


Questions Taken On Notice

Ms Jan Barham: In relation to the social aspect of what you bring, do you have any clear research or cost-benefit analysis that would be available and useful in having that conversation?

Please see the attached document *Powerhousing Research into Social Return on Investment*, which is the document we refer to in our transcript.

The Hon. Sophie Cotsis: What are your expenses – maintenance, all the other costs? Can you provide that?

Please see the attached document *Financial Performance*, which contains the full breakdown of our expenses.



The Social Value of Community
Housing in Australia

31 August 2011

Report

Report preparation

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Section 1: Executive Summary

This report was commissioned by the Community Housing Federation of Australia, Powerhousing Australia and bankmecu in an effort to better understand the current and future impacts of community housing on wellbeing at both a local and national level. As this is the first attempt to quantify social value at the sector-wide community housing level, the project is also designed to highlight gaps in data or areas where additional research will be useful in the future. The analysis sets out to answer the following core questions:

- How does community housing affect the lives of tenants and the health of local communities?
- Which of these outcomes are we able to measure?
- Where are there gaps in data or is there a need for additional research to better understand and quantify the impacts of community housing?

The methodology applied to answer these questions is the Social Return on Investment (SROI). SROI is a method inspired by the principles of economic benefit cost analysis that seeks to capture social value by translating social outcomes into monetary terms. The value calculated, although expressed in monetary terms, should however not be equated to a financial return. It is best understood in the context of an endeavour to value well-being through measures other than classic economic indicators such as GDP.¹ Considering the scope of the analysis, some simplifications and generalisations were necessary in applying the SROI methodology. However, this analysis demonstrates clearly how social value is created by community housing and how this can be usefully articulated and expressed in monetary terms.

The ways community housing affects tenants' lives

Following the SROI methodology principles, stakeholders were involved in the identification of outcomes from the provision of community housing accommodation. A key step in this methodology involved understanding the changes created in tenants' lives when they gain access to community housing) and building a 'story of change' (which includes the effects not only on tenants' lives but also on the other key stakeholders identified). This allowed the articulation, justification and prioritisation of the key outcomes to be considered in the rest of the analysis.

Categories of outcomes identified were grouped and simplified into four broad categories:

- economic benefits: greater financial flexibility for low-income households as a result of alleviation from 'housing stress';
- educational benefits:

¹ See the work of Joseph Stiglitz for example, commissioned by the French government or the work undertaken by OECD in relation to well-being.

- enhanced educational performance for children in community housing
- educational or training opportunities for adults, that will improve their employment prospects
- health benefits:
 - improved overall health
 - reduced demand for health services for 'heavy-users' and disabled populations
- community inclusion benefits:
 - greater empowerment of tenants
 - emergence of support networks foster self-reliant and independent communities.

Detailed research into the characterisation, quantification and monetisation of these outcomes was undertaken and justified. This forms a major part of the present report.

Measurement of outcomes and value created

It is recognised that outcomes from community housing are far reaching and affect more than the lives of tenants, the primary beneficiary. However, most of the time, value created for society can be tied back to primary outcomes benefitting tenants (eg. health impacts) even when the measurement of this value refers to benefits accrued to society (eg. avoided health benefit payments). This allowed some simplifications to be made and the valuation focussed on the four main categories below (the last category, 'Community Inclusion,' could only partially be quantified).

The table below summarises the creation of value as it was calculated for these key outcomes. This calculation should not be considered as exhaustive – indeed it is likely to be underestimated as a conservative approach has been adopted - but rather be considered for its demonstration value.

Impact Category	Outcome	Population Affected	Number Affected	Financial Proxy	\$ Impact per person	Year 1 \$ Impact after adjustments
Economic	Greater financial flexibility for low-income households as a result of alleviation from "housing stress"	92.5% of Community Households that fall into the low-income category	34,996	Increased Disposable Income for tenants as compared with Private Rental	\$ 2,548	\$ 78,468,366
Educational	Enhanced educational performance for children of community housing tenants	60% of Children in community housing Under 15 years of age	14,219	Annual additional earning potential for Year 12 graduates as compared to those earning Year 10 certificate or below	\$ 3,016	\$ 20,584,786
	Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects	Community housing residents who are currently unemployed but actively looking for work (9% of community housing tenants)	4,700	Improved earning potential as measured by part-time employment rates at minimum wage	\$ 17,784	\$ 54,166,509
Health	Improved overall health	73% of households in community housing (excludes the 27% of the population receiving disability support payments)	55,424	Average annual spend on health services	\$ 1,872	\$ 20,128,217
	Reduced demand for health services for 'heavy-users' and disabled populations	27% of CH residents receiving disability support payments	20,499	Reduced spend on health services for 'heavy users' after moving into public housing	\$ 640	\$ 2,623,908
Community Inclusion	Greater tenant empowerment allows CH residents to have more control of their residential and personal lives	Community housing tenants who participate in maintenance and admin activities	-	Not Quantified	\$ -	\$ -
	Emergence of support networks foster self-reliant and independent communities	All community housing tenants	-	Not Quantified	\$ -	\$ -
Total Value per Year						\$ 175,971,786
Total Present Value of Community Housing Benefits						\$ 664,828,780

Applying insights and additional research

Building on the results of this analysis, it would be beneficial to carry out additional research into the following areas:

- **Quantify the investment:** the investment side of the SROI could not be fully explored as part of the present study, considering the breadth and the complexity of the sector. No 'return' as such was therefore calculated and it appears advisable only to attempt such calculations at the individual organisation's level, where data collection may prove less onerous.
- **Place benefits brought by the community housing sector into a dynamic perspective:** SROI provides a vision of value at a point in time and for a limited period (five years in the present study). As tenants leave community housing, the same dwelling may provide accommodation to another household in need. Modelling this dynamic vision was beyond the boundaries of this study.
- **Better understand outcomes for specific groups of tenants:** outcomes may differ significantly for various groups of tenants (eg. homeless people, people with special needs). For a sector study, it was appropriate to 'average' those impacts; however, when undertaking specific organisations' SROI studies, this would have to be revisited and addressed appropriately.
- **Quantify specialised services offered by community housing:** one of the strengths of community housing lies in its ability to cater for complex needs of specific tenant groups through the provision of specific services and programs. At the 'micro' level, the SROI

methodology can be used to better understand the value of the various programs and services being provided, from the perspective of the tenants, but also from the wider perspective of the community.

We believe the work presented here constitutes a solid stepping stone for future work surrounding value creation in the community housing sector.

Section 2: Introduction

The provision of safe, secure and affordable housing for people, who may otherwise not have access to it, is one of the most fundamental instruments of social change. Historically, the need has been (partially) filled by government provision of public housing. Increasingly, the responsibility for meeting this need is taken up by the burgeoning 'community housing' sector. This sector is made up of numerous providers, all of whom are not-for-profit organisations.

One (of many) challenges facing the community housing sector is the ability to articulate a more comprehensive concept of value they provide to funders and other stakeholders. Because of the subsidised nature of community housing rents, the income stream from community housing tenants is lower than that of the private rental market. Yet community housing provides so much more value in other ways. It can alleviate the challenges of poverty. It can contribute to better health, employment, social inclusion, and education outcomes for its tenants. In short, community housing provides extensive 'social' value in addition to the economic return on investment. This value does not appear on balance sheets, is not readily accounted for, and is therefore often underestimated.

To address this situation, the Community Housing Federation of Australia (CHFA) and PowerHousing Australia (PHA), has commissioned Net Balance to undertake a Social Return on Investment (SROI) evaluation. bankmecu provided funding for this research.

This SROI seeks to identify, estimate and articulate the social value created by the community housing sector in Australia by examining the 'outcomes' created for tenant stakeholders.

This report outlines the result of this evaluation.

Section 2.1: A brief introduction to the community housing sector

The need for affordable housing

Demand for affordable housing continues to outpace supply across Australia. As property prices rise and wealthier tenants elect to rent for longer periods, it is Australia's low-income renters who are feeling the housing pressure most acutely. Since 1996, average house prices across Australia have more than doubled in nominal terms and risen by around 80% in real terms, with over half of this growth since 2006.² As a result of these imbalances in supply and demand, over 1 million households across Australia are currently considered to be in 'housing stress'.³

Federal and state governments in Australia have adopted a variety of tactics to increase the supply of affordable housing, and growing the community housing sector is a core part of this strategy. In

² Australian institute for Social Research

³ Housing stress is defined as households where estimated housing costs exceeded 30% of disposable income, and households are in the bottom 40% of the overall income distribution (Australian Institute of Health and Welfare 2008).

2009, the Australian Housing Ministers set a goal of expanding the nation's community housing supply to comprise up to 35% of total social housing by 2014.⁴ In the ten years since 1998, the community housing sector has already grown significantly from 6% of social housing stock to nearly 11%.⁵ As of June 2009, community housing in Australia comprised approximately 930 community housing organisations that together managed around 42,000 tenancy (rental) units.⁶

Australia's social housing sector is comprised of both public and community housing and seeks to offer below-market-rate accommodation to tenants who can ill afford private rental market prices and particularly those who have been marginalised due to a variety of factors, including age, disability, or other circumstances. As of 2009, nearly 50,000 applicants were on waiting lists for community housing in Australia, and 45% of these applicants were deemed to be in 'greatest need.' These are low-income households that also are characterised by at least one of the following:⁷

- they were homeless
- their life or safety was at risk in their accommodation
- their health condition was aggravated by their housing
- their housing was inappropriate to their needs
- they had very high rental housing costs

Public housing and community housing

Although both community housing and public housing have similar objectives, there are some important differences between the two forms of social housing. Community housing is managed by non-profit community organisations, but the housing stock may be owned by state or territory governments, community housing organizations, private owners (under head-leasing arrangements), or by partnerships comprising governments, NFPs and private enterprises. Public housing, on the other hand, is owned and managed by government-run state and territory housing authorities.

Historically, community housing models have been differentiated from public housing by their focus on what are generally referred to as 'community development'⁸ goals, such as:

- tenant involvement in management
- a commitment to fostering community development through housing services
- flexible housing services that are responsive to diverse needs
- linking housing and other services to tenants, such as services for people with a disability.

⁴ A Progress report to the Council of Australian Governments from Commonwealth, State and Territory Housing Ministers – Implementing the National Housing Reforms, November 2009 published by the Victorian Government Department of Human Services on behalf of the Housing Ministers Conference available at the Council of Australian Governments website p.26, as cited in http://www.fahcsia.gov.au/sa/housing/pubs/homelessness/not-for-profithousingsector/Pages/social_housing.aspx

⁵ Australian Government: FaHC SIA. 'Regulation and Growth of the Not-For-Profit Housing Sector: Discussion Paper'. Available at: http://www.fahcsia.gov.au/sa/housing/pubs/homelessness/not-for-profithousingsector/Pages/social_housing.aspx

⁶ Roy Morgan Research, 2008

⁷ Australian Institute of Health and Welfare, 2010

⁸ The Productivity Commission, 2010

Through integrating support services into the provision of housing and operating at a relatively small scale, community housing can deliver additional benefits that go beyond those offered by traditional social housing. These include the capacity ‘to respond to local needs, engage community resources and provide or facilitate a wide range of integrated services to assist tenants.’⁹

Early research suggests that community housing may also deliver greater financial and operating efficiencies when compared to other social housing alternatives, which is particularly important given Australia’s growing shortage of affordable housing stock. These efficiencies are due in part to the fact that community housing, unlike public housing, can leverage private sector funding against its assets and hence provide more housing and support services for the same amount of inputs. Because there is such variance in operating and finance models across community housing, it is difficult to quantify these benefits on a sector-wide basis. However, recent research conducted by the Community Housing Coalition of Western Australia¹⁰ indicates that community housing may have substantial cost efficiencies through:

- providing at least 10% more properties than public housing for the same capital funding¹¹
- delivering 56% more rental income for providers, since community housing tenants pay rent assisted by Commonwealth Rental Assistance (CRA) whereas public housing tenants are not eligible for CRA and pay rent as a portion of income
- reducing average property management costs by \$1,000 per property per year¹²
- lowering salary costs by approximately 15% through salary sacrifice .

More detailed research is needed to fully understand the operating efficiencies of community housing, but preliminary findings suggests that through ‘doing more with less’ community housing can help Australia address the widening gap between supply and demand for affordable housing.

Section 2.2: Objectives of this research

Beyond the directly evident benefit of fulfilling a demonstrated need for affordable rental housing, positive or negative outcomes for tenants and other stakeholders have been described in various levels of detail by research undertaken on specific aspects of the benefits of community housing.

Much qualitative and quantitative research has been conducted on the ‘non-shelter’ outcomes of public and community housing (for example, looking at the correlation between housing and enhanced health or wellness), but limited efforts have been made to represent these outcomes in

⁹ Department of Housing and Works, 2002

¹⁰ Community Housing Coalition of Western Australia

¹¹ As a result of their charitable status, community housing providers have the capacity to claim back the GST component of the construction costs on a new property. On this basis the GST savings potentially available to a community housing provider, on a two-bedroom town house with a construction budget of \$84,000 would be \$7,636.36

¹² Community housing providers are entitled to concessions not available to public housing. These include, local government rates exemptions, Water Corporation concessions and the ability to claim input tax credits on maintenance.

monetary terms that housing funders, operators, and policymakers rely on to inform much of their decision-making. Quantification usually focuses on outputs rather than outcomes.

One of the strengths of the SROI methodology is that it provides an integrated framework for the evaluation of outcomes.

The objective of the research presented here is to show how this methodology can be used to quantify the social impacts of the community housing sector in Australia and apply it as much as possible within the limitations of the study (described in the next paragraph). In brief, the ambition of this study is not to present the ultimate valuation of the entire community housing sector in Australia but to expose and illustrate the process so that individual SROI valuations for specific organisations within the sector can be undertaken with greater ease and consistency.

The SROI methodology utilises proxy values to estimate the value of 'non-financial' outcomes in monetary terms. The benefit of quantifying in monetary terms is not so much the provision of a significant 'value' as the articulation of the chain of value created by an investment in community housing and the comparison it allows with purely financial flows (such as financial return of investment).

Although the SROI analysis produces a quantitative estimate of the value community housing contributes to social and individual wellbeing, this monetary value should not be used out of context. Rather, the social valuation of community housing is intended primarily to deepen our understanding of the value of community housing (in terms of both economic and non-economic contributions) and to aid in the design of future community housing programs that maximise social benefit.

Section 2.3: Research limitations

A substantial amount of research has been conducted on the impacts of social housing in Australia, and literature from sources such as the National Social Housing Survey (NSHS) and the Australian Housing and Urban Research Institute (AHURI), amongst others, provided a solid foundation for our analysis. A workshop with community housing stakeholders and ongoing consultations with community housing experts also provided valuable primary data to identify and validate outcomes. However, as a first piece of research of this kind and bearing in mind resource limitations, the following challenges put some restriction on the results of the study:

- 1. Distinguishing between 'community housing' and other forms of public housing:** Much of the literature on housing and non-shelter impacts considers social housing in Australia as a whole (e.g. community housing as well as public housing). In many cases, public housing and community housing can deliver similar benefits in terms of stability and affordability of accommodation. Hence where we deemed it appropriate to use public housing data and transfer the results to community housing, we have done so and we have clearly identified it as such.

- 2. Diversity of the community housing sector:** With nearly 1,000 community housing providers across Australia and significant differences in the structure, scale, and operating models of housing projects, it can be difficult to make generalisations about the entire sector. There are also substantial differences in demographic and socio-economic factors across states (and between rural and urban locations).

As much as possible, our analysis has centred on elements that are common to the majority of community housing projects (such as provision of services to residents or participation in housing associations), however, when undertaking detailed evaluation of specific community housing organisations, this diversity and specific outcomes should be reintroduced in the analysis. National attributes of community housing residents such as family size, employment, general satisfaction, tenant participation and effects of positive impact are based on surveys sanctioned by the Australian Institute of Health and Welfare that used samples whose responses are assumed to reflect the state of the entire community housing sector.

- 3. Limited data to support financial proxies:** Due to limited resources and the vastness of the sector, it could not be part of this study to undertake primary research or collect new data on community housing (through surveys, focus groups, etc). Since few attempts have been made to link the social impacts of community housing with economic value, there are some areas where data sets were not robust enough to identify reasonable financial proxies. For these outcomes, we have noted areas where future research could be recommended.
- 4. Inability to calculate a SROI:** the full calculation of a SROI could not be completed, due to the complexity of establishing the 'investment' value for such a large and diverse sector. This is further explained in section 3 (p.17).

Section 2.4: Structure of the report

The rest of this report will be structured as follows:

Background and context

Section 3 introduces the concept and methodology of Social Return on Investment (SROI) and the different steps that are involved in identifying and valuating the social impact of projects.

Section 4 sets the context for the analysis with an overview of housing affordability in Australia and the role that community housing plays in helping to deliver affordable and secure accommodation to those in need.

Application of SROI methodology

Section 5 establishes the scope of our research and outlines the process used to identify relevant stakeholders and outcomes.

Section 6 provides an analysis of the contribution of community housing to social and community

wellbeing in Australia. This section maps the outcomes identified by stakeholders into four primary impact categories: economic benefits, education benefits, health benefits, and community inclusion benefits. Each category of outcomes is described and evidenced, data from secondary research and stakeholder workshop.

Section 7 sets out the process for assigning a monetary value to each primary impact category and introduces the relevant financial proxies (and rationale) used.

Section 8 aims to correct the monetary values calculated in the previous section by recognising that factors other than community housing may have played a part in bringing about change and related outcomes. This is aiming at allocating the appropriate portion of an identified outcome to community housing and to other contributing factors.

Conclusion

Section 9 presents our conclusions from the research and recommendations for future research and investment in the community housing sector.

Section 3: Introduction to SROI

This section sets out the principles, background, and methodology of Social Return on Investment (SROI), which was used to guide the social valuation analysis for community housing in Australia. The section also highlights key differences between this study and a traditional SROI analysis. The full methodology for SROI is described in the document called 'A guide to Social Return on Investment' published by the UK Office of the Third Sector, and can be referred to for additional methodological details. Additional details on the way this methodology has been applied are provided in the corresponding sections.

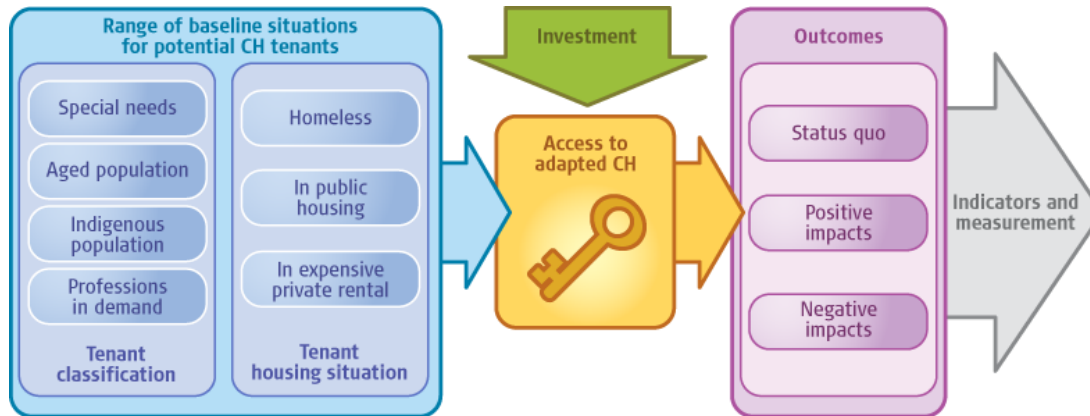
Social Return on Investment (SROI) is a tool that enables organisations to measure and demonstrate social value in a language that funders, procurers and providers of goods and services can understand. SROI is a framework that seeks to reduce inequality and improve wellbeing through measuring social and environmental costs and benefits as well as economic value. Developed on the basis of cost benefit analysis and social auditing techniques, SROI captures social value by translating social objectives into monetary terms. It is important to recognise that although SROI produces a financial return-on-investment (ROI) valuation, this value should be used carefully and only within context of a broader analysis of social value. **Using monetisation as a tool for measuring the value of change on a common scale should not be confused with the creation of financial value.** The greatest benefit of a SROI analysis is the story it tells about change in the context of socially-motivated intervention: how outcomes are created, who is affected, and where programs create the greatest value for individuals, communities, and society.

SROI was originally developed by the Roberts Enterprise Development Fund (REDF), a charitable organisation in San Francisco. The New Economics Foundation (nef) in the UK is an independent think-and-do tank that aims to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environment and social issues. nef developed REDF's SROI methodology further, and from 2003 onwards, has worked in partnership with them to refine test, and promulgate the model.

SROI analyses can be used either as evaluative or forecasting tools. Evaluative analyses are conducted retroactively to measure the impacts of a program that currently exists. Forecast SROI analyses, on the other hand, are designed to estimate the potential social value that will be created through a planned initiative or program.

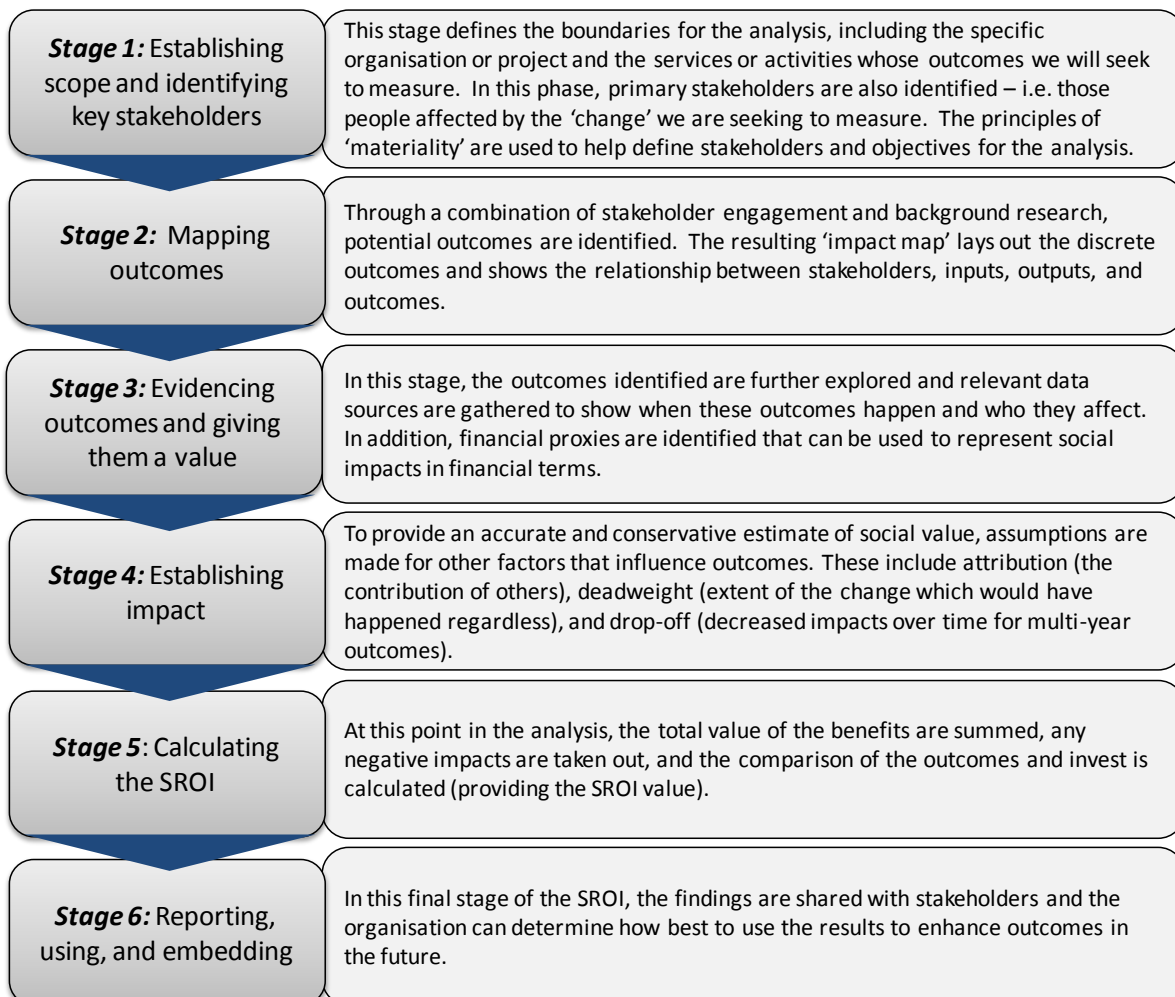
This study uses evaluative analyses but is broad enough to pave the way for carrying out forecast SROI analyses using similar sets of outcomes and financial proxies.

Analytical framework



Full SROI methodology process

SROI methodology consists of the following six stages:



How the SROI methodology has been applied

While the methodology applied here follows closely this framework, due to time and resources constraints, as well as difficulties linked to the development of a SROI analysis for a whole sector, some stages had to be simplified. Whenever appropriate, paths for further development have been signposted through the report.

Exclusion and limitations in applying the methodology

The most significant exclusion from the scope of this study is the financial investment part of a classic SROI study (corresponding to stage 5 in the diagram above). The following difficulties explain this exclusion:

- the diversity and the number of community housing organisations, as well as the diversity of their funding arrangements (public, private, rents), and
- the difficulty in unravelling contributions to the building of the dwelling stock (i.e. construction or acquisition of new dwellings) from the financing of operations (management of the dwelling stocks for example).

Determining the financial contribution to the community housing sector to the delivery of the activity (i.e. the provision of accommodation) would be relatively straightforward at the level of each individual community housing organisation; however, on a sector-wide basis, calculating this financial contribution would require extensive collaboration with each of the 1000 housing providers. Hence, due to the practical limitations, it has been excluded from the scope of the present study.

Mapping of the SROI steps to the structure of this report

The correspondence of the steps in our analysis to the stages in the methodology described above is as follows:

Sections in this report	As per methodology above
Section 5	Stage 1
Section 6	Stage 2
Section 7	Stage 3
Section 8	Stages 4 and 5
Section 9	Stage 6

Section 4: Community Housing in Australia

This section provides contextual information on the community housing sector in Australia. It introduces the ‘story of change.’

One of the greatest advantages of the community housing sector is the diversity of housing and operating models, which reflect local needs and can deliver housing and support services customised to local populations. Housing associations, co-operatives, local government, tenancy schemes, boarding houses, hostels, refuges and church accommodation¹³ are all included under the umbrella of ‘community housing’ in Australia but share a common commitment to community action and self-help for residents.

Section 4.1: Defining the Problem: The Housing Affordability Crisis

Housing is one of the most basic needs for families, and yet for many Australians, their ability to find secure, affordable accommodation is increasingly at risk. The cost of housing is among the largest ongoing expenses that families will incur over their lifetime. Between 2001 and 2006, Australia’s private rental market grew by 11%, which contributed an extra 142,000 dwellings and raised the national housing supply to 1.47 million.¹⁴ However, this growth has occurred unevenly across the sector, and has not translated into enough affordable dwellings for tenants that are in the greatest need. In 2006, only 37% of private renters with household incomes in the lowest 40% of the national income distribution accessed affordable housing in Australia.¹⁵ Low income¹⁶ households face two main difficulties in their efforts to access affordable rental dwellings:

- **Supply of affordable dwellings:** Whether the stock of affordable dwellings, irrespective of who occupies these dwellings, is sufficient to meet the demand from low income renters
- **Availability of the stock:** In the competitive private market, not all affordable housing is allocated to the households who need it the most. In fact, trends in Australia show that middle to high income households are often electing to rent longer (or remain in low-rent units), which effectively removes these dwellings from the affordable supply for low income renters

In Australia between 2001 and 2006, the private rental stock expanded at the top end of rent distribution and contracted at the lower end.¹⁷ Between 1996 and 2006, average Australian house prices almost doubled, relative to income, even when controlling for inflation.¹⁸ More recent research suggests this is not a new trend: while income has for the average Australian household

¹³ Community Housing Federation of Australia, 2001

¹⁴ Wulff, 2011

¹⁵ *ibid*

¹⁶ ‘Low income’ refers to households with incomes in the second lowest income quintile (21% to 40% of all incomes nationally) and ‘very low’ refers to households with incomes in the bottom income quintile (20% or lower) private rental market: the supply of, and demand for, affordable dwellings

¹⁷ Wulff, 2011

¹⁸ Disney, 2006

has doubled between 1985 and 2004, there was been a fourfold increase in house prices over the same period.¹⁹ The impact of higher housing costs is felt most strongly by lower-income groups, particularly low-income renters for whom home ownership is increasingly out of reach.²⁰ This combination of forces creates an 'intermediate market' of private renters or 'working households ... who are earning too much to qualify for social housing, but not enough to buy their own home without some assistance.'²¹ Largely as a result, only 37% of households in the bottom two income quintiles accessed affordable housing in Australia.²²

Housing Stress

Because measuring housing access is more complicated than simply comparing supply and demand, one of the more common measures of housing affordability is the '30/40 rule.' According to this measure, housing affordability is compromised when households in the bottom 40% of income distribution spend more than 30% of their household income on housing (adjusted for household size). Those who do not have affordable housing according to this criterion are said to be experiencing '*housing stress*,' which may be measured in terms of people's subjective experiences of managing housing costs and/or material hardship.²³ However, the cost of housing must be evaluated within the broader context of household expenses; for example, increasing costs related to critical health, education, or retirement expenses will create further demands on an already stretched household budget and leave even less money for housing.

Inadequate assistance for low-income households

The major form of housing assistance provided by the Commonwealth Government is Commonwealth Rent Assistance (CRA). CRA is an income supplement that aims to *contribute to improved housing affordability* rather than providing full affordability through the direct provision of accommodation. The Australian government currently spends more than \$2.5 billion annually on rent assistance. Recent research by the AHURI RMIT Research Centre commissioned by the TUV²⁴ indicates CRA payments have lagged behind rent increases in all capital cities and now cover a smaller proportion of rent than in 1995.²⁵ More than 30% of CRA recipients remain in housing stress.²⁶

One consequence of the government's increased emphasis on rent assistance rather than direct housing provision is that more low income tenants are vulnerable to the pressures of market

¹⁹ National Centre for Social and Economic Modelling , 2008

²⁰ Yates, 2007

²¹ Wulff, 2011, p 5

²² *ibid*

²³ Yates, 2007

²⁴ Tenants Union of Victoria

²⁵ RMIT Research Centre , 2010

²⁶ Australian Institute of Health and Wellbeing, 2009

forces.²⁷ The consequences can be not only financial stress due to fluctuating private market rents, but also emotional and mental hardship:

‘One of the main limitations of too heavy a reliance on Rent Assistance is that it means that recipients are vulnerable to the insecurity of the market. This vulnerability to constant moves adversely affects children’s school attachment and retention, the establishment of the informal networks needed for economic participation, and the basic ability to plan with certainty.’²⁸

One of the primary benefits of direct provision social housing (compared to rental assistance) is that it insulates tenants from the pressures of the private market and thus provides more security of tenure on a legal and personal level. With social housing, tenants can stay in their homes as long as they want and need to, which gives them housing certainty and a critical sense of personal stability.

State of the sector

The combination of rising costs and less available housing supply paints a worrying picture for private renters in Australia. The average rent for low-income households consumes significantly more than 30% of household income (the indicator for ‘housing stress’), and many households spend more than twice this percentage of their income on housing. The situation is simply not sustainable for these households, who often must forgo basic necessities in order to afford rent, and frequently suffer higher levels of anxiety, depression, and physical illness as a result of housing stress. Many families are forced into substandard or insecure forms of rental property such as rooming or boarding houses.

Aside from the challenges of rising rents, many low-income families face difficulty in simply finding appropriate housing. Vacancy rates for Australian rental properties have been consistently lower than the industry benchmark of 3.0% since the start of 2005.²⁹ As a result, demand for government housing assistance has continued to increase along with the length of the waitlist – the wait time for those applying for public housing can be up to seven years.³⁰ During this period, applicants must remain in a state of limbo, and often find it harder to maintain consistent employment or education opportunities.

Section 4.2: The Community Housing Option

Community housing aims to go beyond the provision of shelter and provides a wide variety of additional services such as vocational training, in-home health assistance, childcare, and employment assistance. Community housing also seeks to deliver critical services to chronically underserved populations such as the elderly, specific ethnic groups and indigenous populations,

²⁷ Australian Family Relationships Clearinghouse, 2008

²⁸ National Community Housing Forum, 2000

²⁹ Real Estate Institute of Australia 2007

³⁰ St Vincent de Paul Society, 2007

and those with disabilities or special needs. According to the National Community Housing Standards, community housing has the following aims:³¹

- **Affordability** – to ensure that housing costs do not create hardship for tenants.
- **Choice** – to provide people in need of housing with a diverse choice of housing options.
- **Responsiveness** - To respond to the needs of individual tenants and their changing circumstances by ensuring that housing is appropriate to tenants' needs and is managed flexibly.
- **Security** - To ensure that tenants are secure in their housing, are housed in accordance with jurisdictional policy and meet the tenancy agreement.
- **Sustainability** - To contribute to successful tenancies and the development of sustainable communities, by being supportive of tenants' wider social needs and building their independence.
- **Fairness** - To ensure equitable access to community housing regardless of people's cultural identity, gender, disability, sexual orientation, age and household composition; and to treat tenants fairly in all matters relating to their tenancy
- **Respect** - To ensure that all tenants' rights are respected and to treat tenants with respect in all dealings.
- **Participation** - To actively seek the participation of tenants in decisions about their tenancy and the management of organisations.
- **Partnerships** - To work in partnership with governments and communities in developing housing and related services which meet tenant and community needs.
- **Quality** - To provide the best possible accommodation and housing services to tenants.
- **Accountability** - To be accountable to tenants, the community and government for the effectiveness of the service provided and for the use of public funds; and by doing so, to enhance the credibility of community housing options.

Of the many community housing organizations across Australia, the management structure fall into four broad categories:

- **Housing Associations** – based upon a community group or church that harnesses local community action to provide and/or manage community housing. Tenant participation is integral in this model.
- **Housing Co-operatives** – run by tenants and the tenants directly manage the administrative and maintenance functions of community housing.
- **Local governments** – may directly provide and/or manage community housing as a service to their local community
- **Community Service Organizations** – provide housing as a part of their overall service delivery.

³¹ Community Housing Federation of Australia

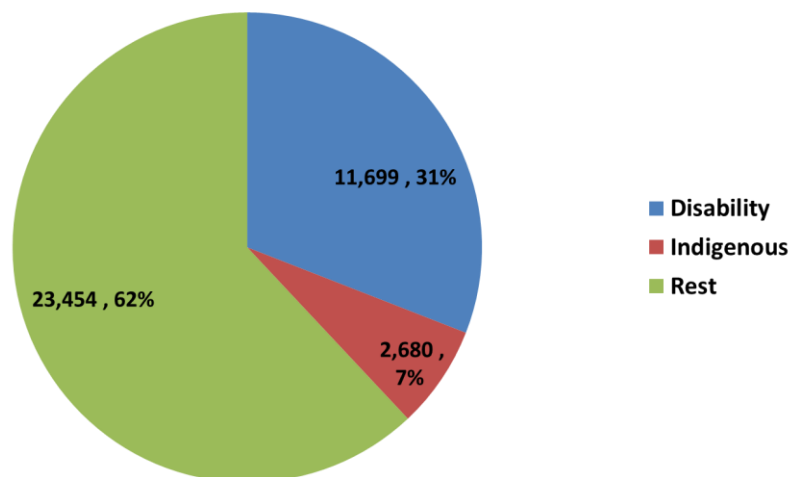
The integration of support services directly into the housing model and the localised nature of these services can significantly enhance the benefits related to housing and contribute to better health, education, and employment outcomes for tenants. The role of community housing in supporting stronger communities, enhancing employment, promoting social cohesion and fostering a healthy and stable environment to raise families will be explored in more detail in subsequent sections of this report.

Section 4.3: Overview of the community housing residents in numbers

The figures below graphically illustrate the key characteristics of residents in community housing in Australia. Considering that majority of our research focuses on determining non-shelter outcomes of community housing, it is useful to get an idea of the demographics of the tenant population in terms of family composition and special needs. The most recent data source we had access to for such information was the 'Community Housing – Housing Assistance Data Development Series 2008-2009' published by the Australian Institute of Housing and Welfare (AIHW) and a AIHW commissioned 'National Social Housing Survey – Community Housing National Report' conducted by Roy Morgan Research in 2008 on various Housing Service satisfaction indicators.

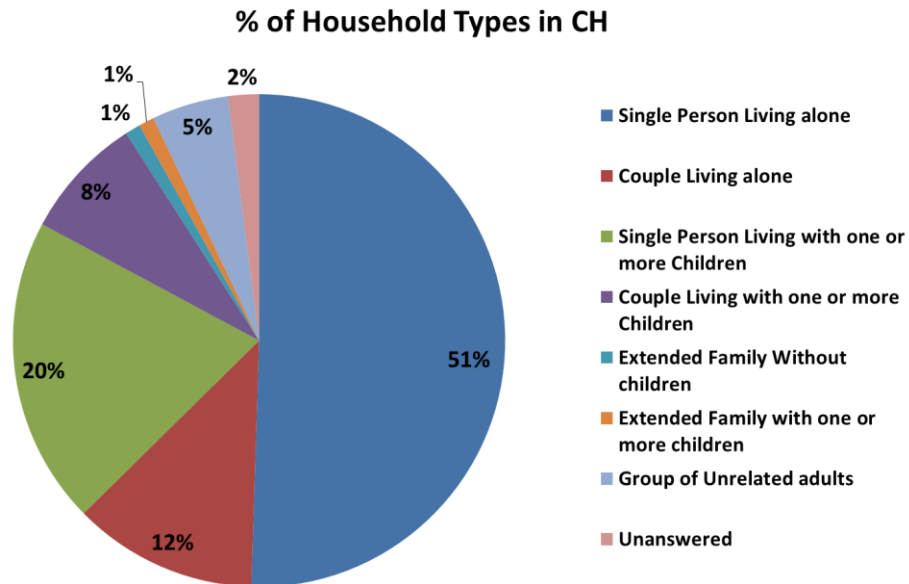
Figure 1: categorisation of households in community housing by special needs

Characteristic of Mainstream CH Households



Source: Australian Institute of Health and Welfare 2010 Community Housing 2008-09. Housing assistance data development series. Cat. no. HOU 217. Canberra: AIHW.

Figure 2: households in community housing by type of family



Source: Roy Morgan Research, 2008, National Social Housing Survey – Community Housing National Report

We have also modelled a potential number of adults and children (below 15 years of age) in Community Housing based on information provided in both these studies. This data was modelled to be of use while attempting to value the educational benefits to children later on in the study.

Modelled Population in Community Housing³²

Family Make-Up	% of Households ³³	Number of residents ³⁴	Adults	Children ³⁵
Single person living alone	50%	18,917	18,917	n/a
Couple living alone	12%	9,080	9,080	n/a
Single person with one or more children	20%	23,910	7,567	16,344
Couple living with one or more children	8%	12,591	6,053	6,538
Extended family without children*	1%	1,513	1,513	n/a
Extended family with one or more children*	1%	2,346	1,528	817
Group of Unrelated Adults *	5%	7,567	7,567	n/a
Unanswered	2%	-	-	-
Totals	n/a	75,923	52,226	23,699
Percentage	n/a	n/a	69%	31%

* Assumption – 4 Adults per Household

³² Modelled population based on number of Community Housing Dwellings and Housing characteristics

³³ Roy Morgan Research, 2008, p.151

³⁴ To obtain this number, we used the household composition percentage data with number of Community Housing Dwellings available (37,833) from the AIHW 2008-2009 Community Housing Assistance Data Development Series Report

³⁵ Assumption: The average number of children living in couple families with children under 15 was 2.16 children. Of the almost 4 million children living in Australia at the time of the 2006 Census, three-quarters (almost 3 million) were living in a couple family and almost all of these (2.7 million) were with both their natural or adoptive parents. Source: 2914.0.55.002 - 2006 Census of Population and Housing

Section 5: Establishing scope and identifying key stakeholders

This section reports on the first steps of the SROI process as it has been applied to the community housing sector. It explains how the scope has been defined and how we have undertaken the important task of identifying and engaging stakeholders to help understand the change created by community housing. The section also comments on the simplifications and trade-offs that had to be made as the work progressed, in particular with regard to the grouping of the stakeholder categories.

Section 5.1: Scope of the analysis

The stated ambition of this study is to progress the understanding of the difference the provision of community housing dwellings makes to the life of the primary beneficiaries, the tenants, and to a broader range of stakeholders. The identification of key stakeholders is the object of the next section.

A sector SROI

As the analysis covers the whole community housing sector, a number of generalisations had to be made in order to identify stakeholders and outcomes on such a broad scale. Existing research by institutions such as AHURI provide in-depth insight into specific impacts of community housing on designated tenant groups (e.g. single parents), and these findings served as a starting point for identifying potential outcomes. However, because this sector includes such a diversity of housing providers and tenants, it was necessary to focus on the most representative outcomes as evidenced across the broad tenant population. The existing research data and literature base provided the initial set of potential outcomes, which in turn were evidenced and simplified as necessary during the course of the analysis.

For this analysis, community housing was defined as Australia's entire stock of community housing, incorporating an estimated 1,000 separate non-profit organisations which together manage over 40,000 tenancy units.³⁶ The heterogeneous nature of the community housing sector was a major challenge that we faced in conducting this study, and this diversity necessitated a simplified approach to stakeholder identification and outcome mapping (see below).

The SROI analysis focused on one primary activity related to community housing – the provision of affordable rental accommodation with reasonable security of tenure. To the extent that community housing organisations are involved in the delivery of associated services to tenants, this has been considered part of the scope. Other service providers (non-community housing organisations) were considered as stakeholders.

³⁶ Australian Institute of Health and Wellbeing, 2010, p. iv

Section 5.2: Stakeholder identification and involvement

Stakeholder identification as the first step in the SROI process

The identification of stakeholders is the first step in SROI, as changes that the SROI process is aiming at capturing and measuring can only be defined by reference to the situation of these stakeholders. Stakeholders include direct beneficiaries, i.e. the tenants, with a range of direct and indirect changes to their life resulting from a change in housing conditions, but they also include those individuals or organisations linked to those direct beneficiaries. For example, service providers to community housing beneficiaries will find their activities impacted by the fact that their 'clients' have moved into community housing (for a vast range of reasons, including physical, psychological and financial causes).

Stakeholder involvement

In addition to the practical need of identifying stakeholders to start on the path of understanding what change can happen to whom, a key principle of SROI is stakeholder involvement, based on the acknowledgement that they are best placed to identify what matters most to them. It was not possible, considering the study's resource constraints, to conduct extensive research involving the tenants themselves. However, as a substitute, existing surveys and other materials have been used instead and people and organisations working directly with tenants have been involved.

When carrying out SROI studies for specific community housing organisation, it would be beneficial to complement and refine the present research by involving tenants more directly to validate identified impacts and outcomes and re-prioritise them.

Preliminary stakeholder mapping

From a practical point of view, stakeholder identification and involvement started with the project steering committee. To identify key community housing stakeholders, we used insights from a comprehensive literature review and our initial engagement with bankmecu to identify additional stakeholder groups to be included. Our project steering group was composed of representatives from community housing associations and related industry and research organisations, and these contacts assisted in identifying other stakeholders that were material to community housing outcomes. The steering group included representatives from the Community Housing Federation Australia (CHFA), the PowerHousing (PHA), bankmecu, and the Australian Housing and Urban Research Institute (AHURI). A preliminary stakeholder mapping exercise was carried out with this steering committee to serve as a basis for preliminary research and the establishment of a list of stakeholders to be involved in the next stage of stakeholders and outcomes mapping (see below).

Stakeholder identification workshop

Based on the preliminary identification conducted with the steering group, a list of organisations and individuals considered as best able to represent stakeholders was drawn and were invited to

participate in a workshop. No attempt was made to achieve any statistically valid representation (as per the SROI methodology, this is not necessary at this stage).

The objective of the workshop was to confirm and complete (as appropriate):

- the stakeholders mapping, including a segmentation of the tenants’ population;
- outcomes identification and mapping, including:
 - mapping the relevance of the impact to each category of stakeholders,
 - definition of measurement indicator and units, and
 - identification of data sources for measurement.

The segmentation of the tenants’ population was felt necessary at that stage to be able to identify outcomes specific to the situation of each group of tenants, based on key characteristics.

The outcome mapping from the workshop is presented in Appendix A. The broad categories of tenants were then grouped and simplified as described in the table below. The way these categories have been used in the analysis becomes apparent in Section 6: Story of change and outcomes and Section 7: Quantifying outcomes.

Stakeholder Mapping	
Tenant Category	Description
Higher / Complex Needs	<ul style="list-style-type: none"> • Tenants requiring some form of direct assistance or on-going support for daily functioning for reasons such as: <ul style="list-style-type: none"> ○ having a severe mental illness ○ having a serious drug addiction ○ they are in the juvenile justice or prison system • <i>Tenants with a physical disability are included in a separate category below</i>
Higher needs due to physical disability	<ul style="list-style-type: none"> • Tenants with a disability fall into the ‘Higher/complex needs’ category but can be categorised separately as there is discrete information on the numbers (30%) and services provided to these tenants.
Lower Needs	<ul style="list-style-type: none"> • Tenants who do not currently require support or assistance for any of the reasons outlined in the ‘Higher/ complex needs’ category. They may however: <ul style="list-style-type: none"> ○ be unemployed, perhaps long-term or underemployed ○ have previously been victims of domestic violence ○ have a physical disability or mental illness but do not require direct, on-going support for daily functioning
Indigenous	<ul style="list-style-type: none"> • Indigenous tenants were classified separately as some live in specific (remote) locations where housing available is scarce (specific type of community housing) or as they experience some specific discrimination in the housing market • Indigenous tenants may also experience one or more of the categories outlined above
Employed and previously suffering rental stress	<ul style="list-style-type: none"> • Tenants who are employed and were previously suffering rental stress in the private rental market. They may, prior to living in community housing and still need to travel long distances to and from work.

In addition to stakeholders mapping, workshop participants also worked on outcomes mapping (see Section 6: Story of change and outcomes for additional details). The results from the workshop were summarised and circulated to the workshop participants for confirmation. The broad categories of outcomes identified were as follows:

- permanency / affordability of residence
- employment / employability (capacity building)
- personal well-being / self respect
- safety / inclusion
- health (including mental health)
- family relations
- access to support services
- money matters
- delinquency.

Due to time limitations and other constraints inherent to a workshop environment, only limited insight was gained in relation to information and data sources. This initial outcome mapping, however, provided the basis for future research. In the process, simplification was required and grouping, winnowing down and reworking of the outcomes was necessary to be able to match outcomes, indicators and proxies within the limitations of existing data sets.

Section 5.3: Conclusions on stakeholder mapping

Identifying categories of stakeholders was a useful step in ensuring the completeness of the outcomes mapping. Once the mapping was complete, it appeared however that most of the outcomes were relevant for the various categories of tenants, albeit at various degrees.

In the following steps of the work, simplification and a more generic approach to outcomes was required for two main reasons:

- there are overlaps and inconsistencies in the categorisation of tenants used by various organisations and in various research,
- detailed demographic data across the whole community housing population is sparse and cannot be reliably tied to the population concerned by the research into impacts and outcomes.

Moreover, considering the breadth of the study, collecting or re-working demographic data from various sources and reference year would have proved a very time-consuming task.

It was therefore considered as more appropriate and reliable to use broader rather than narrower categories of tenants and to focus on the outcomes that could reliably be linked to these broader categories of tenants (see Section 6: Story of change and outcomes). With the available data, we have modelled the likely number of people in community housing for each broad category (children, disabled, unemployed, government benefit recipients etc.) and used these as factors to

scale our financial proxies (see Section 7: Quantifying outcomes). Whenever possible, further studies should consider collecting more precise demographic data on community housing tenants to allow further refinement of the outcomes and associated financial proxies.

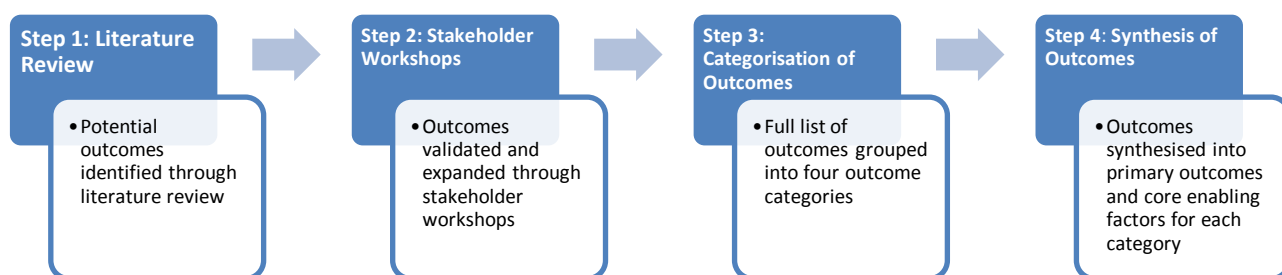
Section 6: Story of change and outcomes mapping

This section describes the process and results of this core task in the SROI process: the identification of outcomes related to community housing and the mapping of these outcomes to the populations they affect.

Section 6.1: Identifying and mapping outcomes – Process Overview

As described in the previous section, a combination of background research and stakeholder engagement was used to identify the specific outcomes created by community housing. Identifying, mapping, and synthesising outcomes is a fundamental part of SROI and lays a foundation for the eventual valuation of these outcomes and corresponding indicators (found in sections 7 and 8 of this report). This process was conducted in four steps, which are laid out below.

Process for identifying and synthesising outcomes:



Step 1: Literature Review

As described in the previous section, an extensive literature review was conducted to help identify potential anticipated outcomes related to community housing. Since this analysis was sector-wide, the literature review played a much greater role in determining community housing outcomes than would be the case with a smaller-scale analysis, where a greater homogeneity within this population could be expected. It would then be possible to survey a significant percentage of the affected population. Instead, given we were looking to identify outcomes for the whole of community housing in Australia, we utilised a substantial amount of data from community housing surveys conducted by AHURI and the NSHS. These surveys, along with other relevant academic and policy research were used to define a preliminary set of anticipated outcomes and also helped to shape the structure of the stakeholder workshop.

Step 2: Stakeholder workshop

The stakeholder workshop has been described in section 5 (results are shown in Appendix A and participants are shown in Appendix B). Due to organisational and resources constraints, it was necessary to condense the stakeholder and outcomes mapping into one workshop. The variety of organisations present was an advantage as it provided for the breadth required in the sector study,

and stakeholders with deep expertise in community housing were able to articulate a broad set of changes and outcomes observed amongst community housing tenants. However it is recognised that for future analyses (for example, looking at the social value of one specific housing organisation) a greater level of granularity in the outcome mapping would be beneficial.

Given time constraints, however, it was not possible to work on the relationships, dependencies and overlaps between impacts and outcomes. The next two steps described below were therefore undertaken by Net Balance, with the help of steering committee members.

Step 3: Categorisation of outcomes:

The results of the stakeholder workshop were checked back to the information gathered in the literature study and a long list of outcomes related to community housing was produced. To help structure the analysis and avoid redundancies and double-ups, these outcomes were grouped into four primary categories:

- economic benefits
- educational benefits
- health benefits
- community inclusion benefits

These categories reflect the major themes identified during the stakeholder workshop and align with much of the literature on community and social housing. As mentioned above, enhanced sense of security and stability was a common change noted by stakeholders; however, because this outcome underpins so many other outcomes related to health, education, etc., it was not considered more as an enabling factor than an outcome. This was the case for a number of other identified benefits or outcomes.

The four outcome categories above capture the vast majority of impacts related to community housing, but it is acknowledged that all outcomes may not fit under these. These categories should not be considered as limitative when undertaking more detailed SROI for specific organisations.

Step 4: Synthesis of outcomes

To appropriately complete the mapping of outcomes, gain a better understanding of the generic outcomes categories and avoid valuing overlapping outcomes twice, an important task of articulating the relationships between outcomes was carried out. This means that access to community housing may bring a range of diverse changes to various aspects to tenant's life, which together, bring certain outcomes. This is detailed in the following sub-sections of section 6. This led to the valuation of considerably narrowed down outcomes.

Moreover, as this analysis covers the entire community housing sector, it was not possible to validate, evidence, and quantify all the discrete outcomes for each category. The synthesising of outcomes within each category to pull out key themes and to identify one or two **primary outcomes** for each category therefore helped with the subsequent valuation process. These

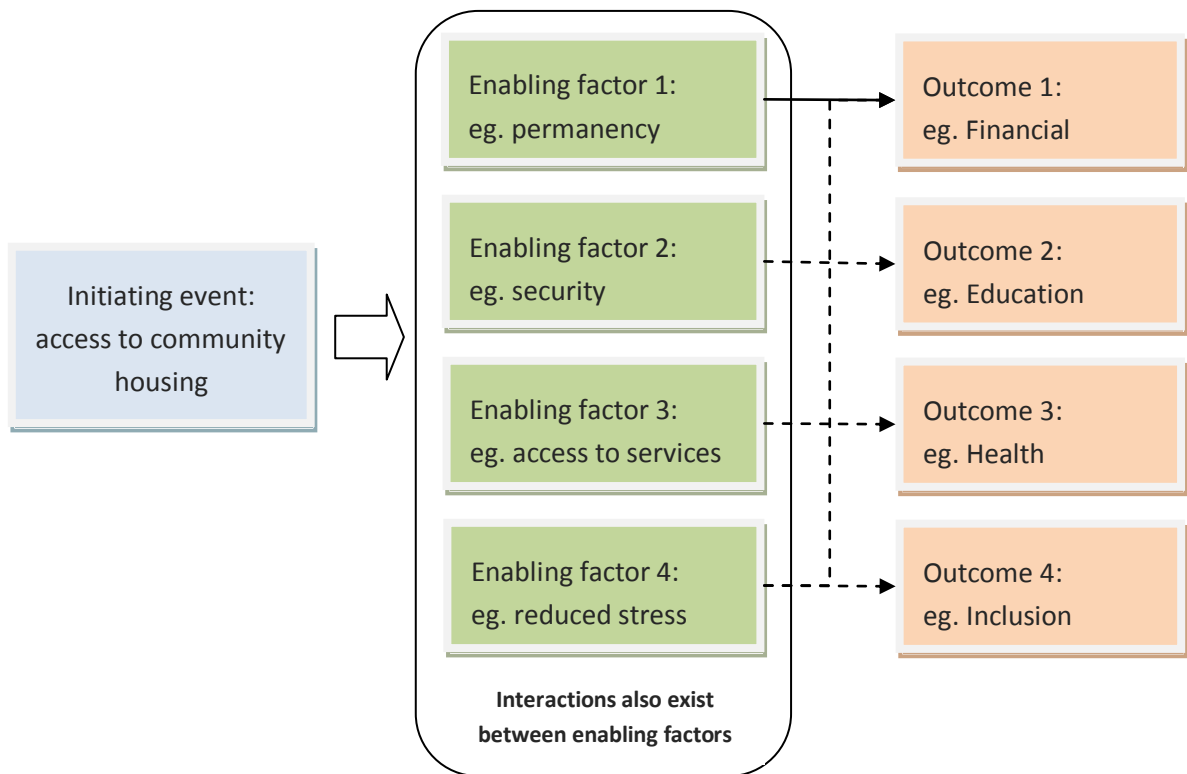
primary outcomes were determined using professional judgement, findings from the stakeholder workshop, and evidence from the literature base, and they reflect the high-level changes observed in each category of impacts. These primary outcomes are also the basis for quantifying the social impacts of community housing in section 7 and 8 of this report.

Apart from the work on dependencies between outcomes (mentioned above), the development of primary outcomes was shaped by the following considerations:

- **Applicability to the entire sector:** Primary outcomes relate to the community housing sector as a whole (rather than a specific subset of the tenant population or an individual housing organisation).
- **Discreteness:** Many of the outcomes identified in the stakeholder workshop and in the literature base were overlapping or closely related, and hence risk double-counting.
- **Strong evidence base:** Primary outcomes were supported by the literature base as well as primary feedback from stakeholders.
- **Materiality:** Primary outcomes represent the *most material changes* observed within each impact category; that is, they embody the most fundamental ways in which secure and affordable housing enable greater wellbeing in these categories (in some instances this only became apparent at the valuation stage).

The primary outcomes represent the overall change that occurs in each category and will serve as the basis for assigning indicators and financial proxy values later in the analysis. However, each of these primary outcomes is a product of numerous other **enabling factors**, that are observed changes that can be linked to access to community housing. In some cases, these enabling factors could be considered as outcomes in their own right. However, the focus of this study was less on exhaustiveness than demonstrating the methodology and avoiding overestimations and double-counting. While these enabling factors have not been quantified, they form an integral part of the ‘story of change’ and have been described in the corresponding paragraphs below.

Outcome mapping schematic representation (example)



Note: to avoid over-crowding the diagram, boxes and arrows are only meant to be illustrative; the summary impact table below provides more detailed information.

The primary outcomes and selected enabling factors for each one are laid out in the summary table below and are explained in more detail in the following sections.

Summary Impact Map:

Impact Category	Primary Outcomes	Population Affected	Enabling Factors
Economic	Greater financial flexibility for low-income households as a result of alleviation from 'housing stress'	Low-income community housing tenants	<ul style="list-style-type: none"> • Rent commensurate to financial needs • Secured tenure • Availability of financial counselling services
Educational	Enhanced educational performance for children of community housing tenants	Children in community housing under 15 years of age	<ul style="list-style-type: none"> • Greater permanency in housing • Better quality neighbourhood and school • Improved quality of home life • More suitable physical home environment
	Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects	Underemployed residents in community housing actively seeking work	<ul style="list-style-type: none"> • Improved access to educational and job-training programs • Greater motivation to 'make a change' in job situation • Higher levels of community and social participation
Health	Improved overall health	All community housing tenants	<ul style="list-style-type: none"> • Reduced stress and anxiety • Enhanced ontological security • Healthier eating habits • More regular use of medical services and medications • Improved self-esteem
	Reduced demand for health services for 'heavy-users' and disabled populations	Community housing tenants with disabilities or ongoing health issues	<ul style="list-style-type: none"> • Increased regular care from neighbours and family • Greater access to preventative health services • Improved sense of security and wellbeing • Greater access to critical support services
Community Inclusion	Greater tenant empowerment allows CH residents to have more control of their residential and personal lives	Community housing tenants who participate in maintenance and admin activities	<ul style="list-style-type: none"> • Participation in tenant activities • Participation in management decisions • Development of social networks
	Emergence of support networks foster self-reliant and independent communities	All community housing tenants	<ul style="list-style-type: none"> • Access to community networks • Interaction with neighbours and neighbourhood • Reduced isolation

Section 6.2: Economic Benefits for the tenants

Context of the 'change'

As per the National Community Housing Standards, the first and primary aim of the sector is to offer affordable housing that does not create hardship for tenants and to provide secure tenure, particularly for low-income or disadvantaged groups.

Workshops with stakeholders confirmed that community housing can play a critical role in breaking the ongoing cycle of financial hardship faced by many low-income tenants.³⁷ Community housing enables low-income tenants to spend a significantly lower portion of their household income on housing and protects them from the volatility of the private rental market. Even a small increase in disposable income³⁸ can translate into significant flow-on (secondary) benefits, as families are finally able to invest in 'non-shelter' needs such as health, education, and employment. These investments in turn can produce substantial longer term benefits, and can help to break the cycle of poverty and government assistance.

Housing Stress

Lower income households are defined as those containing the 30% of people with equivalised³⁸ disposable household income between the 10th and 40th percentiles. People experiencing housing stress are those with lower income who spend 30% or more of their gross household income on housing costs.

Social Inclusion in Australia: How Australia is Faring, Australian Government, 2010

Characterisation of the outcome

In this analysis, we have focused on the most direct financial benefit of community housing, as representative of all the flow-on benefits that results from increased disposable income, as tenants pay a reduced portion of their income towards rent. It was defined as follows:

- **Economic outcome:** Greater financial flexibility for low-income households as a result of alleviation from 'housing stress'

The benefits of more disposable income extend beyond the direct family unit, since households with greater spending capacity are better able to support local businesses and community organisations. In this way, community housing can play a role in revitalizing distressed neighbourhoods and contributing towards vibrant local economies as there is a 'multiplier' effect in any additional injection of spend in the economy. However, this could only be assessed at a case by case level.

³⁷ 92.5% of Community Housing households are considered "low income" families (Australian Institute of Health and Wellbeing, 2010)

³⁸ Equivalised disposable household income is calculated by adjusting disposable income by the application of an equivalence scale. This adjustment reflects the requirement for a larger household to have a higher level of income to achieve the same standard of living as a smaller household (ABS website).

Primary Outcome	Population Affected	Enabling Changes
Greater financial flexibility for low-income households as a result of alleviation from 'housing stress'	<ul style="list-style-type: none"> 92.5% of all community housing tenants (bottom two quintiles) 	<ul style="list-style-type: none"> Rent commensurate to financial needs Secured tenure Availability of financial management advice

Population concerned

Of the approximately 40,000 households in community housing³⁹, the overwhelming majority (92.5%) are in the bottom two income quintiles of the overall Australian population, making them particularly vulnerable to rising prices in the private market.

It has therefore been considered that the community housing tenants in these bottom two income quintiles benefited from increased disposable income and related greater financial flexibility. Arbitrarily, it has been considered that households with an income in the top three quintiles could not be considered as likely to suffer from rental stress (it is recognised that this may still be the case in specific individual situations).

Enabling factors

- The financial benefit derived by tenants of community housing is relatively direct and stems primarily from the fact that community housing organisations set rents at levels affordable to their tenants. Additionally, many community housing organisations have programs and policies that work to proactively support tenants to maintain their rent payments, as well as supporting tenants to maintain their tenancies and pay back arrears in the event that they experience financial difficulties. **Rent commensurate to tenants' means:** Because rents are set at levels affordable to tenants (usually no more than 30% of household income), tenants are left with considerably greater after-housing income than would be the case if they were in the private rental market and experiencing housing stress.⁴⁰

³⁹ The analysis in this study is restricted to the 40,000 Community Housing households that are captured in the AIHW data collection efforts. The sector is considerably larger as there are many organizations that do not receive any funding at all and are thus not required to participate in data collection efforts.

⁴⁰ Community housing is an innovative housing option for any family or individual on a low to moderate income. For those people who cannot afford a home and who pay more than 30% of their income in a private rental property, community housing is managed by not-for-profit housing organisations who act as landlords to provide long term security of tenure in quality-built homes at an affordable rental rate. (Community Housing Federation of Victoria website, <http://chfv.org.au/what-is-community-housing/>)

- **Security of tenure:** This is a principle based on the notion of a tenant being able stay in their own home and is linked with the type of lease that they sign. For example, long-term or open-ended, and the eligibility criteria that they need to meet and differ across jurisdictions. However, Community Housing tenants, wherever they are, will generally have far better security of tenure than people exposed to the vagaries of the private rental market. The core advantage stemming from this is that residents gain a sense of living in their own ‘home’ and can afford to settle down and begin to get involved the local community.. ‘Tenants that are lucky enough to move into a community home often report a far higher quality of life, significant financial relief, and a true sense of housing security and stability.’⁴¹
- **Availability of financial management advice:** Additionally, a lot of community housing organisations are able to provide financial management advice and ensure that tenants know how to access all financial help that they may be entitled to. This contributes to the improvement of the financial equilibrium and budgeting of the households in community housing.⁴²

These elements contribute to increasing households’ disposable income and have been valued in monetary terms in sections 7 and 8. Access to additional disposable income would lead to further benefits that may have far-reaching benefits, as households are able to reallocate money on activities or investments that improve their situation, such as additional training and education, improvement of the dwelling, etc. Such benefits have not been valued in order to avoid double-counting; it is however recognised that, in some circumstances, a ‘multiplier effect’ may occur and it could be appropriate to consider valuing further outcomes. For example, training can impact on the tenants’ chances of being hired and maintaining employment over the longer term, which in turn would bring in more income. However, caution is warranted, as mechanisms are complex. Research actually found that the situations observed were often more complex and diverse, as tenants in community housing are sometimes able to work less and dedicate more time to members of family who require their help, because they are no longer in a stretched financial situation⁴³.

⁴¹Community Housing Federation of Victoria - <http://chfv.org.au/what-is-community-housing/>

⁴² 91% of Community Housing tenants who were interviewed stated that access to Community Housing helped them manage their rent and money matters better. (Roy Morgan Research, 2008, p.89)

⁴³ Phibbs, 2005, p.13

Section 6.3: Education benefits

Context of the 'change'

The correlation between poor quality or transient housing and diminished educational performance amongst children has been soundly established in the literature base, although proving direct causality is more challenging.⁴⁴ However, community housing surveys and interviews with tenants indicate a clear linkage between the provision of stable, affordable, and quality housing and better academic outcomes for school-age tenants. The relationship between housing and educational performance is complex and influenced by many secondary factors; for example, higher quality housing and lower anxiety levels translate into better health outcomes, which in turn are correlated with higher academic attainment rates.⁴⁵ These impacts extend to both the children of community housing tenants, who perform better in school, and to the tenants themselves, who are more likely to access continuing education and job-training services.

Characterisation of the outcomes

While there are other contributing factors to education benefits, sufficient evidence of a strong link between community housing and education outcomes has been found to be able to define the following primary outcomes:

- **Education outcome #1:** Enhanced educational performance for children of community housing tenants
- **Education outcome #2:** Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects.

The recognition of other contributing factors will happen through the process of impact attribution (see Section 8.1 – attributing impact).

⁴⁴ Mueller, May 2007, p. 5, also Friedman, 2010, p. 8

⁴⁵ Australian Bureau of Statistics, 4102.0 - Australian Social Trends, Mar 2011. Out of Australians 20-24, only 50% of those who rated their health as poor or fair had attained Year 12, compared with 79% who rated their health as very good or excellent.

Education Outcomes		
Primary Outcome	Population Affected	Enabling Factors
Enhanced educational performance for children of community housing tenants	<ul style="list-style-type: none"> Children living in community housing 	<ul style="list-style-type: none"> Greater permanency in housing More suitable physical home environment Better quality neighbourhood and school Improved quality of home life
Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects	<ul style="list-style-type: none"> Underemployed community housing tenants who are able to work (i.e. not elderly or suffering from disabilities) 	<ul style="list-style-type: none"> Improved access to educational and job-training programs Greater motivation to 'make a change' in job situation Higher levels of community and social participation

Education outcome #1: Enhanced educational performance for children of community housing tenants

School-age children living in community housing generally do better in school as a result of having a more stable, higher-quality, and lower-stress home environment than they could likely obtain without the intervention of community housing. Many community housing applicants are coming from transient, stressful, low-quality, or overcrowded housing situations – all of which are factors that have been shown to have a negative impact on educational performance.⁴⁶ Through granting marginalised and ‘high-need’ families access to safe, quality, and stable accommodation, community housing alleviates these stress factors and enables children of community housing tenants to focus better on their school attendance and homework.

Education has been one of the primary ‘non-shelter’ outcomes addressed by research studies on the impacts of public and government-assisted housing. According to a study conducted by the Australian Housing and Urban Research Institute (AHURI) in 2005, more than 60% of public housing parents in the study reported that their children were performing better in school after moving into public housing, and 45% were more motivated.⁴⁷ These effects are related to broader impacts of community housing on quality of life, as detailed in the section below on ‘enabling factors’.

Enabling Factors:

Based on background research and primary stakeholder interviews, we identified a number of core enabling factors (which could also be described as intermediary outcomes) related to community housing that together facilitate better academic performance. Isolating the impacts of specific

⁴⁶ Crowley, 2003, p. 23. Also Mueller, 2007, p. 6

⁴⁷ Phibbs, 2005

factors is challenging, but the stakeholder workshop and research suggested that it is typically a combination of multiple influences that enable better academic performance, including:

- **Greater permanency in housing:** The linkage between frequent moves and poor academic performance has been well documented by researchers,⁴⁸ and for low-income households, the effects are compounded when moves are unplanned or result in worsened living conditions. The lack of control over housing choices can be as damaging as the moves themselves, and can lead to additional anxiety, depression, and lowered self-esteem.⁴⁹ From a practical standpoint, moving house not only disrupts the family routine, but often forces children to change schools and make new friends. Low-income tenants in the private rental market are much more likely to face frequent moves than those in social housing,⁵⁰ where they benefit from greater security of tenancy. According to a study on public housing, the average tenant with dependents had moved 2.3 times in the previous two years before moving into public housing, and 40% of children in public housing were changing schools 3 times or more over a two year period.⁵¹ Once in community housing, residents are more inclined to stay for a relatively long tenure: recent surveys found that 27% of tenants had lived in community housing for 2-5 years, 27% had been in resident for 5-10 years, and 16% of tenants had remained for over 10 years.⁵² This permanency of tenure increases the odds that children will remain at one school for a longer time and maintain continuity in their education as well as their group of friends.
- **More suitable physical home environment:** One outcome noted by community housing tenants was that a more spacious flat and a quieter atmosphere in which to complete homework improved their children's academic performance. According to research done by AHURI, the 'size of the dwelling appears to be the most important element affecting a link between housing and educational issues.'⁵³ Finding a peaceful place to do homework can be particularly difficult for children living in a shared or overcrowded housing situation before moving into community housing. Research indicates that community housing residents have high levels of satisfaction with the size of units and the overall quality of housing provided,⁵⁴ thus supporting the correlation between housing and educational performance.⁵⁵
- **Better quality neighbourhood and school:** Although community housing exists in a great diversity of locations, research indicates that most tenants are pleased with the quality of their neighbourhood. In a recent survey of community housing residents, 89% indicated that they were satisfied with 'access to education and training' provided by the community and 84%

⁴⁸ Young, 2002, p. 33-34.

⁴⁹ Young, 2002, p. 55

⁵⁰ Phibbs, 2005, p. 37, 74

⁵¹ *ibid*, p. 38

⁵² Roy Morgan Research, 2008, p. 152

⁵³ Phibbs, 2005

⁵⁴ Roy Morgan Research, 2008, p. 71 : 78% of tenants reported being satisfied with the 'overall condition of the home'); additionally, 86% of residents who cited 'size of the home' as an important issue were satisfied with the size of their community housing unit (p 92)

⁵⁵ Young, 2002, p. 69

were satisfied with the 'safety and security of the neighbourhood.'⁵⁶ The quality of the neighbourhood impacts education in several ways, for example, better neighbourhoods tend to be correlated with better schools, higher-quality teaching and more motivated peers and classmates.⁵⁷

- **Improved quality of home life:** Children in happier homes typically perform better in school, but research studies on public and community housing have also highlighted the particular role that stress plays in affecting academic performance.⁵⁸ The stakeholder workshop on community housing emphasised this connection, with a number of respondents highlighting 'decreased anxiety' as an outcome of community housing. Results from the National Social Housing Survey indicated that nearly three quarters of tenants stated that living in community housing has improved their overall quality of life and 91% of respondents reported that since moving into community housing, they 'feel more settled in general.'⁵⁹ Interestingly, recent research has noted that the transition into public housing can alleviate household stress in a relatively short time frame through removing the direct causes of stresses; for example, financial worries or overcrowding.⁶⁰ Hence, through contributing to a happier and less stressful home environment, community housing helps to create the conditions in which children can better focus and succeed at school.

Education outcome #2: Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects

Only 26% of community housing residents are employed on a full or part-time basis, which suggests a lack of social participation as well as real financial impact through lost income potential. The majority (62%) of tenants in community housing are not employed and are not actively seeking employment. Many of these residents cited age, disabilities, or the need to care for children as a primary reason why they were not actively searching for employment. Based on surveys with community housing residents, amongst tenants who were underemployed but looking for work, the primary barrier they cited was the need for additional training, education or work experience.⁶¹

There is evidence, however, to suggest that the types of services that community housing organisations can provide to their tenants can help to address barriers to education and employment in several ways. First, unlike private rental markets or public housing, community housing organisations often provide services that go beyond accommodation, including employment related assistance and educational programs.⁶² Furthermore, through providing

⁵⁶ *ibid*, p. 101

⁵⁷ Phibbs, 2005, p. 38

²² Mueller, 2007, p. 7

⁵⁹ Roy Morgan Research, 2008, p. 89

⁶⁰ Phibbs, 2005

⁶¹ Roy Morgan Research, 2008, p. 143

⁶² Farrar, 2003

stable, affordable accommodation, community housing programs make it easier for tenants to prioritise educational or job-training opportunities. In a study on non-shelter outcomes related to public housing, 40% of respondents indicated that living in public housing had helped them to start or continue education and/or training.⁶³ Further detail is provided in the paragraphs below on 'enabling factors'.

Enabling Factors:

The stakeholder workshop helped identify the following enabling factors that make it easier for adult tenants to continue their education and receive vocational training.

- **Improved access to educational and job-training programs:** Because community housing associations operate at a relatively small scale and are often tailored to meet the specific needs of the communities they serve, they can be particularly effective at providing employment assistance to residents.⁶⁴ Some community housing organisations run social ventures that provide local employment, while others focus on helping tenants to build specific job skills. A study conducted for the Australian Housing and Urban Research Institute highlighted several specific channels through which community housing supports labour participation:⁶⁵
 - *Labour market programs:* For example, literacy courses and job networking initiatives
 - *Job Search programs:* These include courses on interview skills or CVs, and initiatives that connect tenants with employment agencies
 - *Micro-enterprises:* Many community housing organisations support local enterprises such as lawn care businesses or gardening co-ops, which can employ tenants and provide greater confidence and work skills, whilst strengthening local economies and community cohesion

Insights gained during the stakeholder workshop validated the fact that education and employment services provided at a local level or integrated into the provision of housing are especially effective at reaching underserved populations.

- **Greater motivation to 'make a change' in education or employment status:** Another enabling factor related to education and employability of community housing tenants is the impact of secure tenancy on motivation levels. Through the provision of affordable and safe accommodation, community housing creates conditions in which tenants are best able to get the skills and training they need to become more easily employable. Households in 'housing stress' are inevitably focused first and foremost on finding somewhere safe and affordable to live, and thus education and employment become secondary priorities. Once the housing

⁶³ Phibbs, 2005, p. 14

⁶⁴ Australian Institute of Health and Welfare, 2010, p. iv.

⁶⁵ Farrar, 2003

situation is resolved, tenants are able to turn their attention to enrolling in vocational training or skills courses.

- **Higher levels of community and social participation:** When tenants feel secure and comfortable in their surroundings and thus feel that it is unlikely that they will have the need to move in the near future, they are much likelier to *put down roots*. Through encouraging residents to get involved in housing associations and neighbourhood affairs, community housing helps to build critical confidence and skills which support better education and employment outcomes. This is particularly true for tenants who have historically been marginalised or excluded from society due to a disability, homelessness, or other factors. Input from community housing stakeholders reinforced that even simple participation in a tenant's board or community-level social activities can help to build confidence, self-esteem, and empowerment. These qualities in turn are important prerequisites that help individuals achieve their full potential in education and career-related areas.

According to research by the Australian Institute of Health and Welfare, 59% of tenants reported they were able to start or continue education or training after moving into community housing, and 50% of tenants claimed to have seen an improvement in their job situation. Although the primary outcome discussed above pertains to adults in community housing, evidence suggests that there may be reinforcing and farther-reaching benefits as well. Community housing stakeholders noted that parents who are employed or pursuing higher education can serve as valuable role models for their children, which is correlated with enhanced educational performance for school-age children. The reverse is also true: unemployed parents are more likely to suffer from depression and low self-esteem, which in turn can create a negative cycle of disadvantage that adversely affects their children's employment prospects down the road. Hence, through helping adults get the education and vocational training necessary to maintain employment, community housing can contribute to multi-generational benefits.

Section 6.4: Health Benefits

Context of the 'change'

Housing affects health outcomes in both direct and indirect ways, and although establishing causation can be difficult, the majority of research indicates a positive correlation between stable, high-quality housing and improved health.⁶⁶ The World Health Organisation has identified four specific attributes of 'housing' that extend beyond the physical dwelling but have important impacts on health outcomes:⁶⁷

- The meaning of 'home' as a protective, safe and intimate refuge where one develops a sense of identity and attachment.
- The physical structure, including factors such as mould growth, quality, design, and noise exposure.
- The immediate housing environment, including the quality of urban design (e.g., public services, playgrounds, green space, parks, places to socialise).
- The community (i.e. quality of the neighbourhood and its relation to social cohesion, sense of trust and collective efficacy).

Findings from the literature review and the stakeholder workshop validated the notion that home is not just a physical shelter but also provides a level of psychological wellbeing. The connection between housing and 'ontological security' – defined as a sense of confidence, trust and reliability in the world as it appears to be⁶⁸ – has received much attention in the literature base. The gist of this research suggests that ontological security is promoted through having a safe place of one's own in which 'the routines of daily life can be established, privacy can be negotiated, and where there is a secure base from which to engage in social interactions based on trust, which enable self-esteem to be enhanced and self-identity to be maintained.'⁶⁹ Social housing and community housing in particular support ontological security because residents benefit from secure, long-term tenure arrangements and affordable rents.

In a national survey of public housing and private renters, 57% reported that security was extremely important. When asked explicitly how important they rated security of tenure, 96% of community housing residents responded that it was either very important (77.3%) or important (18.3%)⁷⁰. Results of a national survey recording satisfaction with aspects of Community Housing showed that 84% of community housing residents were satisfied with security of their residence, and 43% indicated that they had been in their current dwelling for at least 5 years⁷¹.

⁶⁶ Robinson, 2008

⁶⁷ Bonnefoy, 2007

⁶⁸ Dupuis & Thorns, 1998

⁶⁹ Hulse, 2008p. 12

⁷⁰ AHURI Research and Policy Bulletin, 2006

⁷¹ Roy Morgan Research, 2008, 106

Characterisation of the outcomes

Findings from the stakeholder workshop primarily highlighted these *indirect* health benefits related to community housing – namely reduced stress, improved self-esteem, and better sleeping and eating habits. These findings are aligned with existing research on community housing populations, where tenants believe their overall quality of life has increased as a result of community housing, and much of this benefit is due to reduced anxiety over housing situations.⁷² Given the fact that this analysis covers the entire community housing sector in Australia, the prevalence of specific health conditions was not considered. Rather, this analysis focused on changes in general health outcomes correlated with the provision of community housing.

However, to account for quite different outcomes and related enabling factors, community housing residents were separated into two groups: the general tenant population (i.e. those without disabilities or ongoing medical conditions) and tenants who suffer from mental or physical disabilities or other health conditions. This distinction was considered necessary because the needs of these populations differ in important ways. Tenants without disabilities or ongoing medical conditions typically spend less on health services, and their direct expenditure on medical services may increase slightly after moving into community housing (as a result of greater access to services and more disposable income).⁷³ However, because the additional health services procured are often preventative or overdue treatments, the indirect value of longer-term health benefits are still positive for these tenants. Tenants with disabilities or medical conditions, on the other hand, typically see a direct reduction in their medical expenditure after moving into community housing, as well as an indirect benefit related to lower stress, greater security, and improved access to support services.

From background research and feedback during the stakeholder workshop, two primary outcomes related to health were identified for tenants of community housing:

- **Health outcome #1:** Improved overall health for general tenant population (excluding those concerned by outcome #2 below)
- **Health outcome #2:** Reduced demand for health services for ‘heavy-users’ and disabled populations

Even though these two tenant populations both experience improved health as a result of access to community housing, it was important to value the outcomes separately, because these benefits occur for different reasons and in different ways.

It is recognised that there could be benefits in separating outcomes from mental health and physical health when undertaking more detailed studies, if appropriate statistics on the nature of the conditions can be obtained. This was not possible at the sectoral level adopted for this study.

⁷² Roy Morgan Research, 2008, p. 90

⁷³ Phibbs, 2005, p. 14

Health Outcomes		
Primary Outcomes	Population Affected	Enabling Factors
Improved overall health	<ul style="list-style-type: none"> • General community housing tenant population 	<ul style="list-style-type: none"> • Reduced stress and anxiety • Enhanced ontological security • Healthier eating habits • More regular use of medical services and medications • Improved self-esteem
Reduced demand for health services for 'heavy-users' and disabled populations	<ul style="list-style-type: none"> • Community housing residents with disabilities (mental and physical) or ongoing medical conditions 	<ul style="list-style-type: none"> • Increased regular care from neighbours and family • Greater access to preventative health services • Improved sense of security and wellbeing • Greater access to critical support services

Health outcome #1: Improved overall health for general tenant population

In surveys with community housing residents, 70% of respondents indicated that their overall health had improved since moving in to community housing. The stakeholder workshop produced similar insights, and participants cited both physical and mental health benefits as a result of moving into community housing.

Enabling factors:

Based on findings from the literature and insights from stakeholder workshop, the primary enabling factors contributing to improved health outcomes are laid out below:

- **Reduced stress:** The reduction of housing-related anxiety is also correlated with overall happiness, a greater sense of security and control, and lower rates of depression.
- **Enhanced ontological security:** The concept of ontological security, defined at the beginning of section 6.3, is one of the important factors enabling better health outcomes as a result of community housing. While home ownership has been found to give the greatest sense of ontological security⁷⁴, evidence suggests that community housing tenants also experience ontological security due to the security of tenure and the sense of control they gain. Security of tenure has the potential to give tenants a high level of autonomy and freedom over their immediate living environment.
- **Healthier eating habits:** Because community housing residents typically have access to their own kitchen and more disposable income to spend on food, they are able to prepare healthier meals on a more regular basis, which contributes to better health.

⁷⁴ AHURI Research and Policy Bulletin, 2006, pg 2

- **More regular use of medical services and medications:** Once community housing tenants have a stable address, they find it easier to access preventative care such as medical and dental services on a regular basis, which can help improve long-term health outcomes. In addition, the stability provided by community housing makes it easier for tenants to focus on taking medications routinely and focus on getting prescriptions renewed.
- **Improved self-esteem:** Particularly for residents who are coming from transient, homeless, or shared housing situations, having their own permanent residence can boost self-esteem. These mental health benefits and increased confidence have flow-through effects related to better educational performance for children and employment outcomes for adults.

These findings relate to the general population of community housing tenants, but for the sake of valuing the impacts, we have separated the community housing population into households that have a disabled member, and those without. This reflects the fact that disabled tenants typically have a unique health profile and are, on average, heavier users of medical services. Health benefits for disabled tenants are valued separately based on reduced demand for medical services (see below), and hence to avoid double-counting, disabled tenants have been excluded from the valuation of ‘overall improved health.’

Health outcome #2: Reduced demand for health services for ‘heavy-users’ and disabled populations

A significant percentage of residents in community housing are disabled, and these residents often require greater medical attention and support services than the non-disabled population. Based on findings from the NSHS, 45% of community housing tenants surveyed reported that either they or a family member have a disability for which ongoing assistance is required.⁷⁵ An estimated 27% of residents in community housing in Australia receive disability support payments, though the number of tenants suffering a mental or physical disability is likely to be even higher. These tenants have a very different health profile than the average community housing resident; they may be on more medications, be more prone to secondary conditions such as depression or anxiety, and are less able to pursue employment or educational opportunities. Hence, disabled tenants are often more reliant on family, friends, neighbours, and community members to provide both physical and emotional support.

Stakeholder interviews and background research suggest that for heavy users of Medicare services (such as those with disabilities or chronic health conditions); moving to community housing can reduce their overall demand for health services. Research conducted by AHURI on non-shelter

⁷⁵ Roy Morgan Research, 2008, p. 108

outcomes from public housing indicate that for ‘heavy users’ of health services, demand for medical services decreases significantly (nearly 30%) as a result of moving into public housing.⁷⁶

Enabling factors:

The reasons behind decreased demand for health services are often complex, but stakeholders and existing research studies highlighted several core enabling factors, which are outlined below:

- **Greater access to critical support services** (such as in-home care or transport assistance):
Since every community housing organisation is unique, it is difficult to categorise health and support services offered on a sector-wide basis, but evidence suggests that community housing organisations are better able to meet the health needs of disabled tenants than other forms of housing. According to research conducted by the Australian Institute of Health and Welfare, 40% of community housing organisations offered regular support to their tenants (although not specifically to disabled tenants), which included advice, information, and daily living support.⁷⁷ By integrating these support services directly into the provision of housing and delivering them at a local scale, community housing can deliver more effective, customised, and stable services. Particularly for tenants with disabilities or ongoing health conditions, this can help to reduce ‘churn’ through the health system and provide critical continuity of support – which in turn translates into improved overall health and reduced demand for services.⁷⁸
- **Increased regular care from neighbours and family:** Many residents in community housing live in close proximity to family and friends or are closely acquainted with their neighbours. This means that tenants not only benefit from regular social interaction, but carers may be able to identify or prevent additional health problems before they become serious.
- **Greater access to preventative health services:** Like the general tenant population, heavy users of medical services benefit from better access to preventative care as a result of living in community housing. The stakeholder workshop indicated that the stability and affordability of community housing makes it more likely that tenants will see their general practitioner on a regular basis, which can help to prevent undetected health issues.
- **Improved sense of security and wellbeing:** Like the general tenant population, residents with ongoing health concerns or disabilities can benefit from better mental health associated with housing stability and ontological security. This manifests itself in improved mental and physical health and is also closely tied to other enabling factors (such as community support).

⁷⁶ Phibbs, 2005

⁷⁷ Australian Institute of Health and Wellbeing, 2010

⁷⁸ Community housing stakeholder interviews during our workshop highlighted ‘churn’ (i.e. frequent changes in service providers or healthcare workers) as both a source of anxiety and diminished efficacy of support services. Through providing stable, long-term housing and support services at a local level, community housing helps to alleviate this ‘churn’ and enable more consistent participation in health support services (See Appendix A)

For the 27% of community housing residents who receive disability support payments and those with long-term medical conditions, the benefits of better health are vitally important. Not only is there a significant financial benefit associated with reduced medical services for this population (who are traditionally 'heavy users' of services), but the related long-term benefits of better health are perhaps even greater. The stakeholder workshop indicated that tenants with disabilities or ongoing health conditions are less likely to be employed or to participate in community or social activities. Once their overall health improves, these tenants can better participate in economic and social pursuits, and thus contribute to the type of vibrant, healthy neighbourhoods that community housing aims to promote. Note that such additional benefits have not been valued for lack of strong evidence, but could be considered as part of further SROI analyses with a narrower scope.

Section 6.5: Community Inclusion Benefits

Context of the 'change'

According to the recently published National Social Inclusion indicators by the Australian Government⁷⁹, an individual is considered '*socially included*' when he or she has the resources, opportunities, and capabilities necessary to:

- **Learn:** participate in education and training (see 'education' section above).
- **Work:** participate in employment, unpaid or voluntary work (including family and carer responsibilities).
- **Engage:** connect with people, use local services, and participate in local, cultural, civic and recreational activities.
- **Have a voice:** influence decisions that affect him or her.

Any gap in these areas can compromise an individual's ability to fully participate in society, which can eventually lead to social *exclusion*. While social inclusion relates to Australian society as a whole, these same principles apply to smaller scale social groups as well. In this analysis, we define *community inclusion* as the embodiment of social inclusion principles within a local scale – that is, within a neighbourhood or community.

Characterisation of the outcomes

Community housing providers work on a smaller scale to promote community inclusion within the housing developments, building 'communities within communities'⁸⁰ that embody the attributes of social inclusion. This sense of community inclusion is a first step towards helping local residents feel included and encouraging their participation in broader Australian society.

Some of the activities and services that help to promote community inclusion include:

- Involving tenants with management and maintenance of housing
- Being responsive to the diverse needs of tenants through customised service provision
- Linking tenants with non-housing services, such as services for people with disabilities, newly seeking employment, integrating foreign immigrants into the local community through social meetings etc.

Community housing has frequently been praised for its role in enhancing 'community sustainability'⁸¹ and it does so not only through the provision of affordable housing, but also by fostering neighbourhood cohesion, encouraging civic participation, and giving tenants a sense of connectedness and place. These elements of community inclusion are critical attributes of healthy,

⁷⁹ Australian Social Inclusion Board, 2010

⁸⁰ Farrar, 2003

⁸¹ *ibid*, p.1

vibrant neighbourhoods, and they also produce myriad add-on benefits for individual tenants and families.

The stakeholder workshop identified numerous ways in which community housing organisations promote community inclusion. For the scope of this analysis, we have categorised these into two primary outcomes, which are set out in the table below along with enabling factors that correspond to each one.

- **Community inclusion outcome #1:** Greater sense of empowerment (as tenants having more control over their residential areas and personal lives)
- **Community inclusion outcome #2:** Communities become more self-reliant and independent (as a result of strong support networks fostered by community housing)

Primary Outcome	Population Affected	Enabling Changes
Greater sense of empowerment	<ul style="list-style-type: none"> • Community housing tenants who participate in maintenance and administrative activities 	<ul style="list-style-type: none"> • Participation in tenant activities • Participation in management decisions • Development of social networks
Communities become more self-reliant and independent	<ul style="list-style-type: none"> • All community housing residents 	<ul style="list-style-type: none"> • Access to community networks • Interaction with neighbours and neighbourhood • Reduced isolation

Community inclusion outcome #1: Greater sense of empowerment through participation in community housing activities and management decisions

Community housing is unique from the broader social housing sector because it places a greater emphasis on tenant participation as an essential part of the provision of housing. Such participation gives tenants an additional sense of ownership, control and, eventually, empowerment.

Enabling Factors:

Community housing helps to empower its tenants in numerous ways, including:

- **Participation in tenant activities:** A significant proportion of tenants in community housing participate in day-to-day activities concerning the maintenance and management of housing facilities. It was shown in the National Social Housing Survey (2007) that 46% of community housing residents were involved in community housing in some way. Of those involved, the most common methods of participation were listed as: helping out with

general maintenance (27%), coordinating and managing maintenance matters (25%), and being members of social clubs (20%).⁸² Of the entire population of community housing tenants surveyed, 70% were satisfied with their level of involvement.

- **Participation in management decisions:** The stakeholder workshop highlighted that by encouraging tenants to get involved in local housing committees, community housing builds skills and confidence that translate into enhanced participation in the wider community and the workforce. For families with children, the impacts can be even more significant, because parents who feel empowered in the community are more likely to raise children with the same characteristics. This is particularly important for the disadvantaged population served by community housing, because these tenants often struggle with language, disability, or socio-economic barriers that make it much more challenging to participate in mainstream society. Nearly a quarter of tenants surveyed stated that an important factor in moving into community housing was to have a say in everyday housing decisions.⁸³ Co-operative community housing organisations are particularly successful in giving tenants the opportunity to be involved, since tenants take full responsibility for the management and operation of the housing development. Tenants in cooperative community housing programs indicated that this level of responsibility helps to create an ‘ethos of self-reliance’⁸⁴ in the community. Just as importantly, the cooperative structure enables flexible management that is appropriate and responsive to the needs of the specific stakeholder groups it serves (for example, ethnic minorities, or tenants with disabilities). Through encouraging or requiring tenants to be involved in administration, community housing organisations play an important role in building

“At meetings, you see friendships created, car-pooling, people have to work together, they sit and chat about personal stuff. Some see each other outside of co-op stuff as well. Unless there’s some conflict, people are generally friends, do things together, make tough decisions”

South Australian Community Housing Association staff, from ‘Labour Force Benefits of Community Housing, AHURI, 2004

“Well I’m a musician, some people are sculptors, some people are teachers so we all have a common interest, which works really well. I just find it fantastic to live there. I like the communal atmosphere because we all work together as community. I like the position that I do and also if I need somebody to collaborate with, they’re just outside the front door”

Community Housing Tenant, from *Labour Force Benefits of Community Housing, AHURI, 2004*

“When I joined the co-op I couldn’t work, I suffered from anxiety and distress, and since I’ve joined the housing co-op, they’ve given me the confidence to. I look after the rents, and it’s given me confidence to think well yes, I can do some things, yeah it makes you feel good, and if you’re feeling good you’re feeling better about yourself, and it takes a lot of things away.”

Community Housing Co-op tenant, from *Labour Force Benefits of Community Housing, AHURI, 2004*

⁸² Roy Morgan Research, 2008

⁸³ *Ibid*, p.161

⁸⁴ Farrar, 2003

up skills that form a basis for wider economic and social participation by tenants.

- **Development of social networks:** Social networks refer to social connections between individuals and are an important element of social capital. These networks can be both formal and informal, and they cover a broad range of ties between friends, family, neighbours, work colleagues and acquaintances. Surveys concerning social relationships among community housing tenants identified three ways in which social networks influence employment outcomes.⁸⁵

- *Assistance with employment:* social network members can share information about potential work opportunities and can act as an informal references or vouch for fellow members that are applying for jobs

“Because you’re networking with other people in your position, and someone would say look, you’re looking for a job aren’t you, well yes I am, hey there’s one going at our place, do you want me to put in a good word for you.”

Community Housing Tenant, from *Labour Force Benefits of Community Housing*, AHURI, 2004

- *Support and role model for employment behaviour*
- *Facilitation of skills development and confidence building*

Thus, through administrative and social activities, social interaction and uptake of responsibilities, community housing to an extent builds up their tenants’ resources, opportunities and capabilities and gives them a sense of empowerment likely to benefit them in all areas of their life.

Community inclusion outcome #2: Communities become more self-reliant and independent as a result of strong support networks fostered by community housing

According to the Australian Social Indicators, having regular contact with friends or family provides many benefits⁸⁶. Communicating with friends and family can assist people to feel connected, cared for, and part of a strong or social network. This sense of support and connectivity is particularly important when people face challenges or adverse circumstances. The inclusive and collaborative nature of community housing management models builds regular contact amongst tenants and providers alike. Additionally, participatory social events provide an outlet for like-minded tenants to associate with each other.

Enabling Factors:

Community housing developments have the ability to transform into self-sustaining, independent communities due to the following factors:

⁸⁵ Arthurson, 2004, p.25

⁸⁶ Australian Social Inclusion Board, 2010, p. 34

- **Access to community networks:** This is a similar impact to the one reported above under ‘social networks’. Participation in common activities or decisions enhances networking opportunities, but they still exist for the rest of community housing residents. In survey results, community housing residents reported that the combination of quality, stable accommodation with integrated support services helped to promote community integration. Some of the additional benefits provided by community housing include integration into an established community of tenants (who sometimes have a similar background) and understanding community housing staff who were adept at handling specific issues.⁸⁷
- **Interaction with neighbours and neighbourhood:** Community housing residents also stressed that through facilitating interaction with neighbours and other residents, community housing helps to create a strong neighbourhood identity and a sense of ‘belonging’ for tenants. Neighbours and acquaintances play many important support roles in a community; for example, they can serve as mentors to each other, distribute information, provide services directly or serve as a guide to help new or disadvantaged tenants become familiar with the neighbourhood.⁸⁸ Social interaction helps identify a common goal or project that could lead to a range of mutual support activities. These can range from shopping for others, to school car sharing, to very active neighbourhood watch.
- **Reduced isolation:** In cases where tenants have experienced sustained exclusion (such as the homelessness or indigenous people), a primary objective of community housing is to create a ‘community within the community’⁸⁹ that provides basic human contact within an accepting environment.

“...one young guy had no independent living skills or social network, now he’s out every day due to the confidence gained through independent living, and forming social networks...”

Community housing association staff, from *Labour Force Benefits of Community Housing*, AHURI, 2004

All these factors enable the emergence of, first, a sense of belonging to a community and, second, and probably in the longer term, a sense of empowerment and a better inclusion in the society in general. Further benefits for the individual and society in general are likely to include: increased self-esteem and sense of identity, decreased delinquency, renewed family connections, etc. These connections, while more tenuous, could be explored in further work with a more narrow scope.

⁸⁷ Farrar, 2003

⁸⁸ *Ibid*, p.33

⁸⁹ *Ibid*, p.34

Section 7: Quantifying outcomes

This section summarises the research done around the valuation of outcomes. It presents the assumptions and simplifications that had to be done before the calculations could be carried out. It links the evidence part of the SROI process (section 6) with the financial calculations presented in section 8.

Section 7.1: Linking outcomes to indicators

The guide to SROI simply describes indicators as ‘ways of knowing that the change has happened.’⁹⁰ Indicators are therefore quantifiable measures applied to identified outcomes. Ideally, indicators are defined in consultation with stakeholders. Due to the limitations intrinsic to this study, only limited information on indicators could be obtained in the course of the stakeholder workshop. The literature review was therefore heavily relied upon when defining the indicators presented here.

Once indicators were identified, an approximate financial value was determined to complete the quantification (also referred to as ‘proxy’).⁹¹ A range of economic techniques are available to calculate proxies (for example contingent valuation). It was not within the scope of this study to collect primary data allowing the calculation of new proxies; hence we have relied on available transferable values.

Not all of the social value related to community housing can be realistically quantified, given the availability of data on community housing populations and impacts. This analysis draws from a wide range of background research and data sets on community housing and public housing as well as specific sources for each category of outcomes. In the instances where there is not enough data to assign a proxy value to quantify an outcome, we have highlighted these as an area where future research is recommended.

Of the outcomes evidenced in section 6, we have attempted to financially value the following:

- **Economic**
 - Greater financial flexibility for low-income households
- **Education**
 - Enhanced educational performance for children of community housing tenants
 - Improved employment prospects for community housing tenants more likely to pursue training or education opportunities

⁹⁰ UK Office of the Third Sector, 2009

⁹¹ The guide to SROI (Ibid.) explain financial proxies as the process of “assigning a monetary value to things that do not have a market price. All the prices that we use in our day-to-day lives are approximations – ‘proxies’ for the value that the buyer and seller gain and lose in the transaction. The value that we get will be different for different people in different situations”.

- **Health:**

- Improved overall health for general tenant population
- Reduced demand for health services for 'heavy-users' and disabled populations.

Community inclusion outcomes, while recognised as important, could not be reliably linked to indicators quantifiable in monetary terms. However, when undertaking individual SROI studies for specific community organisations, adequate data could be collected and quantification attempted. Indications on how this could be done are provided.

Section 7.2: Valuation assumptions and sources

The table below contains the data sources and the assumptions that had to be made to define the financial proxies linked to the defined outcomes.

The information in the table below intends to illustrate the creation of social value through the provision of community housing and open the way to further explorations into the value of the sector or of specific organisations within the sector. It does not intend to present the 'only' way to calculate social value created by community housing.

In some instances, there was more than one indicator supporting the same outcome. Some of these indicators can be quantified but not monetised. In some cases, indicators could be monetised but it has been considered that values should not be added up, for fear of double-counting and overestimating benefits. In such cases, indicators have been left in the table for information and this has been flagged appropriately.

The values presented here should not be added up as such, as they represent the full value of the change or outcome observed. Community housing is often but one factor contributing to the outcome, as recognised in the following section (section 8).

As mentioned above, notes on data gathered for the 'community inclusion' indicators have been included, although valuation has not been attempted for these indicators.

Additional notes that could not be included in the table to avoid over-burdening it have been included in Appendix C.

Outcome Valuation Map				
Primary Outcome	Population Affected (Total Community Households = 37,833)	Outcome Indicators ⁹²	Financial Proxy	Notes
Greater financial flexibility for low-income households as a result of alleviation from 'housing stress'	<ul style="list-style-type: none"> 92.5% of Community Households that fall into the low-income category Approximately 35,000 	<ul style="list-style-type: none"> Increased disposable income for CH tenants to use in the market as compared with Private rental <p><i>Supporting indicators not pursued as part of the present analysis</i></p> <ul style="list-style-type: none"> Rent Collection rate (98.7%)⁹³ Satisfaction with overall quality of Housing (70%)⁹⁴ Improvement in Quality of Life (74%)⁹⁵ Satisfaction with Security of Housing (73%)⁹⁶ 	<ul style="list-style-type: none"> Financial Proxy: <i>Additional</i> disposable income available to low-income Community Housing residents in comparison with low income private renters Value: \$2,548 a year per household Source: On average, in 2007–08, lower income renters spent, per week: <ul style="list-style-type: none"> \$229 per week in the private rental market, 65% of their gross income after rent was left⁹⁷ \$105.35 per week on rent in the community housing sector, 73% of their gross income after rent was left⁹⁸. <p>As income are different for the two population, it had to be normalised based on the percentage or gross income remaining after rent. This is an 8% increase in disposable income for low income earners (1st and 2nd quintile) income. This amounts to \$48.8 more a week⁹⁹, once adjusted for inflation into 2010 dollars.</p>	Community housing surveys and primary stakeholder research show that affordable and appropriate housing means that tenants spend significantly less on housing costs and have more disposable income to allocate to other essential expenditure. This is especially significant to very low income earners (ie. those in the lowest income quintile)

⁹² Percentages in parentheses indicate Satisfaction and achievement levels from various surveys conducted

⁹³ Australian Institute of Health and Welfare, 2010, p.23

⁹⁴ Roy Morgan Research, 2008, p.58

⁹⁵ *Ibid*, p.91

⁹⁶ *Ibid*, p.70

⁹⁷ Australian Bureau of Statistics, 41300DO001_200708 Housing Occupancy and Costs, 2007-08, Table 10

⁹⁸ Australian Institute of Health and Wellbeing, 2010 (Calculation for community housing renter: Total Rents charged \$3,985,900 / Total number of Households 37,833)

⁹⁹ Australian Bureau of Statistics, 6523.0 Household Income and Income Distribution, Australia - Detailed tables, 2007-08, Table 1.2 (Calculations based on average income and rent paid by 1st and 2nd quintile income earners)

Outcome Valuation Map				
Primary Outcome	Population Affected (Total Community Households = 37,833)	Outcome Indicators ⁹²	Financial Proxy	Notes
Enhanced educational performance for children of community housing tenants	<ul style="list-style-type: none"> Children in community housing Approximately 23,700 children under 15 years of age¹⁰⁰, 60% (approximately 14,200 children) of whom experience improvement in their school performance (see next box) 	<ul style="list-style-type: none"> Increased earning potential as a result of greater educational attainment <p>Linked to:</p> <ul style="list-style-type: none"> More than 60% of public housing parents in the study reported that their children were performing better in school after moving into public housing, and 45% were more motivated¹⁰¹ <p>Supporting indicators not pursued as part of the present analysis</p> <ul style="list-style-type: none"> Satisfaction with Quality of home (Condition / Privacy/ Security) – (78%)¹⁰² Greater Year 12 attainment rates (could not be collected) 	<ul style="list-style-type: none"> Financial Proxy: Annual <i>additional</i> earning potential for Year 12 graduates as compared to those earning Year 10 certificate or below Value: \$3,016/year per child Source: In 2005, employees with a Year 12 education level in Australia working fulltime earned on average \$50 more per week than those with a Year 10 certificate or below (adjusted for inflation to \$58 in 2010 dollars)¹⁰³ 	<ul style="list-style-type: none"> Community housing surveys and primary stakeholder research show improved academic motivation and performance for children in community housing No specific data is available on Year 12 attainment rates for community housing tenants, but the correlation between improved academic performance and attainment rates is supported by a broad research base

¹⁰⁰ See Section 4.3 for population modelling

¹⁰¹ Phibbs, 2005

¹⁰² Roy Morgan Research, 2008, p.70

¹⁰³ Australian Bureau of Statistics (ABS) (2005). Catalogue no. 6278.0 "Education and Training Experience, Australia, 2005," Table 12. Employees Excluding Owner Managers of Incorporated Enterprises Aged 15 years and over not at school: Mean usual weekly earnings in current main job, Weighted estimates - Australia – 2005. Inflation Adjustment: Reserve Bank of Australia, average inflation rate 3.0%

Outcome Valuation Map				
Primary Outcome	Population Affected (Total Community Households = 37,833)	Outcome Indicators ⁹²	Financial Proxy	Notes
Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects	<ul style="list-style-type: none"> Community housing residents who are currently unemployed but actively looking for work (9% of community housing adult population)¹⁰⁴ Approximately 4,700 tenants 	<ul style="list-style-type: none"> Increased employment rates and earning potential (50%)¹⁰⁵ Percentage of community housing tenants actively looking for work who find employment (as a result of access to educational or training opportunities) (59%)¹⁰⁶ Satisfaction with access to education and training Opportunities (89%)¹⁰⁷ 	<ul style="list-style-type: none"> Financial Proxy: Improved earning potential as measured by part-time employment rates at minimum wage Value: \$17,784/year per worker (adjusted for inflation to 2010) Source: Average weekly earnings of a part-time worker with a Year 12 or equivalent degree is \$342 (adjusted for inflation) - income data from ABS 2005¹⁰⁸ adjusted for inflation to 2010 values)¹⁰⁹ 	<ul style="list-style-type: none"> Results of community housing surveys indicate a correlation between the role of community housing and greater educational and job-training opportunities, which can improve employment prospects Income for part-time workers was used as a proxy because the majority of community housing tenants who are employed are in part-time positions In reality, the benefit would apply to a wider range of tenants (would include those in employment able to access better employment, but the figure would be lower per individual. Data was not available to distinguish between various categories.

¹⁰⁴ Roy Morgan Research, 2008, p. 136

¹⁰⁵ Community Housing tenants, Results from the 2007 National Housing Survey, AIHW, p.10

¹⁰⁶ *ibid*

¹⁰⁷ Roy Morgan Research, 2008, p.106

¹⁰⁸ ABS Catalogue no. 6278.0 Education and Training Experience, Australia, 2005, Table 12. Employees Excluding Owner Managers of Incorporated Enterprises Aged 15 years and over not at school: Mean usual weekly earnings in current main job, Weighted estimates - Australia – 2005. In 2005, the average weekly salary of a part-time worker with a Year 12 degree was \$296 (\$342 when adjusted for inflation to 2010)

¹⁰⁹ Inflation Adjustment: Reserve Bank of Australia, average inflation rate 3.0%

Outcome Valuation Map				
Primary Outcome	Population Affected (Total Community Households = 37,833)	Outcome Indicators ⁹²	Financial Proxy	Notes
Improved overall health for general tenant population	<ul style="list-style-type: none"> 73% of households in community housing (excludes the 27% of the population receiving disability support payments) Approximately 55,400 people (including children) 	<ul style="list-style-type: none"> Spend on health services, medications, and treatments <p><i>Supported by:</i></p> <ul style="list-style-type: none"> Self-reported health outcomes¹¹⁰ <p><i>Supporting indicators not pursued as part of the present analysis</i></p> <ul style="list-style-type: none"> Incidents of disease, accidents, and absenteeism due to health-related issues 	<ul style="list-style-type: none"> Financial Proxy: Average annual spend on health services Value: \$1,872/ year per household Source: Average spend on health and medical costs for an Australian family in 2nd quintile of income: spend \$30/week on health and medical costs¹¹¹, adjusted to \$36/week for inflation to 2010 levels¹¹² 	<ul style="list-style-type: none"> Average household spend on health and medical costs is used as a proxy to estimate the value Australian's place on improved health It is recognised that the implicit value of 'health' typically goes beyond the dollar amount spend on health-related goods and services; hence this is a conservative estimate of social value
Reduced demand for health services for 'heavy-users' and disabled populations	<ul style="list-style-type: none"> 27% of CH residents receiving disability support payments¹¹³ Approximately 20,500 people (including children) 	<ul style="list-style-type: none"> Reduced expenditure on health services <p><i>Supported by:</i></p> <ul style="list-style-type: none"> Improved overall health outcomes (self-reported)¹¹⁴ <p><i>Supporting indicators not pursued as part of the present analysis</i></p> <ul style="list-style-type: none"> Decreased emergency health treatments and interventions 	<ul style="list-style-type: none"> Financial Proxy: Reduced spend on health services for 'heavy users' after moving into public housing Value: \$640/year per resident Source: Average monthly Medicare costs reduce from \$152.36 to \$106.23¹¹⁵ for heavy users as a result of public housing. When adjusted for inflation, this is an annual savings of \$640¹¹⁶ 	

¹¹⁰ 74% of residents attributed Community Housing as having improved their quality of life, (Roy Morgan Research, 2008), p.91

¹¹¹ ABS 2003-2004 Average Household Expenditure data

¹¹² Figures were adjusted to 2010 values using average inflation rate of 2.9% from RBA: <http://www.rba.gov.au/calculator>

¹¹³ Roy Morgan Research, 2008

¹¹⁴ 74% of residents attributed Community Housing as having improved their quality of life, (Roy Morgan Research, 2008)

¹¹⁵ Phibbs, 2005

¹¹⁶ Inflation calculated by Reserve Bank of Australia rates: Average rate for 2005-2010 = 3.0%

Outcome Valuation Map				
Primary Outcome	Population Affected (Total Community Households = 37,833)	Outcome Indicators ⁹²	Financial Proxy	Notes
Greater sense of empowerment due to tenants having more control over their residential and personal lives	<ul style="list-style-type: none"> • CH tenants that actively participate in residential maintenance and administrative activities • 46% of households or approximately 17,400 households 	<p><i>Supporting indicators not pursued as part of the present analysis</i></p> <ul style="list-style-type: none"> • Number of residents that were involved in housing organisations in some way • Participation rates in community housing sponsored activities and events • Level of satisfaction with involvement (self-reported through surveys) 	<ul style="list-style-type: none"> • <i>Not quantified but considered: valuation of the hours spent participating in organisational activities at a minimum wage hourly rate.</i> 	<ul style="list-style-type: none"> • There is a lack of quantitative studies done regarding the outcomes of tenant management in community housing. However, a review of annual reports and anecdotes of community management show that empowerment through participation is one of the major contributors to granting community housing tenants the opportunity to build their confidence and steer their personal development • National Social Housing Survey – Community Housing, Roy Morgan Research, 2008
Communities become more self-reliant and independent as a result of strong support networks fostered by community housing	<ul style="list-style-type: none"> • All community housing tenants 	<p><i>Supporting indicators not pursued as part of the present analysis</i></p> <ul style="list-style-type: none"> • Numbers of tenants who participate in social clubs and similar community housing programs (20%)¹¹⁷ • Level of tenant satisfaction with the safety and security of the neighbourhood (self-reported) (82%)¹¹⁸ • Amount of information and support services provided to disadvantaged tenants by fellow residents and the community housing staff (80%)¹¹⁹ 	<ul style="list-style-type: none"> • <i>Not quantified but considered: valuation of community support roles (social workers) avoided thanks to community cohesion and solidarity</i> 	<ul style="list-style-type: none"> • Though lacking quantitative studies, there is ample anecdotal evidence to demonstrate the contribution of community and relationship building in fostering self-sufficiency within community housing developments • National Social Housing Survey – Community Housing, Roy Morgan Research, 2008

¹¹⁷ Roy Morgan Research, 2008, p.70

¹¹⁸ *ibid*, p.91

¹¹⁹ *ibid*, 2008, p.25

Section 8: Establishing impact

This section reports on the last step of the SROI process as it has been applied in this study. The objective here is to correct the full financial value of the proxies to take into account the fact that community housing may not be responsible for the full impact of the change observed. It recognises the action and influence of other agents or factors and leads to the final calculation shown in the second part of this section.

Section 8.1: Attributing Impact

One of the core differentiators of the SROI methodology is that it seeks to isolate the role that a specific program (in this case, community housing) plays in creating an outcome, and to take into account the duration of the outcome created. In this way, the SROI methodology acknowledges the complexity of social outcomes and aims to produce a conservative estimate of the impact of a specific program or initiative. To do this, SROI makes assumptions for the following three factors:

- **Deadweight:** typically expressed as a percentage, deadweight is a measure of the amount of outcome that would have happened even if the activity had not taken place. For example, community housing may encourage more tenants to seek employment, but some tenants would have likely entered the workforce regardless of community housing.
- **Attribution:** the attribution value estimates the amount of the outcome that can be uniquely attributed to the designated program or activity (in this case, the role of community housing). For example, community housing contributes to better educational performance for children through providing stable accommodation, but other unrelated factors (such as the quality of the teacher) also play a role in educational performance.
- **Drop-Off:** this takes into account and makes provision for outcomes that last over several years, and again is expressed as a fixed percentage. Drop off acknowledges that the social benefits produced by community housing may last for many years, but the direct contribution of community housing will likely diminish over time. Hence, if community housing plays a role in enhancing a child's performance in school and leading to greater earning potential over the next twenty years, community housing can only realistically be given credit for the initial period of earning potential. Calculating drop-off, like deadweight and attribution, often requires a judgement call based on existing data sets and the average duration of benefits.

Impact Allocation Map						
Outcome	Deadweight	Notes	Attribution	Notes	Drop-Off	Notes
Greater financial flexibility for low-income households as a result of alleviation from 'housing stress'	12%	<p>12%: During the period 1 July 2008 to 30 June 2009, 20,753 households were newly allocated to public rental housing. A total of 177,652 households were on waiting lists for public rental housing at 30 June 2009.¹²⁰ This is a 12% acceptance rate from the waiting list.</p> <p>We assume that, had tenants not been successful on the community housing waiting list, 12% of them might have been able to have access to affordable housing through public housing and still realise the benefit.</p>	100%	<p>The way the calculation has been set up, the increased income from lower rent is fully attributable to community housing rents being lower than those observed in the private rental market.</p> <p>Recent research by the AHURI RMIT Research Centre indicates CRA payments have lagged behind rent increases in all capital cities and now cover a smaller proportion of rent than in 1995.¹²¹ More than 30% of CRA recipients remain in housing stress.¹²²</p>	0%	Community Housing's Appropriate and Affordable rent conditions are the primary reason for alleviation from housing stress for its residents and the literature does not suggest any drastic restructuring to rental policies in the future. Tenants' ability to improve personal employment qualifications as a result of administrative activities are also a direct result of the nature of community housing. Benefits continue accruing as time goes on
Enhanced educational performance for children of community housing tenants	4%	<p>4%: Nationwide in Australia, the percentage of 20-24 year old with Year 12 attainment has gradually increased, rising from 71% in 2001 to 78% in 2010 – this is an average annual increase of about 0.8%.¹²³ Assume that for CH population this percentage is roughly the same – i.e. Year 12</p>	50%	This is a rough estimate based on community housing surveys and stakeholder interviews. Many factors affect educational performance such as quality of the school, teachers, parental education levels, etc. However, because home life is correlated with	20%	Educational benefits related to housing will be most profound in the first couple of years after transitioning to community housing. However, Year 12 attainment rates have been shown to have career-long benefits with regards to income, so there are longer-term benefits as well. On balance, a drop-off of 20% per year

¹²⁰ Australian Institute of Health and Welfare 2009. Public rental housing 2008–09. Canberra: AIHW. <www.aihw.gov.au/housing/assistance>.

¹²¹ RMIT Research Centre, 2010

¹²² Australian Institute of Health and Welfare, 2010

¹²³ ABS 4102.0 - Australian Social Trends, Mar 2011

Impact Allocation Map						
Outcome	Deadweight	Notes	Attribution	Notes	Drop-Off	Notes
		attainment would increase 4% over a five year period regardless of the impact of community housing Of people aged 20–24 living in the most disadvantaged regions, 72% had attained at least year 12 or Certificate II in 2006, compared to 92% in the least disadvantaged regions. ¹²⁴		secondary benefits in many other areas, the attribution is still quite significant.		has been deemed reasonable.
Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects	19% (5% + 14%) Assuming the same trend observed in the past 10 years continues	5%: Between 1993 and 2003, national rate of Australians age 25-64 with a vocational or higher education degree increased from 44.6% to 55.3%, approx 1% per year. Assume that for five year's worth of benefits, this would be a 5% deadweight ¹²⁵ 14%: In Australia between 1997-98 and 2007-08, real net national disposable income per person grew by 2.8% a year on average ¹²⁶ Assume similar growth over the next five years.	80%	This conservative estimate accounts for the significant variation of access to employment opportunities through referrals provided by CH organizations within the scope of the sector-wide analysis.	20%	Same observation as above

¹²⁴ <http://www.socialinclusion.gov.au/Resources/Documents/Breakingcyclesofdisadvantage.pdf>

¹²⁵ Survey of Education and Work, Australia, 2003; cat no 6227.0, referenced in Trewin, Dennis (2004) *Measures of Australia's Progress*. ABS catalogue 1370.0. Commonwealth of Australia 2004.

¹²⁶ ABS 2009, 1383.0.55.001 - Measures of Australia's Progress: Summary Indicators, 2009

Impact Allocation Map						
Outcome	Deadweight	Notes	Attribution	Notes	Drop-Off	Notes
Improved overall health for general CH tenant population	3%	<p>Average life expectancy in Australia improved 4.1% for men and 2.5% for women between percent between 1991 and 2001, average increase of 3% over the 10 year period¹²⁷</p> <p><u>A stretching assumption had to be made that improvement in life expectancy is correlated to life-long health improvement. This is not demonstrated.</u> There is however no statistics on general health trends in populations outside of community housing but eligible to community housing</p>	20%	<p>According to research done in the UK, housing is one of five primary drivers affecting health inequality. As a conservative estimate of attribution, we attribute 20% of the change in health to housing conditions: <i>'The Marmot Review of health inequalities equates housing conditions as one of the key social determinants of health inequality, alongside child development, education, employment, and standard of living'</i>¹²⁸</p>	0%	<p>Stakeholder feedback indicates that CH can have a dramatic impact on the health of tenants when they first move in (i.e. through addressing previously undiagnosed conditions, or alleviating housing-related anxiety). This effect is reinforced by the longer term indirect health benefits of housing security and consistent access to services. These benefits will actually increase over time as tenants remain in a stable, high quality dwelling and receive the support services they need.</p> <p>On balance, no drop-off has been assumed.</p>

¹²⁷ ABS Measures of Australia's Progress. Catalogue 1370, 2004.

¹²⁸ *Fair Society, Healthy Lives: the Marmot Review (Strategic Review of Health Inequalities in England post 2010)*, The Marmot Review, 2010

Impact Allocation Map						
Outcome	Deadweight	Notes	Attribution	Notes	Drop-Off	Notes
Reduced demand for healthcare services (for those CH tenants with disabilities or chronic health issues)	0%	<p>Major trends in Australia show an overall <i>increase</i> in disabilities or mental health incidents (rate of diagnosis and use of medical services). E.g. the number of visits to GPs for mental health reasons increased by an average of 3% /year between 2003 and 2007.¹²⁹</p> <p>Incidence of disabilities may be increasing: <i>'It appears the length of time both men and women are living without a disability is not increasing, even though life expectancies for both are increasing'</i>¹³⁰</p> <p>Total spend on mental health services also increased over the same period (ABS 2009)</p>	20%	<p>According to research done in the UK, housing is one of five primary drivers affecting health inequality. As a conservative estimate of attribution, we attribute 20% of the change in health to housing conditions: <i>'The Marmot Review of health inequalities equates housing conditions as one of the key social determinants of health inequality, alongside child development, education, employment, and standard of living'</i>¹³¹</p>	0%	<p>Stakeholder feedback indicates that CH can have a dramatic impact on the health of tenants when they first move in (i.e. through addressing previously undiagnosed conditions, or alleviating housing-related anxiety). However, this effect is counter-balanced by the longer term indirect health benefits of housing security and consistent access to services. These benefits will actually increase over time as tenants remain in a stable, high quality dwelling and receive the support services they need.</p>

¹²⁹ ABS. 102.0 - Australian Social Trends, March 2009. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features30March%202009>

¹³⁰ Australian Bureau of Statistics 2003, 'Health — National Summary Tables', in Australian Social Trends 2003, cat. no. 4102.0, ABS, Canberra.

¹³¹ *Fair Society, Healthy Lives: the Marmot Review (Strategic Review of Health Inequalities in England post 2010)*, The Marmot Review, 2010

Section 8.2: Valuing Impacts

Calculations

It should be stressed once again that there is no unique ‘correct’ valuation and that several points of reference and calculations are usually possible. The objective is to understand the creation of value rather than determine ‘the’ value.

Outcomes can have longevity even if the organisations supporting them are no longer involved. For this reason, we project values into the future. In doing so, there are two things that need to be taken into consideration.

- **Benefit Period**

Considering that this SROI analysis spreads the impact of Community Housing over a wide range of stakeholders and provider models, we used our modelled population of community housing tenants to scale the outcomes of the four impact areas over a benefit period of 5 years. This benefit period has been chosen conservatively, as per the standard recommendations of the SROI methodology, though it is acknowledged that some of the impacts could last much longer. The longer the period, the more likely other interventions will contribute to the impacts, such as external training courses that lead to new employment.

- **Discount rate**

As impact is valued for each of the 5 years into the future, it is necessary to calculate the ‘present value’ of these future cash flows. The most common (and recommended) method is the discounting of future values, to take into account the ‘time value of money’¹³². As a discount rate, we used the Reserve Bank of Australia’s ‘Cash Rate’ of 4.75%. We did not vary this discount rate in a sensitivity analysis, considering the significant uncertainty surrounding other parameters in this study.

After establishing impact in terms of deadweight, attribution and drop-off as per the SROI methodology we calculated the total monetary impact of the benefits of Community housing across Economic, Educational and Health outcomes. After our calculations, the estimated value of the social benefits derived from the provision of Community Housing Services in Australia over a 5-year period came to approximately AUD 664,829,000.¹³³

The first table below is a summary of the data presented in section 7, while the next table presents the summary calculation over the predicted cash flows over the 5 years period.

¹³² This financial concept refers to the fact that a 1\$ today is considered more valuable than the same 1\$ in a year’s time.

¹³³ A discount rate of 4.75% was applied to calculate the present value of this figure

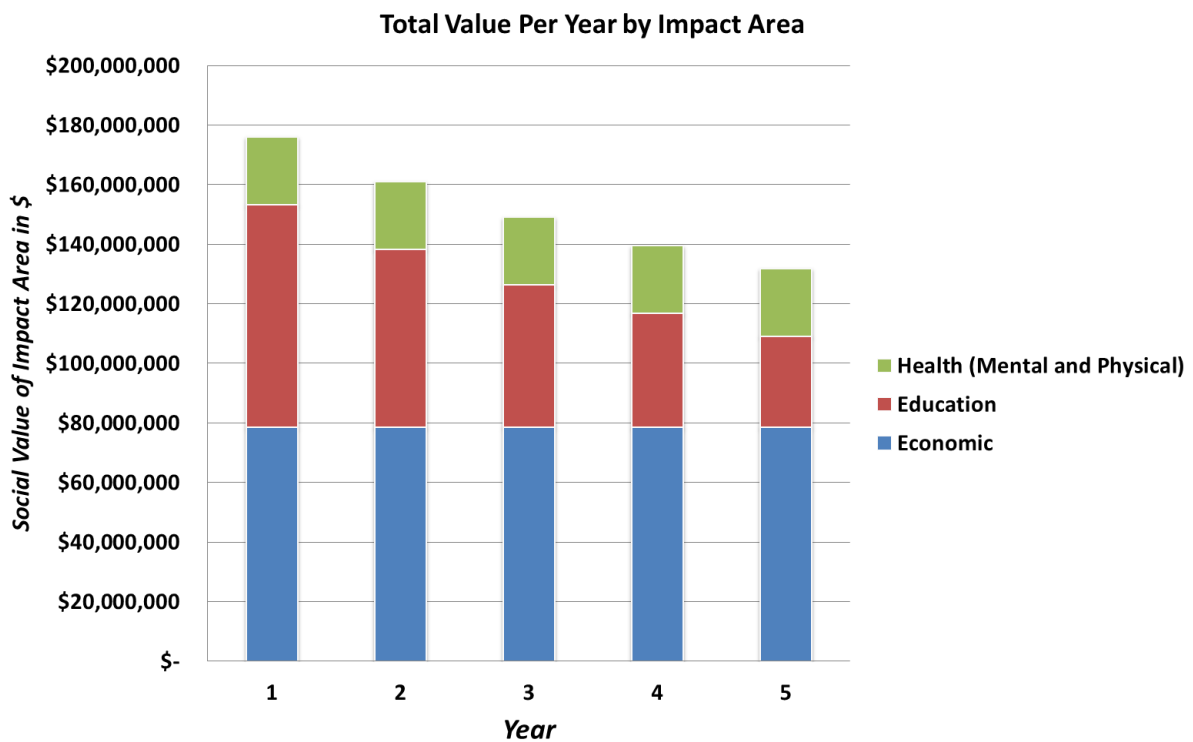
<i>Impact Category</i>	<i>Outcome</i>	<i>Population Affected</i>	<i>Number Affected</i>	<i>Duration of Impact (years)</i>
Economic	Greater financial flexibility for low-income households as a result of alleviation from “housing stress”	92.5% of Community Households that fall into the low-income category	34,996	5
Educational	Enhanced educational performance for children of community housing tenants	60% of Children in community housing Under 15 years of age	14,219	5
	Community housing tenants are more likely to pursue educational or training opportunities that will improve their employment prospects	Community housing residents who are currently unemployed but actively looking for work (9% of community housing tenants)	4,700	5
Health	Improved overall health	73% of households in community housing (excludes the 27% of the population receiving disability support payments)	55,424	5
	Reduced demand for health services for ‘heavy-users’ and disabled populations	27% of CH residents receiving disability support payments	20,499	5
Community Inclusion	Greater tenant empowerment allows CH residents to have more control of their residential and personal lives	Community housing tenants who participate in maintenance and admin activities	-	-
	Emergence of support networks foster self-reliant and independent communities	All community housing tenants	-	-

<i>Financial Proxy</i>	<i>\$ Impact</i>	<i>Deadweight</i>	<i>Attribution</i>	<i>Drop-Off</i>	<i>Year 1 \$ Impact</i>	<i>Year 2 \$ Impact</i>	<i>Year 3 \$ Impact</i>	<i>Year 4 \$ Impact</i>	<i>Year 5 \$ Impact</i>
Increased Disposable Income for tenants as compared with Private Rental	\$ 2,548	12%	100%	0%	\$ 78,468,366	\$ 78,468,366	\$ 78,468,366	\$ 78,468,366	\$ 78,468,366
Annual additional earning potential for Year 12 graduates as compared to those earning Year 10 certificate or below	\$ 3,016	4%	50%	20%	\$ 20,584,786	\$ 16,467,829	\$ 13,174,263	\$ 10,539,410	\$ 8,431,528
Improved earning potential as measured by part-time employment rates at minimum wage	\$ 17,784	19%	80%	20%	\$ 54,166,509	\$ 43,333,207	\$ 34,666,566	\$ 27,733,253	\$ 22,186,602
Average annual spend on health services	\$ 1,872	3%	20%	0%	\$ 20,128,217	\$ 20,128,217	\$ 20,128,217	\$ 20,128,217	\$ 20,128,217
Reduced spend on health services for 'heavy users' after moving into public housing	\$ 640	0%	20%	0%	\$ 2,623,908	\$ 2,623,908	\$ 2,623,908	\$ 2,623,908	\$ 2,623,908
Not Quantified	\$ -				\$ -	\$ -	\$ -	\$ -	\$ -
Not Quantified	\$ -				\$ -	\$ -	\$ -	\$ -	\$ -
Total Value per Year					\$ 175,971,786	\$ 161,021,527	\$ 149,061,320	\$ 139,493,154	\$ 131,838,621
Present Value of Cashflows at 4.75% Discount Rate					\$ 167,992,158	\$ 146,749,246	\$ 129,688,918	\$ 115,860,865	\$ 104,537,593
Total Present Value of Community Housing Benefits					\$ 664,828,780				

Analysis

The figure below show the value created by the different impact areas (economic, educational and health), expressed in monetary value. Figure 3 illustrates the fact that benefits from economic impacts remain constant over time due to the appropriate and affordable nature of community housing rent policies as do health benefits due to the improved living environment that community housing developments foster. The contribution of educational benefits declines over time due to the fact that individual tenants are able to better equip themselves for the workforce through training and educational pathways. Over time, the ongoing education and employment outcomes can be attributed more to the efforts and choices made by individual tenants than to the impacts of community housing.

Figure 3: value of outcomes over time per broad category



Section 9: Conclusions

Conclusion

Providing community housing access to those experiencing housing stress (or even homelessness) is first and foremost a way for society to provide adequate shelter to some of its most vulnerable members. However, studies exploring ‘non-shelter outcomes’ of community housing show that benefits to tenants and society in general go beyond the provision of a roof to those in need. Community housing provides an enabling environment where tenants are able to build up confidence and motivation, regain control of their financial position and aspire for and achieve more than just subsistence goals. At the policy level, community housing is an effective vehicle for delivering some of the key priorities defined by the Australian Government’s Social Inclusion Agenda¹³⁴.

The creation of social value

Access to appropriate housing has consequences beyond the life of the tenants themselves. The investment into community housing should be placed in the context of this ‘return,’ which is not monetary, but can be still valued using monetary techniques for comparison purposes. This is what this sector SROI has demonstrated through the identification and valuation of some of the key outcomes identified.

It is important to stress once again that the value created, while given a dollar value, should be considered as a **social value** rather than a monetary value. It must be placed in the context of research and efforts made at the moment to value social and environmental capital to assess society’s well-being instead of relying solely on financial and economic indicators, such as GDP¹³⁵.

In this context, the calculation done based on the assumptions and limitations presented in this report lead to a valuation of around \$700million (discounted, over a five years period) at a given point in time (i.e. 2010/11) for the whole of the community sector. This value is only calculated based on some of the key outcomes identified in relation to education, health and disposable income for the tenants of community housing. It should not be considered as exhaustive and is likely to be underestimated - as a conservative approach has been adopted - but it nevertheless demonstrates the mechanisms through which social value is created.

¹³⁴ <http://www.socialinclusion.gov.au/SIagenda/Priorities/Pages/default.aspx>

¹³⁵ See the work of Joseph Stiglitz for example, commissioned by the French government or the work undertaken by OECD in relation to well-being. See also the work commissioned by the WBCSD in relation to the value of ecosystems for corporate sustainability. <http://www.wbcd.org/templates/TemplateWBCSD5/layout.asp?type=p&MenuId=MTc3Ng&doOpen=1&ClickMenu=LeftMenu>

Policy implications

It was not the purpose of this report to compare the nuances of community housing and public housing that provide some overlapping benefits and outcomes. Indeed, research into public housing has been used to quantify some of the outcomes attributed to Community Housing. SROI can be used as a supporting tool to gain a better understanding of the specific cases where community housing is best suited to cater for certain needs. Forming a clear understanding of how value is created for both public housing and community housing stakeholders can thus assist in informing policy decisions.

Scope for further research

Quantifying the investment

The investment side of the SROI could not be fully explored as part of the present study, considering the breadth and the complexity of the sector. Although further analysis is warranted, at a high level, the investment valuation exercise should consider the following components:

- capital investment into the stock of housing,
- maintenance and management cost,
- supporting services.

While community housing can be considered as subsidised housing, tenants still pay rent (albeit affordable rent), which must also be considered as part of the SROI calculations (income from rents would need to be netted off against the costs considered above).

Gathering information on such costs for the overall sector would be onerous; however, it should be relatively easy when undertaking a SROI for individual community housing organisations.

Dynamic view of the benefits brought by the community housing sector

While it has been assumed, as per the SROI methodology, that some of the value created for any given tenant erodes over time, this static view does not capture the dynamic nature of the sector. As tenants leave community housing, they may still benefit from having received assistance over a certain period of time and the fact that assistance may no longer be required is actually a very positive outcome that is not fully captured in this assessment. As those tenants leave, space is created for new tenants, who are likely to experience the same kind of benefits and outcomes, thus starting the cycle again and generating additional social value. Hence some of the long term (capital) investment into community housing contributes to social value creation over a much longer term than the five years included in our calculations.

This reinforces the conclusion that this SROI should be primarily seen as a tool to enhance our understanding of the nature of the social value generated by community housing.

Outcomes for specific groups of tenants

Our research and comments from the workshops stressed that the impact of various outcomes may differ significantly for various groups of tenants (with flow-on impacts on other stakeholders). While categories of tenants have been identified by stakeholders (see below), information and data on different impact intensity could not be collected as part of this study. Overall for the whole sector, the ‘averaging’ of impact may be adequate, but when undertaking organisation-specific SROI studies, this would have to be revisited and addressed appropriately.

Some organisations in particular may cater for the needs of specific groups of tenants and while general outcomes remain relevant for all, revisiting the relative importance of specific outcomes for these groups would enhance the results. This is all the more the case when tenants have access to customised services; be it disability service provision, integration programs targeted at specific ethnic social groups, co-operative management models, employment training schemes or flexible rental payment options.

Specifically, the following groups of tenants have been identified that should be considered in the context described above:

- people experiencing or at risk of homelessness people with mental or physical disabilities
low-income working households
- Indigenous Australians
- refugees / recent non-English speaking immigrants

Quantifying specialised services offered by Community Housing

The eclectic mix of community housing models can cater for and efficiently accommodate the complex needs of each of the above mentioned stakeholder groups. Given governments’ interest in transferring social housing stock of other forms into the hands of community housing providers in the future, quantitative research efforts dedicated to different models of community housing service provision can demonstrate their positive impacts to federal decision-makers and justify their move to transfer assets into the hands of this sector. Additionally, quantitative studies of the value of auxiliary services provided by community housing providers and their role in building communities based on mutual self-help, participation and independence as opposed to dependence on government hand-outs will help advocates of the sector make a strong business case to invest in its growth and development.

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Appendix A: Community Housing Workshop impact map

Community Housing Workshop Impact Map

Category of tenant	Outcomes (positive / negative) to tenant	Indicator & unit
Permanency / affordability of residence		
Low income, lower needs	Affordable rent	CH lease
Working poor	Tenure/Permanency	Compare length of tenancies
Low income, high needs	Secure tenure	Number of moves pre and post-tenure
Low income, high needs	Maintain tenancy	Reduction in arrears Reduction in evictions Reduction in neighborhood disruption
Other - indigenous	Fixed, stable housing	People don't move!
Previously homeless people	Not cycling through the homeless emergency housing system	
Employment / employability (capacity building)		
Previously unemployed	Employment / income	Change in employment status
Other - indigenous	Participation- economic (employment)	Employment participation
Working poor	Job security	Lower unemployment/length of employment
Working poor	Seek out other employment opportunities	
Low income, higher needs	Increase in employment opportunities	
Education / training opportunities (capacity building)		
Low income, lower needs	Adult education, training and development opportunities -	Level of education / qualification
Other - indigenous	Higher educational attainment	Household income Literacy / numeracy levels School retention
Low income, high needs	Increased attainment of education	
Low income, lower needs	Education - children have access to stable schooling	Stable school attendance
Working poor	Settle into school/education	Higher attendance Better results
Personal well-being / self respect		
Low income, lower needs	Sense of identity	Well-being
Other-indigenous	More culturally appropriate housing	
Working poor	Confidence	
Working poor	Less anxiety	

Category of tenant	Outcomes (positive / negative) to tenant	Indicator & unit
Low income, high needs	Self esteem/ community connection	Self-reported
Low income, higher needs	Increase in choice and control	
Low income, lower needs	Ability to entertain	
Working poor	Having your own space	
Low income, lower needs	Ageing in place	
Safety / inclusion		
Other-indigenous	Safety	
Other - indigenous	Reduced discrimination	increased wellbeing and stability
Low income, lower needs	Feeling part of a community (belonging – inclusion)	Well-being
Working poor	Social and other networks	Change in contact with community groups and contact in extended family
Other - indigenous	Participation- social	Event attendance
Working poor	Friendships	Well-being
Low income, higher needs	Increase in local linkage	Number of mates
Health (including mental health)		
Low income, lower needs	Improved health outcomes (physical and mental)	Well-being
Other - indigenous	Improved health	Self-reported Decreasing use of medications
Working poor	Better health outcomes (e.g. dental)	Lower incidence of medical need Life expectancy Less absenteeism Less medical expenditure
Low income, lower needs	More control and access to food / nutrition	
Other - indigenous	Reduced mortality	
Low income, higher needs	Reduced mortality	
Working poor	Food security (nutrition)	
Low income, higher needs	Better health	
Low income, higher needs	Increase in mental health	Decrease in hospitalisation
Family relations		
Low income, lower needs	Reconnection to family and social networks	
Other – indigenous	Increased family connectedness	Decrease in child protection notifiers
Low income, higher needs	Family relationships, more interdependence	Decrease in AVOs (Apprehended Violence Orders)

Category of tenant	Outcomes (positive / negative) to tenant	Indicator & unit
Low income, lower needs	Reduction in stress, family fragmentation	
Low income, lower needs	Better child protection	
Access to support services		
Low income, lower needs	Increased access to services incl. transport	Increase in services provided to home Increase in services accessible outside home
Other - indigenous	Decrease in 'churn' through services	Level of contact with service providers
Low income, higher needs	Increased support due to secure permanent address	
Low income, lower needs	More time to achieve goals beyond subsistence	
Money matters		
Low income, lower needs	More disposable income	
Working poor	More disposable income	
Delinquency		
Low income, lower needs	Reduced delinquency / recidivism	Decrease in jail time
Other - indigenous	Reduced delinquency / recidivism	Court cases
Low income, higher needs	Decrease in delinquency Decrease in number of young people in the Juvenile Justice system	Youth support statistics Juvenile Justice stats
Others		
Low income, higher needs	Transition to low income low need	Increased income support + CRA

Appendix B: List of workshop participants

Name	Organisation / Comment	
Ali White	Southern Cross Care	
Alison McDonald	Domestic Violence Vic	
Anne Gartner	Residential Development Co-ordinator, City of Moreland	
Brett Wake	CHL	
Bryan Lipmann	Wintringham	
Catherine Upcher	Rural Housing Network Limited	
Chris Glennen	Active Property Services Management	Apology
Darren Ray	Victorian Director Policy & Public Affairs, Local Governance Association	Apology
Debra Allan	Compass Housing	
Derek Yule	Churches Community Housing in NSW	
Fiona McCormack	Domestic Violence Vic	
Jacqui Watt	Community Housing Federation of Victoria	
Jeanette Large	Victorian Women's Housing Association	
Judi Stanton	Ardoch Youth Foundation	
Louise Daniel accepted	Women's housing	
Matthew Woodward	Unity Housing Company Ltd	
Michelle Burrell	Council to Homeless People	
Nazha Saad	St George Community Housing Limited	
Paul Houston and Vicki Psaropoulos	Loddon Mallee housing services	
Rob Leslie	Yarra Community Housing	
Sharon Paten and Joanne Atkinson	Aboriginal Housing Coop	Apology
Tanya Armstrong	Port Phillip Housing Association	
Toby Archer	Tenants Union of Victoria	
Tony Clarke	North East Housing Service	
Garry Spivack	City of Port Phillip	Apology
Kath Hulse	Swinburne University	Apology
Scott Langford	Junction Housing	Apology
Prof. Terry Burke	Swinburne Institute for Social Research	Apology

Appendix C: Notes on valuation of indicators

The following comments have not been included into the table in section 8 to avoid over-burdening it.

Economic indicators

Most low-income community housing residents receive Centrelink payments and support themselves on very little disposable income. As discussed in the section on housing affordability in Australia, it is evident that low-income renters face very limited housing options. In the private market, low-income tenants that are spending a very high percentage of income on housing often find themselves struggling to make ends meet on a daily basis. Low-income renters in the private market are also more vulnerable to unplanned moves, and since there are typically costs associated with each move, this cycle can intensify financial stress. Community housing rent calculations ensure that a maximum portion of the households' income goes into the payment of the rent, thus breaking this cycle.

The most direct indicator for the economic benefit from access to more affordable rental accommodation is expressed as the differential between the rent paid in community housing and the rent paid in the private housing market.

As public data on housing and income for Australia as a whole is only available as of the last census take in 2007-2008, we are comparing average rents for low-income tenants in the private sector with those in community housing to determine the relative affordability of community housing. In this analysis, we use the percentage of disposable income remaining (after rent is paid) as the primary metric to compare affordability between community housing tenants and low-income renters in the private market. This additional monthly disposable income was annualised to provide a yearly estimate of additional purchasing power for tenants in community housing compared to low-income households in the private market.

Additional indicators to be considered in further analyses

Other indicators have been envisaged, but not pursued, as they were difficult to link to any proxy that would not risk double counting the increased disposable income. This included the rent collection rate.

Rent collection rate: a good indicator that household resources are not stretched is the fact that rents are paid on time and there is a high recovery rate. The high percentage of on-time rent payment collection amongst community housing organisations (96%)¹³⁶ is used as an additional indicator to reflect the financial stability of tenants. The fact that rent payments are almost never late or missing demonstrates that tenants can afford their monthly rent without undue hardship.

¹³⁶ Australian Institute of Health and Welfare, 2010, p.23

The importance of this indicator was reiterated in the workshops. This would also have consequences on management costs for community housing organisations, as the better the collection rate, the smaller the effort required in managing the situation. This indicator was not quantified, as it would have led to the same conclusion as the ‘increased disposable income.’

Education outcome indicators

- **Education outcome #1:** Enhanced educational performance for children of community housing tenants

The positive correlation between children who perform better in school and graduation rates has been well-documented,¹³⁷ but the lifetime costs and benefits of completing school go far beyond the pure educational value. Research in Australia has shown that the average lifetime costs to Australia for each early-school leaver (i.e. before Year 12) is \$74,000 – nearly half of which is a direct monetary cost, with the remainder including social costs such as increased demand for medical and social services, related crime prevention costs, etc.¹³⁸ On the other hand, for those who do complete schooling, the long-term benefits are significant. Data from the US indicates that salaries for workers with a high-school degree are nearly 40% higher than for those without,¹³⁹ and similar trends have been noted in the UK, where average starting salaries for workers with a Level 2 diploma are over £2,000 greater than those for workers without comparable qualifications.¹⁴⁰

However, the positive impacts of education extend beyond financial gain. For example, the Australian Government uses educational attainment as a key indicator of Social Inclusion, based on the role education can play as a pathway out of disadvantage. According to the Australian National Social Inclusion project, the add-on benefits of education include greater access to employment, participation in community activities, and improved sense of wellbeing, particularly for those from a low socioeconomic background.¹⁴¹

Community inclusion

- **Community inclusion outcome #1:** Greater sense of empowerment (as tenants having more control over their residential areas and personal lives)

Due to the indirect nature of the impacts of community participation on tenant-market interactions, it is hard to put a financial value on participation in community housing activities. There are a number of related secondary impacts that result from strong community participation that are related to skill building, community leadership, employment prospects and secure tenure. One could argue that many of these secondary benefits of Community Inclusion discussed above

¹³⁷ Eckstein, 1999

¹³⁸ King, 1999

¹³⁹ US Department of Labor: Bureau of Labor Statistics (2011), “Employment Projections: Education Pays.” Available at: http://www.bls.gov/emp/ep_chart_001.htm

¹⁴⁰ UK Government: Learning and Skills Council, 2007

¹⁴¹ Australian Social Inclusion Board, 2011

are already attributed to health and education outcomes that were discussed in the previous sections. Additionally, amongst the literature on this topic it is highlighted repeatedly that there is a lack of research done into measuring the impact of community building activities.

- **Community inclusion outcome #2:** Communities become more self-reliant and independent (as a result of strong support networks fostered by community housing)

Similar to community participation, provision of a support network through access to family and friends is difficult to quantify given the nature of existing research on this topic, and the substantial diversity within the community housing sector. However, there are a number of indicators that reinforce the presence of positive impacts related to community inclusion. For example, surveys of community housing residents reflect that the majority (88%) of tenants are satisfied with their proximity to friends and family (88%), 54% are satisfied with the safety and security of the neighbourhood, and 64% are satisfied with information and support services provided to disadvantaged tenants by fellow residents and the community housing staff. The majority (70%) of tenants also indicated that overall, they were satisfied with non-maintenance related services provided by community housing. These results are closely aligned with outcomes from the stakeholder workshop conducted for this analysis, which highlighted the role that community housing plays in strengthening local linkages and helping residents to feel accepted and involved in the neighbourhood.

However, our research also confirmed that community inclusion benefits are highly dependent on the unique services and management style adopted by each community housing association. For example, cooperative housing organisations typically have higher rates of tenant participation, which is correlated with a stronger sense of community inclusion. For similar reasons, community housing organisations that sponsor more tenant activities or support services also show higher levels of neighbourhood cohesion.

For these reasons, it was not possible to quantify the value of community inclusion attributable to community housing within the scope for this sector-wide analysis. For future research, collecting data on the specific type and amount of support services provided by a community housing organisation would make it possible to quantify specific community inclusion outcomes and assign a value to them with a greater sense of accuracy. Some of these indicators might include the frequency of in-home medical care, assistance with daily tasks (such as grocery shopping), the frequency of tenant-focused social and education activities, etc. If these indicators can be measured and the outcomes evidenced, then future research efforts can utilise proxy values such as assisted living costs or ongoing education fees to estimate the social value of these outcomes.

Limitations

Net Balance Management Group Pty Ltd (Net Balance) has prepared this report in accordance with the usual care and thoroughness of the consulting profession. This report has been prepared for use by CHFA, PHA and bankmecu, and only those third parties who have been authorised in writing by Net Balance.

The Report is based on generally accepted practices and standards at the time it was prepared. No other warranty, expressed or implied, is made as to the professional advice included in this report. It is prepared in accordance with the scope of work and for the purpose outlined in the project brief. The methodology adopted and sources of information used by Net Balance are outlined in this report.

Please note that all results have been reported as recorded. Any percentages that do not add up to exactly one hundred percent are the result of rounding errors.

This report was prepared in [insert month and year] and is based on the conditions encountered and information reviewed at the time of preparation. Net Balance disclaims responsibility for any changes that may have occurred after this time.

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Financial Performance

Revenue and costs for year ended 30 June 2013

Table 1 provides the full financial performance, revenue and costs for St George Community Housing Limited, for the financial year ending 30 June 2013.

Table 1

Description	2013	
	\$	Percentage of Total Revenue
Rental revenue charged to tenants	(32,198,120)	69%
National rental affordable Housing income	(922,819)	2%
Release of Capital Grants following the construction of the dwellings	(1,673,459)	4%
Grants received for rental properties for the Community Housing Leasing Program managed by Community and Private Market Housing (HNSW)	(7,840,214)	17%
Other Expenditure Grants for a particular housing program	(199,335)	0%
Other revenue being interest received and Fee for Service income	(3,700,356)	8%
Total Revenue	(46,534,303)	100%
		Percentages of Total Expenses
Grants expended on rental properties and administration for the Community Housing Leasing Program managed by Community and Private Market Housing (HNSW)	7,840,214	21%
Property expenses being repairs and maintenance, property rates, strata fees, water rates and water usage	15,524,688	41%
Employee benefits expense	9,103,532	24%
Depreciation and amortisation of fixed assets	472,651	1%
Finance costs -interest on borrowings for property loans	768,880	2%



Office rents	496,289	1%
Other expenses including tenant engagement, bursary expense, training, IT, recruitment, stationery and postage	3,551,468	9%
Total expenses	37,757,721	100%
		Percentage of Operating Profit
Operating Profit before property Fair Value adjustments	(8,776,582)	19%