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21 February 2022

Housing and Homelessness Agreement

Productivity Commission
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Dear Commissioners,

Submission for the review of the National Housing and Homelessness Agreement

Thank you for this opportunity to contribute to the review of the National Housing and Homelessness Agreement (NHHA). On behalf of Yarra City Council, I provide the attached submission.

As the level of government closest to the community, Council can offer insight into the impact of the National Housing and Homelessness Agreement at a local level, including the practical funding outcomes and the impact that the NHHA has on individual lives.

Yarra City Council is committed to social justice. Council strongly believes it is the responsibility of Federal and State Governments to provide safe, equitable and appropriate housing as a foundational human right and as a framework for addressing other complex social and health concerns. Through our [Social and Affordable Housing Strategy and Homelessness Strategy](#) we maintain a focussed commitment to improving access to social housing and reducing homelessness. The funding that is currently provided through the mechanism of the NHHA is key to realising progress towards these goals.

If you need further information please feel free to contact Malcolm Foard, Acting Director Community Wellbeing

Yours sincerely,

Cr Sophie Wade
Mayor

cc:

Encl.

Submission to Productivity Commission for the review of the National Housing and Homelessness Agreement (NHHA) on behalf of Yarra City Council

The right to appropriate and affordable housing is fundamental and underpins many other human rights. Funding provided to state governments to address this issue should be both targeted and transparent, with clear lines of accountability. It must address both capital and operational considerations and be able to address the specific needs of priority cohorts, including people with disability (who are not currently identified as a priority in the NHHA).

Currently, the funding structure of the NHHA does not sufficiently distinguish between the issues of housing and homelessness. These intersectional issues are intimately related but have distinct requirements that cannot be fully addressed without separation. For the objectives of the existing NHHA to be realised, this distinction must be made, along with the separation of capital (housing) and operational (service) objectives.

Stronger lines of accountability must be embedded into the agreement, with clear sight of the issues to which they relate. Instead, at present, the objectives and indicators are often non-specific and aspirational, lacking practical measures that would genuinely demonstrate the impact of the funding. Meaningful performance indicators, a clearer, more comprehensive understanding of the cohorts and demographics impacted by the current lack of appropriate housing, and clearer reporting structures are some of the key changes that are emphasised in this submission.

The City of Yarra Context

The following is a data snapshot of the City of Yarra's housing situation, based on data from the 2016 Australian Census and therefore prior to the Covid-19 pandemic, which has impacted further on this picture:

- 1) 6,000 households (15 percent) in housing stress
 - Prior to the Covid-19 pandemic, an estimated 6,000+ Yarra households (15 percent) were in housing stress (households with very low, low and moderate incomes spending more than 30 percent of income on mortgage or rent).
 - More than 3,000 of these were rental households on very low incomes.
 - Almost 1 in 4 single households (23 percent) in Yarra were in housing stress.
 - 1 in 4 rental households (25 percent) were in housing stress.
- 2) 3,570 households (9 percent) had an unmet need for affordable housing (homeless, marginally housed and households in long-term rental stress)
- 3) 3,790 households (9.5 percent) lived in social housing in 2016
 - This is the highest number and proportion in the state of Victoria.
- 4) 16,667 households (40 percent) rented in the private market in 2016
 - A significant proportion of these (13 percent) of households were living in share houses, a group known to be vulnerable to housing stress and homelessness.¹

¹ Raynor, K. & Panza, L. (2020). *The Impact of Covid-19 on Victorian Share Households*. University of Melbourne.

- Rental affordability in the private market remains unfeasibly low in Yarra, with the latest Anglicare Rental Affordability Snapshot for 2021 finding no affordable rental properties anywhere in Melbourne for someone seeking employment while reliant on JobSeeker payments.²

The estimated rate of homelessness in Yarra as at the 2016 census was 95 per 10,000 population, which is the fourth highest rate for any Victorian municipality, and more than double that of the state average. At the last census, it was estimated that there were 838 people experiencing homelessness in Yarra, including 64 people experiencing *primary* homelessness (i.e., living in tents, improvised dwellings, or sleeping out), and 170 people who were marginally housed (i.e., in minimum standard accommodation, such as caravans or overcrowded dwellings).

In 2020–21, 1,099 people accessed specialist homelessness services in Yarra, of whom 556 were female and 543 male. Just under half of those people (507 or 46 percent) were homeless at the time of seeking assistance. Most homeless or marginally-housed people in Yarra are relatively young through to middle aged, with the 20–29, 30–39 and 40–49 years age brackets showing almost equal highest numbers of people experiencing homelessness. This is a shift from past years when younger people had the highest representation in homelessness figures for City of Yarra. While those numbers have not decreased, homelessness is increasing in the 40–49 age group, indicating potential emerging issues at other life stages. Disturbingly, about 160 children (aged 0 to 19 years of age) were recorded in both the ABS Census estimates and specialist homelessness services client data (2019–20 and 2020–21) for Yarra.³

Monitoring homelessness and system performance

If homelessness funding is to be allocated according to each jurisdiction’s share of total homelessness, data collection and performance indicators must be overhauled to reflect in near real time homelessness incidence, service activity and outcomes for clients.

The current measures used to allocate homelessness funding under the NHHA, and measure the associated performance outcomes, are outdated and not suitable for creating effective strategic policy or drawing a line of accountability between the Federal and State Governments and through to front line service providers. In particular, the fact that funding is allocated according to metrics based on the 2006 census, data that is now 16 years old, requires a complete rethink.

Homelessness has increased markedly in Victoria in the last decade, with the Australian Bureau of Statistics (ABS) noting in the 2016 Census that there was a 43 percent increase in the number of Victorians experiencing homelessness between 2006 and 2016. Between 2018 and 2019, immediately prior to the start of the Covid-19 pandemic, the number of referrals that Yarra received to assist people sleeping out on our streets and in our parks doubled, increasing from 66 in 2018 to 122 in 2019.

² Anglicare Rental Affordability Snapshot 2021 <https://www.anglicare.asn.au/publications/rental-affordability-snapshot-2021/> (accessed 15/02/2022)

³ Specialist Homelessness Services Collection Data Cubes: SHSC geographical location of client – LGA <https://www.aihw.gov.au/reports/homelessness-services/shsc-data-cubes/contents/specialist-homelessness-services-collection-shsc-data-cubes> (accessed 15 February 2022)

It is important to note that although data from the Australian Bureau of Statistics' (ABS) Census and Specialist Homelessness Services Collection gives us some indication of the extent of the issues to be addressed, a 2014 national survey from the ABS found that in the previous 10 years the majority of people who experienced homelessness (67 percent) did not approach services for assistance at the time of their most recent episode of homelessness. These numbers also do not speak to the diversity of experiences and complexity of people's circumstances.

It is acknowledged that the sensitive documenting and reporting back on the real impact of homelessness remains a high priority and advocacy area for Yarra, and the NHHa would benefit from drawing upon recent and emerging tools and ways of reporting which are more accurate and representative of the issues of housing, and particularly homelessness. This means capturing up-to-date information at a smaller geography (suburb/township) which can then be aggregated to the level of region, state, and nation. Measures needed at the localised level include:

- the availability of subsidised housing (social, community, etc.) and market housing supply, relative to demand and considering local incomes;
- the demand for social and housing services by cohort, differentiating by the type of support sought/needed and services rendered (e.g., material aid, mental health services, outreach, in reach, temporary or permanent housing); and,
- establishing the incidence of homelessness as measured by new and emerging approaches – for example the by-name list methodology which results in near real-time data of those experiencing homelessness – which can be interpreted and represented in sensitive, deidentified ways.⁴

Through well designed forums for localised, joined-up governance – where front line agencies, local governments, and regional arms of state government meet – place-based knowledge, experience and expertise can be harnessed to establish and maintain accurate data and progressively improve policy and practice.

RECOMMENDATION: Overhaul measures and data collection practices to ensure alignment with real-time experience, address any emerging trends and promote appropriate and transparent funding allocation.

⁴ A by-name list is a comprehensive list of every person in a community experiencing homelessness, updated in real time. Using information collected and shared with their consent, each person on the list has a file that includes their name, homeless history, health, and housing needs. Organisations working with people experiencing homelessness come together to use the list to analyse what is working and to adapt the service responses to get better outcomes. The list collects inflow and outflow data to show month-by-month how many people are actively homeless in a community, whether this is reducing or not (Inflow), and how many people are moving out of homelessness <https://community.solutions/what-is-a-by-name-list/>

Capital vs operational divide

By merging the separate but intersecting issues of housing and homelessness (previously separated under the National Affordable Housing Specific Purpose Payment and the National Partnership Agreement on Homelessness), the NHHA conflates objectives and indicators relating to the need for capital investment versus those that are targeted at addressing operational services. While this approach may be intended to enable flexibility in allocating resources across these categories, in reality it enables states to ignore one area at the expense of another, resulting in poor outcomes for both.

For example, neglect of capital investment in public housing in Victoria by successive governments has resulted in a major housing crisis that cannot be addressed even with the record level of state government investment announced in 2021. Not only was the growing demand for social housing left unmet, but existing stock fell into disrepair, and as shown in a report by the Australian Productivity Commission on government services, the number of social housing dwellings in Victoria *decreased* in the ten years from 2009 to 2018.⁵ A 2016 assessment by AHURI predicted that state and territory programs aimed at increasing affordable housing supply would result in a net contribution of only 32,000 dwellings across all jurisdictions in the period from 2015 to 2020. By contrast, AHURI noted, the deficit of affordable housing in Australia at that point was between 200,000 and 550,000 dwellings.⁶

The responsibilities of government versus housing providers and services in the existing NHHA are similarly unclear because of these conflated areas of investment. Tying outcomes to shared objectives without articulating the different streams of funding investment results in no clear line of responsibility to monitor the impact and success of the objectives over time.

RECOMMENDATION: Separate and make clear capital and operational funding objectives and indicators and draw a direct line between these and the associated responsibilities of different levels of government and service providers.

Priority cohorts

People experiencing housing vulnerability

In Yarra, a range of households have been identified as priority cohorts for affordable housing as they are unable to afford safe, secure and appropriate housing in the local housing market. These groups have specific needs, such as the number of bedrooms, accessibility, supportive services and so forth, which Council seeks to address at significant developments in Yarra. These households are:

- people experiencing homelessness,
- lower income renters,
- Aboriginal and Torres Strait Islander people,
- people with disabilities, and
- key workers in the local economy.

⁵ Australian Productivity Commission (2019) *Report on Government Services 2019*, Part G, Chapter 18: 'Housing', Table 18A.1

⁶ Gurran, N. et al. (2018) 'Inquiry into increasing affordable housing supply: Evidence-based principles and strategies for Australian policy and practice', Australian Housing and Urban Research Institute (AHURI), available at: <http://www.ahuri.edu.au/research/final-reports/300> (accessed 16/02/2022)

There is a need for a spectrum of subsidised housing products to accommodate a range of affordable housing needs. Prioritising these cohorts is also to recognise that government supported housing strategies must focus exclusively on the low to moderate end of the housing spectrum.

Social housing is best placed to support the people who are most excluded from the private housing market, while affordable housing provides much needed accommodation for lower income households. In addition to supporting our most vulnerable in the community to have a safe and stable home, housing affordability is also about ensuring that those who are vital to our community and economy – including key workers – have local housing options that are affordable and appropriate to their needs. Providing options and opportunities for people on moderate incomes to live affordably takes pressure off the housing system, and further, it addresses the polarised nature of the current housing market where there is a finite supply of social housing and the balance is only affordable to those with high incomes.

Housing stress is based on households in these income brackets spending more than 30 percent of their income on housing costs (mortgage or rent).⁷ Lack of affordability, although most apparent at the lowest incomes, impacts households on a range of incomes. Housing stress occurs when housing costs rise too far above incomes and households end up paying a large proportion (generally more than 30 percent) of their income on housing, reducing their capacity to spend on other household essentials, such as food and health.⁸ For those in circumstances where additional spending in on these other essentials is unavoidable, such as is the case for people with disability, the capacity to spend income on housing costs is greatly reduced, putting them directly at risk of becoming homeless.

The NHHA currently focuses on the entire spectrum of housing need, but more effective outcomes would be realised through shifting the focus to the needs of those who have no, very low, low and moderate incomes.

People with disability

The NHHA rightly prioritises some cohorts of people who are more likely to be disadvantaged in the housing market, aligning with studies that show that, due to factors such as age, ability or cultural background, some people are more likely to be exposed to economic vulnerability.⁹ In acknowledging and prioritising the people whose circumstances place them in this situation, the NHHA needs to specifically prioritise people with disability. This is a cohort that experiences not only socioeconomic disadvantage, but that also has specific housing and support requirements, which may compound or intersect with other circumstances to elevate their need to be prioritised for housing and tenancy support.

The vast majority of working age people (15 to 60 years old) with need for assistance are not in the labour force, and only eight percent are employed as compared to 75 percent for people who do not require assistance. Lower earnings coupled with higher expense housing

⁷ As defined in Section 3AB – Specifications of Income Ranges in the *Planning and Environment Act 1987* for the Greater Capital City Statistical Area of Melbourne.

⁸ AHURI (2016) Brief: 'Understanding the 30:40 indicator of housing affordability stress', available at: <https://www.ahuri.edu.au/research/brief/understanding-3040-indicator-housing-affordability-stress> (accessed 16/02/2022)

⁹ The Senate Community Affairs References Committee (2014) *Bridging our growing divide: inequality in Australia The extent of income inequality in Australia*. Commonwealth of Australia: Canberra, 103.

needs can lead to an array of housing challenges.¹⁰ According to the Australian Housing and Urban Research Institute (AHURI), 'People with disability are seven times more likely to be living in public housing, reflecting lower incomes and the need for housing assistance'.¹¹

People with disabilities face additional barriers to accessing suitable and affordable housing that are different to other cohorts of the population. They require homes that:

- are accessible and adaptable,
- enable informal support as well as independent living,
- encourage social inclusion and economic participation, and
- promote health and wellbeing.¹²

Yarra City Council recognises that the Commonwealth Government committed an estimated budget of more than \$700 million annually in funding for Specialist Disability Accommodation (SDA) through the National Action Plan for Younger People in Residential Aged Care to get young people under the age of 45 out of aged care nursing homes. Additionally, a small proportion of National Disability Insurance Scheme (NDIS) participants with 'extreme functional impairment' or 'very high support needs' could be eligible for additional SDA funding, with both schemes being funded through the NDIS.¹³ However, alone these investments are not sufficient for addressing the spectrum and type of need in this cohort.

The best way to ensure that people with disability are not subject to perpetual cycles of homelessness, isolation, socioeconomic vulnerabilities, and poor health outcomes is to ensure that they are prioritised as a group alongside the existing priority cohorts for any future agreements so that their needs are considered within the planning and funding cycles for mainstream social housing services and capital works. Funding should be directed to reducing barriers for independent living at all stages of life within accessible, well designed housing that is supported with appropriate services.

RECOMMENDATION: In addition to the cohorts already identified in the NHHS, people with disability must be included as a priority cohort within any future agreements.

RECOMMENDATION: Prioritise national accessible design standards in all newly built and renewed social housing.

¹⁰ Summer Foundation (2019) *Young People in Residential Aged Care 2017–18: A Snapshot*. Available at: <https://www.summerfoundation.org.au/documents-category/for-policy-makers/#> (accessed 15/02/2022)

¹¹ AHURI (2019) Brief: 'How can shared equity schemes help people living with disability?' Available at: <https://www.ahuri.edu.au/research/brief/how-can-shared-equity-schemes-help-people-living-disability> (accessed 15/02/2022)

¹² Wiesel, I., and Habibis, D. (2015) *NDIS, housing assistance and choice and control for people with disability*, AHURI Final Report No. 258, Australian Housing and Urban Research Institute Limited: Melbourne, <https://www.ahuri.edu.au/research/final-reports/258> (accessed 15/02/2022)

¹³ NDIS, Specialist Disability Accommodation webpage. Available at: <https://www.ndis.gov.au/providers/housing-and-living-supports-and-services/specialist-disability-accommodation> (accessed 15/02/2022)

Housing first, tenancy support and sustaining long-term outcomes

Best practice in addressing homelessness now focusses not only on responding to crisis situations, but in addressing the causes of homelessness to prevent the point of crisis in the first place.

The policy shift towards *housing first* – i.e., the approach where people experiencing homelessness are connected with long-term housing as quickly as possible and without preconditions – must be given greater recognition. This approach has been shown to prevent potential further trauma for the individual and save government funds by better directing resources and reducing need for supportive services long term.¹⁴

Once housing has been secured by someone who has experienced a period of homelessness or housing insecurity, that person often requires targeted, tailored wraparound services that are specific to their situation, in order to maintain their housing over the longer term while they rebuild their lives. Wraparound services are a program of different types of support services coordinated and delivered through a holistic method, taking into account each person's circumstances and particular needs. Multiple services work in a complementary way that extends beyond any immediate crisis as a path to build long-term capabilities for individuals and families, providing the necessary life skills to sustain a more stable living situation into the future.¹⁵

People within the priority cohorts often will have complex and intersecting needs with regard not only to accessing housing, but to accessing the support to maintain a tenancy. Access to permanent housing is essential to address the complex life circumstances in which people may find themselves, but then it is the support and services that help work through the issues to ensure that they can stay in their home. Wraparound services play a critical and well documented role in creating longevity of tenancy once permanent housing is attained. Without appropriate support from services and the community, people will often end up homeless again.

There is no indication in the current iteration of the NHHHA as to the role of these types of services that would enable people to maintain permanent tenancies once housing is attained. Without funding wraparound services, the housing needs of multiple priority cohorts cannot be properly addressed in a way that reduces homelessness, housing stress and other types of precarious housing situations, and the housing itself is not accessible in any real and permanent way.

The current NHHHA focuses its purpose and objectives on *access to housing*, but does not extend to the *sustainability, suitability or longevity of tenants* – which is the ultimate goal to avoid repeat homelessness. It must be understood that housing and homelessness has a cyclical nature, with people moving in and out of housing and having difficulty maintaining tenancies for a multitude of complex reasons. Support services that address the different experiences of individuals and the ways in which this makes them vulnerable to the cycle of homelessness are essential for creating a more effective social housing system. To do so

¹⁴ AHURI (2018) Brief: 'What is the Housing First model and how does it help those experiencing homelessness?'. Updated 25 May 2018. <https://www.ahuri.edu.au/research/brief/what-housing-first-model-and-how-does-it-help-those-experiencing-homelessness> (accessed 17/02/2022)

¹⁵ Council to Homeless Persons (2017) *Ending chronic homelessness: A Permanent Supportive Housing Solution*. Available at: <https://chp.org.au/wp-content/uploads/2017/07/170707-permanent-supportive-housing-FINAL-1.pdf> (accessed 15/02/2022)

would contribute towards more equitable outcomes for tenants and ensure that Australia's social housing is better targeted to the people who need it most.

In recognising the housing first model and understanding what is required to maintain long-term permanent housing in complex social, economic and physical circumstances (e.g. in-reach and wraparound services), more sustainable, cost effective and socially equitable impacts can be realised.

RECOMMENDATION: Include objectives and performance indicators to ensure services are in place to support people in maintaining long-term tenancies once they attain social housing. (e.g. suitability of accommodation, location relative to services and community, access to wraparound services)

Concluding comments

Funding allocations through the NHHA must be transparent and accountable, with impactful objectives and measurable key performance indicators that are tied to real-world, real-time data. The divide between the capital and operational issues inherent in the current NHHA's conflation of housing and homelessness must be addressed, with funding allocations appropriately linked to responsibilities of each level of government across both streams.

Data collection needs to be aligned with current best practice and made more consistent across jurisdictions to enable better support of the priority cohorts and more sustainable, long-term outcomes. Capital investment must be tracked, housing stock increased, and once access to housing is improved, support must be provided to tenants to maintain permanent accommodation as a matter of priority. Housing solutions ideally create homes, the need for which does not end. Understanding the impact of housing and homelessness investment over time provides an essential basis for calibrating successful strategies to inform decision making and policy outcomes.

At a minimum, Yarra City Council recommends that any future agreements:

- 1) Overhaul measures and data collection practices to ensure alignment with real-time experience, address any emerging trends and promote appropriate and transparent funding allocation.
- 2) Separate and make clear the capital and operational funding objectives and indicators and draw a direct line between these and the associated responsibilities of different levels of government and front line service providers.
- 3) Include objectives and performance indicators to ensure services are in place to support people in maintaining long-term tenancies once they attain social housing. (e.g. suitability of accommodation, location relative to services and community, access to wraparound services).
- 4) Include people with disability as a priority cohort in addition to the cohorts already identified in the existing Agreement.
- 5) Prioritise national accessible design standards in all newly built and renewed social housing.