

**INQUIRY INTO HOMELESSNESS AND LOW-COST
RENTAL ACCOMMODATION**

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MERCY FOUNDATION SUBMISSION ON THE INQUIRY INTO HOMELESSNESS AND LOW-COST RENTAL ACCOMMODATION

BACKGROUND

The Mercy Foundation is a Catholic organisation, under the auspices of the North Sydney Sisters of Mercy. It is an organisation committed to social justice and structural changes to create greater social equity and inclusion in the Australian community.

In late 2007 the Mercy Foundation Board, following a review of the Foundation, decided that the primary social justice issue with which the Mercy Foundation will be concerned is homelessness and its related causes and consequences. These include: affordable housing, poverty, family violence, social exclusion, mental illness, disability, addictions and brain injury. The Mercy Foundation has a special interest in single women and women with children who experience homelessness.

RESPONSE TO THE TERMS OF REFERENCE

A. Models of low cost rental housing outside of mainstream public housing, including but not limited to co-operative housing and community housing.

In specific reference to low cost rental housing for those at risk of homelessness and those that experience chronic and/or episodic homelessness, there are a number of overseas models which have proven effective in ending people's homelessness. These include (but are not limited to): Common Ground (USA) and Pathways to Housing (USA).

Both these programs are outlined below:

Common Ground – Established by Rosanne Haggerty in the early 1990s, this program used business investment through tax credits and incentives and some philanthropic funds to renovate and retro-fit old and vacant buildings in New York City.

The Common Ground model for assisting homeless people was developed alongside the re-development of the formerly empty and derelict buildings.

The essential components of the model are:

- Provides a mixture of permanent housing for adults who were formerly chronically homeless as well as for other people on low incomes.

- Ensures good safety and security for all tenants, using a concierge service and other security measures.
- Provides ongoing support services to assist people to sustain their tenancies. This support is available to all people who live in Common Ground buildings, not just those who were previously homeless.
- Ensures that the tenancy management and the support services are provided by two different organisations.

So far, Common Ground NYC has established over 2000 new units of affordable housing. They have a goal of a goal of establishing 4000.

Common Ground costs “\$36 a night per individual to provide permanent supportive housing, compared with 54 for a city shelter bed, \$74 for a state prison cell, \$164 for a city jail cell, \$467 for a psychiatric bed, \$1,185 for a hospital bed”. (www.commonground.org)

A Common Ground building has now been established in Adelaide and one is being built in Melbourne. The Mercy Foundation is actively involved with a number of other organisations in establishing a Common Ground building in Sydney.

The South Australian Common Ground building was funded by the state Government. The Melbourne initiative is being built using an existing state Government social housing scheme that funds 75% of capital costs for new social housing.

Pathways to Housing – Also established in the early 1990s, this program provides permanent supportive housing to formerly homeless people who have multiple problems. PTH does not, however, seek to increase the stock of low rental/affordable housing. They use existing stock and head lease from private landlords.

This program has been highly effective in housing formerly homeless people with multiple problems, using a ‘Housing First’ approach. It is based on the notion that there are no pre-requisites for obtaining housing and by using assertive community outreach clients in PTH are more likely to obtain good stable outcomes because they are permanently housed and supported.

PTH is often a preferred tenant for many landlords. Rent is guaranteed and if there are problems with the tenancy, help is at hand. PTH also have a maintenance team and are able to fix any building related problems. PTH, like other similar programs in the USA have access to Section 8 vouchers (this is a Federal scheme that pays rent assistance for eligible individuals and families direct to the landlord).

Housing First approach - Evidence from overseas has shown that many chronically homeless people can be accessed via street outreach programs and given permanent housing and support through ‘housing first’ programs. Evaluations have indicated that up to 90% of people housed through these programs have sustained that accommodation over the longer term. There needs to be more programs of this nature in Australia’s major cities where there are significant populations of chronically homeless people.

Programs that rapidly re-house those individuals and families after they become homeless are also initiatives that have been shown to be successful. They reduce costs borne by other systems and prevent people becoming entrenched in homelessness. Where children may be involved, these programs minimise disruptions to their education and other activities.

B. Methods of fast tracking the capacity of providers to deliver low-cost rental accommodation in a short time frame.

No comments.

C. Strategies to attract private sector investment in the provision of low cost rental accommodation

The successful record of Common Ground in the USA shows that tax incentives for investment in low income housing can be highly effective.

In Australia, a major private developer is partnering a State government and two community organisations in the development of a new supportive housing project in Melbourne. That same private construction firm has also made that commitment to the Common Ground development in Sydney.

It should also be communicated to the business sector that they are already involved in 'managing' (not solving) homelessness. Any number of disadvantaged and at risk families and individuals can impact on all parts of our community, including businesses. One way this happens is by changes to local *perceptions* of community safety (especially where there may be higher numbers of street homeless people). This can impact on and reduce visitors, tourists, shoppers to certain areas. It can be in everyone's best interests to participate in solving these problems.

Another example are the recurrent costs we all pay (as tax payers) in providing crisis health services, police, ambulance and emergency care and shelter when people cannot access affordable supportive housing and they remain chronically homeless.

In the USA, there has been a 'paradigm' shift in the way the corporate sector has been invited to contribute to addressing homelessness. Instead of seeing it as a charitable donation they might make year after year to a never ending social problem, contributions are seen as 'investments' in outcomes to a homelessness problem that can be reduced and solved. This approach, along with the results of reduced homelessness, has seen more and more businesses become involved in local initiatives that end homelessness through the development of permanent supportive housing.

D. Current barriers to growth in low cost rental housing

To date, in NSW, there have been few financial or other incentives for developers to build new low cost housing. In Victoria there has been a scheme (mentioned above) that provides 75% of the capital cost of new social housing.

E. Strategies that avoid concentrations of disadvantage and grow cohesive communities

It is essential that new developments for low cost and social housing not be concentrated in particular areas, but appropriately scattered throughout metropolitan and regional areas. This will mean that some land costs to develop new housing may be more expensive than if land is only purchased in cheaper areas, but savings will be made in the long term because of improved social inclusion and reduction in anti-social behaviours.

Also, models such as Common Ground which ensure a mix of tenancies in the one development (formerly homeless as well as housing for key workers on low incomes) perform a useful role in fostering community connectedness and cohesion within their buildings and their local neighbourhoods.

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