



Response to Questions on Notice

Standing Committee on Social Issues
14th August 2009

1. What proportion of social housing in NSW is currently provided by Mission Australia?

A very tiny proportion – we directly manage 16 properties at present. There are over 140,000 social housing properties under the management of Housing NSW and community housing providers.

2. How do you see Mission Australia contributing to the stock of low-cost rental housing? What is needed to achieve these objectives?

We see us providing a significant role as a housing provider into the future. Our purpose is to “deliver social inclusion through affordable housing.”

From Mission Australia’s perspective, we have a forward strategy that is based on:

- Partnerships with State and federal governments
- Partnerships with finance providers and developers
- Partnerships with other community agencies
- Building a strong quality framework
- Leveraging Mission Australia’s skills, knowledge and infrastructure.

Our strategy is heavily reliant on our partners coming to the table. A substantial role in housing is too big to achieve through a philanthropic approach alone.

3. How has the current economic climate affected the community housing market, both on the side of demand and supply?

We believe that demand will increase. The Stimulus funds will increase supply we believe, as will the NRAS. However, it has become more difficult to raise finance for projects partly or wholly funded by debt. This could impact on supply if we have NRAS funding guarantees but no ability to obtain debt finance.

4. Your submission states that there are extensive waiting lists for all community housing providers, some with up to 1,000 names and a wait time of 6-8 years. What are the eligibility requirements for placement on these lists?

Generally applicants must be on the Housing NSW waiting list and therefore meet those eligibility criteria. For affordable housing funded through NRAS, tenants must meet income and assets tests set out in the NRAS regulations.

5. Outline what you would like government, federal, state and local to do to assist the growth of community housing in NSW, including any necessary assistance with the provision of flexible, individually tailored support packages mentioned in your submission.

Mission Australia's view is that support packages are best provided separate to the tenancy management function. Ideally, each tenant with support needs should have a support package in place. That means boosting the funding available to support providers who can support tenants long-term including:

- Homelessness services – largely funded through Supported Accommodation Assistance Program (SAAP)
- Mental health services – including clinical and non-clinical services. HASI has been a highly successful program in NSW and should be expanded.

6. What do you regard as the biggest barriers to:

Growth in the number of low-cost rental accommodation properties

The cost of housing generally and the nature of the private rental market in Australia. The returns on new housing, particularly in Sydney and larger centres, are not sufficiently attractive, even with NRAS, to prompt developers to build for that market. Most low cost rental accommodation is older stock.

The speed of delivery of new low-cost rental properties?

This is determined by the market and is best directed to the building, development and construction industry.

How can these be addressed?

More subsidies and capital grants to increase the amount of affordable housing. It is clear there is market failure and that without more subsidies or clients having higher incomes, there will not be growth in this sector.

7. What effect would the transfer of title of public housing properties to the community housing sector have on the provision of low-cost rental accommodation in NSW?

It has the potential for housing associations to use the properties as security for borrowing that can lead to expansion – for instance NRAS funded properties. However, there needs to be safeguards in place to ensure housing associations do not “over gear” their portfolios and that debt is managed conservatively.

- 8. The United Kingdom is working towards a fixed rental system where all tenants pay the same rent regardless of income and housing associations are paid a subsidy to make up the shortfall. How do you think a similar system would work here? What do you see as the pros and cons of such an arrangement?**

The UK payment of rental subsidies is significantly different to Australia. It is our understanding that the system you describe has been in place for many years. The payment of a subsidy to a housing association – presumably in place of Commonwealth Rental Assistance – has some promise as it would allow the housing association to have a guaranteed income stream. However, it will require a fundamental re-think of the income assistance in Australia and major changes to the way Commonwealth Rent Assistance is delivered.

- 9. What do you regard as necessary elements for the creation and maintenance of cohesive communities? What needs to be done to sponsor these?**

AHURI has produced an excellent research report on Social Mix that can be accessed here <http://www.ahuri.edu.au/publications/p40500/>

- 10. Do you think it is possible to provide sufficient low-cost rental accommodation without creating “pockets of disadvantage”? if so, how?**

Yes. It can be achieved by increasing investment in low-cost rental in higher socio-economic and often higher value areas. We favour salt and pepper approaches to locating housing and to ensure that affordable housing is indistinguishable from other tenures.

- 11. What do you see as the advantages / disadvantages of income mixing within the community housing sector, both financial and social?**

The social advantages are largely set out in the social mix report referenced in Q9 and are benefits both to society and to the housing provider. The financial advantages are to provide a mix of tenure types within particular developments; the opportunity to bring in private borrowings and capacity to increase the total numbers of properties.

- 12. What proportion of housing association accommodation, if any, is currently accessible to key workers, e.g. teachers, health care workers, police officers, fire fighters, hospitality workers?**

We are not sure, it would mostly in affordable housing properties and we understand this to be a fairly small percentage of all properties.

Do you think this is ideal / appropriate?

There is a need for more affordable housing for key workers

Are there any plans to change the current arrangements?

We understand the NRAS to be a response to increasing the supply of affordable housing.

Is this accommodation located geographically in high cost areas where key workers are needed but are unable to afford to live?

Unsure. 2 of Mission Australia's NRAS proposals for Round 2 are located in inner and middle ring areas respectively, very close to transport, businesses and services.

13. From your experience, what do you see as the repercussions of key workers inability to live in or close to the communities which they serve?

They may be living in lower cost housing because it is poorly located, but transport and social dislocation of long travel to work is increasing their costs of occupancy.

14. Do you see a place for shared equity home ownership within the community housing sector? What do you regard as the advantages / disadvantages of such a model?

In principle, although prior Australia experience shows they need to be carefully designed. We have not done any research into how this would happen. Mission Australia would be reluctant to provide the loan component of a shared equity scheme in the current environment and without a subsidy.

15. Explain what you think is required to ensure that investment in affordable rental properties becomes an acceptable form of investment, resulting in a sustainable approach to the provision of low cost rental accommodation.

Mission Australia thin

16. Your submission indicates that the new National Rental Affordability Scheme needs to be tailored to meet the needs of NSW residents. Please elaborate.

Our experience is that subsidy is probably not high enough in Sydney particularly because of the cost of properties. A combination of high market rents; relatively low income cap for the occupants and a subsidy of \$8,000 means that, even in a low interest rate environment, it is hard to make most developments stack up. It is even harder in well located properties.

Institutions are only prepared to loan 60% of the value of the property, which creates a problem if the housing association has no other assets to use as security and no assets of its own to invest as equity.

17. Do the NSW privacy laws influence of impact upon the way Mission Australia delivers their services, particularly when a service-user in one program may also be using another Mission Australia program?

No. Mission Australia utilises best practice in privacy protection and in separating tenancy management from support. We have a protocol in place that ensures the tenants' privacy is protected and that the support or tenant provider service only knows as much as they need to know.

In other services, clients are asked if they have attended another Mission Australia service either now or in the past. If they say yes, we ask for permission to access their records and respect their right to refuse that permission. We argue that if a client has accessed a drug and alcohol service in the past, there is no need for a housing provider to know that unless the tenant wishes to tell us.

18. What housing and homelessness programs does Mission Australia provide to rural NSW?

Orange – 4 beds (youth)
Newcastle – 10 beds
Lake Macquarie – 2 beds
Wagga Wagga – 4 beds (youth)

We also provide a number of mental health support services that are focused on assisting people to retain their housing including Housing and Support Initiative (HASI) in Dubbo and Lismore, Personal Helpers and Mentors in Orange and Newcastle.

19. Your submission (page 8) talks about “Kids Undercover” project. Can you please provide details on how the project operates, including funding?

This is not a program provided by Mission Australia. We supplied information on the grounds that it provides a possible solution.

The focus of Kids Under Care (KUC), an NGO operating in both Queensland and Victoria, is on preventing young people from becoming homeless and where possible keeping families together by raising funds to construct purpose-built houses and demountable bungalows.

KUC provides three programs (Bungalow, Housing and a Scholarship Scheme) focused on providing prevention, assistance and support for young people up to the age of 25. These young people are divided into four categories, SAAP; At Risk; Child Protection; and Disability.

The information below has been gleaned from the evaluation of the programs in Victoria undertaken in 2007. There are multiple funders to the programs in Victoria as outlined below, keeping in mind that the govt funders, and possibly corporates for QLD are likely to differ.

KUC Bungalow program

The KUC bungalow program seeks to prevent homelessness by supplying additional, temporary living accommodation separate from the young person's family's or carer's main house. This independent living space provides relief to families or carers with insufficient housing to support the needs of the young person, while providing a semi-independent living space for the young person to live and study.

As at August 2007 there were 144 bungalows in Victoria at an average establishment cost of between \$33,500 (1 bedroom with bathroom) and \$41,500 (2 bedrooms and 1 bathroom). In addition to the establishment cost, a maintenance cost of \$180 per bungalow is incurred per annum over an average life span of 15 years.

Bungalows are funded by a variety of sources including government departments, philanthropic individuals and organisations, fundraising and the corporate sector. The majority of bungalows are owned by KUC with the exception of those built with funds provided by the Department of Children, Youth and Family Services (the 'Department'). Legal ownership of bungalows built with Department funds gradually passes to KUC over a 15 year period.

Bungalows are regularly assessed to ensure they are still meeting the needs of the young person. If the bungalow is no longer required, the unit is relocated to accommodate another young person.

Bungalows are constructed from a kit and can be erected and fully fitted within 10 days. The advantage of the kit is it can be dismantled and re-located to another site once the bungalow is no longer required in its current location. The average duration of a placement of a bungalow is 3.75 years, based on a 15 year life span.

House program

KUC 'houses' are purpose-built houses or self-contained units designed in partnership with a Community Service Organisation (CSO) who identifies a number of young people with similar needs located in a common geographical area. Houses vary in size from 4 to 6 bedrooms whilst units are either 1 or 2 bedrooms. Both houses and units are built on land donated by the State Government and are designed to blend in with the existing community. There were 13 KUC houses with a combined total of 55 bedrooms during the reporting period 1 July 2006 to 30 June 2007 (1 of these houses was not available for occupation due to renovations). These houses accommodated a total of 93 tenants during this reporting period.

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There are five different models within the housing program including:

Independent living – low level of care

Young people living in these houses are required to pay an appropriate amount of rent (agreed with the CSO, usually based on their income). While living in an 'independent living' house, young people have the opportunity to develop their independent living skills whilst maintaining a level of outreach support through regular visits from the CSOs.

Lead tenant – Intermediate level of care

Up to five young people can reside in a 'lead tenant' house at any one time, supported by a volunteer from the community who lives in the house as their 'lead tenant'. The 'lead tenant' has responsibility for ensuring the young people pay rent and assists them to develop independent living skills. The 'lead tenant' is not required to be present at the house at all times.

Respite – Intermediate level of care

A respite house is designed as an alternative for young people seeking respite in crisis accommodation, providing the young person with accommodation when they need time away from their family / carer. A CSO can assess a young person's situation whilst in respite and provide access to ongoing community support if necessary.

Residential care – High level of care

Up to five young people can reside in a residential care house at any one time. Residential care houses are staffed 24 hours a day by paid workers and provide intensive support to young people.

Family group home – high level of care

Family group homes provide residential care for sibling groups in out-of-home care. Family group homes are staffed 24 hours a day by paid workers and provide intensive support to sibling groups.

Nous Group, 2007, Kids Under Cover Program Evaluation, pages, 2, 3, 15 & 16, http://www.kuc.org.au/cpa/htm/htm_news.asp?page_id=102, accessed 23 April 09

Kids Under Cover Website

http://www.kuc.org.au/cpa/htm/htm_article.asp?page_id=121

20. The “Kids Undercover” project requires a degree of flexibility in local government planning arrangements. can you detail what needs to be done in NSW to make this form of project possible in NSW?

We do not have enough information to be able to respond to this question.

21. How does Mission Australia engage homeless people? Are there any eligibility criteria to access Mission Australia housing services?

Eligibility criterion for Mission Australia housing services is broadly that the person has to be on a low or moderate income. Some properties have particular eligibility criteria, for example, that they must be receiving support from a particular service in order to be eligible to be housed in the first place.

Many of our services work with people in extremely difficult circumstances, including our street outreach services. We do not apply eligibility criteria in these circumstances.

Our services are all well connected with local referral networks. Where appropriate our homelessness services operate on a case management model where we work with clients to resolve their situation and achieve stable, affordable housing.