considered in the context of and aligned with the National Quality Framework for providers of services to people who are experiencing homelessness. Many Transitional Housing Managers and larger providers of accommodation and support to people experiencing homelessness may find themselves needing to meet the new requirements of both regulatory frameworks.

Getting consistency will be important for these providers as will reducing the amount of red tape that may come with meeting the requirements of separate regulatory systems.

Protecting the Interests of Tenants in Community Housing

Protecting the interests of tenants in community housing is an important issue of concern for Homelessness Australia. We represent the interests of the diverse homelessness services sector which provides accommodation and support to some of the most vulnerable men, women young people and children in Australia, those who are experiencing homelessness and those at risk of becoming homeless. For the majority of these clients, social housing, be it public or community housing is the only realistic housing option that can provide some security of tenure upon exiting homelessness. We know that there are some 50,000 applicants on community housing waiting lists at the present time and while this is significantly less than the number of people waiting to access public housing, it presents significant challenges for both prospective tenants and housing providers. Of the 50,000 waiting to access community housing, just under half were deemed to be high needs households and in 2008/09, 75% of new allocations in community housing were to tenants in greatest need².

These figures underscore the importance of community housing as a significant provider of safe and secure housing to disadvantaged households including people experiencing homelessness and those who are at risk of becoming homeless. Community housing can be an excellent option for people exiting homelessness because many providers have strong connections to their local community and offer tenants much greater opportunities for decision making on management and tenancy issues than either private rental or public housing.

Moreover, a number of providers, in particular those who specialise in the provision of housing and tenant support services for client groups can arrange for the coordination of mental health, primary health and social services for tenants with moderate to high needs. This makes community housing an attractive option for people exiting homelessness who need support packages to assist them to stabilise their situation and sustain their tenancy.

Good local partnerships, community connectedness and close relationships between provider and tenant are some of the key strengths underpinning the provision of community housing. There is evidence to suggest that constructive local partnerships and good working relationships between housing and support providers can improve outcomes for tenants with high needs³.

As the sector grows in size and scope and new providers emerge, including 'for profit' providers, it will be critically important to ensure that a substantial number of community housing properties continue to be allocated to tenants with the greatest

² Australian Institute of Health and Welfare, Housing Assistance Data Development Series: Community Housing 2008/09, 28 January 2010.

³ Bleasdale, M Supporting the Housing of People with Complex Needs, AHURI Research and Policy Bulletin,, November 2007; Gronda, Hellene Dr, What Makes Good Case Management Work? Bringing Together the Evidence, AHURI Research Synthesis, 2008.

need and that there is no loss of community connectedness and specialist tenancy support that can be critically important to enabling people with higher needs to sustain their tenancies.

Protecting the Rights of Tenants

Community housing tenants are currently afforded the same protections as other tenants in rental accommodation under residential tenancies legislation at a State and Territory level. This includes having access to residential tenancies tribunals and appellate bodies who can resolve disputes, protections not afforded to boarding/rooming house tenants. Homelessness Australia understands that the provision for appeals processes and decision making on housing allocations, referrals and rental calculations is currently a State/Territory responsibility.

Homelessness Australia would want to ensure that the rights and protections that community housing tenants are currently afforded under State/Territory legislation and guidelines are not diminished in a national regulatory system. Given that the growth of the sector looks likely to be primarily driven by leverage models, there will be a need to ensure that tenants are provided with assurances that they will not end up homeless if a housing provider is unable to repay debts leveraged against housing stock or an organisation fails for other reasons.

Homelessness Australia understands that the interests of tenants are further protected by the National Community Housing Standards which cover areas such as tenancy management, asset management, tenant rights and participation in decision making processes, working with community, governance and organisational management, management systems and human resources. While there are currently a set of national standards our advice is that the application of these still vary to some degree across each jurisdiction. We would be keen to see strong nationally consistent standards applied across all jurisdictions in the event that a national regulatory framework transpires. We look forward to seeing the outcomes of the review of the national standards when the third edition is released later in 2010.

Homelessness Australia's primary concern is that all forms of social housing remain accessible to people who are experiencing homelessness and those who are at risk of becoming homeless. We know that in the context of a housing affordability crisis and in particular the failure of the private rental market to remain a realistic option for people on very low incomes or who are reliant on income support, that social housing is increasingly the only realistic option that can deliver some security of tenure as well as affordability and safety for the clients our member services support. We support the growth of the not for profit housing sector but we also believe that Governments must continue to accept responsibility for the provision of public housing for those who for a variety of reasons, cannot gain access to, or whose needs cannot be met by other forms of housing.