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Executive Summary

There are over 22,000 people in Victoria experiencing homelessness on any given night, and between 2006 and 2011, the rate of homelessness in Victoria increased by 20 per cent (ABS, 2011). This number is headed in the wrong direction but international evidence shows that it is possible to turn this trend around. Through analysis of the evidence from Australian and international research, consultation with the specialist homelessness sector and by drawing on practice wisdom, CHP has developed a framework for reform of the homelessness service system. This framework builds on the strengths of the existing system and contains the following key elements to end homelessness in Victoria.

- Streamlined access – to make sure people can find the assistance they need when they need it
- Targeted prevention – to stop households losing their homes
- Crisis responses – to respond to immediate needs
- Rapid rehousing - to get people back in to housing fast and build the supports they need to remain housed
- Permanent supportive housing – to secure long term affordable housing for people who have experienced homelessness long term
- Mainstream services – to help prevent homelessness from occurring and recurring.

CHP believes that this system should be implemented progressively over time. This Budget submission proposes funding needed to move towards a new system over the next four years, to build on and expand programs that end homelessness.

Program	2014-15	2015-16	2016-17	2017-18
Improving streamlined access	$1,700,000	$1,768,000	$1,838,720	$1,912,268
Targeted prevention	$4,664,000	$6,403,000	$8,143,875	$9,886,672
Rapid Rehousing	$28,310,132	$29,163,838	$30,044,724	$30,953,705
Permanent Supportive Housing	$12,602,488	$13,261,283	$13,933,08	$14,617,376
Access to mainstream services	$ 1,700,000	$1,768,000	$1,838,720	$1,912,268
Total new funding	$48,976,621	$52,364,121	$55,799,121	$59,282,291
Over 4 years				$216,422,153
Less Deed of Assumption	$50,500,000	$50,500,000	$50,500,000	$50,500,000
Total costs	-$1,523,379	$1,864,121	$5,299,121	$8,782,291
Over 4 years with cost offsets				$14,422,153

- Rapid rehousing program for 5,287 people a year in crisis accommodation, staying temporarily with other households and other temporary accommodation.
- Permanent Supportive Housing Program of 100 properties a year: 50 newly constructed dwellings and 50 dwellings from the current THM program. Will assist 100 people a year.
- Targeted prevention of a leaving care housing guarantee for 400 new young people a year and tenancy sustainment programs
- Additional resources for high volume access points.

Total new spending: $216 million over 4 years.
Total new spending including cost offsets: $14 million over 4 years

Cost Offsets

Within the costing above, CHP has included offsets from within existing homelessness programs, and identified savings in the reduced use of emergency and justice services. However, establishing these programs will require additional funding.

	2014-15	2015-16	2016-17	2017-18	Total over 4 years
People assisted	5,787	6,287	6,787	7,287	26,148
Cost per person	$8,394	$8,262	$8,157	$8,073	$8,211

CHP has identified cost savings within the DHS portfolio and recommends that the Government immediately rescind the Deed of Assumption, which requires an annual payment to Treasury of $50.5 million a year. This will essentially cover the full cost of the spending outlined each year. We anticipate that a more efficient homelessness system will reduce the growing pressures not only in the demand for homelessness services, but also in other program areas including child protection and disability services.

Introduction

There are over 22,000 people in Victoria experiencing homelessness on any given night in Victoria. This includes people sleeping rough, people in crisis accommodation, staying temporarily with other households, as well as people in boarding houses and in severely overcrowded dwellings. Of these 22,000 people, nearly 6,000 are children under the age of 12.

From 2006-2011, the rate of homelessness in Victoria increased by 20 per cent (ABS, 2011). A proportion of this increase was due to growth in the number of people recorded as living in supported accommodation, that is, individuals who are receiving help and support to end their homelessness through government funded initiatives. However Victoria also saw an increase in the proportion of people sleeping rough, living in boarding houses and in severely overcrowded dwellings. The need for homelessness services and assistance is increasing.

In 2012-2013, 92,462 Victorians accessed services through the SHS. This equates to one in every 62 Victorians (AIHW 2013). However, the sector is not able to assist every household that needs support. In 2012-13, Victorian homelessness services recorded 16,635 instances of unmet demand.

Unmet demand is particularly high when it comes to accommodation. While a third of people seeking accommodation were identified as needing long term housing, just eight per cent were able to be assisted with this need.

This budget submission outlines the investments needed to help meet this unmet demand and reshape the homelessness service system to make sure it ends homelessness for individuals and families.

These issues are exacerbated by the shortage of affordable rental housing in Victoria. Just ten per cent of all rental lettings in Melbourne are affordable to households on a low income. For single people receiving Newstart and single parenting payments, the number of affordable properties falls to 0.3% and 2.2% respectively (Department of Human Services [DHS] 2013).

The shortage of affordable rental housing places pressure on public housing waiting lists. Single people and single parent households make up the majority of the 37,000 people currently waiting for public housing in Victoria (DHS 2012, p.20).

Continued investment in programs that provide affordable housing and alleviate poverty is needed to tackle the population level drivers of homelessness.

Streamlined access

CHP recommends that additional resources be provided to the major access points to manage demand and ensure that vacancies are matched to people in need as soon as they arise.

The Opening Doors Framework has established a system of streamlined access to homelessness services in Victoria. This system has seen demand concentrated at Access Point Services without sufficient resources to respond.

Additional resources will allow these services to both meet immediate needs and make sure that resources are administered efficiently and vacancies are allocated as soon as they arise.

	2014-15	2015-16	2016-17	2017-18
Improving streamlined access: IAP workers	$ 1,700,000	$1,768,000	$1,838,720	$1,912,268

Targeted prevention

CHP recommends that $4.6 million a year be invested in programs that are targeted to households most at risk of homelessness.

The best way to end homelessness is to prevent it from happening. Intervening early stops households cycling in and out of the homelessness service system, and avoids the social and economic costs associated with this homelessness.

Tenancy sustainment

Housing crisis and financial difficulties are cited as the main reason for seeking help, by more than a third of people accessing homelessness services. If programs are available to help intervene earlier, homelessness can be prevented for these households.

There are existing programs that focus on preventing people from losing their homes. Tenancy advice and mediation through services like the Tenants Union of Victoria and tenancy support and sustainment programs such as the Social Housing Advocacy and Support Program (SHASP) help to prevent homelessness.

Activities to save existing tenancies include: paying the full amount of rent arrears that have put the tenancy at risk; devising 'early warning systems' with landlords to identify tenancies at risk; assistance in negotiating and mediating tenancy issues with the

landlord; and legal assistance with representation when tenancy disputes proceed to court.

These kinds of interventions should be expanded across the housing system so that tenants in public, community and private rental housing can be supported to keep their homes.

Leaving care housing guarantee

Approximately half of the young people exiting out of home care go on to experience homelessness. Homelessness prevention for young people leaving care starts with a positive experience in the care placement (Bromfield et al 2005 p44-45).

Where this hasn't been possible, programs are needed to support and sustain young people in the early stages after leaving care, as many lack wider family and community supports. These young people face the high costs of renting housing as yet another barrier to independent living.

CHP proposes that the government establish a 'Leaving Care Housing Guarantee Fund'. The fund would be combined with current supports for leaving care and should be available to assist all young people leaving state care who wish to secure housing in the private rental market up to the age of 25. This flexible guarantee could provide a maximum rental supplement of $80 per week over seven years, or be staggered depending on the leaving care plan, as a flexible response to the young person's needs.

Costs

Program	2014-15	2015-16	2016-17	2017-18
Leaving care housing guarantee	$1,664,000	$3,328,000	$4,992,000	$6,656,000
Tenancy sustainment programs	$3,000,000	$3075000	$3151875	$3230671
Total	$4,664,000	$6,403,000	$8,143,875	$9,886,672

Rapid rehousing-

CHP proposes that the Victorian Government establishes a rapid rehousing program to assist households currently in crisis or emergency accommodation and staying temporarily with other households.

The longer individuals or households experience homelessness, the harder it is to end their homelessness as existing health and financial conditions worsen and the connections and supports that help people sustain housing fall away. The state government should seek to end people's homelessness as quickly as possible, not just

because the experience of homelessness is a destructive one for families and individuals, but because the longer it persists, the harder it is to end.

Rapid rehousing programs get people back in to housing fast and build the supports people need to remain housed. These programs help households to find and secure housing, either in the social or private rental market and then assist them to address any issues that may put that tenancy at risk.

These programs include: assistance to search for suitable properties; incentives for landlords to participate; and medium term rent subsidies to secure affordable rents.

Program costs	2014-15	2015-16	2016-17	2017-18
Number of new consumers each year	**5,287**	**5,287**	**5,287**	**5,287**
Annual rental component	$ 9,730,164	$10,119,370	$10,524,145	$10,945,111
Annual support costs	$28,095,772	$28,798,166	$29,518,120	$30,256,073
Less savings from re - focused transitional support	$9,515,804	$9,753,699	$9,997,541	$10,247,480
TOTAL	**$28,310,132**	**$29,163,838**	**$30,044,724**	**$30,953,705**

Permanent supportive housing

CHP proposes that the Victorian Government trial a Permanent Supportive Housing program to provide secure, affordable housing and specialist services to people experiencing chronic homelessness who have ongoing support needs.

There is a well-established relationship between long-term or repeat experiences of homelessness and chronic health issues (Chamberlain and Johnson 2011; Chigavazira, et al. 2013, p.4; Johnson and Chamberlain 2012; Johnson, Parkinson Tseng and Kuehnle 2011). Not only is homelessness bad for your health, but people on very low incomes who experience complex health issues – such as serious mental and physical illnesses, disability or substance addiction - often find it difficult to remain stably housed (Culhane and Metraux 1998, p.114).

It's evident that there are a number of people in Victoria who have both protracted experiences of homelessness and profound health issues. On census night in 2011, over 1,000 people were sleeping rough, and five per cent of all people experiencing homelessness in Victoria required assistance with self-care, mobility or communication

(ABS 2012). Moreover, in 2011-12, over 3,000 people cited mental health issues, medical issues, problematic drug or alcohol use or itinerancy as their main reason for seeking assistance from a Victorian specialist homelessness service (AIHW 2012).

The costs of providing crisis and criminal justice responses to an individual who experiences homelessness and mental illness or cognitive disability can spiral into millions of dollars (Baldry, Dowse, McCausland and Clarence 2012). However, complex health issues and long-term homelessness aren't necessarily barriers to having a stable home. By bringing together sustainable housing and flexible support, particularly vulnerable community members can maintain a home for life. This stops people from cycling through costly emergency services, hospitals and prisons, as well as reducing the mental, physical and social harms that accompany chronic homelessness.

In the initial stages the program would build 50 new social housing properties each year for four years, matched by the conversion of 50 transitional housing properties each year to long term housing stock. These properties would be targeted to people who have complex health issues and have experienced homelessness repeatedly or over a long period of time. The Permanent Supportive Housing program would also provide ongoing, multidisciplinary support tailored to the needs of each participant.

Program costs	2014-15	2015-16	2016-17	2017-18
Total consumers in program	100	200	300	400
Capital establishment x 50 properties p/a	$12,500,000	$12,812,500	$13,132,812	$13,461,132
Transitional conversions x 50 properties p/a	$315,150	$ 323,028	$ 331,104	$339,382
Annual costs minus rental income	$116,700	$227,600	$331,913	$ 428,494
Support cost	$ 1,450,000	$2,972,500	$ 4,570,218	$6,245,965
Less savings from reduced service usage of participants	$1,220,000	$2,501,000	$3,845,287	$5,255,226
Less savings from converted transitional properties	$559,361	$573,345	$587,679	$602,371
TOTAL	**$12,602,488**	**$13,261,283**	**$13,933,081**	**$14,617,376**

Mainstream services

CHP recommends that a regular program of outreach to universal services, likely to come into contact with people experiencing homelessness eg. Schools, hospitals, police is funded in each DHS area to support the coordination of services.

Mainstream services can both prevent homelessness from occurring, and help to keep people housed. 'Mainstream services' include those which provide targeted assistance to individuals and households with specific needs, like family violence services, mental health, drug and alcohol, child protection, family services and employment services and universal services, such as schools, training, Centrelink, police and healthcare.

Both universal and targeted services assist large numbers of people, many of whom will not be at risk of or experiencing homelessness at any given time. This means that their expertise is not in working with people who are experiencing homelessness.

Ongoing community education and information sharing and outreach by homelessness service can both help targeted and universal services better support people experiencing homelessness, and assist them to intervene earlier, knowing which services that can go to secure help. The systematic sharing of this expertise will also support and assist the developing Services Connect platform across government and community sectors.

Program	2014-15	2015-16	2016-17	2017-18
Outreach to mainstream services	$ 1,700,000	$1,768,000	$1,838,720	$1,912,268

Workforce development strategy

CHP proposes that the Victorian Government develop a strategy for the specialist homelessness workforce to ensure that the sector is skilled and sustainable into the future.

New models of service delivery mean that the skills and expertise of the homelessness sector workforce will need to be expanded and further developed. A long term workforce strategy will ensure that there is an appropriately skilled and trained workforce to deliver homelessness services into the future.

The project would comprise a VHAP practice development program and the development of a long-term workforce strategy, incorporating a Homelessness Workforce Competency Framework. The funding would build on the government's

current sector training investment and also support the development of an SHS Action Research Initiative, providing small grants to specialist homelessness services to undertake participatory research and generate new insights into innovative, emergent and effective practice.

	2014-15	2015-16	2016-17	2017-18
Development of an SHS workforce strategy	$106,200	$108,855	$ 111,576	$114,365
Workforce competency framework	$150,000	$20,000	$ 20,500	$21,012
VHAP practice development program	$90,000	$30,000	NA	NA
Action research grant	$400,000	$410,000	$420,250	$430,756
TOTAL	$746,200	$568,855	$552,326	$566,134

DHS portfolio savings

In 2012-13 an additional 6,000 people sought assistance from homelessness services when compared to the previous year. This was accompanied by an increase in average daily unmet requests for assistance from 62 a day to 86 a day.

The costing above contains offsets from the reshaping of some aspects of existing programs. However, additional resources are required, to meet increasing demand and increasingly complex presentations

The increased expenditure equates to less than $10,000 a year per person assisted. We know that if people get the right assistance at the right time, this assistance will usually only need to be one off.

In the 2011-12 financial year, the State Government spent $219 million to assist 31,373 households to buy a home through the First Home Owners Grant (State Revenue Office Victoria 2013, p.19). Although eligibility for this scheme has been restricted, it will remain a significant cost to the budget.

Under this program the State of Victoria gives $10,000 to individuals to buy a home. A similar investment to help people keep a roof over their heads is surely warranted.

Average individual cost under CHP's framework

	2014-15	2015-16	2016-17	2017-18	Total over 4 years
People assisted	5787	6287	6787	7287	26,148
Cost per person	$8,394	$8,262	$8,157	$8,073	$8,211

CHP has identified savings from within the DHS portfolio, to offset the cost of these spending initiatives. In order to fund the increased expenditure, CHP recommends that the Government immediately rescind the Deed of Assumption, that requires DHS to make an annual payment to Treasury of $50.5 million a year (DHS 2013a, p.154). This will result in $1.5 million in savings to DHS in the first year and we anticipate that a more efficient homelessness system will reduce demand for homelessness services and in other program areas including child protection and disability services.

Notes on costing methodology

Leaving care housing guarantee –

The rental supplement is calculated on shared housing costs in the middle and outer suburbs. Due to the high cost of singles housing and the low rate of Youth Allowance, alternative housing models such as Foyer or Permanent Supportive Housing may be needed for young people leaving care with complex support needs and who cannot sustain shared living arrangements.

Rapid rehousing

Affordable rents for households on statutory incomes were calculated for different housing types in each LGA across Victoria using data from the DHS Rent Report March 2013.

This data was then used to calculate the gap between weekly household income and weekly median rents. Areas where the rent gap was over $200 per week were excluded as it is considered that rental properties in these LGAs would remain too expensive for households to subsequently take over the lease. This rent gap was averaged across household types to calculate the monthly rental supplement.

Support costs were based on the annual support cost for a medium level of assistance provided under the Mental Illness Fellowship Doorway program. Under this costing three hours per week of client contact is provided. It is estimated that 2,464 households will receive 6 months full assistance and 2,823 households will receive three months full assistance, however both support and the rental supplement can be tapered over a longer period depending on need.
The bond is to be paid using the Bond Loan Scheme and this costing has not included the impact on that scheme.

Permanent supportive housing

This costing assumes construction costs of $250,000 for a single person dwelling (commensurate with the costs incurred under the nation building stimulus package for similar properties.
Conversion costs for transitional properties are estimated based on the costs of tenancy turnover as estimated by Community Housing Federation of Victoria (CHFV).

Savings are based on the reduced costs of transitional housing management (establishment costs and the reduced cost of service use from the findings of the *The Michael Project.*

Rental income is estimated using the ABS 2011 Census main source of income for people experiencing homelessness, it includes Commonwealth Rent Assistance and assumes the dwellings would be provided by the community housing sector.

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