



**Our Mission:**  
To harness the private sector to address  
the chronic shortage of low income  
affordable housing.

July 28 2023

## **Re: Inquiry into the worsening rental crisis in Australia**

To whom it may concern,

Housing All Australians supports the Senate Community Affairs References Committee Inquiry into the worsening rental crisis in Australia. But it does so with the hope that any recommendations consider the entire housing continuum, the hope and aspirations of all Australians, and that recommendations are instructive with short, medium, and longer term objectives.

Australia's housing crisis is not governments problem to solve alone. It is our collective problem. And, therefore, needs our collective contribution to solve.

Housing All Australians is a for purpose Public Benevolent Institution (DGR1) that unites Australian businesses to help end homelessness by pursuing practical solutions to help address Australia's chronic shortage of public, social and affordable housing. We examine the economic impacts of housing and homelessness and view homelessness as an economic issue, not just a social one.

Housing affordability, housing stress, the lack of affordable housing for key workers, the lack of sufficient public and social housing, and the resulting increase in homelessness, is set to create a significant social and financial burden for Australia. We must build more homes, which is why we've created a number of affordable housing solutions, both short term, including our innovative Pop Up Shelters (re-purposed vacant buildings used to provide transitional accommodation), and medium-term solutions like our Progressive Residential Affordability Development Solution (PRADS) affordable housing model.

We also want to ensure the Australian public understand the long-term economic consequences to future generations if we do not house all our people, rich or poor. This is why we have commissioned, and are releasing, a number of economic reports, under the *Give Me Shelter* series, which explores the long-term costs to Australia of not properly, and strategically, dealing with its housing crisis.

Our first report, which was released in June 2022 and was an Australian-first, was an economic study into the long-term costs to Australia of not providing sufficient public, social and affordable housing. The report showed that on top of what we pay today,



the additional cost to Australian taxpayers will reach \$25 billion annually by 2051 if we do not build the required housing our country needs. Our second report, released in May this year, started to break down the \$25 billion into specific cohorts and examined the costs to Australia of Veterans homelessness which in itself will cost an additional \$4.6 billion by 2031. Both reports are attached for your information to this submission.

The *Give Me Shelter* series of reports clearly demonstrates the underlying business case for greater investment in public, social and affordable housing. If we are not able to make the required investment to mitigate these long-term costs, future generations of taxpayers will not be able to afford the exponential growth in these costs, which will ultimately result in a watering down of the Australian values we cherish today because we will not be able to afford the support structures we have today. Australia is heading towards a lose-lose scenario if we do not take affirmative action.

This submission outlines a number of private sector-led initiatives that are currently underway. By working collaboratively with HAA and our supporting businesses, their implementation could be accelerated by to make an immediate impact on helping to solve Australia's housing crisis.

Some of these initiatives have already been publicly submitted in both Federal and Victorian Inquiries into homelessness with both independent committees encouraging further exploration of our initiatives by both the Federal and Victorian governments. We hope the contents of this submission form the basis of further discussions.

Yours sincerely,

Robert Pradolin  
Founder, Housing All Australians





## Housing All Australians

### An economic platform for a prosperous Australia

July 2023



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## **ABOUT HOUSING ALL AUSTRALIANS (HAA)**

Housing All Australians (HAA) is a business-led initiative looking at housing and homelessness through an economic and social lens. Our partners include businesses and organisations concerned about the increasing level of homelessness, and how the lack of housing will impact the economic and social future of Australia.

### **OUR VISION**

An Australia where everyone has a stable place to call home whether they are rich or poor.

### **OUR MISSION**

To harness the ability of the private sector and collaborate to address the chronic shortage of low-income affordable housing.

### **OUR DIFFERENCE**

Unlike most housing charities in Australia, HAA is a private sector, business-led initiative examining the economic impacts of housing and homelessness. We challenge the status quo to bring sensible and meaningful change to existing government policies at a local, state, and federal level – on behalf of future generations of Australians. We do not expect government to solve this challenge alone. HAA is a conduit for values-aligned private-sector organisations that want to help vulnerable Australians.

### **INNOVATION**

HAA thinks outside the box by developing new solutions to existing problems, including “Pop Up Housing” or ‘Meanwhile Use” buildings, which innovatively re-purpose vacant buildings into temporary housing for those facing homelessness. We work in partnership with service providers who do not have access to sufficient homes for vulnerable people.

Our Pop Up Housing is a short-term solution providing temporary crisis housing, but we need permanent solutions. Australia must build more homes, which is why HAA has also created its own private sector driven affordable housing solutions and with PEXA, will create Australia’s first Affordable Housing Register. Our Progressive Residential Affordable Development Solution (PRADS) combined with the Affordable Housing Register, will unlock private sector capital to provide affordable housing, at below market rents, and allow local government to monitor compliance of all stakeholders through the AHR.



## **LEAN AND EFFECTIVE**

Launched in 2019, HAA is a “virtual” organisation that has PBI and DGR1 status but no physical office. HAA is now established in every state and territory, (except the NT at this point in time) and is currently 100% volunteer-led with pro-bono support from the private sector.

## **WHY HAA EXISTS**

Historically, discussions about affordable, social, and public housing, have been perceived as largely a social issue championed by charity and not-for-profit (NFP) organisations. HAA exists to facilitate a private sector voice and shift the discussion around public, social and affordable housing away from its perception as being “just housing”, towards its true economic impact on Australian society. Just like roads, schools, or hospitals, HAA sees public, social and affordable housing as fundamental economic infrastructure that provides the foundations for a future prosperous Australia.

HAA is a private sector initiative and a “for purpose” organisation that views housing and homelessness through an economic lens. It is repositioning the housing discussion as both an economic and social issue for Australia. Given the scale of the required investment, identified in the NHFIC 2021 Review as \$290 billion, unless the solution is economically viable for the private sector to deliver, it will ultimately never drive the production of new housing stock that is so badly needed to mitigate the trajectory that Australia is currently on.

## **WHAT WE DON'T DO**

HAA does not provide wrap-around homelessness services to those in need. We partner with DGR1 support agencies such as the YWCA, Bridge It, Uniting and Salvation Army and many others who provide the vital support services vulnerable Australians need. We focus on bringing private sector organisations together to fit out vacant spaces, try new ideas, and create alternative housing models to unlock new housing supply.



## **RISING RENTS AND RENTAL AFFORDABILITY**

Provision of social and affordable housing infrastructure is necessary to protect vulnerable households from poverty, to build productive economies with good access to essential workers, and to create better neighbourhoods characterised by diversity and inclusion.

The 2021 National Housing Finance Investment Corporation (NHFIC) review by Chris Leptos (AO) quantified the shortfall on housing investment at \$290 billion. This is a national issue with significant repercussions across Australian society. It is too great a crisis for government to solve alone.

Business, our superannuation funds, and the general community need to be educated on the trajectory Australia is heading, and importantly, engaged to help create an investment pipeline and build more homes. Australia's superfunds need to be encouraged to redirect billions of dollars currently invested in housing people in other countries, back into housing Australians. To achieve this, the superfunds need to achieve a reasonable return for the risk.

### **RENTAL AFFORDABILITY FOR WORKERS**

Along with the current labour shortage, the lack of affordable housing for workers, particularly in our regions, is a growing concern for business and has impact across the economy.

We believe that engaging business to help solve local housing supply is key to ensuring Australia's economic growth aspirations are met.

We know that businesses – especially rural ones – are increasingly feeling the impacts of the housing crisis. Employees are struggling to find affordable accommodation close to work. *Give Me Shelter* outlined that employers in particularly vulnerable industries – like hospitality and retail – anecdotally recognised the impact of housing affordability on recruitment, reliability and retention.

In Sorrento, on Victoria's Mornington Peninsula, one business consortium is tackling the crisis by building their own accommodation for workers at the vacant Sorrento Lodge. The redevelopment is an important initiative addressing the severe undersupply of quality accommodation for local job seekers.

Providing quality affordable housing for up to 77 people and a live-in onsite manager, Sorrento Lodge will offer both short-term and long-term and stays of up to one year. Guests will pay \$35-\$40 a night, with rooms offering two single beds, and with private ensuites and BIRs.



The consortium, which includes the Trenergy Property Group, Victor Smorgon Group and Kanat Group, are passionate about supporting the local economy and boosting employment across key local industries, including tourism, hospitality, health care, construction and manufacturing.

There are many more examples like this around Australia where business is coming up with solutions, but it requires the collaboration of local governments to deliver suitable housing options for key workers.

## **ACTIONS THAT CAN BE TAKEN BY GOVERNMENTS TO REDUCE RENTS**

Australia must build more homes, and we know this will take time. This is why Housing All Australians has created short, medium, and long-term housing solutions, including our innovative Pop-Up Shelters: re-purposed vacant buildings used to provide short term transitional accommodation.

The housing crisis creates a need for new and innovative affordable housing models (both rental and shared equity) to facilitate the funding, development, management, and ownership of affordable housing by the private sector. Whilst the Community Housing Providers (CHP's) play an important role, any scalable solution needs to activate the private sector. To produce more housing, Australia needs a shift in thinking to create new models to address the unaffordability that is present throughout the housing continuum.

Because we cannot “turn on a tap” and build more homes, we need some short term solutions that provide access to a level of supply to help those most vulnerable. Pop Up Shelters or ‘meanwhile use’ accommodation is one innovation that could be considered as one of the short term and immediate solutions that can be done nationally, while we wait for the new homes to be built.

### **POP UP HOUSING**

Thousands of buildings across Australian cities stand vacant awaiting their next redevelopment. Often these buildings are fully serviced yet lay idle. Leaving these buildings empty while thousands of Australians experience homelessness is a wasted resource.

One of Housing All Australians’ short-term housing solutions is to use these buildings as “Pop Up Shelters”. The first building we refurbished that had been sitting vacant for two years was a 52 room aged care facility in Melbourne: Lakehouse. With the goodwill that

exists in the private sector, we refurbished 32 rooms with Metricon and their subcontractors. Over the next four years, the YWCA - we always give the building to a not-for-profit service provider that provides the support services - has helped 125 women stabilise their lives, at no capital cost to the government. Hansen Yuncken (1st tier builder) is currently undertaking the refurbishment of the remaining 20 rooms, pro bono (see case study in Attachment A).

We are activating goodwill that exists in the private sector, to do this in every state and territory. We have another four projects in Melbourne underway, and two in Perth, with many more in planning. Whilst “Pop Up Shelters” are not a long-term solution, they do provide an immediate response, by the private sector, in providing shelter to the not-for-profit sector that is in desperate need for immediate access to more homes. We need some short term solutions because building the additional homes our country needs will take decades.

With the collaboration of an appropriate social services support agency, HAA knows many of these buildings can be re-purposed for short-term shelter and used as crisis or transitional accommodation.

In addition to Pop Up Shelters, we have developed medium term solutions like our Progressive Residential Affordability Development Solution (PRADS) affordable housing model to increase availability of both affordable housing, both rental and shared equity.

Along with our PRADS model, we’ve are also advocating for a macro economic reform which will allow *Progress Payments for High Rise Construction – The Singapore Model*, to be made to facilitate the construction funding and reduce finance costs to consumers (see below).

We also highlight the significant lands owned by a number of church group, which could be used to build more affordable and social housing but done under a land lease model and therefore will still ultimately remain in current ownership.

## **PRADS MODEL**

While the genesis of the PRADS (Progressive Residential Affordability Development Solution) model was to create affordable rental housing driven by local government and the value aligned private developers, the principles used can also be applied to create a shared equity alternative.

In an *Inquiry into Homelessness in Victoria* which was conducted in 2021, HAA presented several of its initiatives including its Pop Up Housing and PRADS model. In its final report tabled in March 2022 (see Attachment B), under Recommendation 43, the State Committee recommended:



*That the Victorian Government engage with relevant stakeholder groups to assess how pop-up housing proposals could contribute to transitional housing options in Victoria. In conducting such an assessment, the Victorian Government should consider whether these proposals meet appropriate governance standards and the appropriateness of offering support of temporary land tax concessions for organisations participating in the scheme.*

Since this Inquiry, HAA submitted a further paper to the Victorian Treasurer which resulted in an agreement to pilot a land tax exemption for buildings used for temporary Pop Up shelter (see Attachment C for the front page The Age story). This is currently on foot with a test site being recently identified.

At the Federal Government inquiry into Homelessness (July 2021), HAA presented its initiatives, including the PRADS model. In its final report tabled under Recommendation 30 (see Attachment D), point 4.252, the Federal Committee recognised the opportunity presented by HAA and stated:

*“The Committee heard about innovative proposals such as the PRADS model, which seeks to attract private-sector investment in the construction of social and affordable housing. While the PRADS model involves local governments negotiating with developers, the Committee considers there is a role for the Australian Government to assist in the facilitation of its viability at a national scale”*

Within the City of Merri-bek, Nightingale Housing’s North Coburg development project used the principles of the PRADS model to achieve two density outcomes within the same Planning Scheme Amendment, which related to an increase from 5% to 15% affordable housing, by allowing an increase in density (which created additional value in the land) and the additional value created, is to be used as the subsidy funded for the affordable housing. This allowed the City of Merri-bek to increase its affordable housing outcome without the need for any government subsidy (see Attachment E).

#### PRADS model (rental)

The PRADS model (rental) targets a proportion of households experiencing rental stress that are not currently housed through state provided housing and registered housing agencies – *i.e. affordable housing not social housing.*

PRADS model (rental) creates privately-owned rental housing, rented at below-market rents to tenants or households that fall within prescribed low-moderate income brackets. The obligation is secured by a legal instrument registered against the title for the property.



The process is summarised as follows:

1. The developer and local government agree to work collaboratively to maximise the allowable planning outcome on the site. Based on the additional value created, they negotiate, in good faith, the number of affordable dwellings that can be financially supported by the development and the percentage below market rent for which those dwellings can be rented in exchange for that planning outcome.
2. The obligation to rent the dwelling at the agreed percentage below the market rent for the agreed time period is secured by way of a legal encumbrance registered against the title.
3. The developer is then able to sell the dwelling to investors (at a lower price due to the lifetime encumbrance) in the private market with an obligation for the investor to comply with a robust governance process.
4. Through an approved property manager, the investor then rents the dwelling to eligible tenants.

The PRADS model (rental) is scalable with the potential to create a significant supply of long-term affordable private rental housing without the need for any ongoing government subsidy.

This model can work and is applicable for apartment projects and land subdivisions. It works on the commercial principle of value sharing some of the uplift created through the planning process. While still in its infancy, the model has already gained support from sectors of the property industry, the banking sector, superfunds and public tenant groups.

One of the intrinsic requirements to allow the PRADS model to be implemented nationally, and at scale, is the requirement of ensuring that all stakeholders comply with the agreed obligations. This is why HAA, and their industry partner PEXA, are developing an Affordable Housing Register which will allow councils to monitor for compliance (see below)

#### PRADS model (shared equity)

The PRADS model (shared equity) can also be used to help qualified participants into home ownership. It is based on the same “value sharing” principles as the PRADS model (rental).

By working with Local Government, the developer creates additional value which becomes the shared equity component for the affordable housing. Rather than being rented at a below market rent, the dwelling becomes a shared equity opportunity where HAA (as a DGR1 and PBI) holds the patient equity for a set period time, say 10 years, after which time the owner is required to refinance and purchase the remainder of the home.



At this point, HAA receives its portion of the property value (including the capital gain), which must then be reinvested into affordable housing within the same Local Government Area (LGA).

In simple terms, HAA is the shared equity participant with the homeowner for the 10-year period.

### **THE AFFORDABLE HOUSING REGISTER (AHR)**

With governments at all levels funnelling affordable housing through the Community Housing Providers (CHPs), another unintended consequence results. Rightfully or wrongfully, due to negative perceptions and potential impact on market sales and rental yields, most developers do not want their project associated with “affordable or social housing” due to the current negative market sentiment. To move towards an “at scale” solution that includes the critical participation of the whole development industry, Housing All Australians developed the PRADS model as described above.

This model uses the governance structure established by the National Rental Affordability Scheme (NRAS) which was introduced by the Rudd Government during the GFC to stimulate private sector construction activity. Whilst several aspects around NRAS have been highly criticised, it did demonstrate an interest from the market of investing in affordable housing. NRAS offered the market a mixture of tax incentives and cash payments that enabled investors to commit to offer the property at 80% of market rent to qualifying key workers for a 10-year period.

In formulating the PRADS model as an “at scale” solution encouraging private sector capital into affordable housing, a fundamental requirement was to establish a credible and robust alternative to the Housing Registrar in terms of ensuring appropriate oversight over the affordable housing to ensure it remained affordable. This led to the development of a digital Affordable Housing Register (AHR).

The AHR will provide a centralised platform that records all affordable housing obligations and will enable local government to monitor the compliance of all stakeholders over the life of the commitment. It will ensure that developers, investors, owners, and tenants are undertaking their compliance obligations in accordance with agreed parameters.

In developing the AHR, it is acknowledged that for an “at scale” solution, local government does not have the resources to oversee all these commitments. Therefore, the AHR will be kept “management light” via the use of AI, with local government only being notified when non-compliance is detected. To ensure the AHR is functioning as intended in line with the approved governance process, the AHR will also be subject to an annual audit.

As a continued sign that the private sector sees the enormity of the problem and that it will require the involvement of the entire society, including business, not just government, the ASX-listed PEXA have agreed to build the AHR for HAA to implement nationally.

Development workshops have been underway for several months with the involvement of the Victorian Valuer General, local government and the development industry to ensure the brief has input from all stakeholders. The AHR will be completed by the end of 2023 and is scheduled to be announced by PEXA and HAA in the coming months.

### **The potential role of NHFIC, HAA and the PRADS models (both shared equity and rental)**

An [independent review of NHFIC](#) was completed by Chris Leptos AM and made publicly available in October 2021. The review tabled a set of recommendations to the Federal Government including Recommendation 5 which stated that:

*“The Review recommends that NHFIC’s Investment Mandate be amended to extend NHFIC the ability to lend to other not-for-profit providers of social and affordable housing that are not registered community housing providers, where it is satisfied that the risks of doing so are manageable.”*

Recommendation 5 was not accepted as, in our view, there was no mechanism that will allow the monitoring of compliance obligations that would come with such funding, as only CHP’s are governed by the Housing Registrar.

With the introduction of the AHR and its ability to monitor compliance of all stakeholders, Recommendation 5 could be reconsidered the Federal Government, which would see NHFIC’s remit extend to NFP organisations like HAA and Nightingale that are focused on providing affordable housing.

Should this recommendation be adopted, this would be a game-changer in terms of activating private sector capital to the provision of social and affordable housing. HAA would fully endorse NHFIC’s remit, along with a robust governance framework, should this recommendation be extended to NFP providers like HAA in the delivery of both a shared equity and rental model.

### **PROGRESS PAYMENTS FOR HIGH RISE CONSTRUCTION - THE SINGAPORE MODEL**

The objective of this initiative is to explore a new way to fund apartment developments in Australia that will ultimately lower the finance cost to consumers. This is particularly relevant at present and will become even more so as interest rates move higher.

This initiative works by utilising the funding principles behind the traditional House and Land Package and applying them to vertical apartment buildings. This will ultimately involve banks becoming comfortable in securing their interest via a charge over the pre-



sale contract and a caveat on the title of the development site. Australian banks have already become accustomed to lending on a similar basis in Singapore, and it's time to bring this approach to Australia.

### **Outline of the micro economic reform**

In Singapore, a statutory provision exists for progress payments to be made to a builder by banks funding an individual purchaser during construction of a high-rise building. This lowers the cost of finance as the purchaser borrows as a mortgagor of residential property (at an interest rate much lower than the rate for development finance) and on a full recourse basis. Access to this funding in the early phases of a project reduces or can remove entirely, the need for the developer to obtain project finance.

This differs from what currently happens in Australia where the developer secures a development loan from a bank (at a higher cost due to the risks involved including possible settlement defaults), engages and pays the builder, and only receives payment when the project is complete and titles to the apartments are issued. To the extent that the equity needed by the developer for a project can be reduced, the requirement to generate a return on that equity is also reduced.

By receiving progress payments during construction, development risk is minimised, finance risk is reduced, and interest costs are lowered. Ultimately, this should lead to cost savings for an end purchaser. It also protects the purchaser from a negative change in market conditions (and the need to contribute further equity) as their individual loan is locked in when construction commences. This avoids the current dilemma facing purchasers where, in a declining market, the banks are requesting additional funds (more equity) to be contributed by the purchaser to make up the shortfall between the current market value of their purchase and the face price of the original contract of sale which was executed (with bank approval) years earlier.

### **The current market**

Under the Singapore model, the additional risks faced by each individual bank providing a mortgage to individual purchasers is mitigated by:

- the developer needing to be registered and carry developer insurance;
- a requirement for the developer to maintain a specified surplus of assets over liabilities;



- requiring an obligation to be secured under section 7.4 of the Environmental Planning and Assessment Act 1979 (NSW), which requires that the land be used only for the project;
- setting up a regulatory authority to protect the interest of the purchasers in the event of failure of the developer;
- requiring the sales prices of the apartments to be backed by a professional valuation expressed in favour of the purchaser and the mortgagee;
- increasing the deposit paid by the purchaser and allow the mortgagee to require that the deposit be used first before the mortgagee advances any funds;
- requiring the project account to be maintained with a minimum balance and withdrawals closely supervised, or managed through a Trust similar to the QBCC's "Project Trust Account Framework" which is already in operation;
- requiring the presale contracts to contain a condition requiring the developer to enforce the building contract when it comes to defect rectification for a period of 12 months; and
- requiring the project account to remain open until all defects are rectified.

The above indicates a highly regulated environment with a focus on consumer protection. It does involve a level of governance to oversee the process, but it also initiates a requirement for the registration of suitably qualified developers, helping to ensure unqualified developers can't access what may be considered a highly lucrative funding model. This should result in a professional and consumer-focused approach by the qualifying developers.

## **A LAND LEASE MODEL**

Build-to-Rent is an obvious solution to our housing crisis. However, with high land costs the current Built-to-Rent market is skewed towards the very high rental range. However, if the government moved towards a land lease model and provided government land on a 40-year lease with a peppercorn rent, the financial metrics significantly change, and the introduction of affordable housing becomes possible without using government funds. The investor only needs to get a return from the capital invested and if this does not include funding the land, then these costs can go towards subsidising the rents for key workers. After 40 years, if the land is needed for other strategic purposes, the government gets the land and improvements back in public ownership.



This land lease model can also occur on federal government land (i.e. the Maribyrnong defence land in Victoria) with the added benefit that, being Crown land, it does not need approval through the traditional planning process. This concept could also apply to land owned by church groups that are asset rich, but cash poor.

## SUPPLY AND DEMAND OF AFFORDABLE RENTALS

### GIVE ME SHELTER

Last year, we released our ground-breaking first report in our *Give Me Shelter* economic study series, helping to inform the Australian public about the long-term economic consequences of underproviding affordable housing (see Attachment F).

Our *Give Me Shelter* report clearly demonstrates the underlying business case for greater investment in social and affordable housing. The provision of social and affordable housing infrastructure is necessary to protect vulnerable households from poverty, to build productive economies with good access to essential workers, and to create better neighbourhoods characterised by diversity and inclusion.

The study highlights how decades of underinvestment by governments in “non-market led” housing has seen social housing numbers fall to record lows - just 4 per cent of national housing stock, compared with 6 per cent in 1996. Over the same time period, the nation’s population has risen 25 per cent, placing added stress on an already stretched housing market.

Importantly, the study found the national cost-benefit ratio of investing in more affordable housing was double the cost outlay – for every \$1 invested the taxpayer would on average receive \$2 in cost savings – with the study noting this was a better benefit-cost return than many other major infrastructure projects, including the Brisbane and Melbourne metro projects.

Underinvestment in initiatives to securely house those in need increases costs to society through poorer health and employment outcomes, greater criminal behaviour, and less diverse communities. If we do not invest and create the addition public, social and affordable housing our country needs, the first *Give Me Shelter* report calculated that the additional cost to future generations, by 2032, will reach an additional \$25 billion PA.

## **ANY OTHER RELATED MATTERS**

### **ENDING HOMELESSNESS PILOT - TASMANIA**

At HAA, we believe it's time we stop looking to government alone to fix this escalating problem. It's everyone's problem now, including business.

We recently supported the draft Tasmanian Housing Strategy to address the state's growing housing crisis. However, we believe its target of 10,000 homes by 2032 should be supplemented with the bold public ambition to end homelessness in Tasmania. With its current waiting list at approximately 4,500, Tasmania is the only Australian state with a housing target more than its waiting list.

By working together with the Federal Government and establishing the bold initiative of "ending homelessness in Tasmania" as a national project, Tasmania could become a pilot for Australia. By investing in enough housing to end homelessness, Tasmania could measure the strong underlying economic benefits, and underlying business case, of investing in housing as a preventive measure which, if implemented nationally, would save future federal, state and territory governments (read taxpayers) significant budgetary costs and set an example for others to follow. Solving the housing crisis in Tasmania could help every state and territory avoid long-term expenses, ensure societal stability, and foster sustainable growth.

We are confident that Tasmania is in an excellent position to undertake a business-led pilot with the bold vision of ending homelessness. Business already uses Tasmania as a testing ground for products, why not test housing policy?

The Federal Government's Housing Affordability Future Fund aims to allocate investment earnings to support affordable and social housing initiatives. While commendable, we urge for a distinct commitment to address homelessness in Tasmania within a realistic timeframe, serving as a pilot for transformative policy changes.

The time for waiting is over. Our grandchildren, and their children deserve a better future than what we are currently going to leave them.



# ATTACHMENT A



# CASE STUDY

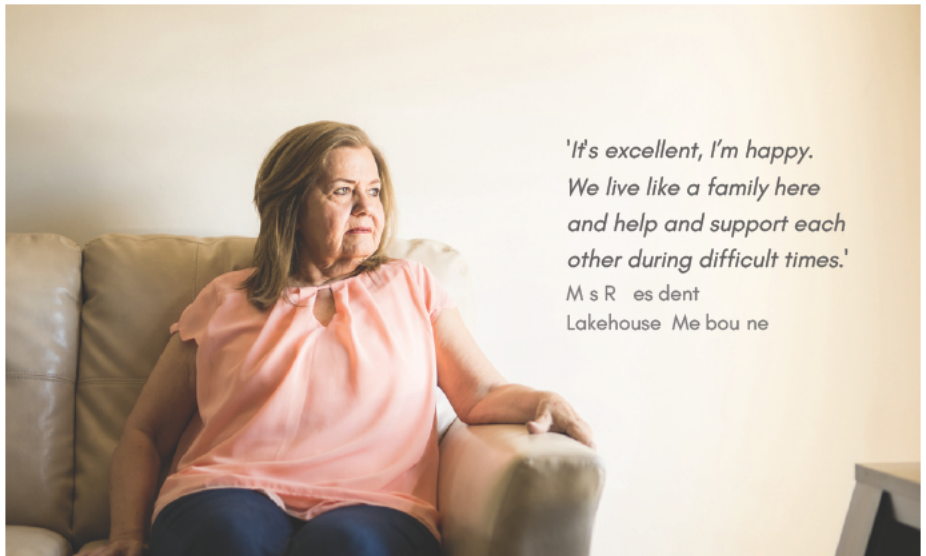


## POP UP SHELTER LAKEHOUSE, VIC.

2018 - 2023

“ Council hopes the Lakehouse success story will inspire other councils, community agencies, private organisations and governments to recognise the huge opportunities offered by using temporarily vacant buildings as a rapid response to alleviating homelessness. ”

Be nadene Voss  
Former Mayor, City of Port Phillip (2018)



'It's excellent, I'm happy. We live like a family here and help and support each other during difficult times.'

M s R es dent  
Lakehouse Me bou ne

The Lakehouse is Melbourne's first Pop Up Shelter for women in need of temporary housing (2018)

### THE NEED

Women ove 50 ae the fastest g ow ng g oup of peop e expe enc ng hous ng nstab ty n Aust a a - often as a esu t of pay nequ ty tte to no supe annu at on o sav ngs d vo ce domest c and fam y vo ence and tme taken as unpa d ca e s. 42% of the women at Lakehouse ae su v vo s of fam y vo ence.

Adequate suppy of soc a hous ng and affo dab e hous ng ema ns an endu ng ssue ac oss Aust a a. Cu ent y the e a e mo e than 54 000 app cants wa t ng fo hous ng on the V cto an Hous ng Reg ste a one. (Ma ch 2022).

### THE SOLUTION

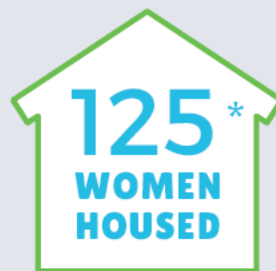
- Ut se and epu pose a vacant aged ca e fac ty owned by CaSPA Ca e n South Me bou ne V c to p ov de sho t te m c sso t anst ona accommodat on fo up to 30 women at a tme wh e the bu d ng awa ts edeve opment app ova .
- P vate secto and Loca Gov't donate p ofess ona se v ces and goods fo set up ste p epa at on bu d ng wo ks ga den ft out and fu nsh ngs. (\$300k est mated va ue)
- YWCA Hous ng becomes the essee and tenancy p ov de . t a so suppo ts those be ng housed and connects them to add t ona commu ty se v ces.
- Add t ona p oject funds secu ed f om State Gove nment (DHHS) and Lo d Mayo 's Cha tab e Foundat on fo suppo t staff fo the women.
- YWCA s cha ged \$1 a yea fo use of the p ope ty. Bu d ng outgo ngs ae ecove ed va be ow ma ket ent pa d by the women as sub tenants.

### EXIT STRATEGY

- A deta ed st ategy fo the cosu e of the Pop Up s pa t of the ease ag eement. A those housed ae to be t ans t oned by YWCA nto pub c o commu ty hous ng p vate enta o suppo ted to etu n to fam y o f ends.
- The fu n tu e and chatte s w be edep oyed to othe hous ng p ojects to suppo t mo e women.

### OUTCOMES

### 5 years after opening



\*Women housed July 2018 - May 2023

#### Of those who've departed

- 57% Have been suppo ted nto ong te m hous ng w th e the YWCA pub c hous ng efe as to othe hous ng p ov de s o p vate enta s.
- 19% Reconnected and moved n w th fam y/f ends/pa tne
- 3% Moved nte state o ove seas

Average length of stay 9 months

- CaSPA Ca e extends the ease n 2021 fo an add t ona 3 yea s.
- n 2023 P ann ng pe m ss on s g anted to comp ete 20 add t ona bed ooms un ts tak ng the tota to 50.
- Ga denhouse opens n 2023 n Me bou ne's east to house 6 women. HAA's 2nd Pop Up She te .
- YWCA sees an nc ease n donat ons of goods and se v ces fo ts othe p ope tes.
- Hous ng A Aust a ans and YWCA att acts s gn f cant nte est f om med a the p vate secto and gove nment.

### COST

#### ITEM (2018)

Bu d ng Rent p.a. (peppe co n)  
Case Wo ke pa t t me x 2 yea s  
YWCA Tenancy Wo ke and costs  
Outo ngs nsu ance powe etc

#### PRICE

\$ 1  
\$ 74 000  
\$ 60 000  
recovered via tenant rent

#### PRO BONO VALUE STAGE 1

Donated goods & services. P oject p ann ng ease & tende . Ste p ep cean ng ga den ft out e ect ca p umb ng pa nt ng and cab net y. Beds couches fu nsh ngs. Bedd ng towe s to et es utens s. Wh tegoods: f dge ovens wash ng mach nes. \$ 300 000

### CONTACT US

#### YWCA HOUSING

03 8341 8700  
www.ywca.o.g.au  
nfo@ywca.o.g.au

#### HOUSING ALL AUSTRALIANS

0418 387 159  
www.hous nga aust a ans.o.g.au  
nfo@hous nga aust a ans.o.g.au

# CASE STUDY



## POP UP SHELTER LAKEHOUSE, VIC.

“ There's hundreds of vacant buildings waiting for redevelopment. It's another form of society's wastage while people are sleeping on our streets, on couches or in cars. It's not a long term solution. It's a temporary fix to a society in crisis. ”

Rob Pradolino  
Founder, Housing All Australians



Newly renovated spaces at the Lakehouse - all provided pro bono by the private sector

## BENEFITS FOR THE CONTRIBUTORS



- **CaSPA Care (property owner):** The cohort of older women being supported indirectly to our mission. Enhanced social reputation. Raised professional local community. Saved outgoings on security and insurance. Strengthened stakeholder relationships with local and state government.
- **YWCA Housing:** Ability to deliver more housing for women (our mission). Positive media coverage and invitations to present at key conferences. Won a 2018 Powerhouse Award for innovation and Leadership. Increased corporate awareness of the issue and engagement with our organisation.
- **Metricon:** As one of Australia's leading home builders we were delighted to be part of this initiative and took immense pride in engaging our suppliers and staff to collaborate to support the proof of concept of this innovative housing solution. We made a good deal with our Alternative Housing business and commitment to nurturing relationships with organisations that have a positive impact in the community.
- **City of Port Phillip:** Tangible evidence of Council affordable housing policy in action. Provides a new and innovative model for local government to reduce street homelessness, achieving rapid results through re-purposed underutilised buildings.
- **Rob Pradolino (HAA):** The model has spurred national interest, with new pop ups underway. It's been instrumental in developing our charity 'Housing All Australians' to harness the ability of the private sector to address a chronic shortage of low income affordable housing.
- **VIC Govt DHHS:** The department is interested in innovation and supportive of collaborations between commercial, government and community sectors.
- **Hansen Yuncken:** Commitment to provide pro bono building services to extend the accommodation to accommodate an extra 20 women.

## KEY LEARNINGS



- 1 **Industry contacts**  
Critical role of a person with the contacts and respect of the property and building industry to secure pro bono goods and services.
- 2 **Project manager & governance**  
One person or organisation to be responsible for project management and governance.
- 3 **Funding**  
Identify and secure any funding gaps prior to implementation.
- 4 **Goodwill of the private sector and local government**  
Without the generous donations of time, goods and services the Pop Up would not have eventuated.
- 5 **The Lease**  
12 month lease with 2 x 6 month options to extend at property owner's discretion.
- 6 **Community Housing provider**  
Appoint a provider with exceptional track record and expertise in the cohort to be housed. Clarify the tenancy and support services to be provided to those being housed.
- 7 **Property owner & local government**  
Develop and maintain an open and trusted relationship with the property owner and local council.
- 8 **Pro bono inventory**  
Record commercial value of goods and services provided.

## RISKS & CHALLENGES



- The fact a project like this had never been done before meant there was no precedent.
- The property owner rightly needed to be assured of a) the cohort to be housed b) how the property would be managed and maintained, and c) the exit strategy. In order not to impact on the building's future development plans. City of Port Phillip played a key role in this when negotiating the lease with the property owner.
- Mitigating any concerns from local residents about the project. This was addressed through community consultation and by housing a low risk cohort of women.
- YWCA Board approval of the project's viability, especially opportunity for financial and social.
- Unforeseen costs and work required to clean up and repair the site after being vacant for so long.
- Effective communication to ensure clarity across the partners who do what, launch event procedures and project governance was a challenge.
- Ensuring a realistic time frame from compliance approvals, signing the lease with property owner, to getting the women into the house.

# ATTACHMENT B



# PARLIAMENT OF VICTORIA

## LEGISLATIVE COUNCIL

### Legal and Social Issues Committee

# Inquiry into homelessness in Victoria

## Final report

Parliament of Victoria  
Legislative Council Legal and Social Issues Committee

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Ordered to be published

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## Committee membership



**Ms Fiona Patten**  
Northern Metropolitan



**Dr Tien Kieu**  
South Eastern Metropolitan



**Hon. Jane Garrett**  
Eastern Victoria



**Hon. Wendy Lovell**  
Northern Victoria



**Ms Tania Maxwell**  
Northern Victoria



**Mr Craig Ondarchie**  
Northern Metropolitan



**Ms Kaushaliya Vaghela**  
Western Metropolitan

## Participating members

Dr Matthew Bach, Eastern Metropolitan  
Mr Rodney Barton, Eastern Metropolitan  
Ms Melina Bath, Eastern Victoria  
Ms Georgie Crozier, Southern Metropolitan  
Dr Catherine Cumming, Western Metropolitan  
Mr Enver Erdogan, Southern Metropolitan  
Hon. Edward O'Donohue, Eastern Victoria  
Mr Stuart Grimley, Western Victoria  
Mr David Limbrick, South Eastern Metropolitan  
Ms Harriet Shing, Eastern Victoria  
Mr Lee Tarlamis OAM, South Eastern Metropolitan  
Mr Tim Quilty, Northern Victoria  
Dr Samantha Ratnam, Northern Metropolitan  
Ms Sheena Watt, Northern Metropolitan



# About the Committee

## Functions

The Legislative Council Legal and Social Issues Committee's functions are to inquire into and report on any proposal, matter or thing concerned with community services, education, gaming, health, and law and justice.

As a Standing Committee, it may inquire into, hold public hearings, consider and report on any Bills or draft Bills, annual reports, estimates of expenditure or other documents laid before the Legislative Council in accordance with an Act, provided these are relevant to its functions.

## Secretariat

Lilian Topic, Senior Committee Manager  
Kieran Crowe, Inquiry Officer  
Alice Petrie, Inquiry Officer  
Caitlin Connally, Research Assistant  
Justine Donohue, Administrative Officer  
Rachel Pineda-Lyon, Chamber and Committee Officer

## Contact details

**Address** Legislative Council Legal and Social Issues Committee  
Parliament of Victoria  
Spring Street  
EAST MELBOURNE VIC 3002

**Phone** 61 3 8682 2869

**Email** [lsic.council@parliament.vic.gov.au](mailto:lsic.council@parliament.vic.gov.au)

**Web** <https://www.parliament.vic.gov.au/lsic-lc>

This report is available on the Committee's website.

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# Terms of reference

## Inquiry into homelessness in Victoria

On 7 June 2019, the Legislative Council agreed to the following motion:

That this House requires the Legal and Social Issues Committee to inquire into, consider and report, within 12 months, on the state of homelessness in Victoria, and in particular, the Committee should—

- a. provide an independent analysis of the changing scale and nature of homelessness across Victoria;
- b. investigate the many social, economic and policy factors that impact on homelessness; and
- c. identify policies and practices from all levels of government that have a bearing on delivering services to the homeless.

housing. DELWP explained to the Committee the work it is undertaking as part of the Land Utilisation Assessment Program:

As part of the LUAP, DELWP is undertaking extensive engagement across government, including with the Director of Housing, to ensure that assessments and recommendations respond to service delivery demands. This has included specific assessments targeting high demand social housing areas across Victoria to identify government land that may support social housing, including new public housing and relocatable housing to support the homeless. This work is ongoing, and it remains a commitment of DELWP to identify government land with potential to support social housing growth in Victoria.<sup>104</sup>

DELWP's pilot program is due to finish in early 2021. The Committee considers that this is an important land utilisation initiative, with potential leasing and interim use opportunities which could increase Victoria's social housing stock. The Committee is hopeful that the program is continued and that it continues to prioritise social housing.

The Committee agrees that there is value in ensuring that, where possible and appropriate, the housing portfolio is given priority during the surplus land sale process. In particular, the Committee considers that leasing surplus land for social housing purposes (such as innovative models of transitional housing) while lengthy sales processes take place could be further explored in conjunction with relevant stakeholders. However, in the absence of further information regarding whether and how this type of prioritisation currently takes place, or the development of any relevant policies to promote this type of use of surplus land, the Committee recommends that the Victorian Government should investigate these proposals further.

**RECOMMENDATION 42:** That the Victorian Government investigate options for the prioritisation of the housing portfolio in processes for the sale of surplus government land.

### 5.4.3 Innovative housing options

As noted above, various inquiry stakeholders raised ideas to implement innovative housing options, including on surplus government land. This includes suggestions for tiny houses or demountable houses on disused land and pop-up shelters in empty buildings.

#### Pop-up housing

The Committee received evidence from Housing All Australians (HAA), a registered charity developed to provide a private sector-led response to solving homelessness. Robert Pradolín, the Founding Board Member of HAA, explained the organisation's approach:

<sup>104</sup> Department of Health and Human Services, *Response to Questionnaire*, p. 35.

So as the private sector, when we see a problem we develop a strategy, and we keep the strategy very, very simple. So we have developed our strategy; that is actually one page. I want to bring you through that strategy ... as part of setting the framework of what we are actually doing. But we need to do this at scale, because if you look inside the box and stay within the box you will get the same answers. We have to have a paradigm shift of quantum of housing numbers. Unless we pick a number that we want to target, we will never solve this issue of homelessness.

HAA's key measure is 'pop up housing'. The submission explains the proposal to re-purpose vacant buildings to house people experiencing homelessness while these properties are idle pending the outcome of a planning permit for redevelopment.<sup>105</sup>

Under this proposal, the owner of a vacant building leases the property to a homelessness service agency for a negligible rent. This agency maintains the property as a form of transitional accommodation for persons at risk of or experiencing homelessness and pays all related utility costs. The homelessness service agency also determines the resident cohort and provides support services to them, including case management and wrap-around services.<sup>106</sup>

In addition, similar to other forms of transitional accommodation, residents are prepared for exit into other forms of accommodation. Any necessary building works to modify the building and fit it out to be suitable for use as a facility to house people experiencing homelessness are provided pro-bono by private sector organisations sourced by HAA.<sup>107</sup>

HAA's submission gave an example of this proposal in action. In partnership with YWCA, a homelessness service provider, HAA delivered a pop-up housing shelter in a former aged care facility for women over the age of 55 experiencing homelessness in South Melbourne:

The Lakehouse was an aged care facility owned by CaSPA Care. It had been vacant for over 2 years as CaSPA Care had built a new facility close by and the existing property was earmarked for redevelopment. A commercial lease was negotiated at a peppercorn rent and the YWCA identified as the preferred social services provider with women over 55 years identified as the best suitable cohort. The building needed an extensive makeover to make it habitable for residents and a central kitchen was created to allow the women to prepare their own meals.

Based on an existing relationship, HAA approached Metricon to assist with the building works and they were happy to get on board. Drawings were prepared, suppliers were contacted, subcontractors arrived and the works began. Metricon encouraged their staff to participate, where possible, which included a helping hand with the landscaping. While there were a number of businesses that contributed to the setup of the Lakehouse, Crowne Plaza, part of the Intercontinental Hotel Group, donated all of the bedroom furniture from their hotel which was undergoing refurbishment. Guest

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<sup>105</sup> Housing All Australians Ltd, *Submission 170*, p. 4.

<sup>106</sup> *Ibid.*, p. 21.

<sup>107</sup> *Ibid.*

Furniture provided new lounge settings valued at over \$40,000, making the rundown aged care facility look like a new motel and the Rotary Club of Albert Park donated the bed linen and made welcome packs for the women. This culminated in the launch of Melbourne's first "pop up shelter" in July 2018 by the Minister for Housing and the Governor of Victoria. The Lakehouse is now housing over 30 women over 55 years of age, some of which were previously sleeping in cars or couch surfing.

Other than "doing the right thing", one of the unintended benefits for CaSPA Care was that their insurance costs for the building reduced as the insurance companies charge a higher premium when buildings are left empty. It ended up being a win for all parties.<sup>108</sup>

HAA's submission detailed the outcomes of the Lakehouse project after one year of operation. Of the 51 women housed at the facility, 36% had secured public or community housing, 8% had secured private rentals, 33% returned to live with family or friends and 8% moved interstate or overseas.

Mr Pradolín noted that there are risks with this type of model where, for example, residents do not wish to move out when the property's lease expires or if accommodation has not been found for them:

The people that own the buildings have all sort of got the right intention, but the biggest concern is, 'How do we get people out? Our brand risk'. We have mitigating strategies, but you can never mitigate 100 per cent if someone wants to be recalcitrant and go to the papers because papers sell from sensationalism.<sup>109</sup>

In addition, HAA's submission notes possible local resistance to pop-up housing proposals, but suggests that effective communication strategies can be developed as well as prioritisation of housing low-risk cohorts.<sup>110</sup>

Mr Pradolín told the Committee that the pop-up housing concept would benefit from various forms of government support, including financial concessions through a temporary removal of land tax for buildings that are being re-purposed. He stated:

A recommendation for the government—two recommendations: one, it does not cost you a cent. Stand next to us and say, 'What a great private sector initiative'. Look at the players that are actually helping us to achieve this. Private sector—support these guys. It costs you nothing. If you want to really incentivise some of these reluctant building owners, you can also say, 'For buildings that are available to be repurposed'—and they must be repurposed—'we will forgo land tax for the period they are occupied'.<sup>111</sup>

Bevan Warner, the CEO of Launch Housing, was supportive of the intentions of the pop-up housing initiative, but noted some concerns with the level of support provided to residents at the facilities:

<sup>108</sup> Ibid., p. 20.

<sup>109</sup> Mr Robert Pradolín, Founding Board Member, Housing All Australians, public hearing, Melbourne, 12 February 2020, *Transcript of evidence*, p. 26.

<sup>110</sup> Housing All Australians Ltd, *Submission 170*, p. 22.

<sup>111</sup> Pradolín, *Transcript of evidence*, p. 26.



I think re-using vacant buildings and floors of buildings with donated goods and services from the private sector has its place, but it is not a permanent supportive housing option. It can be part of the crisis response. We have a whole lot of unsafe, damaging rooming house, hotel and motel accommodation that we are using because there is nothing else. If we thoughtfully refurbished and staffed—so it is not just the roof alone; it is—

Who is paying for the staff to actually provide the case-management support and clinical type of support for people? And then we have to resolve service models. Is it bunk in, bunk out every night? That is pretty distressing. Is it a six-week stay? Well, what model is that? So the idea of using buildings that are not being used well and involving the generous contributions of people who want to help is good, but the question is—

What is the service model and is the Government going to pay for the services into those buildings? They should, because one of the problems with the unsafe motel and rooming house accommodation is they are high-needs people without any services. It takes a net addition of investment to make the unused buildings work.<sup>112</sup>

The Committee notes these concerns but considers that some of these issues could be managed as part of individual proposals. For example, details regarding the duration, funding and level of service provision in any pop-up housing arrangement should be as comprehensive as possible and specific to the particular cohort being housed, and there should be appropriate governance and oversight arrangements in place.

In addition, the Committee notes that the HAA's submission acknowledges that pop-up housing is not a long-term solution to homelessness. The submission states: 'Pop Up Shelters alone are not a solution. They are purely a short-term response, by the private sector, to a country with a housing crisis. We must build more housing.'<sup>113</sup>

The Committee is supportive of private sector efforts, such as the pop-up housing initiative, that seek to respond to the homelessness crisis. The re-purposing of vacant buildings for use by people experiencing homelessness, even temporarily, is a far more socially beneficial use for real estate assets that stand empty. The willingness of the private sector to provide pro bono assistance as part of the scheme should also be applauded.

The Committee is not equipped to determine whether the governance, consultation, risk management, service agreements and reporting aspects of the proposal are sufficient for the Victorian Government to offer its support. The Committee considers that the Government should engage with relevant stakeholders, such as HAA, to explore the proposal further with a view to providing its support, should the proposal meet appropriate governance requirements.

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112 Mr Bevan Warner, Chief Executive Officer, Launch Housing, public hearing, Melbourne, 22 November 2019, *Transcript of evidence*, p. 36.

113 Pradollin, *Transcript of evidence*, p. 25.



**RECOMMENDATION 43:** That the Victorian Government engage with relevant stakeholder groups to assess how pop-up housing proposals could contribute to transitional housing options in Victoria. In conducting such an assessment, the Victorian Government should consider whether these proposals meet appropriate governance standards and the appropriateness of offering support in the form of temporary land tax concessions for organisations participating in the scheme.

### Other innovative transitional housing solutions

The Committee was provided with a number of other suggestions from stakeholders regarding innovative housing solutions for people experiencing homelessness.

One such example is an initiative called Harris Transportable Housing. The project was developed by Launch Housing in collaboration with philanthropic support from Harris Capital. It involves the use of nine parcels of vacant VicRoads land in Footscray and Maidstone which have been used to place 57 transportable dwellings to house people experiencing homelessness. The project had its first tenants move in at the start of 2019.<sup>114</sup>

Mr Malcolm Roberts-Palmer, Senior Social Policy and Research Officer, Maribyrnong City Council, noted its success so far:

Launch Housing developed 57 tiny houses on a vacant land reservation in Footscray and Maidstone. That was funded philanthropically, but council was able to facilitate looking for those in need, and I think that is the same for a majority of municipalities across the state.

cer from initiative and noted its

] land reservation f. That was funded looking for those in need, and I think that

The Western Homelessness Network also supported the project and emphasised the importance of clients having their own lockable space and access to facilities.<sup>116</sup>

sportable Housing their own lockable

In its submission, Quantum Support Services contended that transportable housing could also provide an alternative model of transitional housing.

ouses' could also

Internationally, 'tiny home villages' have proven to be an effective response to homelessness. These tiny houses provide a transitional housing option for those who are experiencing or are at risk of homelessness, and can help them reach independence and long-term sustainable housing.

esponse to those who are in need, can help them

<sup>114</sup> Launch Housing, *Harris transportable housing*, 2020, <<https://www.launchhousing.org.au/housingsupport/harris-transportable-housing-project>> accessed 3 December 2020.

<sup>115</sup> Mr Malcolm Roberts-Palmer, Senior Social Policy and Research Officer, Maribyrnong City Council, public hearing, via videoconference, 1 July 2020, *Transcript of evidence*, p. 20.

<sup>116</sup> Western Homelessness Network, *Submission 103*, p. 27.

<sup>117</sup> Quantum Support Services, *Submission 302*, p. 4.

local planning schemes.<sup>169</sup> However, the Committee recognises that many local councils consider that the current regulatory framework is inadequate for ensuring meaningful growth in social and affordable housing in their municipalities.

The Committee received widespread support from stakeholders for the Victorian Government to act in relation to inclusionary zoning. Of the submissions to the inquiry that discussed this mechanism, the large majority supported introduction of a mandatory model.

The Committee considers that the growing need for affordable and social housing across the state, and the current inability of social housing construction and acquisition to keep up with demand, necessitates bold action. A mandatory model of inclusionary zoning would ensure that the private market takes partial responsibility, alongside government, for provision of housing that meets the needs of all Victorians. While there are existing concerns regarding the specific structure of a mandatory scheme, such as the potential for it to constrain financial returns of property developers, these could be considered in the model's development and incentives could be made available to ameliorate the effects of any requirement. Such incentives could be provided in return for a guarantee that the cost of other dwellings in the development will not be driven up due to the inclusion of affordable housing. In addition, a model could be developed that would be broad enough to take into consideration local context in implementation.

Further, the Committee notes advice from Bevan Warner from Launch Housing, that given enough lead time, developers could 'accept that new economic reality and... reprofile their investment decisions' in order to increase the supply of social and affordable housing.<sup>170</sup>

**RECOMMENDATION 50:** That the Victorian Government investigate implementing a mandatory inclusionary zoning mechanism that would require a portion of any new major housing development be allocated to social or affordable housing. In designing such a model, the Government should consider making specific incentives available to developers to ameliorate the costs involved and ensure that the cost of other dwellings in the development are not increased as a result of the requirement.

### Permanent Rental Affordability Development Solution

The organisation Housing all Australians presented to the Committee at a public hearing. Housing all Australians shared a voluntary inclusionary zoning proposal for the development of affordable private rental dwellings, called the Permanent Rental Affordability Development Solution (PRADS).

This proposal involves a framework for facilitating agreements between a developer and a local council to provide a proportion of affordable or below-market cost rental dwellings in a housing development. The dwellings would be rented at 80% of

<sup>169</sup> Kaye Thompson, Director, Community and Abdullah, *Transcript of evidence*, p. 30.

<sup>170</sup> Warner, *Transcript of evidence*, p. 30.

market value to low-income tenants (as defined in section 3AB of the *Planning and Environment Act 1987* (Vic)).<sup>171</sup> This obligation would exist on title for the life of the dwelling.<sup>172</sup> The arrangement would be secured via a section 173 agreement, which acts as a binding safeguard that the agreed provision of affordable housing will be provided.<sup>173</sup>

The developer would sell the dwelling to investors in the private market with the obligation to rent the property at below market cost to a low-income household. The value of the property would be reduced because of the obligation to charge below market rent. In return, the submission from Housing All Australians suggests that a proportionate reduction in market rent should be applied to 'all property outgoings such as owner's corporation fees, council and water taxes, land tax etc'.<sup>174</sup>

The submission suggested that among other additional incentives for developers and private interests, 'A greater speed for processing development permit approval'<sup>175</sup> could be put in place to limit development costs. Ross Hamilton, Partner at PwC Australia, explained this element of the proposal to the Committee at a public hearing:

What that means in a practical sense is, if you think about it from a developer's perspective, a developer will approach undertaking a development project, they will think about the revenues they are going to get, they will think about their costs and they will think about the risk they are taking. But one of the biggest burdens that they carry which impacts them is time. So what we did as part of our work was model a couple of different scenarios, and this is really, really important because it just shows how something like the PRADS model could bite and make a tangible difference. We looked at a particular project in Fishermans Bend. It is soon to be constructed—a 300-apartment development. We had actual costs. We had actual revenues. They were not made-up numbers; they were very accurate. We looked at the time frames that were associated with that development and the two-year window that that particular developer had assumed it would take for that project to get approved, whether it was through council and the journey through that pathway or through VCAT et cetera and third party appeal.

What we then did simplistically was say, 'Just imagine if we lived in a different world and we could compress that time frame and be really smart about how we did it and compress it to three months'. The implication of compressing that time frame from two years to three months is profound. In essence what we were able to show through modelling is that I could leave the developer whole—completely not disadvantaged at all—and there was the ability to provide in that particular project 10 per cent of those dwellings at 80 per cent of market rent in perpetuity.<sup>176</sup>

<sup>171</sup> *Planning and Environment Act 1987* (Vic) s 3AB.

<sup>172</sup> Housing All Australians Ltd, *Submission 170*, p. 28.

<sup>173</sup> *Planning and Environment Act 1987* (Vic) s 173; Housing All Australians Ltd, *Submission 170*, p. 28.

<sup>174</sup> Housing All Australians Ltd, *Submission 170*, p. 31.

<sup>175</sup> *Ibid.*

<sup>176</sup> Hamilton, *Transcript of evidence*, p. 33.

The Committee has concerns regarding fast-tracking the traditional planning process to secure affordable housing. Such an arrangement may leave insufficient time for community consultation, objections and scrutiny by local councils. However, as has been noted above, this already occurs with at least one local council in Victoria.<sup>177</sup> The Committee believes that should any such arrangement take place, appropriate safeguards must be introduced to ensure that a fast-tracked planning decision does not lead to poorer outcomes for the community.

The Committee is supportive of proposals to ensure more affordable housing in arrangements led by the private market. The Committee considers that the Victorian Government should engage further with Housing all Australians to determine whether the concessions outlined in the PRADS model would be practical or desirable for use in Victoria.

**RECOMMENDATION 51:** That the Victorian Government further investigate the use of the Permanent Rental Affordability Development Solution to ascertain whether it is a practical and appropriate mechanism for increasing provision of affordable housing in Victoria.

6

**Adopted by the Legislative Council Legal and Social Issues Committee  
Parliament of Victoria, East Melbourne  
15 February 2021**

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<sup>177</sup> Faells, *Transcript of evidence*, p. 11.



## ATTACHMENT C



**GREAT WHITE BAIT**

Norman did his job for the Saudis too well

**GREG BAUM  
SPORT**



**SEX AND THE SITCOM**

Is television improving its portrayal of relationships?

**NEWS**



**CIRCUS ON THE EDGE**

Cirque du Soleil is back ... but on ice

**SPECTRUM**



# SATURDAY AGE

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## Tax deals may help in housing crisis relief

**EXCLUSIVE**  
**Josh Gordon**

The Andrews government is considering cutting land tax for developers and landlords who temporarily convert vacant buildings into emergency shelters and low-cost accommodation as the state's housing crisis continues to intensify.

Ahead of a major package of housing affordability reforms due to be announced later this year, the government has also been quietly fast-tracking planning approvals for emergency accommodation and low-cost housing, avoiding the local government approval process.

The push comes amid growing alarm about the housing crisis now gripping the state, fuelled by soaring building costs, rising interest rates, cost-of-living pressures and a lack of rental accommodation.

The number of houses, townhouses and apartments approved for construction in Victoria is now at the lowest ebb in 14 years, according to figures released by the Australian Bureau of Statistics.

In April, Victoria's councils approved just 3209 dwellings, the lowest number since May 2009, when Australia was still shaking off the effects of the global financial crisis.

That represented an extraordinary 35.5 per cent drop over the year in Victoria – by far the largest annual fall of all states. Approvals fell by

PM takes a swipe at the Reserve Bank  
**NEWS PAGE 13**

Has the bank governor got it right?  
**INSIGHT PAGE 31**

14.6 per cent in NSW over the year, 20.4 per cent in Queensland and 14.3 per cent in Western Australia.

The building slump – coupled with a return to strong population growth fuelled by overseas migration – has left the state facing a severe housing shortfall. On Wednesday, the government acknowledged “profound reform” was needed to tackling worsening housing affordability.

Asked about the push to convert vacant buildings into emergency accommodation, a spokesman for the government said: “We’re working hard on a package of reforms that will come later in the year, and we will have more to say in due course.”

As revealed in *The Age*, the state government is looking at taking statutory planning powers away from local government as part of a planning push to boost urban density and ultimately squeeze an extra million homes in Melbourne suburbs by 2050, among other reforms.

**Continued Page 4**



Report co-author Jaana Dielenberg with Apollo. Photo: Dan Peled

## That cuddly, purring cat let loose might be a killer kitty

**Laura Chung**

Domestic cats will kill more than a quarter of a billion native animals in Greater Melbourne and Sydney in the next four years unless stricter pet regulations are introduced.

New research by the Australian National University conducted for the Biodiversity Council, Invasive Species Council and Birdlife Australia found that roaming pet cats kill 546 million animals a year in Australia, 323 million of which are native animals.

The research also found that pet

cats kill 6000 to 11,000 native animals per square kilometre each year in urban areas. In some jurisdictions, local councils have the power to implement pet management restrictions, such as cat curfews.

It showed that 71 per cent of pet cats in Australia are able to roam and that 78 per cent of those cats hunted. It also showed that those cats did not bring home 85 per cent of the animals they killed.

Co-author of the new report, Australian National University ecologist Professor Sarah Legge,

further crunched the data to determine cat ownership in each major city as well as the annual death toll to native wildlife from pet cats.

She found there were more than 1million cats each in Greater Melbourne and Greater Sydney, in which about 767,000 and 730,000 pet cats roamed respectively each year. These cats kill about 65 million native animals annually in Greater Sydney and 62 million annually in Greater Melbourne.

She used more than 60 studies

**Continued Page 4**

# Tax deals might help ease housing crisis

The worsening rental crisis in Australia  
Submission 8

## From Page 1

Premier Daniel Andrews has promised the reforms, being worked on by Deputy Premier Jacinta Allan and Planning Minister Sonya Kilkenny, will place downward pressure on prices by boosting the supply of houses.

"That's about getting more housing stock into the market because more housing stock will mean there's downward pressure on prices," Andrews said. "People will have the options in housing that they simply don't have now and if they are there, they're often priced out of them."

As part of a push being led by the philanthropic organisation Housing All Australians, the government has agreed that empty buildings will get fast-tracked planning approvals through the Department of Planning's development facilitation unit, avoiding potentially lengthy delays associated with the local government planning process.

*The Age* can reveal the government has also agreed to conduct a trial under which land tax would be lowered for buildings that are allowed to be used for public purposes such as pop-up shelters. However, it remains unclear

## MONTHLY APPROVALS OF HOUSES, TOWNHOUSES AND FLATS IN VICTORIA



whether the change would become a permanent feature of the state's planning regime.

It follows a range of changes announced in last month's state budget, including higher land tax rates, particularly for landlords with more than one property, and a doubling of the absentee owner land tax surcharge.

Housing All Australians director and founder Robert Pradolin said the acute shortage of housing in Victoria was only going to get worse with a return to strong overseas migration.

"If you think it's bad now, you

wait for three to four years' time," Pradolin said. "In my view, homeless and housing stress will go through the roof. We just can't turn the tap on to build new homes, it takes time."

Several projects have already been fast-tracked as part of the push to provide emergency accommodation. In Sandringham, an old convent, previously owned by the Sisters of Mercy and then purchased by the Mercy Hospital for future expansion, was lying empty. It has now been repurposed by Housing All Australians, who negotiated a peppercorn lease between

Mercy and the charity Bridge IT to accommodate youth at risk of homelessness.

Among several other projects is a former aged care facility on Albert Road, South Melbourne, which is being used for community care accommodation, providing 56 rooms.

Bridge IT chief executive and founder Carla Raynes said that in more than 20 years of working in the homelessness field, she had never seen the situation as bad as it was now.

"The cost-of-living crisis, rising rents, long wait times for community housing and population

growth are forcing more people out onto the street," Raynes said. "Homelessness is solvable, but we need charities, government and corporates to come together."

Under the current state planning rules, land can be exempt from land tax if it is used and occupied by a charitable institution exclusively for charitable purposes.

But the rules are seen as complex and onerous.

Under changes now being considered, a specific land tax and council rates exemption for owners of vacant properties would be introduced as a way of encouraging unused or underutilised buildings to be used for emergency or low-cost accommodation.

The plan is that an owner of premises that is vacant would be invited to hand it over for the provision of social and emergency housing for a short or medium fixed period – for example, three years – on the basis that the landowner will ultimately develop the property.

It is understood the government has agreed to consider the proposal on a trial basis, although it declined to say whether the changes would become a permanent feature of Victoria's planning laws when reforms are announced later this year.

# ATTACHMENT D

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

# Final report

## *Inquiry into homelessness in Australia*

House of Representatives Standing Committee on  
Social Policy and Legal Affairs

July 2021  
CANBERRA

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# Foreword

Each night, tens of thousands of Australians are without a place to call home. Many thousands more are at risk of becoming homeless.

Behind these statistics lies the true cost of homelessness. Homelessness can have profound and long-term impacts on a person's safety and security, physical and mental health, on their connection to the community, and on their ability to thrive in school or in the workplace.

This inquiry was an opportunity to examine Australian governments' collective response to the problem of homelessness—to understand what is and is not working and to hear about best-practice policies and programs both in Australia and overseas.

In its interim report, presented in October 2020, the Committee considered the impact of the COVID-19 pandemic on homelessness.

In this final report, the Committee makes 35 recommendations which, taken together, propose a renewed approach to preventing and addressing homelessness in Australia.

The Committee's report concludes with a significant and overarching recommendation for the establishment of a ten-year national strategy on homelessness. While state and territory governments are primarily responsible for housing and homelessness, a clear and consistent message in evidence given to the Committee was that there is a need for a national approach.

The Committee considers that a national strategy would lead to more cohesive policies, better coordination and more accountability, particularly in relation to the use of Australian Government funding. A national strategy could also recognise and harness the important roles of local governments, community organisations and the private sector in preventing and addressing homelessness.

Most importantly, a national strategy would ensure that all Australian governments have a shared focus on achieving better outcomes for those who are homeless or at risk of homelessness. In this regard, the Committee identified three main areas for reform.

First, prevention and early intervention represent the most effective and cost-efficient measures to address homelessness. Acknowledging the value of work done to date through integrated ‘place-based’ approaches, the Committee calls for further work to support, strengthen and integrate prevention and early intervention programs.

Second, the principle of ‘Housing First’ should guide all Australian governments’ responses to homelessness. Put simply, this means that housing should be made available to people who are homeless or at risk of homelessness as an immediate priority, and a base from which their other needs can be addressed. The Committee particularly recognises the importance of providing flexible ‘wrap-around’ services as part of the Housing First strategy, to prevent homelessness and associated problems from becoming entrenched.

Third, new approaches are needed to address the shortfall in social and affordable housing. While noting that states and territories are responsible for the provision of social housing, the Committee has identified ways in which the Australian Government can work with state, territory and local governments, as well as community housing providers and other private sector investors, to increase the availability of social and affordable housing for those who need it most.

The report includes a range of other observations and recommendations. The Committee recognises that certain groups are at greater risk of homelessness than others, and that the experience of homelessness can differ from the cities and suburbs to the regional and remote parts of Australia. As such, the Committee recommends the design of a new needs-based funding model for future funding agreements, as well as particular measures to assist groups such as victim-survivors of family, domestic and sexual violence, and Indigenous Australians.

Importantly, the report also makes recommendations to improve data collection and reporting to better inform all Australian governments’ responses to homelessness. This includes a review of how homelessness is defined and how the homeless population is counted through the Census.

The Committee recognises that there is no quick fix to end homelessness in Australia. Nevertheless, the recommendations in this report highlight a range of ways in which Australian governments can work together to reduce the number of people experiencing, or at risk of, homelessness in this country.

The Committee expresses its appreciation to the many individuals and organisations who shared their views with the Committee and informed the Committee's inquiry. The Committee especially thanks those who shared their lived experience of homelessness with the Committee.

**Mr Andrew Wallace MP**  
**Chair**



# Membership of the Committee

## *Chair*

Mr Andrew Wallace MP

## *Deputy Chair*

Ms Sharon Claydon MP

## *Members*

Dr Mike Freeland MP

Mr Andrew Laming MP

Ms Peta Murphy MP

Mr Rowan Ramsey MP

Mr Julian Simmonds MP

Dr Anne Webster MP

# Terms of reference

The House of Representatives Standing Committee on Social Policy and Legal Affairs will inquire into and report on homelessness in Australia. The inquiry will have particular regard to:

- 1 the incidence of homelessness in Australia;
- 2 factors affecting the incidence of homelessness, including housing-market factors;
- 3 the causes of, and contributing factors to, housing overcrowding;
- 4 opportunities for early intervention and prevention of homelessness;
- 5 services to support people who are homeless or at risk of homelessness, including housing assistance, social housing, and specialist homelessness services;
- 6 support and services for people at particular risk of homelessness, including:
  - a. women and children affected by family and domestic violence;
  - b. children and young people;
  - c. Indigenous Australians;
  - d. people experiencing repeat homelessness;
  - e. people exiting institutions and other care arrangements;
  - f. people aged 55 or older;
  - g. people living with disability; and
  - h. people living with mental illness;

- 7 the suitability of mainstream services for people who are homeless or at risk of homelessness;
- 8 examples of best-practice approaches in Australia and internationally for preventing and addressing homelessness;
- 9 the adequacy of the collection and publication of housing, homelessness, and housing affordability related data; and
- 10 governance and funding arrangements in relation to housing and homelessness, particularly as they relate to the responsibility of Local, State, Territory and Federal Governments.

## List of abbreviations

ABS	Australian Bureau of Statistics
ACH	aged care and housing
ACOSS	Australian Council of Social Service
ACRO	Australian Community Safety & Research Organisation
AHBA	Affordable Housing Bond Aggregator
AHURI	Australian Housing and Urban Research Institute
ALGA	Australian Local Government Association
AIHW	Australian Institute of Health and Welfare
ASRC	Asylum Seeker Resource Centre
AWAVA	Australian Women Against Violence Alliance
CAAFLU	Central Australian Aboriginal Family Legal Unit
CCCLM	Council of Capital City Lord Mayors
CFRC	City Futures Research Centre
CHIA	Community Housing Industry Association
CHP	community housing providers
CLA	Civil Liberties Australia
CNOS	Canadian National Occupancy Standard
COSS	Community of Schools and Services
CRA	Commonwealth Rent Assistance
CRC	Community Restorative Centre

DSS	Department of Social Services
DVA	Department of Veterans' Affairs
ERO	equal remuneration order
GSS	General Social Survey
HAA	Housing All Australians
HAAG	Housing for the Aged Action Group
HHS	Haven; Home, Safe
JRS	Jesuit Refugee Services Australia
LGBTIQ+	Lesbian, Gay, Bisexual, Transgender, Intersex and Queer
MAV	Municipal Association of Victoria
MIZ	mandatory inclusionary zoning
NACCHO	National Aboriginal Community Controlled Health Organisation
NATSILS	National Aboriginal and Torres Strait Island Legal Services
NATSISS	National Aboriginal and Torres Strait Islander Social Survey
NCC	National Construction Code
NDIS	National Disability Insurance Scheme
NGO	non-governmental organisation
NHFIC	National Housing Finance and Investment Corporation
NHHA	National Housing and Homelessness Agreement
NHIF	National Housing Infrastructure Facility
NIHG	National Indigenous Housing Guide
NMHC	National Mental Health Commission
NOWHHWG	National Older Women's Housing and Homelessness Working Group
NPA	national partnership agreement
NPARIH	National Partnership Agreement on Remote Indigenous Housing
OECD	Organisation for Economic Cooperation and Development
PIAC	Public Interest Advocacy Centre
PRADS	Permanent Rental Affordability Development Solution



RANZCP	Royal Australia and New Zealand College of Psychiatrists
RMIT	Royal Melbourne Institute of Technology
SACS	Social, Community and Disability Services
SDA	specialist disability accommodation
SHS	specialist homelessness service
SHM	Sacred Heart Mission
SHSC	Specialist Homelessness Services Collection
SHSN	Southern Homelessness Services Network
SRSS	status resolution support services
TCAC	Tangentyere Council Aboriginal Corporation
VACCA	Victorian Aboriginal Child Care Agency
VCOSS	Victorian Council of Social Services
YACSA	Youth Affairs Council of South Australia
YWCA	Young Women's Christian Association

the Australian Government could accelerate the adoption of the model through funding agreements with states and territories.<sup>130</sup>

- 4.156 While not specifically targeted to community housing, another example was the Permanent Rental Affordability Development Solution (PRADS) model, proposed by the private-sector not-for-profit organisation Housing All Australians (HAA). According to HAA:

The purpose of creating the PRADS model is to maximise the involvement of the private sector in delivering affordable rental housing, by acknowledging and mitigating the risks normally considered part of the development process. Over the medium term, this should result in the delivery of affordable housing becoming part of a [developer's] normal business.<sup>131</sup>

- 4.157 The PRADS model works via an agreement between a developer and the relevant local government, under which the local government accelerates or amends the development approval process, with the saving to the developer passed on through the provision of an agreed number of dwellings at an agreed percentage below market rent.<sup>132</sup>

- 4.158 Mr Robert Pradolin from HAA explained the arrangement to the Committee in the following terms:

...where a developer says, 'Local government, you've got the levers to actually add huge value in terms of planning. You've got the levers to actually accelerate time and save money. If we work together collaboratively and you save some of that money or give me extra value, I will share some of that value with you and lock in affordable housing at a below-market rent for life that is at no cost to either federal, state or local government'.<sup>133</sup>

- 4.159 In its submission, HAA said that the principles of the PRADS model had been applied in a development in Victoria.<sup>134</sup>

- 4.160 However, Mr Pradolin explained that the model 'needs to be done at scale' and stressed the importance of attracting superannuation funds to invest in

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<sup>130</sup> Homes for Homes, *Submission 55*, pp. 7-8.

<sup>131</sup> Housing All Australians, *Submission 7.1*, p. 17.

<sup>132</sup> Housing All Australians, *Submission 7*, pp. 6-7.

<sup>133</sup> Mr Robert Pradolin, Founder and Director, Housing All Australians Ltd, *Committee Hansard*, Canberra, 8 July 2020, pp. 34-35.

<sup>134</sup> Housing All Australians, *Submission 7*, p. 7.

affordable housing.<sup>135</sup> HAA recommended that the Australian Government work with HAA to ‘explore the scalability of the model’.<sup>136</sup>

4.161 SYC, a not-for-profit housing provider, said that PRADS was ‘a creative and innovative proposal’.<sup>137</sup>

4.162 The Victorian parliamentary inquiry into homelessness also considered the PRADS model, recommending that the Victorian Government further investigate the use of the model ‘to ascertain whether it is a practical and appropriate mechanism for increasing provision of affordable housing in Victoria’.<sup>138</sup>

4.163 Speaking more generally, the Grattan Institute cautioned that there are limits to the extent to which private sector financing can meet a shortfall of government investment in social housing:

No amount of innovative financing can paper over the need for extra funding to boost the supply of social housing. Social housing provides heavily discounted rents to tenants, to assist them with their housing costs. And therefore government funding will be required to make up the shortfall between what tenants can afford to pay and the cost of acquiring land, building social housing, and maintaining it over the life of the asset.<sup>139</sup>

### *Affordable Housing Bond Aggregator*

4.164 In its submission to the inquiry, the Australian Government said it ‘recognises that greater private and institutional investment is needed to expand the community housing sector’. In 2018, the Government established the National Housing Finance and Investment Corporation (NHFIC) to operate the Affordable Housing Bond Aggregator (AHBA).<sup>140</sup>

4.165 As outlined in Chapter 2, the AHBA provides loans to registered CHPs which can be used to acquire or construct new housing stock, maintain

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<sup>135</sup> Mr Robert Pradolin, Founder and Director, Housing All Australians Ltd, *Committee Hansard*, Canberra, 8 July 2020, p. 33-36.

<sup>136</sup> Housing All Australians, *Submission 7*, p. 8.

<sup>137</sup> SYC, *Submission 80*, p. 7.

<sup>138</sup> Victorian Legislative Council Legal and Social Issues Committee, *Inquiry into Homelessness in Victoria – Final report*, March 2021, p. 321.

<sup>139</sup> Grattan Institute, *Submission 127*, p. 12.

<sup>140</sup> Department of Social Services (multi-agency submission), *Submission 57*, p. 25.

funding arrangements involving the Australian Government and state and territory governments.

- 4.243 The Committee acknowledges that a prerequisite for the successful design of Housing First initiatives is an adequate supply of affordable housing in which to accommodate homeless people before associated problems can be addressed. That issue is discussed further below.

### **Recommendation 30**

---

- 4.244 The Committee recommends that the Australian Government, in making relevant funding agreements with state and territory governments and housing providers, incorporate the principles of 'Housing First', particularly for any priority groups identified in those agreements.**

#### *Enhancing social housing*

- 4.245 The Committee recognises the important role that social housing has in reducing the incidence and risk of homelessness, particularly among the most vulnerable in the community. The Committee also accepts that there is an ongoing need for both public housing and community housing to meet the needs of individuals and families in different life circumstances, and with different housing needs and requirements for other wrap-around services.
- 4.246 The Committee notes and supports the trend for state and territory governments to transfer management of state-owned housing to CHPs and the evidence that, in many circumstances, these arrangements can offer benefits to both governments and social housing tenants.
- 4.247 It is clear, however, that the availability of social housing has not kept up with demand and that, as a result, there is currently a significant shortfall of both public and community housing. Addressing this shortfall will be an important part of the collective response of all Australian governments to homelessness.
- 4.248 The Committee notes that provision of housing is primarily a state and territory responsibility, but also acknowledges the Australian Government's involvement: particularly through NHFIC and the AHBA, but also through the provision of CRA to tenants in community housing.
- 4.249 The Committee commends the AHBA as an important initiative which has enabled CHPs to strengthen their investments in new housing stock. The

Committee supports the increased funding made available to NHFIC in the 2020-21 Budget.

- 4.250 Further to this, in Chapter 2 the Committee has recommended that the Australian Government waive or refinance the historical housing-related debts of the states and territories, in exchange for investment in affordable housing including community housing and planning and zoning reform. If implemented, the Committee expects that this measure will further expand the funds available to CHPs to invest in new housing stock.
- 4.251 In addition, in Chapter 3 the Committee has recommended funding for emergency and crisis accommodation, which may ease the burden on social housing to provide short-term or transitional accommodation.
- 4.252 The Committee heard about innovative proposals such as the PRADS model, which seeks to attract private-sector investment in the construction of social and affordable housing. While the PRADS model involves local governments negotiating with developers, the Committee considers there is a role for the Australian Government to assist in the facilitation of its viability at a national scale.
- 4.253 While acknowledging the important work of NHFIC, the Australian Government should seek to identify additional opportunities to leverage private-sector investment to address the shortfall in social housing, including from superannuation funds.

### **Recommendation 31**

---

- 4.254 The Committee recommends that the Australian Government, in consultation with state, territory and local governments, seek to increase affordable housing supply when land is rezoned for residential development, through the introduction and harmonisation of inclusionary planning approaches across Australia.**

### **Recommendation 32**

---

- 4.255 The Committee recommends that the Australian Government, through the National Housing and Finance Investment Corporation, investigate opportunities for attracting greater private-sector investment in social and affordable housing, including from superannuation funds.**
- 4.256 Finally, recognising that there is a limited amount of social and affordable housing, the Committee considers there is a need for additional measures to ensure that this housing stock is allocated efficiently.





## ATTACHMENT E

# CASE STUDY



## NIGHTINGALE HOUSING CITY OF MERRI-BEK VIC 2021-2023

“ Affordable housing needs a subsidy. We used the principles of Housing All Australians PRADS model, and worked collaboratively with council to achieve additional density, which increased the land value. We used this additional value to provide the subsidy needed for the affordable housing. It's a clever way to create affordable housing without using any government money. ”

Dan McKenna  
CEO Nightingale Housing



Sheppard Street and Norris Street, development site (in orange) North Coburg, Victoria. The land to which the Incorporated Plan applies.

## ADDING ADDITIONAL VALUE TO LAND TO FUND AFFORDABLE HOUSING

### THE NEED

Australia's housing crisis and the need has never been so great. In order to achieve more affordable housing in a highly competitive and environment, developers need to be able to deliver a viable financial proposition to investors. This case study profiles an approach of what can be achieved when value aligned stakeholders that understand development economics, work together to unlock additional value. The additional value goes directly into the subsidy needed to create affordable housing which is then rented at an agreed percentage below market rent, for an agreed period of time.

### ABOUT NIGHTINGALE

Nightingale Housing is a not-for-profit organisation building apartments that are socially, financially and environmentally sustainable. Nightingale, like developers, includes project contingencies and market tested project management and development management fees to ensure we can compete our projects to a high standard. At the project end, any remaining funds are reinvested back into increasing the supply of affordable housing.

### ABOUT HAA

Housing All Australians (HAA) is a private sector for purpose organisation (PB & DGR1) with a single focus on increasing the supply and access, at scale, of affordable housing nationally. HAA believes that Australia's long-term economic interest to provide housing for all its people: rich or poor.

### THE PRADS MODEL

HAA has developed an affordable housing model known as the Progressive Resident Affordable Development Subsidy (PRADS) which harnesses the benefits of the private sector working collaboratively with local government. This model allows for a supply of long-term affordable rental housing, locked in at an agreed below market rent for a period of at least 30 years, without the need for any government subsidy. The compliance requirements of a stakeholders will then be monitored by local government through a digital Affordable Housing Register (AHR) which is being developed in collaboration with PEXA.

The AHR will provide local government with the confidence that the affordable homes will remain rented at below market rates for the time agreed period.

### APPLYING THE PRADS MODEL IN MERRI-BEK

- When Nightingale Housing acquired the Sheppard St and Norris St parcels of land, it was in the process of being rezoned from industrial to residential and mixed use.
- Nightingale took an incorporated Plan rezoning approach which included the provision of 5% of dwellings as affordable housing in return for a building not exceeding the preferred height limit. However, noting that the provision of affordable housing needs a subsidy to be economically viable, the rezoning included an option of increasing the building height to 5 storeys if the provision of affordable housing was increased to 15% (this percentage includes both social and affordable housing).
- The additional uplift (building height) created additional value to the land which in turn became the subsidy needed for the social and affordable housing. The provision of affordable and social housing comes at a cost to the development that needs to be funded in some way. By allowing the building height to exceed the preferred controls, real community benefit was achieved by increasing the provision of affordable housing.

### CONTACT US

#### NIGHTINGALE HOUSING

- ✉ [sonen@nightingalehousing.org](mailto:sonen@nightingalehousing.org)
- 🌐 [nightingalehousing.org](http://nightingalehousing.org)

#### HOUSING ALL AUSTRALIANS

- ✉ [nfo@housingallaustralians.org.au](mailto:nfo@housingallaustralians.org.au)
- 🌐 [www.housingallaustralians.org.au](http://www.housingallaustralians.org.au)

# ATTACHMENT F

GIVE ME

SHELTER



# Give Me Shelter

The long-term costs of underproviding public, social and affordable housing

## Cost-benefit analysis report

Authored by SGS Economics and Planning, for Housing All Australians

June 2022



## Foreword

**Several years ago, I was in Sydney presenting about housing with a councillor from regional NSW. He was sharing emerging stories from his municipality, including one about a local police officer. The officer and his family could only afford to buy far from the municipality where he worked; he slept in his car every night because it was too far to drive home.**

Whilst the officer's particular situation may have been short-lived, it is not atypical of an issue that increasingly confronts many Australians. It also impacts their communities. Covid, ballooning house prices and unaffordable rents have seen businesses - especially in regional areas - unable to open because they can't source workers. The lack of affordable housing has now become a significant issue for business.

This was one of several stories that led to the formation of Housing All Australians. It was also the genesis to the economic study that you are about to read.



**Housing All Australians is a business-led initiative dedicated to the pursuit of practical solutions to help address Australia's chronic shortage of public, social and affordable housing.**

We encourage all Australian businesses to lend their voice to a national conversation: Housing all Australians - an economic platform for a prosperous country. Business needs to ensure that Australia is not only creating well-located affordable housing for its workers, but more importantly, restoring hope and confidence in the home-ownership aspirations of our younger generations. The time for waiting is over.

Housing All Australians is pleased to have partnered with SGS Economics and Planning to deliver this report. We would also like to acknowledge the experts from academia, industry, research, organisations, and independent economists who provided feedback on the methodology used in this report's development.

I would also like to thank our business partners who made this research possible. By supporting *Give Me Shelter*, they have demonstrated their leadership and commitment to this critical topic.

This Housing All Australians report clearly outlines the significant costs that will be incurred by Australian taxpayers as we pursue the current housing trajectory; it demonstrates the link between the increase in homelessness and its long-term economic impact on all Australians. We trust the findings of this research will help generate a national conversation and we look forward to supporting our business community in the vital work ahead.

**Rob Pradolin, founder and director,  
Housing All Australians**



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While this feedback was gratefully received, all responsibility for the design and application of the methodology applied in this study remains with the authors, SGS Economics & Planning Pty Ltd.

Authored and Prepared by SGS Economics & Planning



Supporters of this national research project include:



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SGS Economics and Planning Pty Ltd. ACN 007 437 729. [www.sgsep.com.au](http://www.sgsep.com.au)

Offices in Canberra, Hobart, Melbourne, and Sydney, on Ngunnawal, Muwinina, Wurundjeri, and Gadigal Country.

Front cover photo by courtesy of Ken Spence



# Key Findings

Every \$1 the Australian community invests in social and affordable housing will deliver \$2 in benefits.

This rate of return is comparable to, or better than, those achieved in many other major Australian infrastructure investments.

Failure to act on shelter needs will be costing the community \$25 billion\* per year by 2051.

The benefits of providing adequate housing are estimated at almost \$110 billion\*.

\* In present value terms

Business needs to ensure that Australia is not only creating well-located affordable housing for its workers, but more importantly, restoring hope and confidence in the home-ownership aspirations of our younger generations.

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**\$25**  
**BILLION**  
**PER YEAR**

Failure to act on shelter needs will cost the community \$25 billion per year by 2051.\*

\*In present value terms

**\$110**  
**BILLION**  
**IN BENEFITS**

If we invest in social and affordable housing today we'll gain \$110 billion in benefits.\*

\*In present value terms





We will never end homelessness unless we solve the upstream supply of non-market housing.

## Executive Summary

### Social and affordable housing is essential infrastructure for successful communities.

Provision of social and affordable housing infrastructure is necessary to protect vulnerable households from poverty, to build productive economies with good access to essential workers, and to create better neighbourhoods characterized by diversity and inclusion.

### Australia has seen decades of underinvestment in social and affordable housing

While Australia's population grew by more than 25 per cent between the 2001 and 2016 Census years, the nation's stock of occupied social housing *shrank* by 2.5 per cent. As a proportion of all dwellings, social housing now comprises less than 4 per cent compared with almost 6 per cent in 1996.

If nothing changes, more than 2 million Australian households on low incomes in private rentals will be in housing stress by 2051. They will be paying rents in excess of the international benchmark of 30 per cent of income, with many having to deal with much greater housing costs than this.

### If this pattern of underinvestment in essential social and affordable housing is not reversed, future generations of Australians will be left with huge costs.

Serious housing stress is not only distressing and damaging for the low-income households in question, it creates major costs for the community at large.

Publicly funded health services have to attend to households where physical and mental wellbeing is under great pressure from burdensome housing costs and insecure tenure. Some people find themselves homeless, generating needs for a wide range of support services as well as temporary housing.

Severe shortages of affordable accommodation can mean that businesses cannot keep key staff as these workers may be pushed out of reasonable commuting range. This churn is costly both for the employer and employee, and labour market productivity suffers.

Education outcomes for children in lower income households forced to regularly move due to housing costs can be compromised.

Lack of secure housing and a stable home environment can foster anti-social behaviour and criminal activity, triggering expensive government interventions in the policing and justice system.

Failure to act on shelter needs across these households will be costing the wider community \$25 billion *per year* by 2051, measured in 2021 dollars.



GIVE ME SHELTER EXECUTIVE SUMMARY

There are many ways of mobilising the investment required to fill this yawning infrastructure shortfall.

Additional social and affordable housing can be supplied through traditional public sector procurement. Alternatively, private capital can be attracted with government making up the difference between reasonable commercial requirements and the returns available from investments in affordable housing. Other approaches would further top up the incomes of eligible households.

In all cases, the taxpayer would be called upon to bridge the gap between an affordable rent for eligible households and the market rent or the rent required to induce supply of new affordable housing.

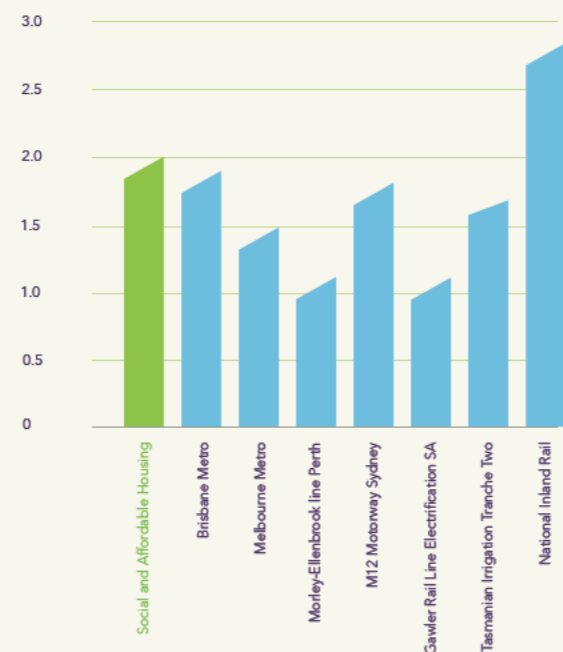
Investment in social and affordable housing infrastructure delivers solid economic returns.

The cost to taxpayers to bridge this gap is estimated at \$55 billion in present value terms assuming that social and affordable housing support is gradually stepped up year by year to eventually meet all the projected need across Australia by 2051. Conversely, the benefits to the Australian community in health cost savings, reduced domestic violence, reduced costs of crime, enhanced human capital, improved labour market productivity and better education outcomes are estimated at almost \$110 billion in present value terms.

The benefit-cost ratio for Australia in providing adequate social and affordable housing infrastructure is therefore 2:1. In other words, for every \$1 invested by taxpayers to induce delivery of social and affordable housing, the Australian community gets back \$2 in benefits<sup>1</sup>.

This rate of return is comparable to, or better than, those achieved in many other major investments in infrastructure including Brisbane Metro (1.9:1), Melbourne Metro (1.5:1), Morley–Ellenbrook line Perth (1.1:1), M12 Motorway Sydney (1.8:1), Gawler Rail Line Electrification SA (1.1:1), Tasmanian Irrigation Tranche Two (1.6:1) and National Inland Rail (2.7:1).

FIGURE 1/ COMPARATIVE RATE OF RETURN



Governments would save money by investing in social and affordable housing.

The \$110 billion in benefits generated by providing adequate social and affordable housing will be partly captured by state, territory and commonwealth governments in reduced outlays. This relates to savings in health, social assistance, and justice expenditures.

Over 30 years, the Commonwealth's estimated budget savings (from improved health outcomes, reduced crime and domestic violence etc.) would surpass its outlays in meeting projected social and affordable housing need. The Commonwealth is estimated to save some \$3.5 billion in present value terms.

<sup>1</sup>The pool of households in deep housing stress is already substantial. Governments could accelerate the provision of assistance so that more households are lifted out of stress in the nearer term than what has been factored into our calculations. For the purposes of this report we have assumed a 'straight line' ramping up of assistance from where we were in 2021 to fully meeting projected need by 2051. Under an accelerated assistance scenario, both the cost of support and the value of the benefits generated would increase. However, the benefit cost ratio would be largely unchanged.

GIVE ME SHELTER EXECUTIVE SUMMARY

FIGURE 2/ BUDGETARY SAVINGS PER STATE AND TERRITORY (NPV OVER 30 YEARS)



All state and territory governments, except for the ACT, would also enjoy budget savings greater than their outlays on social and affordable housing provision, as shown below.

- New South Wales, + \$2.2 billion
- Victoria, + \$7.8 billion
- Queensland, + \$5.4 billion
- Western Australia, + \$6.6 billion
- Tasmania, + \$0.7 billion
- South Australia, + \$4.3 billion
- Australian Capital Territory, - \$0.1 billion
- Northern Territory, + \$0.4 billion

The ACT's close to break-even result reflects the fact that the Territory has the highest rents in the country. This makes for an outsized gap between affordable rent and market rents and, therefore, relatively large government outlays versus the fiscal savings on offer. In the context of the ACT, more traditional public sector procurement of social and affordable housing, or facilitated private investment in social and affordable housing on government land, would likely produce a positive fiscal result for that jurisdiction as well. Such strategies could also boost the fiscal outcome for NSW, which also has comparatively high market rents.





Severe shortages of affordable accommodation can mean that businesses cannot keep key staff as these workers may be pushed out of reasonable commuting range. This churn is costly both for the employer and employee, and labour market productivity suffers.

## Introduction



**There is a significant and increasing need to address homelessness and housing stress in Australia. Following a context-setting introduction to frame the Australian housing story, this report presents the findings of a cost-benefit analysis undertaken to measure the future costs (or foregone benefits) to the community from continued failure to address the need for housing assistance.**

### 1.1 About Housing All Australians

Housing All Australians (HAA) activates private sector-led solutions to the chronic shortage of social, public and affordable housing in Australia. Through our national reach and activities such as pop-up shelters, we support the business community to respond to community and business need.

With the findings from this study, we aim to bring Australian business together for a national conversation on the importance of housing for all as an economic platform for a prosperous country. We need to understand the economic implications that the chronic shortage of non-market driven housing is going to have on Australian society and the economy, and to articulate the strong underlying business case that exists behind mitigating that outcome.



Underinvestment in initiatives to securely house those in need increases costs to society through poorer health and employment outcomes, greater criminal behaviour and less diverse communities.

### 1.2 About SGS Economics and Planning Pty Ltd

Established in 1990, SGS is an urban and public policy consultancy which supports policy and investment decisions for more sustainable cities and regions.

SGS works for the public interest with its commitment to social good woven into the fabric of the company's culture. A certified Benefit Corporation (B Corp), SGS is part of a global movement of people and organisations working for a more equitable, prosperous and sustainable society.

SGS comes to this task with a depth and breadth of experience across affordable housing, policy development and development economics.

### 1.3 Project context

**"It can no longer be said that we are, in general, affordably housed; nor can it be said that the 'housing system' is meeting the needs and aspirations of as large a proportion of Australians as it did a quarter of a century ago"**

#### Pawson, Milligan & Yates (2020)

The existence of a housing affordability problem in Australia is generally recognised and acknowledged, not only within government housing policy circles but among commentators, industry, and the public at large (Pawson, Milligan, & Yates, 2020). However, despite receiving recognition, policy makers continue to misunderstand the nature and influence of Australia's housing system within the economy, and consequently have failed to appreciate and address the affordability crisis with any coherent long-term vision and strategy (McClennan, et al., 2021).

Affordability concerns are often voiced in the mainstream media mainly in relation to the falling rates of homeownership, particularly amongst younger cohorts (Pawson, Milligan, & Yates, 2020). However, intensifying rental affordability pressures affecting low- and moderate-income earners, and the substantial lack of social housing and affordable rental housing, arguably presents an even greater challenge to present and future communities. A series of reports published by AHURI has tracked the affordability and availability of private rental housing for low-income households in Australia (Hulse et al., 2012; Hulse et al., 2014; Hulse et al., 2019).

The COVID-19 pandemic placed Australia's housing system under the spotlight. However, rapidly rising rates of homelessness and a growing deficit of private rental housing affordable to lower income households had been in trend long before the onset of the pandemic. The number of households experiencing moderate or severe rental stress – and therefore classified as in need of housing assistance – has been increasing over time (Hulse et al., 2012; Hulse et al., 2014; Hulse et al., 2019; Martin et al., 2017). Recent governments have been stung into action to cushion the impact of economic recessions arising from the Global Financial Crisis and COVID-19 pandemic; however, there remains a significant and expanding shortfall across Australia. While affordability problems are most pronounced in capital cities, the shortfall of social and affordable housing supply is not exclusively an urban problem.

### The impacts of the Covid-19 pandemic on the housing affordability crisis

The impacts of the COVID-19 global pandemic, beginning in 2020, have caused unprecedented shocks to the country's economy and housing market. Since then, the experiences of private renters across the country have been greatly impacted, with their employment, living environment, ability to pay rent and risk of eviction all being affected.

The Australian Institute of Health and Wellbeing (AIHW) (2021) found that since the beginning of the pandemic:



FIGURE 3/ COVID-19 IMPACTS

### 1.5 Scope of this report

The report is structured in five parts. Following this introductory section:

- **Section 2** provides an overview of the *CBA methodology and framework*.
- **Section 3** presents a *summary of the literature on the expected impacts* from continuing underinvestment in social and affordable housing across Australia. This section includes a discussion of the approach and assumptions adopted regarding quantification and monetisation.
- **Section 4** presents the *CBA findings* including an estimate of total future costs and as a benefit-cost ratio (*BCR*) measure.
- **Section 5** provides a *summary of findings and conclusions*.

### 1.4 Project purpose

In recognition of the continuing underinvestment in measures to address housing need across the country, Housing All Australians (HAA) partnered with SGS to research the evidence base for stronger national action on social and affordable housing.

This research has been undertaken in three stages:

- **Stage 1: A literature review** to examine the basis for measuring the future costs that will be avoided through adequate investment in addressing homelessness and housing stress.
- **Stage 2: Interviews with housing experts** across Australia seeking feedback on the proposed methodology.
- **Stage 3: Development of a cost-benefit analysis (CBA) and economic narrative** to accompany HAA's representations to government and stakeholders.

This report presents the findings of Stage 3.





## Cost-benefit analysis framework

# 2

The aim of CBA is to measure and compare the marginal costs and benefits of an initiative to determine the overall impact on community welfare. In this instance, CBA will be undertaken to measure the return to the community from addressing homelessness and housing stress across Australia, and more particularly, to estimate the future costs which will be avoided through such an initiative. This section provides a general overview of CBA methodology and outlines the specific approach adopted for this study.

### 2.1 Economic appraisal (cost-benefit analysis)

Cost-benefit analysis (CBA) assesses the merit of investing in a project from a broader community perspective. That is, CBA contrasts an initiative's economic, social and environmental benefits with its costs. Ultimately the purpose of this form of appraisal is to determine whether the initiative under examination delivers a net community benefit, and in the context of this project, will be used to measure avoided future costs (unrealised benefits).

The relative scale of costs and benefits are illustrated via the BCR (benefit cost ratio). If the BCR is shown to be greater than one, the project is considered worth doing from a societal welfare (or economic efficiency) perspective, regardless of who pays and who benefits.

The CBA in this report has been prepared in accordance with the specifications of Government guidelines for the evaluation of public sector initiatives.

A CBA must address the full spectrum of environmental, social and business impacts of proposed initiatives to address rental stress. Positive and negative effects are quantified and monetised (expressed in dollar terms) as far as possible and then compared to arrive at a conclusion as to whether the proposal is likely to make the community better off or worse off in net terms compared with persevering with business-as-usual conditions.



The principal steps in the generic cost-benefit analysis method include:

1. Differentiating between the outcomes under a 'business as usual' or 'base case' scenario and those arising with the initiative in question (the 'project case').
2. Identifying the economic, social and environmental costs and benefits that might arise in moving from the base case to project case.
3. Quantifying and monetising these costs and benefits, where possible, over a suitable project evaluation period (in this case 30 years).
4. Generating measures of net community impact using discounted cash flow techniques over the 30-year duration of the regulation. This requires expression of future costs and benefits in present value terms using a discount rate that is reflective of the opportunity costs of resources diverted to the implementation of the reforms.
5. Supplementing this quantitative analysis with a description of costs and benefits that cannot be readily quantified and monetized.

All impacts of the proposed intervention versus the base case must be taken into account, whether or not they are "traded" effects or "externalities".

Traded effects have a price in the market. Externalities are unpriced costs and benefits sustained by third parties in any market transaction. The CBA must account for these impacts even though they are not directly mediated (bought and sold) in the market. The monetised value of these external effects needs to be imputed using a variety of techniques as advised by official CBA guidelines.

## 2.2 Incremental, present value, lifecycle assessment

As per the conventions of financial and economic appraisal, CBA is conducted on an incremental or 'marginal' basis. That is, the project outcomes are tested in comparison to the outcomes that would be generated under a business-as-usual scenario.

Moreover, the CBA framework accounts for the time value of money, which is an implicit judgement that it is desirable for a benefit to occur sooner rather than later. Accordingly, this cost benefit analysis has been prepared in real dollar terms, with future costs and benefits discounted back to current day dollars using a consistent real discount rate.

A discount rate of 7 per cent is applied in the analysis. This is a relatively high rate typically applied to government investments that have a full or partial commercial focus.

## 2.3 Distinguishing financial and cost-benefit analysis

Financial analysis is sometimes confused or conflated with CBA. Financial analysis is undertaken from the narrow perspective of an investor, buyer or seller in the market, and only tracks market-transacted costs and benefits. It also considers tax liabilities.

In contrast, this CBA is undertaken from an Australia-wide perspective, with results disaggregated by state and considers all impacts on welfare, whether priced or unpriced.

Moreover, because CBA is concerned with net effects on the community as a whole, tax impacts are typically set aside as they are simply transfers within the wider community.

## 2.4 Limitations and critiques of cost-benefit analysis

CBA provides a usefully systematic way to consider the consequences of a proposed initiative; and for a broad range of decisions, whether a project's benefits outweigh its costs is a sufficient question to ask.

However, the limitations of CBA and its application for decision making are acknowledged. There are instances in which the results of CBA should not govern ultimate moral judgement. Often these encompass projects and initiatives which have consequences for those things that are specially valued as a society, such as life, health, safety, and human rights.

**Cost-benefit questions may in fact be largely irrelevant to the outcome of moral judgment, depending on the importance we attach to the value involved.**

Modern CBA practice is premised on the 'Kaldor Hicks principle', where a policy is deemed efficient (improves welfare) if the beneficiaries are notionally able to compensate those suffering costs associated with the initiative and still be better off. This provides a "values free" framework for resource allocation. Welfare gains are judged on willingness to pay for benefits and resource costs are measured at their transacted or imputed prices.



As useful as this framework is, not all costs and benefits are admissible in a CBA. This is not because they are beyond the reach of economics, but rather that they may be deemed to be unconscionable policy propositions. For example, a project known to cause death due to toxic emissions would not be deemed acceptable, regardless of the scale of benefits. The costs are not deemed to be compensable under the Kaldor Hicks principle.

Under the International Covenant on Economic, Social and Cultural Rights (ICESCR), every person has the right to an adequate standard of living (ICESCR, article 11). The right to housing is more than simply a right to shelter; it is a right to have somewhere to live that is adequate. Whether housing is adequate depends on a range of factors, including:

- legal security of tenure
- affordability
- accessibility
- habitability
- location and / or
- cultural adequacy

CBA is useful only for policy choices that are within the spectrum of acceptability based on shared values. For many, the failure to provide safe and secure housing for those who are homeless or experiencing housing stress is unconscionable.

Precedents for this approach are evident elsewhere in public policy. For example, children with a disability have equal rights to access mainstream schools, regardless of cost.



## 2.5 Defining the project case and base case

The purpose of this section is to outline the approach to testing whether a notional policy to comprehensively address homelessness and housing stress across Australia would represent an efficient reform, and to effectively measure the accumulating costs (or foregone benefits) of not addressing this need. That is, to test the net community benefit of moving from the base case to the project case.

Typically, applying a CBA methodology requires knowledge of the implementation and operational details of the project. In this case, it includes identifying the targeted recipients of affordable housing and what mechanism will be used to realise these ambitions.

There are several potential means of addressing need for housing assistance, including (but not limited to):

- **General income support:** Under a general income support approach, cash payments would be provided to private renters (and to other low-income individuals who are not renters) to ensure they have an adequate standard of living. The cash payment would generally be sufficient to purchase an adequate quality and quantity of necessities, including adequate and appropriate accommodation.
- **Housing vouchers and allowance (for example rental assistance):** Housing vouchers and allowances are a form of targeted cash payments provided directly to tenants to assist with the cost of renting in the private market. Vouchers and allowances can take various forms. The amount of the cash payment would usually reflect the income and the composition of the household, but some schemes may adjust the payment according to the rent paid.

- **Social housing:** This involves government, not-for-profit or non-governmental organisation (NGO) provision of housing to eligible households at a rent which ensures affordability. The objective is to provide equitable access to affordable, secure and appropriate rental housing for low-income renters.
- **Head leasing:** Head leasing occurs where, for example, a public housing authority or community housing organisation leases properties in the private market and then sub-lets these to people on the social housing waiting list. Tenants pay a rent (based on their income), which is then passed on, together with a subsidy, to the landlord.
- **Private sector leveraging:** This approach encompasses a range of initiatives intended to stimulate the supply of social and affordable housing by the private sector. These include providing grants, tax credits or other subsidies to induce private investors to dedicate capital to affordable housing provision.

There is disputation amongst housing experts and policymakers regarding the most appropriate means of addressing identified housing need. However, the specific mechanisms used to address rental stress and the need for social and affordable housing are ultimately inconsequential to the estimation of costs which will be used to evaluate the benefit-cost ratio in the CBA methodology outlined below.

This is because, regardless of the mechanism deployed, the cost side of the equation will be given by the total subsidy required to provide secure, affordable housing. This is the difference between the rent required to induce supply of suitable housing, say market rent, and the rent which is affordable by the low income households in question.

Other important considerations framing the adopted CBA methodology include:

- At present, social housing is targeted to households most in need, including those who are homeless or experiencing violence. It is assumed that any adopted initiative will address the full need for housing assistance over the analysis period.
- Addressing the total need across Australia will result in a more diverse pool of very low income, low income, and moderate-income households provided access to secure and affordable housing.
- Not all benefit streams apply equally (or in some cases, at all) to all types of households. Addressing the experience of rental stress for some households will deliver a substantial benefit under a range of categories as compared to other household types, depending on their composition. For the purposes of this CBA, estimates of need and measurements of benefit have been broadly segmented using the following household types:
  - » People experiencing homelessness (rough sleepers and others)
  - » Very low-income households
  - » Low-income households
- Allocation of benefit streams by household type are described in further detail in Section 3.

In summary, the **base case** assumes the current situation where a significant number of households across Australia are unable to access secure and affordable housing. As a result, these households suffer a range of negative consequences from rental stress and/or homelessness.

The **project case** assumes the total need for housing across all Australian jurisdictions is addressed with the following outcomes:

- provide affordable housing for homeless persons, and
- provide affordable housing for those who would otherwise experience housing stress.

The following section further defines the marginal costs and benefits of the project case compared with the base case and outlines the method of monetisation applied.







## Scoping of marginal costs and benefits

# 3

**Stage 1 of this project involved a comprehensive review of domestic and international literature to explore the impacts of continuing failure to address the need for housing assistance. This section draws on the literature review findings, overviewing the expected marginal costs and benefits (avoided costs) associated with moving from the base case to the project case.**

### 3.1 Overview

The review of national and international literature reveals several primary benefit categories suitable for considerations and quantification via CBA:

- improved health outcomes
- reduced incidence of anti-social and criminal behaviours
- enhanced human capital and educational outcomes
- increased productivity due to less efficient labour markets, and
- increased community diversity, inclusion and equity

These categories represent the benefits that would be foregone because of failure to address the need for housing assistance (as expressed under the base case). For example, the project case measures the expected health cost savings achieved through addressing homelessness and housing stress. While included in the benefits side of the equation, these savings would not be realised under the base case, therefore representing accumulating future cost.

An overview of each of these categories is provided below, accompanied by a summary of methods for quantification and monetisation in the CBA analysis. Further detail regarding methods of quantification and detailed assumptions are provided in the Appendix.



Provision of social and affordable housing will require a significant capital investment. For example, the Leptos Review of the Commonwealth's National Housing Finance and Investment Corporation (NHFIC) estimated a \$290 billion requirement over 20 years, based on federal government actuary estimates of future needs.

### 3.2 Marginal costs

#### Government subsidy

Provision of social and affordable housing will require a significant capital investment. For example, the Leptos Review of the Commonwealth's National Housing Finance and Investment Corporation (NHFIC) estimated a \$290 billion requirement over 20 years, based on its own assessment of future needs.

An investment of this scale could be mobilised in a variety of ways, including traditional public sector procurement, tax credit or grant schemes to support private sector investment, and supplementing the incomes of low-income households. In all cases, a subsidy is required to bridge the gap between an affordable rent and the rent required to support investment in the necessary bricks and mortar.

In this study, we adopt the difference between market rents and affordable rents for households who would otherwise be in stress as the cost of the required subsidy. This implicitly assumes that returns pegged to market rents would be sufficient for investors – government or private – to induce the required supply.

#### Support services

Housing programs supporting people who are homeless often encompass both housing and other support services (such as tenancy management, drug and alcohol supports, community education programs etc.). While the marginal contribution of the housing alone is not always clear, expenditures related to these services have been included in the cost side of the CBA equation, estimated at 25 per cent of the total benefit of meeting the housing needs of people experiencing homelessness based on Housing First estimates provided by Larimer et al. (2009).

### 3.3 Marginal benefits

#### Improved health outcomes

People experiencing homelessness and housing stress consume far more health services than people who have stable and affordable housing. Conversely, the ability to keep people housed is a crucial element of managing chronic conditions, ensuring positive health outcomes, and reducing public expenditure.

#### Reduced incidence of criminal and anti-social behaviours

Crimes trigger costs across society. Crime victims suffer psychological and material losses, while taxpayers pay for law enforcement, courts, and incarceration. Providing housing to people experiencing homelessness or who are in rental stress is likely to reduce engagement with the criminal justice system, resulting in reduced government costs of corrections and incarceration. The experience of housing stress and insecurity has also been shown to exacerbate the private and public sector costs of addressing family and domestic violence in Australia.

#### Enhanced human capital and employment outcomes

Human capital is the set of knowledge, skills and characteristics people accumulate throughout their lives. Poor-quality housing, overcrowding, excessive commute times and housing stress can impact human capital formation. Providing safe and secure housing supports individual health and wellbeing, including reduced stress and mental ill-health, greater career progression potential, increased ability to upskill and enhanced workforce participation.

Poor housing affordability and neighbourhood quality can affect the educational outcomes of school-aged children in several ways. Children living in households in housing stress tend to change school more. Research shows that children who change schools frequently are more likely to have below-average grades, higher rates of absenteeism and are more likely to drop out.

**Conversely, affordable and stable accommodation is shown to contribute to an increased likelihood of completing school, attending tertiary institutions and enhancing lifetime earning potential.**

**Increased productivity due to more efficient labour markets**

Low and moderate income households are critical to the labour force but increasingly struggle to find affordable housing accommodation for rent or purchase. As a result, low and moderate income households are more likely to experience housing stress and/or long commutes.

**Displacement of households due to housing costs also impacts firms, who experience reductions in the size and diversity of labour markets, making it more difficult to find and retain staff with appropriate skills.**

**Reduced community diversity, inclusion, and equity**

Community diversity is seen as important for fostering interaction and trust between different people, as well as promoting economic opportunity. Social diversity, inclusion, and equity have both intrinsic value to the hosts' community and impact the spatial sorting of households based on incomes. Housing mix, including a mix of tenure and price points, is crucial to supporting broader community diversity and preventing spatial segregation and marginalisation.

**3.4 Monetisation**

As noted in Section 2, the research shows that the type and value of benefits generated through the provision of housing assistance depend on the circumstances of the household being accommodated and whether 'wrap around' services are made available in conjunction with the housing.

To undertake the CBA, some broad assumptions have been made regarding the composition of households by category. These are summarised in Table 1.

It is noted that the demographic profile of households in need of social and affordable housing is much more diverse than the case studies overviewed below. These case studies are merely representative examples of households in each income grouping.

Displacement of households due to housing costs also impacts firms, who experience reductions in the size and diversity of labour markets, making it more difficult to find and retain staff with appropriate skills.

**GIVE ME SHELTER SCOPING OF MARGINAL COSTS AND BENEFITS**

**TABLE 1: ASSUMPTIONS REGARDING HOUSEHOLD CHARACTERISTICS**

Household	Description	Adults	Children
Homeless (rough sleeper and other)	Unemployed individual who is rough sleeping and receiving welfare support. Transition to housing supported by additional wrap-around services.	1	0
Very-low income household	Household comprising two adults both over the age of 75 and receiving the aged care pension. Both members of the households are no longer in the labour force.	2	0
Low-moderate income household	Three-person household, comprising two adults and one child under 10. Both adults are full-time employed at modest wages. The child is attending primary school.	2	1

Source: SGS Economics and Planning (2021)

The primary benefit categories associated with each household type are summarised in Table 2.

**TABLE 2: ASSUMPTIONS REGARDING MONETISED BENEFITS BY HOUSEHOLD TYPE**

	Health cost savings	Reduced domestic violence	Reduced costs of crime	Enhanced human capital	Educational benefits	Labour market productivity
Homeless	✓	✓	✓	✓		
Very-low income household	✓	✓				
Low-moderate income household	✓	✓		✓	✓	✓

Source: SGS Economics and Planning (2021)

Monetised benefits by household type, as identified in the research literature, are summarised in Table 3. Broadly speaking, the benefits shown in the table are additive, though this again depends on the circumstances of individual households.

For example, only households with children would accrue the educational benefits, and only those with members of labour force age would generate the “enhanced human capital benefit”.

**GIVE ME SHELTER SCOPING OF MARGINAL COSTS AND BENEFITS**

**TABLE 3: EXTERNAL BENEFIT OF SOCIAL AND AFFORDABLE HOUSING PROVISION PER HOUSEHOLD PER ANNUM (2020) - ROUNDED**

	Health cost savings	Reduced violence	Reduced crime costs	Enhanced human capital	Key worker retention	Education benefits	Total benefits
Homeless household	\$8,800	\$2,850	\$6,400	\$450	NA	NA	\$18,500
Very-low income household	\$1,550	\$1,900	NA	NA	NA	NA	\$3,400
Low-income household	\$2,250	\$2,850	NA	\$3,870	\$8,200	\$360	\$17,550

The contribution of each household category to total benefits was weighted based on their broad share of total need in each state (Table 4).

Source: SGS Economics & Planning Pty Ltd (2019) City of Melbourne Housing Needs Analysis<sup>2</sup>

**TABLE 4: WEIGHTING OF HOUSEHOLDS BY STATE, 2051**

	VIC	NSW	QLD	WA	TAS	SA	ACT	NT	AUS
Homeless	13%	14%	12%	11%	7%	8%	8%	47%	13%
Very-low income household	39%	42%	37%	43%	48%	50%	53%	32%	41%
Low-income household	48%	44%	51%	45%	45%	42%	39%	21%	46%

Source: SGS Economics and Planning (2021)

<sup>2</sup>Weighting based on modelling outputs from SGS' Housing Assistance Demand Model for all states and territories.

<sup>2</sup> [https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.com-participate.files/2715/8318/6221/SGS\\_Housing\\_Needs\\_Analysis\\_16\\_July\\_2019\\_-\\_API\\_2\\_7.PDF](https://s3.ap-southeast-2.amazonaws.com/hdp.au.prod.app.com-participate.files/2715/8318/6221/SGS_Housing_Needs_Analysis_16_July_2019_-_API_2_7.PDF)





## Cost-benefit analysis

# 4

This section presents a discounted cash-flow analysis of the marginal costs and benefits associated with initiatives to address the need for housing assistance across Australia. This analysis provides an estimate of the costs that are expected to accumulate throughout Australia without intervention. Results are presented for state and territory jurisdictions. Fiscal implications for governments are also shown.

### 4.2 Projected need for housing assistance

SGS applied its Housing Assistance Demand and Supply (HADS) to project the quantum of social and affordable housing provision required in 2051 to fully meet need, that is, to effectively eliminate homelessness and housing stress amongst low-income renters. This projection takes into account official population forecasts and assumes that incomes will grow broadly in line with rents. In other words, we have not allowed for either a natural improvement or deterioration in relative affordability for lower income households over the next three decades.

**The HADS model projects that if there is no change in assistance policy, more than two million lower income renter households will be in serious housing stress by 2051. The health, education, productivity and crime costs borne by the community as a result of this unmet housing need is estimated to reach \$25 billion per year by 2051.**

Our analysis of the costs and benefits of redressing this situation assumes that assistance will be gradually stepped up, year on year, from where the nation was in 2021 with respect to affordable housing provision, to fully meet need in 2051.

### 4.1 Parameters

The CBA has been performed using the following parameters:

- Time horizon: 30 years
- Discount rate: seven per cent real
- Timing of benefits: Evenly distributed across analysis period
- Timing of costs: Evenly distributed across analysis period
- Terminal values: Each of the benefit streams is assumed to terminate in year 30, even though most are likely to continue indefinitely. The assumption of zero terminal values makes for a conservatively low assessment of net community benefit

**GIVE ME SHELTER COST BENEFIT ANALYSIS**

**4.3 Consideration of costs and benefits**

Table 5 below provides a summary of all costs and benefits and their treatment in the CBA:

**TABLE 5: SUMMARY OF TREATMENT OF MARGINAL COSTS AND BENEFITS IN CBA**

Cost category	Monetised	Un-monetised
Government subsidy	✓	
Support services	✓	
Benefit categories	Monetised	Un-monetised
Improved health outcomes	✓	
Reduced costs of crime	✓	
Enhanced human capital	✓	
Educational benefits	✓	
Enhanced labour market productivity	✓	
Improved community diversity, inclusion and equity		✓

Source: SGS Economics and Planning (2021)

**GIVE ME SHELTER COST BENEFIT ANALYSIS**

**4.4 Cost-benefit analysis**

The results of the CBA are expressed via two performance measures: benefit cost ratio (BCR) and net present value (NPV). An overview of each, including guidance on interpretation, is provided in Table 6.

When the NPV of the project is positive, and the BCR is greater than 1, the CBA can be interpreted as showing that the project case under examination represents a sound investment.

**TABLE 6: INTERPRETATION OF PERFORMANCE MEASURES**

Performance measure	Estimation method	Decision rule
Net present value (NPV)	A number generated by deducting the present value of the stream of costs from the present value of the stream of benefits (with the present value of costs and benefits determined by using an appropriate discount rate).	<ul style="list-style-type: none"> <li>• Accept options with a positive NPV</li> <li>• Reject options with a negative NPV</li> <li>• The greater the NPV, the better.</li> </ul>
Benefit cost ratio (BCR)	Ratio of discounted present-day benefits to discounted present-day costs.	<ul style="list-style-type: none"> <li>• Accept options with a BCR that exceeds 1</li> <li>• Reject options with a BCR less than 1</li> <li>• The greater the BCR the better.</li> </ul>

Source: SGS Economics and Planning (2021)





**GIVE ME SHELTER COST BENEFIT ANALYSIS**

Table 7 shows the results of the CBA examining the impact of initiatives to fully meet the need for housing assistance across Australia by 2051.

Applying the assumptions described above, the results outlined in the table indicate that addressing need for housing assistance will result in a benefit cost ratio (BCR) of 2.01, which represents a net positive economic and community outcome for Australia. The net present value (NPV) of the stream of marginal costs and benefits is estimated at \$55 billion over the 30-year analysis period.

**TABLE 7: CBA RESULTS - AUSTRALIA**

Category	Net Present Value (NPV)
<b>Costs</b>	
Housing subsidy	\$49,240,057,039
Supports	\$5,702,355,643
Total costs	\$54,942,412,682
<b>Benefits</b>	
Total benefits	\$110,207,436,596
NPV	\$55,265,023,914
BCR	2.01

Source: SGS Economics and Planning (2021)

**GIVE ME SHELTER COST BENEFIT ANALYSIS**

**4.5 Cost-benefit analysis results by state and territory**

CBA has also been undertaken on a state and territory basis. These results are provided in Table 8.

Examining results for each state and territory reveals that addressing need in each jurisdiction will result in considerable benefit to metropolitan and regional communities across the country. Variation across states arises because of variation in rates of need, incomes, and average rental prices.

**TABLE 8: CBA RESULTS (MARKET RENTS) - BY STATE AND TERRITORY**

State		NPV	BCR
Victoria	State	\$19,636,415,267	3.3
	Metro	\$15,975,987,653	3.4
	Regional	\$3,660,427,614	2.9
New South Wales	State	\$9,061,712,310	1.3
	Metro	\$4,691,461,447	1.2
	Regional	\$4,370,250,863	1.9
Queensland	State	\$14,636,094,755	2.5
	Metro	\$8,901,555,979	3.0
	Regional	\$5,734,538,776	2.1
Western Australia	State	\$6,625,012,460	3.2
	Metro	\$5,743,305,897	3.4
	Regional	\$881,706,562	2.4
Tasmania	State	\$741,038,146	1.8
	Metro	\$425,695,472	2.0
	Regional	\$315,342,675	1.7
South Australia	State	\$4,295,779,355	3.4
	Metro	\$3,336,139,819	3.0
	Regional	\$959,639,537	6.8
Australian Capital Territory	Territory	(\$136,367,603)	0.9
Northern Territory	Territory	\$405,339,223	1.2
	Metro	\$433,978,328	1.9
	Regional	(\$28,639,105)	1.0

Source: SGS Economics and Planning (2021)

**GIVE ME SHELTER COST BENEFIT ANALYSIS**

**4.6 Sensitivity analysis**

Table 9 ranks the estimated benefits by value. This shows that the largest benefits stem from improved labour productivity and health cost savings.

A conservative scenario, under which productivity benefits are excluded entirely, results in a benefit-cost ratio (BCR) of 1.37 for Australia, which still represents a significant net positive economic and community outcome.

**TABLE 9: WEIGHTED AVERAGE OF BENEFITS BY DEMOGRAPHIC GROUP**

Rank	Benefit category	Weighted average benefit per household assisted per year
1	Enhanced labour market productivity	\$3,770
2	Health cost savings	\$2,832
3	Reduced domestic violence	\$2,462
4	Enhanced human capital	\$1,838
5	Reduced costs of crime	\$844
6	Education benefits	\$168

Source: SGS Economics and Planning (2021)

GIVE ME SHELTER COST BENEFIT ANALYSIS

TABLE 10: CBA RESULTS UNDER SENSITIVITY TESTING

Category	Net Present Value (NPV)
<b>Costs</b>	
Housing subsidy	\$49,240,057,039
Supports	\$5,702,355,643
Total costs	\$54,942,412,682
<b>Benefits</b>	
Total benefits	\$75,345,964,057
NPV	\$20,403,551,375
BCR	1.37

Source: SGS Economics and Planning (2021)

GIVE ME SHELTER COST BENEFIT ANALYSIS

4.7 Fiscal impacts

Some of the benefits shown in Table 4 on page 31 will accrue directly to governments in the form of reduced budget outlays, while others will accrue to individuals. We have outlined the segmentation between state and Federal Government, and private interests (individuals and private businesses) in Table 11.

TABLE 11: SEGMENTATION OF BENEFITS

Benefit category	Broad segmentation of benefits		
	State	Federal	Private
Health cost savings <sup>3</sup>	40%	40%	20%
Reduced domestic violence <sup>4</sup>	60%	20%	20%
Reduced costs of crime <sup>5</sup>	100%	0%	0%
Enhanced human capital <sup>6</sup>	30%	30%	40%
Educational benefits <sup>7</sup>	20%	20%	60%
Labour market productivity <sup>8</sup>	30%	30%	40%

<sup>3</sup> Australian Institute of Health and Welfare (2016), Australia's Health, Chapter 2.1: How does Australia's health system work? Available: <https://www.aihw.gov.au/getmedia/f2ae1191-bbf2-47b6-a9d4-1b2ca65553a1/ah16-2-1-how-does-australias-health-system-work.pdf.aspx>

<sup>4</sup> PWC (2015), A high price to pay: The economic case for preventing violence against women. Available: <https://www.pwc.com.au/pdf/a-high-price-to-pay.pdf>

<sup>5</sup> Commonwealth of Australia (2021), Australian Government Expenditure: Budget Review 2021-2021 Index. Available: [https://www.apg.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/BudgetReview202021/AustralianGovernmentExpenditure](https://www.apg.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview202021/AustralianGovernmentExpenditure)

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> Ibid



**GIVE ME SHELTER COST BENEFIT ANALYSIS**

We have estimated the direct financial savings to governments if they invest in the subsidies required to meet social and affordable housing need. These savings are primarily related to:

- reduced outlays for health care
- reduced outlays in the criminal justice system
- reduced outlays in domestic violence services, and
- income tax revenue arising from enhanced human capital and increased labour market productivity.

Across 30 years, the Commonwealth's estimated budget savings (from improved health outcomes, reduced crime and domestic violence ) would surpass its outlays in meeting projected social and affordable housing need. This saving is estimated at \$3.5 billion in present value.

**TABLE 12: ESTIMATED FISCAL IMPACTS – COMMONWEALTH GOVERNMENT**

Cost category	Net Present Value (NPV)
Total government outlays	\$27,471,206,341
Total savings to government budgets	\$30,989,492,638
Difference (NPV)	\$3,518,286,297

Source: SGS Economics and Planning (2021)

All state and territory governments, except for the ACT, would also enjoy budget savings greater than their outlays on social and affordable housing provision, as shown below.

- New South Wales, + \$2.2 billion
- Victoria, + \$7.8 billion
- Queensland, + \$5.4 billion
- Western Australia, + \$6.6 billion
- Tasmania, + \$0.7 billion
- South Australia, + \$4.3 billion
- Australian Capital Territory, - \$0.1 billion
- Northern Territory, + \$0.4 billion.

The close to break-even result for the ACT reflects the fact that the Territory has the highest rents in the country. This makes for an outsized gap between affordable rent and market rents and, therefore, relatively large government outlays versus the fiscal savings on offer. In the context of the ACT, more traditional public sector procurement of social and affordable housing, or facilitated private investment in social and affordable housing on government land, would likely produce a positive fiscal result for that jurisdiction as well. Such strategies could also boost the fiscal outcome for NSW, which also has comparatively high market rents.



## Conclusion

# 5

**In recognition of the continuing growth in the number of people experiencing homelessness and housing stress, and the continuing underinvestment in housing assistance measured across the country, Housing All Australians (HAA) partnered with SGS to research the evidence base for stronger national action.**

**HAA and SGS have sought to establish the returns to the community from eliminating homelessness and housing stress.**

This research employed a conventional CBA methodology to measure the future costs that will be avoided through adequate investment in social affordable housing.

A review of national and international literature reveals several primary impact categories suitable for considerations and quantification via cost-benefit analysis:

- improved health outcomes
- reduced incidence of anti-social and criminal behaviours
- enhanced human capital and educational outcomes
- increased productivity due to less efficient labour markets, and
- increased community diversity, inclusion and equity.

These categories represent the benefits that would be foregone because of failure to address homelessness and housing stress (as expressed under the base case). While included on the benefits side of the equation, these savings would not be realised under the base case, and hence represent an accumulating future cost to Australian society.

Applying the assumptions described above indicate that meeting the need for social and affordable housing will result in a benefit-cost ratio (BCR) of 2:1, which represents a net positive economic and community outcome for Australia.



# 6

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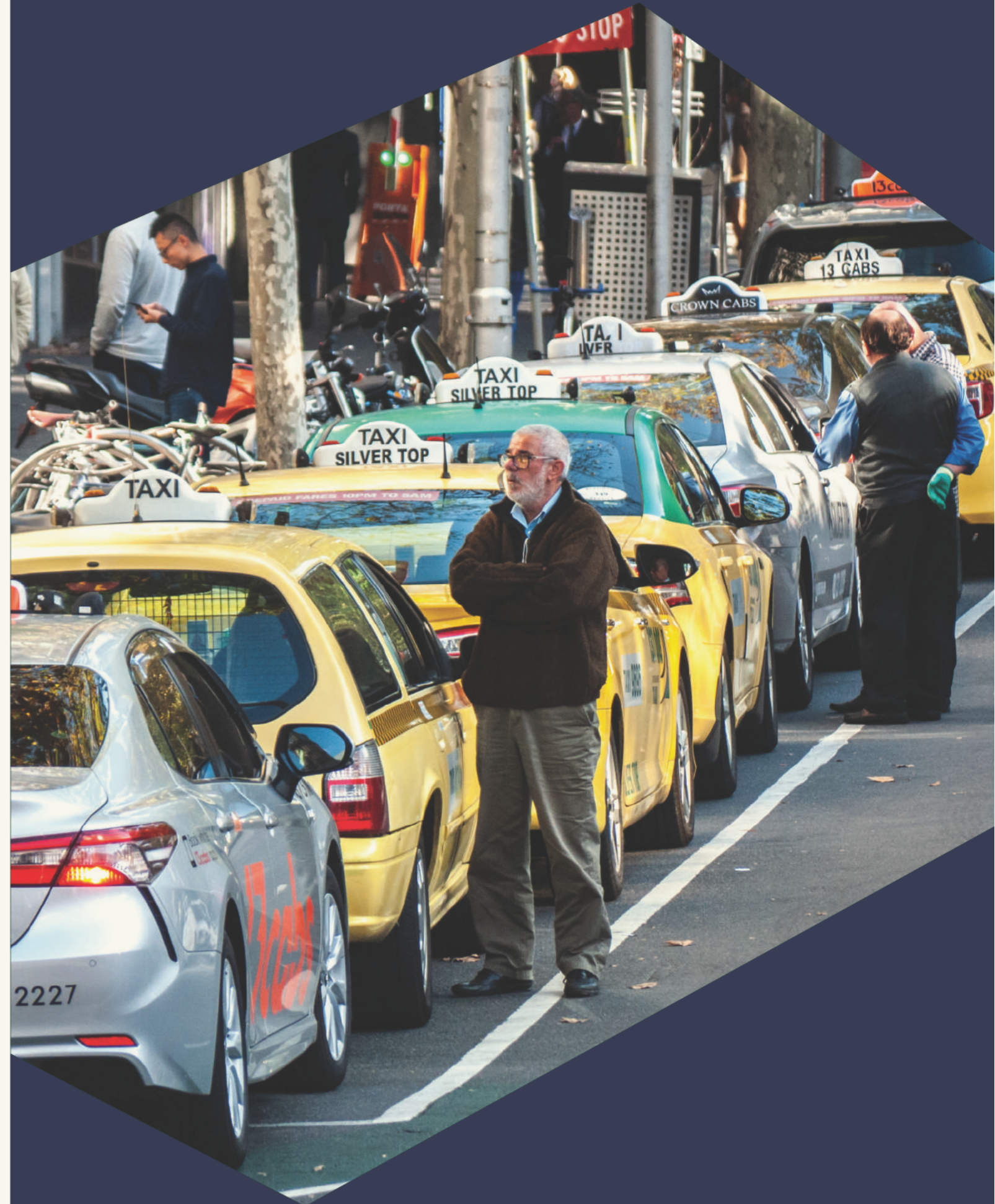
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# 7

## Appendix

**Table 13 and Table 14 below provide a summary of methods of quantification for marginal costs and benefits described above.**

- Health cost savings have been drawn from Flatau et al. (2020), Net Balance (2010) and Net Balance (2018).
- Reduced domestic violence has been drawn from Victorian Government (2018).
- Reduced costs of crime have been drawn from Flatau et al. (2020) and Ravi & Reinhardt (2010).
- Enhanced labour market productivity has been drawn from SGS Economics and Planning (2019).
- Education benefits have been drawn from Ravi & Reinhardt (2010).

Identified through the Stage 1 Literature review, these sources have been deemed contextually relevant given their location, emphasis on certain populations, exploration of different tenure types and intervention impacts that match the scope of this study.

**TABLE 13: QUANTIFICATION OF MARGINAL COSTS**

Category	Relevant households	Quantification method	Additional assumptions	Data sources
Government subsidy	Homeless Very-low income Low-income	Government subsidy for each state and territory has been determined by estimating the difference between market rent and an affordable rent (based on average annual income by subject household type).  Utilisation of market rents in the analysis implies an assumption that need for social and affordable housing can be met by the existing supply of housing.	None	SQM Research (2021), Weekly rents: <a href="https://sqmresearch.com.au/weekly-rents.php">https://sqmresearch.com.au/weekly-rents.php</a>  SQM Research (2021), Property indexes: <a href="https://sqmresearch.com.au/index_property.php">https://sqmresearch.com.au/index_property.php</a>
Support services	Homeless	Cost of support services for people experiencing homelessness is estimated at approximately 25 per cent of total benefits based on Housing First estimates provided by Larimer et al. (2009).	None	Larimer et al., 2009



TABLE 14: QUANTIFICATION OF MARGINAL BENEFITS (READ WITH PAGE 51, CONTINUES PAGES 52 & 53)

Category	Relevant households	Quantification method		Additional assumptions	Data sources
Improved health outcomes	Homeless	<p>Flatau et al. (2020) found that homeless youth experience a range of health issues to a much greater extent than the general population or other disadvantaged young people who are unemployed but not homeless.</p> <p>The total cost to the Australian economy of health services associated with young people experiencing homelessness is on average \$8,505.</p> <p>The Melbourne Sustainable Society Institute (MSSI)(2017) include recommendation of adjustment upward by 25 per cent to account for the lower use of health services by younger people in general so that the figure may be applied to the general homeless population.</p> <p>Benefit estimated at \$10,631 per person per annum.</p>		<p>Figures to be adjusted for inflation</p> <p>Adjusted to average homeless household size: 1</p>	<p>ABS (2021) Consumer Price Index, Australia</p> <p>Flatau et al. (2020)</p>
	Very low- and low-income households	<p>Work commissioned by the Community Housing Federation of Australia and undertaken by Net Balance (2010) found a reduction in the average annual spend on health services after low-income households entered community housing of \$1,872 per household per year.</p>		<p>Figures to be adjusted for inflation</p> <p>Adjusted to average household size by income range.</p>	
Reduced domestic violence	Homeless	<p>Equity Economics (2021) estimated the costs that would be avoided if, rather than returning to perpetrators of domestic violence, women were housed.</p> <p>This modelling indicates that the annual health and economic gains per survivor from avoiding domestic violence equates to \$18,241.</p>		<p>Adjusted prevalence of DV/ violence amongst population of people experiencing homelessness (15 per cent).</p>	<p>Australian Institute of Criminology (2018), 'Homeless people: Their risk of victimisation', Canberra: Australian Institute of Health and Welfare</p> <p>Equity Economics (2021),</p>
	Very low- and low-income households	<p>Equity Economics (2021) estimated the costs that would be avoided if, rather than returning to perpetrators of domestic violence, women were housed.</p> <p>This modelling indicates that the annual health and economic gains per survivor from avoiding domestic violence equates to \$18,241.</p>		<p>Adjusted prevalence of DV/ violence for very-low and low-income households (5 per cent).</p>	<p>ABS (2021) Consumer Price Index, Australia</p> <p>Department of Health and Human Services (2018), Family violence housing blitz: Package evaluation</p> <p>Family, domestic and sexual violence in Australia: Continuing the national story 2019</p> <p>Equity Economics (2021),</p>
Reduced costs of crime	<p>Homeless</p> <p>No data found to support quantification of other households</p>	<p>Flatau et al. (2020) found that homeless youth experience a rate of exposure to the justice system to a much greater extent than the general population or other disadvantaged young people who are unemployed but not homeless.</p> <p>The total cost to the Australian economy of justice services associated with young people experiencing homelessness is on average \$9,363 per person per year more than for the long-term unemployed youth.</p> <p>The Melbourne Sustainable Society Institute (MSSI)(2017) include recommendation of adjustment downward by 25 per cent to account for the higher use of justice services by younger people in general so that the figure may be applied to the general homeless population.</p> <p>Benefit estimated at \$7,227 per person per annum.</p>		<p>Figures to be adjusted for inflation</p> <p>Adjusted to average homeless household size: 1</p>	<p>ABS (2021) Consumer Price Index, Australia</p> <p>Flatau et al. (2020)</p>

TABLE 14: QUANTIFICATION OF MARGINAL BENEFITS (TABLE BEGINS ON PAGE 50 & ENDS PAGE 53)

Category	Relevant households	Quantification method		Additional assumptions	Data sources
Enhanced human capital	Homeless	<p>The annual salary was taken as the upper bound wage of a resident in the first quintile of incomes as sourced from the Australian Bureau of Statistics.</p> <p>The individual is assumed to be housed for two years without gaining employment and then to be in employment for an additional 30 years.</p>		Adjusted to average homeless household size: 1	To estimate the labour force participation benefit associated with the provision of secure housing for the homeless, the MSSI (2017) assumed that 10 per cent of all tenants will access employment after they have been provided accommodation. This assumption is guided by the previous experience of SGS with community housing programs that indicated that between 8-10 per cent of tenants accessed employment after gaining housing.
	Low-income households	<p>Ravi and Reinhardt (2010) found there to be an increase in employment rates and earning potential amongst low-income persons who were housed through a community housing program at the value of \$17,784 per person per year.</p> <p>Average weekly earnings of a part-time worker with a Year 12 or equivalent degree is \$342 (adjusted for inflation).</p>		<p>Adjusted for inflation: year 2021</p> <p>Adjusted to average household size</p>	<p>Ravi and Reinhart (2010)</p> <p>ABS (2021) Consumer Price Index, Australia.</p> <p>I was assumed that 10 per cent of people accessed employment as a result of improved housing circumstances.</p>
Enhanced labour market productivity	Low-income households	<p>The value of worker retention will be calculated by SGS Economics and Planning (2019) by assuming that each tenancy turnover results in training and recruitment expenses for an employer.</p> <p>The reduction in tenancy turnover as a result of finding secure housing will be assumed as the difference between the average tenancy turnover for households in rental stress as compared with the average turnover for the general population.</p> <p>For calculation purposes, SGS assumes that recruitment and training costs amount to 25 per cent of annual salary of \$60,000. This is in line with the recruitment bounty typically charged by employment agencies.</p>		<p>Recruitment costs will be capitalised to determine per annum benefit.</p> <p>Adjusted by the average number of full times employed persons per household.</p>	No additional data.



The time for waiting is over.



This report was written by SGS Economics & Planning for Housing All Australians.  
For more information about this report or for media enquiries, please contact:

[www.housingallaustralians.org.au/givemeshelter](http://www.housingallaustralians.org.au/givemeshelter) and  
[givemeshelter@housingallaustralians.org.au](mailto:givemeshelter@housingallaustralians.org.au)