



**PATHWAYS TO A FAIR AND  
SUSTAINABLE SOCIAL HOUSING  
SYSTEM – PUBLIC CONSULTATION**

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**SUBMITTED BY THE SALVATION ARMY**

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*The Salvation Army, Australia Southern Territory – Victorian State Council: Public Consultation Submission – Pathways to a fair and sustainable social housing system.*

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## About The Salvation Army



Hope



Justice



Community



Compassion



Human Dignity

Since its beginnings in 1865 under founders William and Catherine Booth, The Salvation Army has become an international Christian movement and is one of the largest providers of welfare services in Australia. Operating for over 130 years in Australia, The Salvation Army has a significant history working with and advocating for the rights and needs of disadvantaged people in our community.

Support for disadvantaged Australians is driven by our values of human dignity, justice, hope, compassion and community. The Salvation Army is committed to the promotion of social justice and protection of the rights of disadvantaged and vulnerable people. The foundational social services developed by the Booths have remained a visible expression of the Salvation Army's Christian mission and values. More than 30 million people each year receive support and assistance from services provided by the organisation globally.

### The Salvation Army in Victoria

In Victoria, Salvation Army churches, community centres, and social service networks provide more than 300 social programme activities to members of the community.

These social programme responses range from frontline emergency support services and highly targeted and intensive interventions, through to more generalist life stage responses. These programs include:

- Youth, adult and aged accommodation and homelessness services,
- Family and domestic violence support and accommodation services,
- Material aid and emergency relief,
- Financial counselling and assistance,
- Personal counselling and support,
- Drug and alcohol support and treatment services,
- Youth services, including out of home care options,
- Aged care services,
- Emergency disaster responses, and
- Education, training and employment support services.

Today, The Salvation Army is the largest provider of homelessness support services in Victoria and has extensive experience working with vulnerable people and providing emergency accommodation, crises housing, and access to support services. Each night, The Salvation Army provides beds to over 2,000 homeless people throughout Victoria.

## **Introduction**

The Salvation Army welcomes the Victorian Government's public consultation process to inform new directions for social housing and acknowledges the issues outlined in its *Pathways to a fair and sustainable social housing system* and *Social Housing: A discussion paper on the options to improve the supply of quality housing*.

Together with the findings of recent Parliamentary Inquiries, reports from the Auditor General, and the wealth of other available research and evidence surrounding the issues of housing and homelessness, The Salvation Army acknowledges the challenges facing the Victorian Government in addressing the issue of social housing and the development of a new framework.

The Salvation Army believes that any new approach to social housing should only proceed if it will deliver the best possible outcomes for existing public and community housing tenants and the greater number of Victorians currently living in housing stress.

## **Developing our response**

To consider some of the questions and issues presented by the Victorian Government in its consultation papers, a working group was convened to distil and articulate the experience and practice wisdom that informs our response. The group comprised senior managers, Salvation Army officers, and key practitioners from Salvation Army service networks across Victoria.

While the key messages and concerns to be conveyed in this submission do not address all of the questions posed by the Government (and it is noted that many of these have been considered as part of previous inquiries), they do represent the key concerns and experience of Salvation Army staff and clients.

The following major themes were identified as the primary responses to the Victorian Government's public consultation and will be further explained within this submission.

1. Any reform to the social housing system must meet the needs of the most vulnerable, including individuals with multiple and complex needs.
2. Any reform to social housing cannot be made in isolation of housing affordability.
3. The State Government must continue to invest in public housing at a level which enables the system to provide appropriate and affordable housing to those most in need.
4. The State Government should invest in the community housing sector as a supplement, not replacement, to public housing, recognising that community housing has certain strengths and can play an important role in growing and diversifying the social housing sector but does not meet the needs of everyone.
5. The State Government should invest in tenancy support programs as a means to increase social housing efficiency and improve social outcomes for tenants.

## **Targeting Social Housing – Who are our clients?**

In making this submission, The Salvation Army's central focus is how well any reforms will meet the needs of our clients.

Our clients come from many walks of life. While some may only need a little assistance in the form of financial aid, counselling, or other general support, a large proportion of our clients experience intense disadvantage and suffer from a history of multiple and complex needs. These needs may arise from a history of abuse or trauma, family violence, alcohol and drug abuse, a life in out of home care, incarceration, mental illness, disability, and/or social isolation. Any new system must work for these people.

The Victorian Government's consultation paper has a strong emphasis on social housing financial sustainability. However, The Salvation Army stresses that the main purpose of the social housing sector is to provide safe and affordable housing to vulnerable members of the community. Therefore, any priorities of governments, housing providers, or private investors to make social housing financially sustainable must be secondary to the needs of the most vulnerable.

### The housing crisis, cost of living and indicators of disadvantage

While this submission has a specific focus on social housing, The Salvation Army is firmly of the view that factors impacting on the broader housing market, and the issue of housing affordability in general, also need to be addressed, as the lack of affordable housing further marginalises vulnerable groups and increases their disadvantage.

A recent report from Anglicare demonstrates the dire scarcity of affordable housing through an investigation of rental affordability in the greater Melbourne area. While 15,429 rental properties were listed as available in metropolitan Melbourne at the time of data collection (13 April 2012), Anglicare found there was **no** affordable and appropriate rental housing available for income support recipients (single or couple households in receipt of Centrelink payments such as Newstart Allowance, Parenting Payment, Age Pension or Youth Allowance/Austudy/Abstudy). Results improved only marginally for single parents with two children under 15, living on a minimum wage for whom 2.1 per cent of housing was considered affordable. The minimum wage was of no housing benefit to individuals without children for whom zero affordable and appropriate housing was available.<sup>1</sup>

Consistent with this data, the National Housing Supply Council (NHSC) has reported that Australia's housing crisis continues despite steady house prices. In relation to housing affordability, NHSC found that 60 per cent of lower income households in privately rented dwellings were in housing stress (paying over 30 per cent of their incomes in rent) with 40 per cent of these paying over half of their total gross income. Significantly, NHSC reported a worsening of the indicators over the report period (2007-08 to 2009-10). It reported a shortage of "affordable and available"

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<sup>1</sup> Anglicare Australia, 2012, *Anglicare Australia Rental Affordability Snapshot*, Canberra.

private rental dwellings for households in the bottom half of the income distribution increasing from 500,000 to 600,000 over the period.<sup>2</sup>

Finally, in its report on affordable housing 2010-11, the COAG Reform Council also found that there is no indication housing affordability has improved as rental affordability for those on the lowest incomes has worsened.<sup>3</sup>

Earlier in 2012, The Salvation Army undertook a survey of 1,731 clients accessing its emergency relief and support services (Appendix 1) to measure the economic and social impact of current cost of living pressures and the subsequent degree of poverty, deprivation and social exclusion:

- 86% of adults reported multiple indicators of deprivation (more than 5 indicators), with 36% reporting more than 11, indicating that a significant number of people are experiencing severe deprivation
- 52% had gone without meals, with 29% of respondents indicating they could not afford a decent meal at least once a day
- 59% had cut down on the basic necessities, such as clothing and footwear, petrol and travel costs, milk and bread, etc.
- 33% could not afford to heat at least one room of the house if it was cold
- 58% indicated they could not afford to fund an out-of-school leisure or hobby activity for their children
- 59% had delayed payment on utility bills and 35% had delayed payment on rent or mortgage payments<sup>4</sup>

These disturbing results indicate not just the depth, but the breadth of poverty, disadvantage, and exclusion in our communities. The housing affordability crisis is only serving to deepen this disadvantage as one of the unintended consequences of current housing affordability and supply trends has been the widely reported knock-on effects which impact those already struggling due to low income or other disadvantages.

The private rental market has grown more and more inaccessible to low and middle income households as existing rental stock has come under significant pressure from moderate wage earners who are unable to move to home ownership. This has pushed low income earners out of the private housing market completely, as indicated by the data above, and has placed added stress on the homelessness service and social housing sectors. Any reform to social housing cannot be made in isolation of housing affordability.

Whilst housing affordability is largely a Commonwealth issue, any meaningful reform needs to be done in consultation with state governments. Therefore, The Salvation Army urges the Victorian Government to work with the Commonwealth to address

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<sup>2</sup> National Housing Supply Council 2012, *Housing Supply and Affordability – Key Indicators, 2012* Commonwealth of Australia. Canberra.

<sup>3</sup> COAG Reform Council 2012, *Affordable Housing 2010-11: Comparing performance across Australia*, COAG Reform Council, Sydney.

<sup>4</sup>The Salvation Army. 2012. *The economic and social impact of cost of living pressures on people accessing emergency relief – a national survey*

broader issues affecting housing affordability such as tax incentives like negative gearing and capital gains tax. If the price of housing in Australia is not addressed, reforming social housing is only a short term fix to a chronic problem that is impacting all Australians.

**Recommendation 1:**

**The Victorian Government should work closely with the Commonwealth to address issues of housing affordability across the country as a matter of urgency.**

**Social housing – Public versus Community?**

Consistent with the definition outlined in the Victorian Government's *Pathways to a fair and sustainable social housing system*, "social housing is the term used to describe both public and community housing."<sup>5</sup> While both essentially share the same broad objective of providing secure and affordable housing for people on low incomes, the experience of staff and clients of The Salvation Army indicate that there are greater barriers to both availability and access into community housing than those associated with public housing.

Finance models for community housing associations most commonly provide initial capital funding, but do not provide for the recurrent costs of operating expenses and subsidising rent to make housing affordable for low income earners.<sup>6</sup> This leaves community housing associations in a similar situation to that of public housing providers in that they become at risk of becoming financially unsustainable if they are unable to attract enough income from rent revenue to cover costs. In an effort to attract the necessary revenue from rent, community housing associations thus often are forced to cross-subsidise their lower income tenants by leasing some properties to moderate income earners. This obviously, reduces the number of properties left available to very low and low income earners.

For example, the Loddon Mallee Housing Association, leases just 20% of its stock to very low income earners (defined as those earning 0-55% of median income), with a further 20% allocated to low income earners (those earning 56-89% of median income) and the remaining 60% allocated to moderate earners (who can earn up to 140% of median income).<sup>7</sup> Such a leasing model reduces accessibility and affordability for low income earners substantially.

The Salvation Army is concerned that many community housing associations choose not to accommodate very low income earners with multiple and complex needs at all. In the Mornington Peninsula area, the Mornington Shire Council has sold land to community housing organisations at a discounted rate which has resulted in approximately 65 new houses being built on the peninsula.<sup>8</sup> These properties were developed in close consultation with local service agencies and have successfully

<sup>5</sup> Victorian Government Department of Human Services. *Pathways to a fair and sustainable social housing system*. 2012 p 7

<sup>6</sup> Flanagan, Kathleen. Anglicare Tasmania, Social Action and Research Centre. *Going for Growth: The pros and cons of using community housing associations to increase housing supply*. April 2008 p 16

<sup>7</sup> Ibid p 16

<sup>8</sup> Data obtained in conversation with Salvation Army Peninsula Youth and Family Services.

met the needs of certain groups of clients such as adult children of elderly carers. However, the boom in community housing stock has not resulted in high-needs clients being able to access community housing.

Since the increase of community housing in the area, The Salvation Army Peninsula Youth and Family Service (PYFS) has reported multiple community housing associations refusing to accept high-needs clients as tenants and asking the service to not refer such clients to them. Client exit data from PYFS for the financial years 2010-11 and 2011-12 reflect the difficulties clients face in accessing community housing over public housing.

### **1<sup>st</sup> July 2010 – 30<sup>th</sup> June 2011**

<b>Centre</b>	<b>Total households<sup>9</sup></b>	<b>Obtained Public Housing</b>	<b>% of clients</b>	<b>Obtained Community Housing</b>	<b>% of clients</b>	<b>Other Outcome<sup>10</sup></b>	<b>% of clients</b>
Families Frankston	<b>34</b> (comprised of 46 adult clients)	14	41%	Nil	0%	20	59%
Singles Frankston	<b>44</b> (comprised of 44 adult clients)	7	16%	Nil	0%	37	84%
Families Rosebud	<b>18</b> (comprised of 19 adult clients)	9	50%	Nil	0%	9	50%
Singles Rosebud	<b>30</b> (comprised of 31 adult clients)	7	23%	Nil	0%	23	77%
Youth Rosebud	<b>17</b> (comprised of 22 indiv. clients)	1	6%	Nil	0%	16	94%
<b>TOTAL</b>	<b>143</b>	<b>38</b>	<b>27%</b>	<b>Nil</b>	<b>0%</b>	<b>105</b>	<b>73%</b>

### **1<sup>st</sup> July 2011 – 30<sup>th</sup> June 2012**

<b>Centre</b>	<b>Total households</b>	<b>Obtained Public Housing</b>	<b>% of clients</b>	<b>Obtained Community Housing</b>	<b>% of clients</b>	<b>Other Outcome</b>	<b>% of clients</b>
Families Frankston	<b>42</b> (comprised of 56 adult clients)	9	21%	4	10%	29	<b>69%</b>
Singles Frankston	<b>55</b> (comprised of 55 adult clients)	11	20%	Nil	0%	44	<b>80%</b>
Families Rosebud	<b>26</b> (comprised of 31 adult clients)	10	38%	8	31%	8	<b>30%</b>

<sup>9</sup> Clients with multiple support periods over the two year period have only been counted once so as not to misrepresent actual client numbers compared to outcomes. For the same reason, clients have been counted in terms of households, rather than individuals.

<sup>10</sup> "Other Outcome" may indicate that the client has had a public or community housing application completed but has been exited prior to the outcome being known. This may also indicate that the client has secured private rental or rooming house accommodation, has been referred to another PYFS program, has disengaged or has deceased.

Singles Rosebud	<b>26</b> (comprised of 26 adult clients)	6	23%	Nil	0%	20	<b>77%</b>
Youth Rosebud	<b>20</b> (comprised of 28 indiv. Clients)	1	5%	4	20%	15	<b>75%</b>
<b>TOTAL</b>	<b>169</b>	<b>37</b>	<b>22%</b>	<b>16</b>	<b>9%</b>	<b>116</b>	<b>69%</b>

As demonstrated by the tables above, although the increase in community housing in the area during 2011-12 increased access to community housing for some clients, only nine per cent of clients at PYFS were able to access community housing compared to 22 per cent being able to access public housing. Families and youth were the most likely to access community housing compared to singles, who did not get into community housing at all.<sup>11</sup>

Data from Salvation Army services in the Hume Region also indicate that certain client groups are struggling to access housing despite the presence of community housing. The Salvation Army Outreach Connection, Pathways (OCP) program works across Seymour, Shepparton, Wangaratta and Wodonga. Approximately 70 to 75 per cent of the program's client group is comprised of single adult men. These men face considerable challenges in accessing housing as public housing disproportionately favours family violence victims on the segmented waiting list and community housing associations are targeting families in favour of high-needs single males. With no viable housing options, these men most commonly resort to living in tents or caravans in the bush.<sup>12</sup>

The above data suggests that community housing associations are reluctant to house certain groups of clients due to the possible costs and risks associated with their tenancies and the ensuing impacts they could have on providers' financial sustainability. It is clear that community housing is not a viable option for these client groups.

For many of The Salvation Army's clients, public housing remains the only genuine option. The increase in community housing stock has increased the diversity of housing options for low needs tenants, who are low and moderate income earners. However, while community housing can deliver outstanding outcomes for some clients, it is evident that it does not meet the needs of all clients. It is important that neither community nor public housing should take the place of the other as both play valuable roles in the social housing system.

The Salvation Army is concerned that despite the overwhelming need for public housing, the Government is continuing to distance itself from the responsibility of providing it. Years of neglect and chronic underfunding have created a crisis in the Victorian public housing system that is defined by a growing operating deficit, ageing and inappropriate housing stock and a maintenance backlog that leaves too many homes empty despite enormous waiting lists. The Salvation Army is deeply concerned that if the Government doesn't reinvest in public housing, even those who

<sup>11</sup> Data obtained in conversation with Salvation Army Peninsula Youth and Family Services.

<sup>12</sup> Salvation Army Pathways. *Outreach Connections – Unmet Housing Needs Study (2010-11)*. Appendix M

are currently reliant on an increasingly inadequate system will be forced into a more costly crisis accommodation system or homelessness. Increased reliance on crisis accommodation is particularly concerning given that this system is already at a breaking point. Without adequate pathways to affordable and sustainable housing, clients are kept in crisis accommodation longer and, in turn, waiting lists blow out to impossible lengths. Any further reduction in the availability of public housing will cause the rest of the housing and homelessness system to grind to a halt.

Finally, The Salvation Army questions the Government's assumption that public housing should be financially sustainable. Rather, The Salvation Army views public housing to be a public service provided by the Government similarly to the way the Government provides roads, health and education. These public services are not expected to generate a financial return that covers the cost of their own provision. Instead, the public expect that it is the Government's responsibility to continue to invest in these services and provide them regardless of cost. The Salvation Army calls on the Government to rethink its responsibility towards public housing and fund it at a level which delivers a quality service to Victoria's most disadvantaged.

**Recommendation 2:**

**The Victorian Government must continue to invest in public housing as a public service or which it is responsible to provide. Investment should be at a level which enables the system to provide appropriate and affordable housing to those most in need.**

**Social housing efficiency and the Cost-Benefit of Providing It**

It is undisputed that the Victorian public housing system is in a state of crisis. Together with the worsening housing affordability crisis and grinding cost of living pressures experienced by so many of our clients, now is the wrong time to call into question the viability of public housing. As already outlined, public housing serves the needs of the community's most vulnerable in ways that private rental and community housing do not. With the right investment, The Salvation Army believes that public housing can be made more efficient and more financially sustainable while maintaining, and even improving, positive tenant outcomes and reducing overall costs to Government and society as a whole.

Social Housing Efficiency

In a functional system, people would be supported to move out of homelessness into affordable, appropriate and secure housing. For this to happen, not only is the availability and accessibility of housing for homeless people critical, but supports to sustain housing must be in place in order that people in crisis do not fall back into the homelessness system. Any housing framework that does not adequately address these principles will undermine the core goal and purpose of homelessness and social housing services, which is not just to help people get housing, but most importantly to help keep housing.<sup>13</sup>

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<sup>13</sup> Gronda, Hellene. AHURI. *What Makes a Difference? An Evidence-based Client Outcomes Model for Homelessness, Parity*. October 2011. P 2

According to the *Victorian Government's Submission to the Australian Government's Green Paper on Homelessness*:

"The social housing system is now housing some of the most disadvantaged people in Victoria, many of whom...have significant support needs... For people with complex needs, the capacity to sustain long-term independence and housing requires more than just a roof over their head, it also requires access to appropriate support services....Without appropriate support the potential to return to homelessness is high."<sup>14</sup>

A 2008 AHURI research study found that 30 per cent of people who exited public housing, but continued to be dependent on income support after exiting, returned to public housing.<sup>15</sup> The "revolving door" nature of these clients, and their extended period of time on income support, suggests that they are high needs clients who are not able to access accommodation other than public housing and who, without the proper supports, are otherwise incapable of maintaining a stable tenancy. As a result, their tenancies break down and they continue to cycle through the homelessness system, costing the service system a substantial amount of money as they move through crisis accommodation, transitional housing and ultimately back into the public housing system. Clearly this is inefficient and costly.

Mr C had been homeless for nearly 30 years of his life after leaving an Office of Housing flat in Sydney in 1988 and had since moved many times across Australia between rooming houses, motels, friends, and sleeping rough in parks. Melbourne Street to Home (MS2H) found Mr C sleeping rough in Royal Melbourne Park and after consistent assertive outreach visits was able to build a good relationship with him. MS2H was able to motivate Mr C to complete an application for public housing and was eventually accepted. With continued support from MS2H, Mr C has been able to get back into public housing, sustain his tenancy and overcome his distrust and disparaging attitude towards services. He has since started to see a doctor and gone extensive periods without alcohol, which he has not done for many years.  
~ Salvation Army Adult Services MS2H

The "revolving door" of the homelessness service system can be stopped. AHURI conducted a study into the Supported Accommodation Assistance Program (SAAP), the Supported Housing Assistance Program (SHAP) (the Western Australia version of Victoria's SHASP), and the Transitional Accommodation and Support Services (TASS) which assists ex-prisoners' transition out of jail in Western Australia. The study found that these programs "produced positive outcomes for clients" and that "the improved client outcomes were directly linked to the provision of services."<sup>16</sup> Positive outcomes included tenants maintaining a stable tenancy for over 12 months, increased feelings of safety, improved employment outcomes, and reduced reliance on income support payments.

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<sup>14</sup> *Victorian Government Submission to the Australian Government's Green Paper on Homelessness*. June 2008. P 21 & 25

<sup>15</sup> AHURI Research and Policy Bulletin. *What are the housing tenure pathways of income support recipients over time?* Issue 103 July 2008. P 1

<sup>16</sup> AHURI Research and Policy Bulletin. *The cost-effectiveness of homelessness programs*. Issue 104 July 2008 p 4.

In Victoria, there are a number of support programs similar to those in Western Australia designed specifically to help tenants of social housing maintain their tenancy through intensive case management and advocacy. Among them are the Social Housing Advocacy Support Program (SHASP), the Indigenous Tenancy at Risk (ITAR) Program, and the High Risk tenancies initiative, as well as the Youth Private Rental Access Program, the Family Violence Private Rental Access Program, and a multitude of other intensive case management programs run by community service organisations (CSOs).<sup>17</sup>

Data from these services also indicates that clients who engaged with support services sustained their tenancies and had improved life outcomes. For example, clients who engaged with PYFS intensive case management program received bi-weekly support in life areas such as health, mental health, drug and alcohol, housing, education, employment and living skills such as budgeting and cooking. Long term housing sustainability increased by 70 per cent for clients who engaged with the program over six to eight months. For clients who engaged with the program over a 12 month to two year period, the rate of tenancy breakdown across public housing, communing housing, and private rental was just two per cent.<sup>18</sup>

### Cost Benefit

Providing support services to ensure tenants sustain their tenancies can save the social housing system, and particularly public housing providers, thousands of dollars per tenant.

The Salvation Army's SASHS Western homelessness and housing service has run SHASP in the Sunshine area since the program's establishment in 2006. Clients referred to SASHS Western often are referred to the SHASP program only when they have substantial amounts of debt accumulated in rent arrears. These rent arrears can result in massive financial losses to public housing operators, as the debt is often written off if the related tenancy breaks down. Tenant support programs like SHASP have been successful in resolving many tenancies which are on the brink of break down due to financial difficulties and saved public housing operators thousands of dollars as a result. In addition, public housing operators are spared costs associated with property damage, maintenance, and lost rental income while units remain empty every time a tenant support program is able to intervene in an at-risk tenancy. Finally, if a tenancy does break down, tenants most often simply cycle back through the homelessness system, costing homelessness services (and by default the State) substantially.

### **Cost Analysis of Eviction from Public Housing**

#### Scenario 1: The Price Family - 7 months in temporary accommodation

The Price family comprises one parent and five school aged children. Ms Price broke her Order for Possession Agreement which led to her eviction from her public housing property. Ms Price was unable to make the lump sum payment as requested by the Office of Housing (OoH).

<sup>17</sup> AHURI Research and Policy Bulletin. *Providing support for Indigenous tenancies at risk: Australian policy responses*. Issue 122 November 2009

<sup>18</sup> Data obtained in consultation with Salvation Army Peninsula Youth and Family Services.

The family was referred to a SASHS Initial Assessment and Planning (IAP) worker who provided them with one week's accommodation in a motel. They were then referred to the Accommodation Options for Families (AOF) Program who funded accommodation in a serviced apartment for 6 weeks. The Prices were then referred to an Additional Support for Families (ASF) worker. The ASF Program assisted the family to secure a private rental property and made a co-contribution towards the rent for a six month period.

A cost break down of the Ms Price's eviction and services provided through SASHS is provided below:

Area of cost	Totals	Detailed / Breakdown Where Applicable
<b>Tenancy Breakdown Costs</b>		
Existing rent arrears debt	\$1,500	
4 weeks unpaid rent	\$628	
Cleaning, including steam cleaning of carpets	\$700	
Re-painting and Repairs	\$2,000	
Lost Rent over 8 Weeks Vacant Period	\$1,256	
HSO Costs incurred in administering eviction, maintenance and re-letting of property	\$430	10 hours at \$43
<b>Total Costs to Public Housing Provider</b>	<b>\$6,514</b>	
<b>Costs Incurred by SASHS</b>		
1Week Motel Accommodation	\$660	
Serviced Apartments 6 Weeks	\$7,200	\$1200 per week
Private Rental Brokerage	\$3,800	AOF contribution over 6 months
Removal Costs	\$600	
Storage Costs	\$150	\$25 per week over 6 weeks
Private rental bond and rent in advance	\$3,800	
IA&P Costs	\$172	4 hours at \$43
AOF Costs	\$3,096	72 hours at \$43
ASF Costs	\$5,848	136 hours at \$43
<b>Total Costs to SASHS</b>	<b>\$25,326</b>	
<b>TOTAL COSTS</b>	<b>\$31,840</b>	

~ Salvation Army SASHS Western

As the table demonstrates, the breakdown of Ms Price's tenancy and her subsequent eviction cost public housing provider \$6,514 alone. The costs of providing her homelessness services as she cycled back through the homelessness system cost over \$25,000. In total, her tenancy breakdown and eviction cost the State and taxpayers \$31,840. This cost does not account for the upheaval Ms Price and her family experienced and there is still no guarantee that the private rental she acquired will not break down in the future and force her back into the homelessness system.

By contrast, the costs of providing at-risk tenant support services such as SHASP is substantially less than the costs of an eviction.

## Cost Analysis of prevention of Eviction from Public Housing

### Scenario 2: The Page Family

The Page family comprises Ms Page and her three children, who reside in Wyndham. Ms Page had previously fallen into arrears with her rent when her Centrelink benefits were suspended during a period when she was experiencing bouts of severe depression. The OoH obtained an order of possession which Ms Page subsequently broke when she cancelled her Centrepay deductions at Christmas to buy presents for her children. SHASP became involved when the OoH made a "Duty of Care" referral because Ms Page had not responded to their letters or phone calls. They were seeking a lump sum payment of \$500 to bring her account back up to date.

SHASP workers carried out three home visits before establishing contact. Ms Page explained that the anxiety over her arrears, and fears that she would be evicted and have her children removed had triggered further episodes of depression, and she had not had the capacity to respond to the OoH. The SHASP worker established that Ms Page was not able to raise the required \$500, but through negotiation they managed to secure the funds from the Melbourne Magistrates Court (MMC) fund in time to prevent an eviction. Once Ms Page's tenancy had been secured, the SHASP worker linked her to a specialist Mental Health agency which provided her with a brief period of support. Ms Page's feedback to the SHASP worker demonstrated she now knew and trusted the program and would feel able to contact them if ever again she fell behind with her rent or needed assistance to help her deal with problems with her tenancy. In this way, Ms Page's contact with the program had established a relationship that could help to protect her tenancy in the future. In addition, SHASP had linked her to a specialist Mental Health agency that she could turn to again if her mental health deteriorated in the future.

A cost break down of providing this service is below:

Area of Cost	Total	Detailed / Breakdown Where Applicable
Lump Sum payment secured from MMC fund	\$500	
SHASP worker Costs	\$860.00	20 hours at \$43.00 per hour
Mental health worker costs	\$258	6 hours at \$43.00 per hour
<b>TOTAL COSTS</b>	<b>\$1,618.00</b>	

~ Salvation Army SASHS Western

The difference in costs to between an eviction and its subsequent costs and providing a support service such as SHASP is extreme. By intervening in Ms Page's tenancy, SHASP saved the State roughly \$30,222.

For 2011-12 financial year, SASHS Western's SHASP program averted approximately 33 evictions.<sup>19</sup> At cost of \$31,840 per eviction, this equates to a gross savings to the Government of approximately \$997,326 per year from each service running a SHASP program. In 2009, a review of the SHASP program was conducted by DHS which found that across the state 1,179 clients were assisted in

<sup>19</sup> Data obtained from Salvation Army SASHS Western Service Network

sustaining their tenancies.<sup>20</sup> Out of those clients, 63.8 per cent of those clients (752 individual clients) had most of their issues resolved.<sup>21</sup> This roughly equates to over a \$22.5 million gross savings a year just in housing and support costs. In cases where protective services, corrective services, health services etc are involved the savings would be much higher.

Given the enormous savings that programs like SHASP and other support programs bring to Government, The Salvation Army is concerned by the Victorian Government's decision to cut back the SHASP program. Not only does SHASP improve social housing efficiency, it saves the Government and tax payers a substantial amount of money in the cost of providing homelessness and other social services. The Salvation Army, therefore, strongly recommends that the Victorian Government reinstate and expand funding to the SHASP program and other support programs of its kind.

**Recommendation 3:**

**The Victorian Government must reinstate and expand funding to SHASP and other tenancy support programs.**

Finally, there are clear cost-benefits to ensuring that homeless people and those at risk of homelessness are able to access and sustain safe and affordable housing. Homeless people place far greater demands on mainstream services than do members of the general community.<sup>22</sup> AHURI estimates that each homeless person costs between \$10,000 to \$40,000 more than a member of the general community every year<sup>23</sup> in judicial and health related costs. Research has found that clients experiencing transience find it extremely difficult to tackle drug, alcohol or mental health issues until they find stable housing.<sup>24</sup> However, once clients were able to maintain stable housing they were able to focus on other issues in their life and showed an increase in employment participation and training and reduced their dependence on government income support.<sup>25</sup>

There are other life benefits which were found to come out of having stable and secure housing including an increase in feelings of general wellbeing among clients with a reported reduction in stress, improved social cohesion, and greater family stability.<sup>26</sup> While these sorts of outcomes can be hard to quantify in a dollar amount, research indicates that these sorts of "life outcomes" can result in an "additional lifetime benefit to the individual of around \$47,000 and to government of \$75,000" for some clients.<sup>27</sup> The life benefit of providing families and ex-prisoners with homelessness services is even greater. When considering life outcomes, the cost-

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<sup>20</sup> Victorian Department of Human Services. *Evaluation of the Social Housing Advocacy and Support Program SHASP*) p 3.

<sup>21</sup> Ibid p 4

<sup>22</sup> Australian Government Green Paper: *Which Way Home? A new approach to homelessness*.

<sup>23</sup> Ibid

<sup>24</sup> AHURI Research and Policy Bulletin. *The role of housing in preventing re-offending*. Issue 36 February 2004. P 1

<sup>25</sup> AHURI Research and Policy Bulletin. *The cost-effectiveness of homelessness programs*. Issue 104 July 2008 p 1

<sup>26</sup> AHURI Research and Policy Bulletin. *How does security of tenure impact on public housing tenants?* Issue 78 August 2007.

<sup>27</sup> King, Anthony. AHRUI. *Housing assistance: the lifetime impacts*. Report No 2 July 2002

benefit of providing families and children with successful homelessness services equates to over \$300,000 in government savings per family.<sup>28</sup> Similarly, the cost-offsets of providing an ex-prisoner with housing and tenant support services, and thus reducing the likely hood of recidivism, results in government savings of \$25,350 to \$37,864 per client per year.<sup>29</sup> To achieve these outcomes, people must have access to stable housing.

### **Growth of social housing**

The core of the social housing problem is the lack of housing. A critical component of any proposed housing strategy must be the expansion of affordable housing stock to meet both current and future needs.

Community housing has become an increasingly popular means by which to expand social housing stock. In 2008, the Victorian Government transferred 575 public housing properties to eight community housing associations with the expectation that these associations would leverage these transferred assets to increase their value by a minimum of 15% by building new homes.<sup>30</sup> However, the Victorian Auditor General's Office (VAGO) Inquiry in 2010 found that five of the eight Growth Housing Associations had not realized any leveraged growth against these asset transfers.<sup>31</sup>

Over the past 10 years the Victorian Government has vested much of its growth strategy in social housing towards the growth of Housing Associations and their capacity to leverage private investment. The VAGO Inquiry (2010) indicates that this strategy has largely failed.

The lack of leveraging and growth can at least partly be attributed to the poor quality of the stock transferred to the housing associations and the costs placed on housing associations to manage ongoing maintenance issues. According to the Victorian Auditor General's report, all the transferred stock was already being managed by housing associations so the transfer did not increase rental income but instead offloaded poor quality stock which the government failed to repair for years onto community housing associations. The Auditor General report cites properties transferred to five of the eight housing associations required extensive maintenance.<sup>32</sup>

The practice of transferring poor quality stock to community housing associations is a cost-shifting exercise that fails to meet the need for housing growth. Not only, does this prevent community housing associations from being able to leverage existing assets to build new properties and increase housing supply, it also moves stock from public housing which targets the most disadvantaged through segmented waiting lists, to community housing associations which only provide a portion of their stock to the most vulnerable in favour of higher income earners who are able to generate rental income. By contrast, if the Government transfers the best quality

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<sup>28</sup> AHURI Research and Policy Bulletin. *The cost-effectiveness of homelessness programs*. Issue 104 July 2008 p 3 Table 2

<sup>29</sup> Ibid

<sup>30</sup> KPMG Victoria Department of Human Services. *Social Housing: A discussion paper on the options to improve the supply of quality housing*. April 2012 p 8

<sup>31</sup> Victoria Auditor General. *Access to Social Housing*. June 2010 p viii

<sup>32</sup> Ibid p ix

assets to community housing associations, it strips the best stock out the public housing system and will only further cripple the public housing sector and force it into an increased state of crisis. Thus asset transfer fails on two counts: it fails to increase the supply of affordable housing and it fails to achieve positive outcomes for clients. In fact, for those most vulnerable, it reduces their housing opportunities.

The Salvation Army believes that alternative options need to be considered to contribute to the growth of social housing options. The KPMG discussion paper suggests and explores a number of models which could successfully grow social housing. However, The Salvation Army feels these models need further exploration before any policy decisions can be made. Therefore, The Salvation Army recommends the establishment of a Statewide Housing Taskforce to further explore possible solutions to the social housing crisis.

**Recommendation 4:**

**The Government should establish a Statewide Housing Taskforce, comprised of stakeholders and experts in the field, to explore and discuss models which could increase the supply, quality, and accessibility of social housing.**

**Conclusion**

The debate about the social housing crisis is not new. After a number of Parliamentary Inquiries, Auditor General Reports, and a wealth of research, the facts are fairly clear:

1. Any reform to the social housing system must meet the needs of the most vulnerable, including individuals with multiple and complex needs.
2. Any reform to social housing cannot be made in isolation of housing affordability.
3. The State Government must continue to invest in public housing at a level which enables the system to provide appropriate and affordable housing to those most in need and to achieve financial sustainability.
4. The State Government should invest in the community housing sector as a supplement, not replacement, to public housing, recognising that community housing has certain strengths and can play an important role in growing and diversifying the social housing sector but does not meet the needs of everyone.
5. The State Government should invest in tenancy support programs as a means to increase social housing efficiency and improve social outcomes for tenants.

The social housing system is in a state of crisis because of chronic underfunding by Government and increased pressure from an unaffordable housing market. It is the Government's responsibility to supply public housing, and regardless of any growth models for social housing, reform will require a large investment from Government to make up for over a decade of neglect. That being said, investing in and reforming social housing will be useless if the larger issue of housing affordability is not addressed.

While the housing market has served a lot of people very well, many people are excluded from the housing market and are forced into cycles of unstable and marginal housing. Middle income earners are struggling to find affordable housing and low income earners are increasingly being squeezed out of access to the private rental market and into social housing. This has put added pressure on a crumbling social housing system and has resulted in long waiting lists, a higher concentration of disadvantaged within social housing, and an increasingly unsustainable financial model. In the end, Victoria's most disadvantaged are the ones that suffer most.

Clearly the most important people in this discussion remain the tenants, particularly those who are the most disadvantaged, on low incomes, in crisis, vulnerable, or have complex needs. Any system reform must meet the needs of these people and deliver minimum standards of affordability, security, quality and support for them.

Community housing plays a vital role in social housing and will undoubtedly play a larger role in the future. For this reason it is imperative that models and policies are developed which foster the sector's growth and ability to provide quality social housing. However, for the most disadvantaged and vulnerable members of our community, community housing has not been the answer. As a result, it is essential that the Victorian Government to invest in community housing only as a supplement to public housing, not a replacement.

Finally, as we look to reform, and ultimately fix, social housing, we cannot forget the individuals who need support most. Some individuals will always need support in order to sustain housing. There is significant cost benefit to ensuring that this is possible as it costs individuals, Government and the broader community if these people return to homelessness. It does not make sense to only invest money into someone when they are in a state of crisis. Instead, it is important to ensure that support is available to vulnerable tenants when they need it. In this way housing stability and improved tenant outcomes can be achieved.

The Salvation Army would like to thank the Victorian Government for the opportunity to comment on this important social reform and welcome any opportunity to discuss the matters addressed in this submission further.

## **Summary of Recommendations**

### **Recommendation 1:**

The Victorian Government should work closely with the Commonwealth to address issues of housing affordability across the country as a matter of urgency.

### **Recommendation 2:**

The Victorian Government must continue to invest in public housing as a public service or which it is responsible to provide. Investment should be at a level which enables the system to provide appropriate and affordable housing to those most in need.

### **Recommendation 3:**

The Victorian Government must reinstate and expand funding to SHASP and other tenancy support programs.

### **Recommendation 4:**

The Government should establish a Statewide Housing Taskforce, comprised of stakeholders and experts in the field, to explore and discuss models which could increase the supply, quality, and accessibility of social housing.

## Appendix 1: Economic and Social Impact Survey 2012



The Salvation Army (Australia )  
Social Programme Department

### Economic and Social Impact Survey 2012

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#### Part 1 - About you. (Please cross **X** one box for each statement)

a. Are you....

- Female       Male
- Aboriginal &/or Torres Strait Islander
- Ethnicity: .....

b. How old are you?

What is your current age (in years): .....

c. Where do you live?      →

- Vic  
 Tas  
 NT  
 SA  
 WA

d. Region?

- Metropolitan  
 Rural (e.g country town)  
 Remote

e. Family/household composition?      →

- Single person (no children)  
 Single person with dependent child/ren  
 Couple (no children)  
 Couple with dependent child/ren  
 Related adults (share house)  
 Unrelated adults (share house)  
 Unrelated adults with child/ren

f. Housing status?

- Private rental  
 Mortgage  
 Public or social housing  
 Homeless  
 Caravan/boarding house  
 Transitional housing

g. Employment status?      →

- Full time employment  
 Part time/casual employment  
 Unemployed  
 Other .....

h. Income?

If employed, average fortnightly take home income: .....

Do you receive any **Government Allowances, Payments and/or benefits (i.e. Newstart Allowance, Parenting Payment, Carer Pension etc)** – if so which ones? Please list below:

.....  
.....

## Part 2 – Your Financial Situation

**a. Compared to this time last year, do you feel that your financial situation is.....?**

*(Please cross **X** one box only)*

- A lot better off
- Better off
- No change
- Worse off
- A lot worse off

**b. If you think about your financial situation in the coming 12 months, how do you feel?**

*(Please cross **X** one box only)*

- Very positive
- Positive
- No change or indifferent
- Negative
- Very negative

**c. Over the past year, have you had to do or felt any of the following?**

*(Multiple choices – Please cross **X** in any box that applies to you)?*

- Cut down on luxuries?
- Cut down on basic necessities?
- Gone without meals?
- Moved to more affordable housing?
- Delayed or been unable to pay electricity, gas or telephone bill/s on time?
- Delayed or been unable to pay rent or mortgage on time?
- Felt stressed about the future?
- Taken on new debt (loans, credit cards etc)?
- Experienced new conflict with your family?
- Attempted to supplement income by gambling (e.g. pokies)?
- Needed to sell or pawn possessions?
- Asked for financial help from friends or family?
- Asked for help from a welfare or community organisation.?
- Done nothing different?
- Other actions not listed (comments):

.....

**d. Do you have any other comments on your financial situation? [free text response]:**

.....

### Part 3 - Your Social Supports

The following statements have been used by many people to describe how much support they get from other people.

How much do you agree or disagree with each statement?

The more you agree, the higher the number of the box you should cross. The more you disagree, the lower the number of the box you should cross. *(Please cross ✗ one box for each statement)*

I seem to have a lot of friends	Strongly disagree → Strongly agree						
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	6	7
I often feel very lonely	Strongly disagree → Strongly agree						
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	6	7
When I need someone to help me out, I can usually find someone	Strongly disagree → Strongly agree						
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	1	2	3	4	5	6	7

### Part 4 – The Essentials of Life

Participants are asked:

1. Whether or not you have the item *(Please cross ✗ one box for each statement)*
2. If you do not have the item, is this because you could not afford it or did not want it? *(Please cross ✗ one box for each statement)*

	Essential Item	Do you have this item?		If you <u>don't</u> have this item, why not?	
		Yes	No	Can't afford it	Don't want it
a	A decent and secure home	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b	A substantial (good) meal at least once a day	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c	Warm clothes and bedding, if it is cold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d	Heating in at least one room of the house	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e	Furniture in reasonable condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f	Comprehensive Motor Vehicle insurance <i>(leave blank if you do not have a car)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g	A telephone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h	A washing machine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i	A television	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j	Up to \$500 in savings for an emergency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k	Secure locks on doors and windows	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

l	Home contents insurance ( <i>insurance for your belongings in your home</i> )	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m	Roof and gutters that don't leak	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n	Medical treatment, if required	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o	Able to buy medicines prescribed by a doctor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p	Dental treatment, if needed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q	Regular social contact with other people	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r	A week's holiday away from home each year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
s	Presents for family or friends at least once a year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
t	Computer skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If you have children, please answer the following:**

	Essential Item	Do you have this item?		If you don't have this item, why?	
		Yes	No	Can't afford it	Don't want it
u	A yearly dental check-up for children	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
v	A separate bed for each child	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
w	A separate bedroom for each child over 10	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
x	A hobby or leisure (out of school) activity for children	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
y	Up to date schoolbooks and new school clothes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
z	Children can participate in school activities and outings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Thank you for your time. Your participation is appreciated.**

***Please return your completed survey to a staff member.***