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Reform of the Federation White Paper Task Force
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7 July 2015

Dear Sir/Madam

RE: Submission for the Select Committee on Social, Public and Affordable Housing

On behalf of Compass Housing Services Co Ltd (Compass Housing), I am pleased to submit this response to the Reform of the Federation Issues Paper 2: Housing and Homelessness.

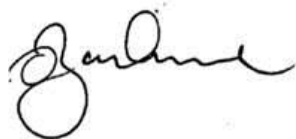
As one of Australia's largest and most successful not-for-profit housing providers, we value this opportunity to inform the Commonwealth Government on the suggested role that the Commonwealth could play in the support of the issue of housing and homelessness in Australia.

There is a strong argument for the issue being of national concern and requiring the limited but vital role of the national government engaged in the solution mechanisms in concert with other tiers of government.

Compass would also like to take the opportunity to propose a model of service that enable greater use of government resources and enhance performance of this sector and how that also can be supported by the Commonwealth.

It is of great pleasure that we submit the following submission that it may assist the Commonwealth Government in informing policy and the strategic direction of the Federation.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Greg Budworth".

Greg Budworth
Group Managing Director

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HOUSES FOR ALL



COMPASS HOUSING SERVICES RESPONSE TO: REFORM OF FEDERATION

White Paper:

Roles and responsibilities in housing and homelessness

June 2015



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Executive summary

As one of Australia's largest not-for-profit housing agencies, Compass Housing Services ("**Compass**") is delighted to respond to the Federal Government's *Reform of Federation White Paper: Roles and Responsibilities in Housing and Homelessness*. We welcome the opportunity for this dialogue¹. Our response highlights how housing needs and responses across Australia are changing. In response to these challenges and opportunities, Compass proposes a new approach to social housing – "a **Third Wave**". Compass has both the proven capacity and the well-developed proposals to respond to these necessary changes.

Housing is central to the social and economic welfare of all Australians and our society as a whole. As such it requires national leadership, particularly from the Commonwealth Government.

Compass is one of Australia's largest community housing group, operating out of NSW and with significant operations in Queensland. Compass employs 95 staff in the head office, with nine branch facilities and five outreach locations. It is leading the development of a national, secular social housing group of organisations. Compass has significant financial capacity and is currently managing assets valued at more than \$1 billion and with revenue of \$35m per annum. An experienced executive leads a dedicated team.

Compass welcomes the Federal Government's dialogue on housing and homelessness including its release of the *Reform of Federation White Paper: Roles and Responsibilities in Housing and Homelessness*². Compass particularly welcomes the Federal Government's acknowledgement that:

- Housing is an essential human need recognised in the 1948 Universal Declaration of Human Rights;
- Housing is a significant part of the national economy;
- Government involvement is not limited to the provision of direct housing assistance;
- The social housing sector is important but relatively small in size; and
- Housing assistance is often just one form of support that people access.

In considering housing assistance, Compass notes the current interrelated general and social housing-specific policy and funding trends, driven in part by reducing government funding, a gradual withdrawal of government from direct service provision and the continued retreat of the Federal Government from capital funding for housing. Specifically, the housing policy and funding trends are:

- The transfer of the management of public housing-owned stock to community housing agencies;
- The transfer of the ownership of Government-owned stock to community housing agencies;
- The use of public private partnerships (PPPs) to renew public housing estates;

¹ <https://federation.dpmc.gov.au/issues-paper-2>

² <https://federation.dpmc.gov.au/issues-paper-2>

- The end of specialist housing staff within Government Community Services Departments;
- The consolidation of the community housing sector into a smaller number of larger (including multi-state and national) agencies; and
- The growing cost and spread of Commonwealth Rental Assistance (CRA).

In response to this, and to the changing policy and funding pressures, Compass proposes that Australia needs to enter a new era or “**Third Wave**” of social housing.

The Third Wave of social housing is best considered alongside broader social and economic initiatives that increase the capacity and the participation of citizens, and encompasses a broad range of housing assistance options.

This follows the first two waves of social housing. The first predominantly involved the housing of workers and the second focused on social housing as shelter for those most in need.

Compass proposes that the **Third Wave** of social housing should be described as a quantum social science approach and characterised by:

- A focus on the impact that housing can have on people - by considering all major aspects of their lives, opportunities and choices, their potential pathways to social and economic participation, and the impact on and impact of the communities in which they live;
- Flexible combinations of social housing products and services (including assistance into the private market) for different groups: people of working age, children, young people, older people, people with a disability, and people who are homeless or displaced by family violence;
- Explicit but reasonable obligations and incentives for people in social housing to contribute to their advancement and the betterment of their community;
- Ambitious, defined, measurable and transparent goals, for both people and property;
- Different pathways to social and economic participation for the diverse segments of the population affected by this issue, all bound by a consistent and integrated framework;
- A focus on property, by considering its capacity to enable people’s social and economic participation, its economic efficiency and lifecycle stage and the opportunity for redevelopment to increase capacity and useful life, reduce costs and/or release value; and
- Consideration of social housing agencies as key partners in all urban, economic and social initiatives.

Compass has the proven capacity and the programs to deliver successful housing assistance in the third wave of social housing in Australia. Compass is committed to partnering with an extensive and diverse range of stakeholders to deliver housing assistance that benefits Australians in need, under the leadership of the Federal Government.

Introduction

By including a White Paper on housing in a discussion of Federalism, the Federal Government has recognised that secure housing is central to Australian lives. This submission by Compass, one of Australia's largest community housing group, identifies the key trends and challenges for social housing provision and proposes that we are entering a "third wave of social housing". In this context, social housing is part of broader social and economic initiatives and interactions that, together, increase the capacity and the likelihood of positive participation of citizens within a broad range of housing assistance options.

White Paper on roles and responsibilities in housing and homelessness

This Federal Government's *White Paper on Roles and Responsibilities in Housing and Homelessness* focuses on the role of housing, the roles of governments, the challenges confronting those seeking to establish or maintain housing, and housing interventions.

The White Paper asserts that housing and homelessness arrangements should, in line with the terms of reference, be structured around accountability, subsidies, national interest considerations, equity, efficiency and effectiveness, durability and fiscal sustainability. The paper acknowledges that government interventions do not exist in a vacuum and, in examining housing assistance and homelessness services, the paper will take account of the broader housing context. The White Paper poses a series of broad consultation questions relating to the importance of housing as well as the roles and responsibilities of the Commonwealth and the States and Territories in relation to housing assistance and homelessness services.

The White Paper is divided into a number of parts:

Part one: Evolution of government involvement in housing and homelessness

Key points:

- Over time, the role of governments in providing housing and homelessness services has changed;
- From Federation to the end of the Second World War, housing policies and programmes were largely the domain of the States. However, since the end of the Second World War, the Commonwealth has played an increasing role;
- In the immediate post-war period, as part of the broader reconstruction effort, government spending was directed primarily towards supply side interventions in housing, such as the construction of publicly-owned rental housing; and
- Since the 1970s and 80s, the range of housing assistance and homelessness services funded by all levels of government has increased, and more of these programmes have been on the demand side, such as Commonwealth Rent Assistance (CRA).

Part two: Pressures on current housing and homelessness arrangements

Key points:

- The Commonwealth and the States and Territories can influence the housing market through

policies that have a direct or indirect effect on demand and supply;

- The housing market is interconnected, meaning that affordability issues in one part of the market can affect other segments of the market, which in turn puts pressure on housing assistance and homelessness services; and
- Direct government assistance is largely targeted at helping people on low incomes with the cost of housing and supporting people at risk of, or experiencing, homelessness.

Part three: Questions for consideration

The White Paper poses a number of key questions across a number of key areas (See attachment: Questions for Consideration).

Key points:

- Accountability;
- Subsidiarity;
- The national interest;
- Equity;
- Efficiency and effectiveness;
- Durability; and
- Fiscal sustainability.

Challenges and trends in housing assistance

Social housing agencies are dealing with other interrelated generalist and social housing-specific trends, which are redefining the composition of the sector. Reducing Government funding, a withdrawal of Government from direct service provision and the potential retreat of the Federal Government from housing capital funding under new Federalism arrangements drive these trends.

This is leading to:

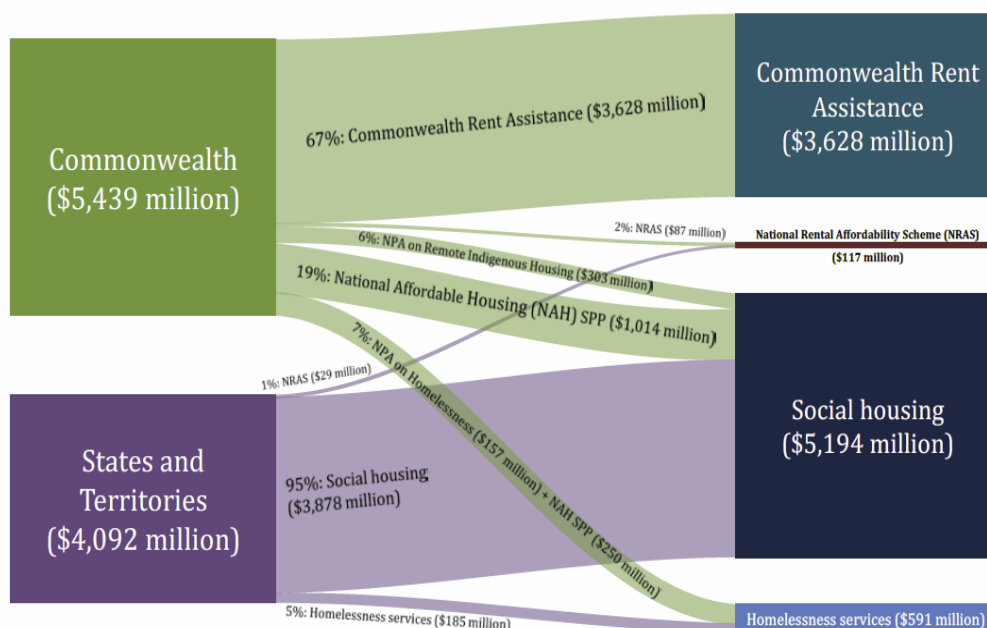
- The transfer of the management of public housing-owned stock to community housing agencies;
- The transfer of the ownership of Government-owned stock to community housing agencies;
- A renewal of public housing estates via public private partnerships (PPPs);
- The end of specialist housing staff within Government community services departments; and
- The consolidation in the community housing sector into a smaller number of larger (including multi-state and national) agencies.

Today, housing assistance is broadly funded by the Commonwealth through the recurrent funding of Commonwealth Rental Assistance (CRA) and the capital funding of social housing by the Commonwealth and States (largely funded through rental collection) with shared funding for homelessness responses. The CRA is targeted at supporting people in the private rental market.

3

CRA has grown significantly since its inception in the mid 1980s and is likely to continue to grow, both in terms of the number of recipients and the amount paid to them. (This will be essential if CRA is to

Figure 2.5: Commonwealth and State and Territory funding shares, 2012-13⁴⁷



retain its effectiveness, given that rental markets have risen faster than the CPI.) An extrapolation of recipient number growth rates (5% per annum) and funding level increases (2.5% per annum) will see CRA potentially rise to \$7bn by 2020/22.

In recent times, the amount of social housing stock has declined and turnover has decreased – accordingly, fewer people can be housed this way. (For example social housing per head of population in NSW has declined by 10 per cent over the last 10 years⁴.) Without significant capital funding for new social housing stock (an unlikely prospect in the current economic and political environment), this trend is likely to continue. However, social housing remains an important response to housing need within the broader housing assistance framework, and a new approach must be undertaken if we are to maximise its effectiveness.

³ Pg 16, Reform of Federation White Paper, Roles and Responsibilities in Housing and Homelessness ISSUES PAPER (2014), Department of Prime Minister and Cabinet, Australian Government

⁴ While public housing has declined by 25% ie there has been growth in community housing Pg 34, Reform of Federation White Paper, Roles and Responsibilities in Housing and Homelessness ISSUES PAPER (2014), Department of Prime Minister and Cabinet, Australian Government

Compass response to the White Paper

Compass welcomes the Federal Government's acknowledgement that⁵:

- Housing is an essential human need recognised in the 1948 Universal Declaration of Human Rights;
- Housing is a significant part of the national economy;
- Government involvement is not limited to the provision of direct housing assistance;
- The social housing sector is relatively small in size; and
- Housing assistance is often just one form of support that people access.

The Governments response is consistent with its international obligations under the UN Habitat Agenda, Clause 1:

"We, the Heads of State or Government and the official delegations of countries assembled at the United Nations Conference on Human Settlements (Habitat II) in Istanbul, Turkey from 3 to 14 June 1996, take this opportunity to endorse the universal goals of ensuring adequate shelter for all and making human settlements safer, healthier and more liveable, equitable, sustainable and productive..."

Third wave social housing

In response to this and the changing policy of, and funding pressures on, Government, Compass proposes that Australia has entered a new era or "third wave of social housing", where social housing is best considered alongside broader social and economic initiatives that aim to increase the capacity and the participation of citizens, and encompasses a broad range of housing assistance options.

This follows the first two waves of social housing, the first being where housing was predominantly used to house workers and the second with a focus on social housing as shelter for those most in need.

The development of social housing in Australia can be divided into two clear historical waves: initially as housing for workers, and then for those who were homeless and those most in need. Today, Compass proposes reframing the way social housing is considered to better recognise how it currently operates, the challenges that the sector confronts, and to capture the emerging opportunities.

In the third wave, social housing:

- A focus on the impact that housing can have on people - by considering all major aspects of their lives, opportunities and choices, their potential pathways to social and economic participation, and the impact on and impact of the communities in which they live;
- Uses different combinations of social housing products and services (including assistance into the private market) for different groups: people of working age, children, young people, older people, people with a disability, and people who are homeless or displaced by family violence;

⁵ Pg 1, Reform of Federation White Paper, Roles and Responsibilities in Housing and Homelessness ISSUES PAPER (2014), Department of Prime Minister and Cabinet, Australian Government

- Explicit but reasonable obligations and incentives for people in social housing to contribute to their advancement and the betterment of their community;
- Has ambitious, defined, measureable and transparent goals for both people and property outcomes;
- Focuses on different pathways to social and economic participation for the different segments while being bound by a consistent and integrated framework;
- Focuses on property by considering its capacity to enable people's social and economic participation, its economic efficiency and lifecycle stage and the opportunity for redevelopment to increase capacity and useful life, to reduce costs and/or release value; and
- Considers social housing agencies as key partners in all urban, economic and social initiatives.

This move to a new role for social housing will have a significant impact on how it is developed, arranged and integrated in the future. Compass asserts that social and economic initiatives are best delivered at a neighbourhood and community level, and that social housing developments must contribute to engaged, functional, productive, socially and economically sustainable communities that include, but extend beyond, social housing.

Compass is currently enhancing its existing range of social interventions with the use of the “Deep Place” approach developed in the UK to tackle poverty, poor health and low educational attainment in marginalised communities, and to move communities challenged by long-term inequalities to more socially and economically sustainable futures⁶.

Social housing agencies play a key role in this approach by providing housing-led social and economic regeneration leadership. Welshman, Professor Dave Adamson, a recognised expert in social housing regeneration, is leading our knowledge of these issues.

Like any social assistance system, the most effective and efficient housing assistance system should incorporate:

- Having both capacity to efficiently and effectively operate and simultaneously innovate to meet, help determine and respond to dynamic demand;
- Integrated access points;
- A comprehensive set of integrated services and products that are broadly available;
- Robust and flexible management arrangements within a consistent policy framework;
- Transparent and consistent levels of subsidy;
- Few barriers between products and services;
- Little or no service cliffs (i.e. where access to a different product or service dramatically changes the level of assistance provided);
- A focus on reducing, eliminating or, at a minimum, stopping escalation of the need for

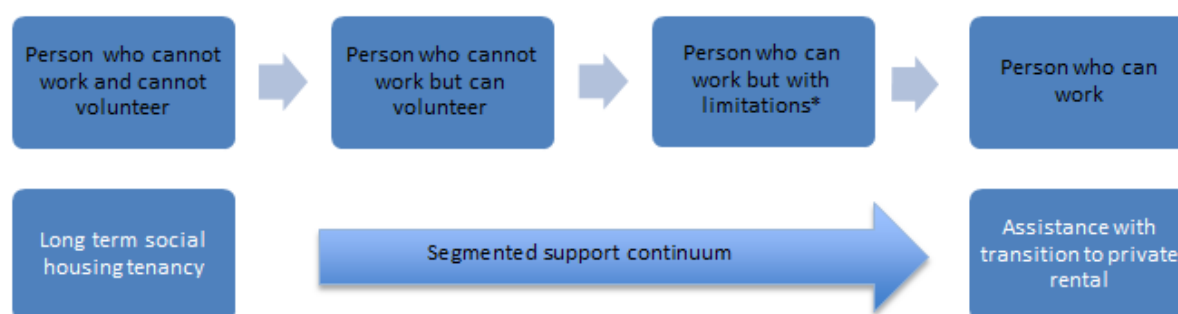
⁶ <http://bit.ly/1DglyOh>

assistance;

- A focus on prevention, diversion and early intervention; and
- Recognition and provision of appropriate services to ensure that state statutory obligations to care for various cohorts are fulfilled.

Housing assistance may include the provision of accommodation (homelessness, emergency accommodation, social housing, and affordable housing) or assistance with the costs of private rental or private ownership. This can be seen as a “whole system” approach with a graded response to a segmented population with different degrees of housing support needs.

Diagram 1: Segments within social housing



* Includes varying degrees of limitation:

- Inherent (disability) or circumstantial (e.g. sole carer for child under 5 years old, presently a child under 16); and
- Episodic or permanent limitation.

Tenant engagement will be structured around plans, incentives and supports that help tenants secure better education, more employment and/or more participation in their community through volunteering as their potential capacities provide.

Issues that are placing tenancies at risk should be addressed by intelligence-led decision-making – in other words, we need a well-researched general understanding of why tenancies fail. This will provide a framework by which individual cases can be understood and considered when considering their specific mix of circumstances. This should then inform the provision of responses that are tailored to the tenant, but could also include outright eviction (where the indications are that compliance would be unlikely even with support and a “last chance” licensed tenure).

The proposal is to build a graduated set of responses with both positive and negative incentives to deal with issues such as failure to pay rent, property damage and anti-social behaviour – rather than relying simply on eviction (and the threat thereof). The shape of the incentives will be best determined by the response most likely to achieve the required outcome, so will vary depending on the issue affecting the client. It is assumed that the issues may be generated by a range (and possibly combination) of causes – ranging from lack of education, poor behaviour, cognitive impairment linked to disability, as well as drug and alcohol abuse.

An escalating range of incentives could include:

- Structured payment arrangements;
- Education;
- Rental reduction based on changed behaviours;
- Behavioural contracts;
- Rehabilitation programs;
- Support programs; and
- Changes in security of tenure (e.g. from tenancy to license).

The key would be to identify the underlying cause(s) and assess the combinations of reactions most likely to generate the required responses, and also ways to respond when a range of approaches fail. Eviction would remain an option.

In fact, to achieve the paradigm shift required to effectively move to the third wave of social housing, we require both growth and transfer of the control of social housing to more diverse and locally responsive entities: to community housing agencies.

Compass Housing Services

Compass is one of Australia's largest community housing group and operates out of NSW with significant operations in Queensland. Compass employs 95 staff in the head office, with nine branch facilities and five outreach locations. Compass is a Tier 1 accredited housing provider, currently managing 3,500 properties housing 5,700 tenants in NSW, as well as another 850 properties in Queensland. From mid 2015, it will assume management of another 4,700 dwellings in Logan City.

Compass is leading the development of a national secular social housing group of organisations, bringing together a varied set of agencies deeply embedded in their communities and servicing a diverse range of needs. Compass has significant financial capacity, currently managing assets valued at more than \$1 billion and with revenue of \$35 million per annum. It has with net assets of \$338 million with debts of \$25 million. Compass is led by an experienced executive and has a skilled team of people dedicated to delivering better social housing across two states.

Compass is a long-standing community housing provider with a trusted and established relationship with some of the most socially excluded people in our community. This unique experience enables Compass to make a major contribution to the achievement of Government objectives, not only providing Government with access to "difficult to reach" groups for improved housing services, but also to a wide range of agencies delivering social and economic interventions. Compass has pioneered a "people, places and property" approach to housing management, demonstrating the added value that housing services can bring when seeking achievements for a community in education, training, health and employment.

Compass Initiatives

Compass has a number of initiatives under way or in development, often undertaken in broader

community partnerships.

The Compass GROW program

The Compass GROW program takes a holistic approach to community development. Compass assists our clients to achieve self-reliance, contribute to solutions and to help them become active, participating members of the community.

The GROW program incorporates community development and environmental aspirations, aiming to enrich the lives of tenants by enhancing their personal, social, environmental and economic sustainability. The GROW program also increases tenants' awareness of and participation in:

- Health and nutrition programs;
- Esteem and well-being programs;
- Community contribution; economic participation; and generational advancement,
- Sustainable living practices; and,
- Factors affecting security of tenure.

The program focuses on the principles of social inclusion and environmental sustainability.

The Compass Grow a Star program

The Compass GROW A Star program was a sport-based initiative that was further developed to help young people achieve their dreams and aspirations, while striving to be the best they could. The program has evolved and is now more holistic and seeks to give opportunities to young people to pursue **any** field including, but not limited to: sport, education, arts, dance, music and employment. An intended outcome of the GROW a Star program is to interrupt the endemic cycle of family unemployment, limited education and poverty by giving young people the opportunity and support to build an independent life. Over the period of the program's operation, an unintended consequence has emerged. In some cases, connectedness and confidence has increased for parents/carers too.

Evidence clearly demonstrates that education and employment interrupts the cycle of systemic and entrenched poverty. This evidence propels the GROW a Star program as it provides practical supports to children and young people, making a significant difference in their lives and future opportunities.

The Newcastle Foyer project

The Foyer project for homeless young people combines accommodation with employment, education and training support in the Hunter Region, NSW and is in the planning stages. The core elements of this approach will be:

- Identifying and building on the strengths of the young people participating in the program to help overcome any barriers;
- Linked service delivery to build on existing services in the local area, providing a holistic service that connects housing, education, health and welfare; and
- Focusing on diversity by providing for, and tailoring to, the diversity of needs for each individual while catering to the diversity of young people experiencing homelessness – from cultural diversity, to varying abilities, singles, couples and young parents.

The community partners involved are Hunter TAFE NSW, Life Without Barriers, Compass Housing, Hunter Youth 2020, and Rotary Charlestown.

These key elements are central to the Foyer model. Foyers combine stable accommodation with employment, education and training support, providing homeless young people with the necessary skills to forge independent sustainable lives.

The aim of this program is to help young people who are homeless or at risk of homelessness to develop the skills they need to lead happy, independent and productive lives. Specific objectives include:

- Reducing the number of young people cycling through the housing system;
- Increasing the number of young people completing education qualifications; and
- Increasing the number of young people productively employed.

The Deep Place approach to sustainable communities

From May 2015, Compass will be developing this innovative approach to social and economic regeneration. Developed in Wales, UK, to tackle the child poverty rate of 33 per cent, the program combines a “total place” approach to public services with an economic development strategy based on the “foundational economy” model of the Manchester Business School. It seeks to reconnect long-term, economically inactive communities with newly created job opportunities developed in partnership with local anchor organisations. By combining social procurement strategies with targeted recruitment and training of social housing tenants, it tackles the low level of economic activity in social housing communities. It also encourages more effective collaboration between public, private and third sector organisations and service providers by creating a “coalition for change” focusing on improved employment, health and educational outcomes for marginalised communities.

Second Chance Housing Project

Compass has commenced the development of the Second Chance Housing Project which aims, through deep engagement combined with changed tenancy arrangements, to reduce the numbers of people being evicted from Compass Housing. The Second Chance Housing Project will be targeted at tenants who are facing eviction from Compass Housing by replacing eviction by waiver of right to evict and by agreement with a license or short-term lease form tenure for the existing property. It is

proposed that the changed status will be matched with comprehensive skills assessment and a wrap-around skill development and support program delivered by Compass and its partner agencies. It is anticipated that, where the program is successful, supports will taper off over time to the point where usual tenancy relationships can be re-established. It is anticipated that the Second Chance Housing Project will be successful in a proportion of cases. In some cases tenants may have maintained their tenancy without this intervention but Second Chance Housing Project but will have benefited through the strengthening of the security of tenure of the tenant. Success will be measured by a reduction in the proportion of tenants who are evicted following referral to the NSW Civil and Administrative Tribunal (NCAT).

Lessons from overseas

In 2015, Dave Adamson, an experienced international housing practitioner engaged by Compass, completed a review of our Housing Social Mission, specifically our social regeneration and community development mission. That review provides insights into a number of key issues confronting social housing, in particular drawing parallels from developments in social housing in the UK.

The evolution of housing-led social regeneration

The community development and social regeneration practice adopted by Compass reflects a wider paradigm in housing management that has emerged internationally over the last 30 years. The pattern of development in the UK is indicative of this wider movement towards the delivery of social justice objectives to residents of social housing communities.

Often encapsulated in the term ‘more than bricks and mortar’, an increasing number and range of housing organisations have developed social interventions that are intended to improve the quality of life of their tenants.

Over this period, interventions have evolved from simple community development activities into the arenas of urban regeneration, health improvement, education and training provision and the promotion of employment opportunities. Whilst there have been enthusiastic promoters of this extension of the role of housing providers, there have also been those who regard it as outside the proper range of activities traditionally associated with the not-for-profit housing sector. Organisations choosing to deliver social regeneration activities are usually those with a strong social enterprise and not-for-profit culture and ethos. The Centre for Local Economic Strategies (CLES) identifies such organisations as “progressive” housing providers who can clearly identify their regenerative capacity.

For some, this diversification is part of a progressive approach to neighbourhood management which considers the wider role that RHPs (Registered Housing Providers) can have in enabling thriving places. RPs have important roles to play in local economies, drawing together communities through social networks and providing support for tenants to access opportunities for their personal development. This is about going far beyond a focus on just homes, and thinking about the broader role that RHPs can have in supporting the lives of their residents. (CLES, 2013, p1)

A pattern of housing-led social and economic interventions

Over 30 years, a clear pattern of interventions has emerged in the housing and social justice arena. The three phases of development (**See attachment: Three phases of social intervention models**) indicate a number of levels at which interventions can occur. Whilst these developed over time, it is also the case that some organisations are still at different points of delivery in the range and scale of

interventions they deliver. The following typology is derived from experience working with housing organisations in Wales, engagement with peak UK bodies and from the wider academic literature on housing-led regeneration activities.

Levels and types of intervention

Level one: Tenant engagement and participation
Improved tenant consultation and participation structures including: <ul style="list-style-type: none"> • Estate forums • Survey and focus group consultations • Street representatives
Level two: Tenant empowerment
Tenant involvement in decision-making including: <ul style="list-style-type: none"> • Training tenant advocates • Tenant board membership • Development of tenant scrutiny roles • Tenant co-design of stock improvement • Choice-based letting
Level three: Community development
Enhancing community cohesion and integration through community development activities including: <ul style="list-style-type: none"> • Events-based community engagement • Play and youth schemes • Elder support programmes • Capacity development training and personal development • Provision of community hubs and associated activities
Level four: Community regeneration
Development of local economic opportunity and tenant capacity to participate in the economy including: <ul style="list-style-type: none"> • Social procurement strategies • Targeted recruitment and training of tenants • Development of social enterprises • Low carbon retrofit • Raising housing standard through housing renewal • Improved public realm and estate condition
Level five: 'Public service' provision

Provision of a range of support services meeting the needs of a diverse range of tenants' needs including:

- Tele-healthcare services
- Gardening and handyman support services
- Vocational training
- Energy use advice and support
- Debt management and loan facilities
- Parenting support
- Counselling services
- Provision of public buildings including community centres, schools, health facilities

Whilst not exhaustive, this list identifies the core activities that have emerged and continue to develop. 'The final box represents a high level of intervention that currently few housing associations in the UK comprehensively deliver. However, as the UK government's "austerity" measures further erode public service provision, conversation with a number of CEOs of larger housing associations suggest that they see this as the only means of maintaining "governability" and management of estates.

Questions for consideration:

Compass makes the following comments in response to the specific questions nominated by the Commonwealth.

Accountability

Could accountability be improved through a re-allocation of government roles and responsibilities in housing assistance and homelessness services?

Accountability is set within a set of desired outputs/outcomes. Accountability in any field of social policy is best achieved when systems and structures are transparent and roles within them are clearly demarcated and separated by clear boundaries.

There is currently confusion about the nature of capital funding for housing at the Commonwealth level in that it assumes to accrue a perpetual benefit. Former Minister Andrews said that from the Commonwealth's perspective: "it feels like we are simply throwing money over the fence"[1]. Capital funding for housing is more correctly considered the purchase of housing for a significant but limited number of years in advance. The key measure for those managing the housing portfolio will be to assess the years of housing available in the future and whether it is of an acceptable and useful

^[1] See more at: <http://www.probonoaustralia.com.au/news/2013/11/pm%E2%80%99s-council-homelessness-its-way-out#sthash.Kx5o4rgx.dpuf>

standard.

Overlapping responsibilities and roles by various levels of government cause confusion not only for the clients of public services, but also for those responsible for delivering them. It also causes political confusion and allows key social issues, including housing provision and homelessness services, to fall between levels of jurisdiction as each assumes the other is responsible. This can lead to inaction by all parties. Most tenants in social housing interact with support systems (social, aged, disability, employment) of some kind. It seems most efficient to integrate these supports at the local or regional level rather than seek to manage at state or national level.

The historical development of housing support services in Australia has been one of shifting roles and changing responsibilities, with a current high level of overlap between the Commonwealth, states and territories. The White Paper offers an opportunity for rationalisation and clarification of roles to create a more effective and efficient structure that maximises the benefits of public expenditure on housing. This will involve a reallocation of roles not only to the levels of government identified here, but also to the community housing sector which plays a major role in housing provision and has the capacity to become a key partner to both the Commonwealth, states and territories.

If shared roles continue, how can accountability issues best be resolved?

If shared roles continue, accountability issues can only be resolved by defining the housing model for Australia in a structure that avoids current overlaps and assigns tight boundaries to each party in the structure.

How could accountability mechanisms work effectively across service systems?

Accountability mechanisms work effectively across service systems when they are grounded in shared objectives and where the specific contribution of each service system is tightly defined and regulated. This allows identification of clear KPIs and their effective monitoring to ensure that all levels of the structure are contributing effectively.

What impact could changes to roles and responsibilities have on clients who are interacting with multiple support systems?

A redesigned and vertically integrated housing system could radically reform the service to create a sustainable model of social housing that tailors interventions to the needs of the consumer. Such a model would have a graded range of responses to help those requiring housing assistance to achieve stable and secure housing tenure. This might range from low levels of social and financial support to sustain private sector tenancies, to full provision of specialist housing for those with severe physical or mental health support needs. This “segmented” approach can accommodate low to high levels of intervention with associated cost benefits when support can be more focused and limited.

Subsidiarity










Definition: **Subsidiarity** is an organising principle that matters ought to be handled by the smallest, lowest or least centralised competent authority. Political decisions should be taken at a local level if possible, rather than by a central authority.

Subsidiarity is a term that has been devolved from the Roman Catholic Church principle of social doctrine that all social bodies exist for the sake of the individual: what individuals are able to do, society should not take over; and what small societies can do, larger societies should not take over. In political systems, it refers to the principle of devolving decisions to the lowest practical level. In the White Paper, it has taken on a narrower meaning as only relating to two levels of Australian Government: federal and state and omitting the test of what is “practical”. Government housing assistance roles can be defined as both funding and provision (through direct public housing and administration of community housing). The funding largely relates to subsidies for CRA, housing and homelessness programs. “Practical” in a funding context largely relates to what government has capacity to fund. As we have vertical fiscal imbalance in Australia (i.e. the Federal Government raises money and passes this to the states to meet their service obligations), it would seem appropriate that the funding obligation continues to sit with the Commonwealth. There is little practical argument for the *provision* to sit with the Commonwealth or indeed the state governments. Practically, ownership and management of social housing should sit at the lowest practical level; in this case, not state or local government, but with community housing providers.

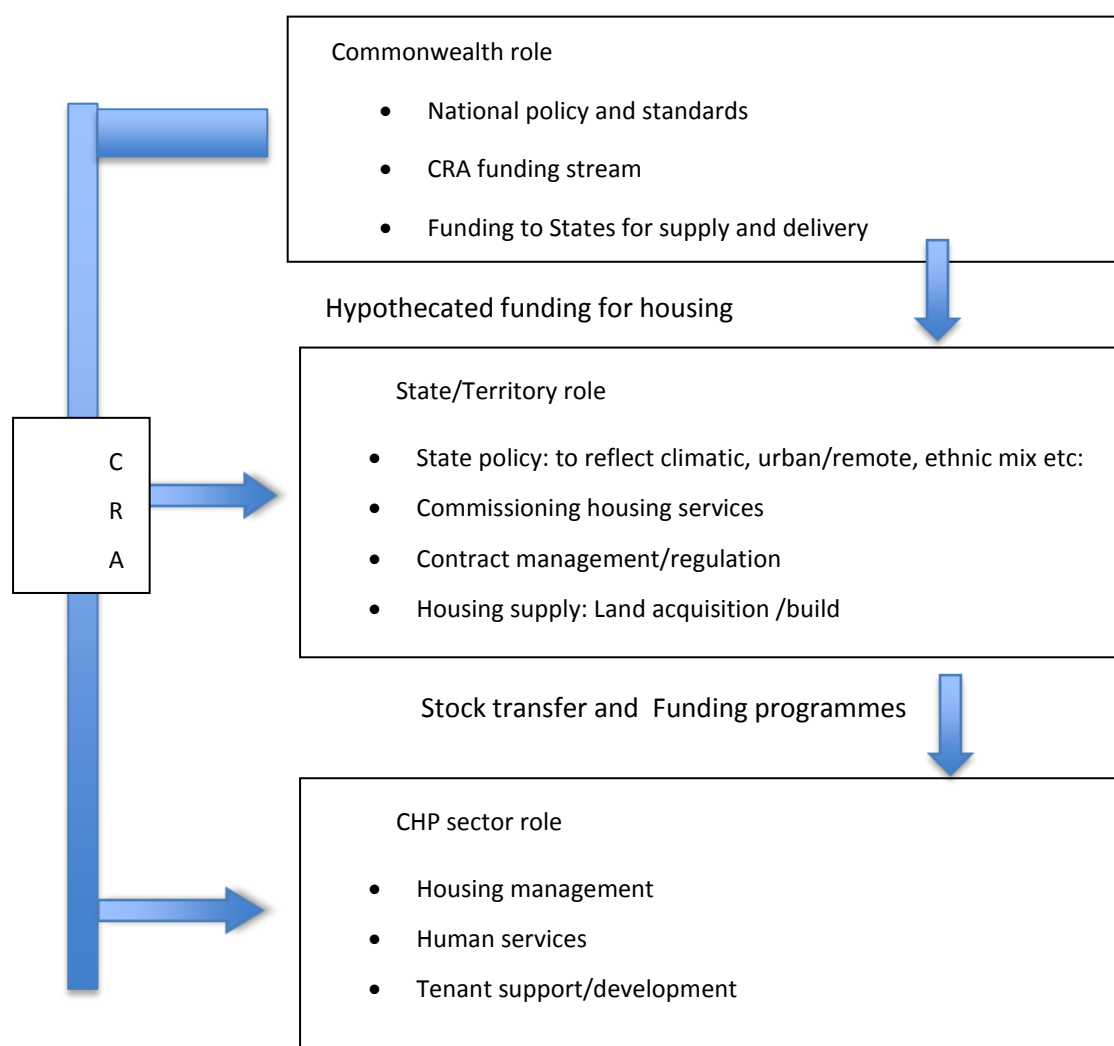
The principle of subsidiarity in social policy is based on a view that the best decisions are made at the closest possible point to the users of public services, whilst maintaining accountability and financial regularity. In recently emerging models of “co-production”, this extends subsidiarity to include end users of public services in the planning and resource allocation decisions that affect the services they receive.

If the general principle of subsidiarity is accepted, then responsibilities for housing services should be structurally placed at a level that effectively engages with clients of housing services. In the context of the White Paper, this suggests that responsibilities for housing and homelessness are best placed at the state and territory level. However, subsidiarity should not end here. The community sector has demonstrated its capacity to provide more effective and efficient housing services than the state sector, as they can also address the social development and regeneration of housing communities and their residents. Large-scale stock transfer of public housing can support the development of a community sector with enhanced capacity to partner with government in the delivery of housing and homelessness services. Consequently, a redesigned structure of housing responsibilities for Australia should be a 'four tiered' system with clearly defined roles for the Commonwealth as a primary funder, the state as a primary commissioner and regulator, local government as the planning authority and the community sector as the key delivery and housing management agent.

Chart: Optimum Roles of Key players in Housing

	Federal Government	State Government	Local Government	Not for profit	Private
Housing Policy Leadership					
Housing Production					
Housing Assistance Funding					
Private Rental Assistance					
Social Housing Management					

This can be represented as follows:



What benefits (or costs) would arise from assigning full responsibility for housing assistance and homelessness services to one level of government? Which is the lowest level of government that could deliver services effectively?

The structure identified in the chart above suggests that the lowest level of government is the state level, but that a partnership should be developed through wholesale stock transfer of current housing stock to the community and not-for-profit sector.

If responsibility continues to be shared, what benefits (or costs) would arise from assigning full responsibility for specific roles (for example, policy or funding) or functions (for example, social housing or rent assistance) to one level of government?

The structure identified above assigns clear responsibilities to each level of government. This would lever cost benefits – namely, eliminate duplication, provide greater political and public clarity for accountability, and secure efficiencies in the administration and regulation of housing services.

What are the interactions between housing market sectors (social, private rental and home ownership) and what implications do these interactions have for the roles and responsibilities of different levels of government?

The interactions between sectors are complex and not fully understood by any of the parties involved. Some individuals will move between sectors as their specific circumstances change during their lives. Others will require lifetime security of social housing tenure to ensure that their housing needs are securely met. Housing market forces are also complex and affordability is the key issue concerning the majority of governments in the developed world.

The sustainability of traditional public housing supply models has been challenged by the global financial crisis (GFC) and the subsidy of public housing rent is an increasingly political issue. Private sector rentals have generally been unregulated and subject to less security of tenure with short term leases the norm. Owner occupation is less available with the emergence of tighter borrowing regulation following the sub-prime mortgage difficulties that, in part, triggered the GFC. Collectively, this amounts to a crisis in the supply and affordability of housing that is reaching into middle-income sections of the population. A redesigned social housing system, which better integrates the different sectors, will provide part of the solution to this crisis.

The national interest

How do social housing and homelessness outcomes affect other areas of national policy or funding responsibility?

In May 1997, the United Nations first formally recognised the basic human right to adequate housing and that right is now enshrined in the United Nations Housing Rights Programme (UNHRP). It is a central expectation of government within the UN Habitat Agenda. This indicates that housing provision is a core responsibility of government and ranks alongside health and education as a social policy domain that is required to meet the basic human needs of all individuals.

Access to good quality housing – or the lack of it – impinges on all aspects of a person's life and has fundamental impact on their physical and mental health. In the case of long-term homelessness, the impact on morbidity and life span are well researched; there are also complex interactions between homelessness and poor mental health. For children of families in precarious or low quality housing situations, the impact on educational achievement can be significant. Housing supply, location and affordability can also impact the labour market and labour supply and hinder economic growth and development where a lack of housing limits labour mobility. Poor housing supply and location can add to distances travelled to work, with economic and environmental consequences for city and urban planning as well as the personal financial costs of excessive commuting. Consequently, housing issues interact with almost every area of funding and policy responsibility.

The most obvious example is the roll out of the National Disability Insurance Scheme. Housing is essential to the delivery and success of national programs such as this one.

The white paper identifies on Page 16 that that Federal and State Government spent, in 2012/13 approximately \$9.5bn on housing assistance. Of this the Federal Government spent approximately \$5.4bn [Predominantly Commonwealth Rental Assistance (CRA) – (\$3.6bn) and \$1.0bn on funds to the States through the National Affordable Housing agreement (NAHA)]. This a modest amount when the total national budget of approximately \$365bn⁷ is considered as it equates to only 1.5% of Federal budget expenditure. When this housing expenditure is set against the Gross Domestic Product (GDP) of the country it equates to approximately 0.33% of the GDP. In some ways this is reflective of Australia's relatively low taxation rates compared to other OECD countries. The Australian Tax Office (ATO) identified that in 2010⁸ Australia ranked 30th out of the 34 OECD countries with a Tax-to-GDP ratio of around 25% when other countries ranged as high as 45%.

Are there benefits or costs of national housing assistance and homelessness policy and/or programmes?

The benefits and costs associated with badly or well-delivered housing policy are significant for all levels of government. Inadequate supply and quality of housing will impact negatively on the costs of almost every human service provided by government. Investment in improved supply and affordability can contribute significant savings to all government areas of responsibility.

Equity, efficiency and effectiveness in service delivery

To what extent, if any, do shared roles enhance or detract from the achievement of cost-effective outcomes in housing assistance and homelessness services?

It is important to differentiate between government roles in funding, administration (including regulation) and provision. Given the limited capacity of states to raise funds, there seems little to be gained by the Commonwealth moving out of this space. Adding state funds and property should be welcomed where available. Administration of funding is rightly done by states, particularly given the recent Commonwealth experience of managing the National Rental Affordability Scheme. Shared roles within a vertically integrated structure, in which roles and responsibilities are clearly defined, are likely to result in cost effective outcomes. But shared roles that blur responsibilities and result in the overlapping and duplication of services are likely to have a negative impact on the costs of housing.

Would the transfer of responsibility to a single level of government enhance the efficiency and effectiveness of housing assistance and homelessness services by allowing better coordination and targeting of programmes? Would this improve outcomes for Indigenous Australians?

The structure identified in this response to the White Paper identifies a quadripartite housing framework with roles for Commonwealth, state, territory, local government and community housing agencies. This would allow better coordination and targeting of programmes. Outcomes for

⁷ http://budget.gov.au/2012-13/content/overview/html/overview_44.htm

⁸ <http://www.treasury.gov.au/Policy-Topics/Taxation/Pocket-Guide-to-the-Australian-Tax-System/Pocket-Guide-to-the-Australian-Tax-System/Part-1>

Indigenous Australians are the result of a complex mix of social, economic and cultural factors; however, the delivery of more efficient and targeted housing services can make an important and central contribution to improved outcomes overall.

Is there a case for treating the allocation of roles and responsibilities for Indigenous-specific housing assistance and homelessness services differently to mainstream services?

In general social policy terms, the interests of all groups are best met within the framework of mainstream services. However, those services must be regularly assessed to ensure that specific needs and interests are being adequately recognised and practically delivered. It is also critical that the users of services from specific interest groups, including Indigenous Australians, are adequately represented in agencies and within the managerial and decision making structures at all levels.

Could greater contestability in service delivery improve the efficiency and effectiveness of housing assistance and homelessness services?

One of the myths in social policy over recent years has been that choice and competition increase efficiency and quality. In reality, in many areas – including health, personal social services and transport – the sector has witnessed duplication, high costs and poor quality. This is most evident in countries like the UK where this approach has dominated for some 30 years. There is a clear alternative perspective in which “voice” rather than choice drives service improvement. In this model, contestability is provided by service users who are best placed to identify service improvements.

How can housing assistance, homelessness services and related service systems, such as health, disability and aged care, be effectively coordinated?

Coordination of related but separate services is one of the central challenges for government and related service providers. Adopting a whole of government approach, focused around a shared objective, can assist integration. For example, trying to alleviate poverty places the client at the centre of collaborative intervention. This is currently achieved within child protection structures when the needs of the child focus and integrate the actions of multiple agencies. A similar central objective for those with housing needs could provide similar focus and result in better multi-agency coordination.

Durability

What changes would help to create a durable allocation of roles, responsibilities and funding?

The development of a quadripartite structure with demarcated roles for Federal, state and territory, local governments and the community sector will establish a stable, durable and sustainable housing system. It is also critical that housing services are not the subject of political shifts and changing

political perspectives in government. Enshrining the basic right to adequate housing in national legislation, as recognised by the UN Habitat Agenda, can bind future governments to maintain commitment to housing supply and affordability. Capital funding of social housing (as opposed to recurrent subsidies like the CRA) is the most durable for social assistance. Our experience is that social housing is not sustainable as public housing, but that housing the same people within community housing is sustainable because of access to CRA and more efficient management arrangements.

Financial sustainability

People who cannot access the private market require subsidised housing. Government subsidies are required to maintain social housing for those people in need, as they do not have the capacity to pay.

How would the re-allocation of roles and responsibilities address cost pressures?

Avoiding duplication and overlap – while maximising delivery in specialist organisations within the community and not-for-profit sector – will address cost pressures. Investment in the not-for-profit sector by government effectively recycles funding as all surpluses are returned to the further delivery of housing services. This can effectively create a “multiplier” effect from government expenditure.

How could incentives for cost-shifting be minimised?

Cost-shifting is premised on a silo-ed approach to government responsibility. It can be argued that social housing subsidises other areas, such as mental health, by increasing the efficiency and support provided. Indeed, it can be argued that housing should be seen simply as part of the cost of any program of assistance and funded as such. Cost-shifting becomes very difficult in a framework that clearly defines roles and responsibilities. Furthermore, in a whole of government approach, it is possible to identify the contribution that housing makes to the costs of other services, including health and education. When such contributions are considered, it is highly likely that costs of providing housing services are significantly less than the headline figure.

Is there an opportunity to look at alternative ways (beyond government intervention) of funding the supply of affordable housing?

There is considerable potential to develop innovative funding options to increase supply by fully integrating the community housing sector into the housing system through wholesale stock transfer. Three key consequences are identified as outlined below.

Additional human services and tenant development opportunities would allow CHPs to help the movement of some social housing tenants into the private rental sector and home ownership, thereby releasing social housing stock. However, it must be recognised that a significant proportion of social housing tenants require long-term and permanent social housing and that this is a necessary cost to government in its obligation to meet the human right to adequate housing.

Secondly, following UK experience, we know that significant stock transfer creates the opportunity for organisations to become major agents in housing supply. As capacity and confidence develops, a wider range of human and support services emerge to support tenants. Additionally, favourable

borrowing conditions for social housing, not-for-profit organisations encourage entry into direct building of social housing as well as the supply of local infrastructure including schools and medical facilities.

Finally, community housing providers are able to enter innovative funding arrangements with private sector partners, often through the creation of special purpose vehicles (SPVs). SPVs can bring important capital sources to the social housing market and involve major home building agents within a framework in which the community provider manages tenancies and provides human services and tenant support systems. This provides a balanced SPV in which tenant interests are protected and balanced against the private sector motivation for profit.

Conclusion

Compass, one of Australia's largest community housing provider, welcomes the Federal Government's commitment to a vibrant and evolving housing system that includes housing assistance (in part through social housing) that offers a safety net for vulnerable people, provides opportunities and pathways to client independence, and is fair and sustainable.

Compass recognises the changing role of social housing within a broader housing assistance framework and is proposing a new paradigm, the "third wave of social housing" that will provide a diverse and integrated housing assistance response to different segments of the community, depending on each individual's need and capacity.

Attachment: Contrasting the third wave of social housing with existing system

It is informative to compare the current social housing system with that which is emerging in the third wave of social housing.

Table: Contrasting the current system and the third wave of social housing

Area	Current system	Third wave of social housing
Access	Highest in need given priority	Segmented approach with viability and sustainability of community considered
Assistance integration	Limited and inconsistent between government and non-government providers of housing assistance	Fully integrated, with all products available to all providers of housing assistance
Segmentation	Similar policies apply to all	Tenants streamed depending on potential to work and volunteer and those covered by state statutory duty of care obligations
Lease tenure	Mixture of long term	Permanent tenure for those not able to work

Area	Current system	Third wave of social housing
	and short term leases on individual basis	Limited term linked to development and reviews for those that can work with limitations
		Limited term linked to development and exit plans for those who can work
License	Options limited to leases or eviction	For suitable situations, a transition to license could be provided as an alternative to eviction. This tenure would include a requirement to meet defined behaviour, supported by case-management with appropriate services. There would not be access to the usual tenancy appeal mechanisms
Anti-social behaviour	Reluctance or inability to effectively address	Comprehensive assessment of influencing factors that can be addressed such lack of support services for people with mental health issues.
		A dual approach to tenancy management that supports tenants with social or health barriers to tenancy compliance but with assertive enforcement of tenancy and neighbourhood rules and use of eviction and engagement with police in cases of criminality or serious anti-social behaviours
Rental	25% of income (plus CRA for community housing)	Market-based escalating to 75% of market
		For non-working tenants rent is set low, but linked to market not income
Education	Limited	Structured program for every tenant who can work and/or volunteer. Created by partnerships with local schools, TAFE institutions and informal learning providers in the third sector
Employment	Limited	Structured program for every tenant who can work including social enterprise programs

Area	Current system	Third wave of social housing
		Creation of work opportunities in social enterprises and social procurement relationships with local anchor organisations (e.g. hospitals, universities, etc.)
Community engagement	Limited	Volunteer development and support program linked to community engagement, which deploys volunteering as a transition to the labour market where possible
Private rental	Limited	Ongoing support (including financial as required) in the private rental market as a key element of the segmented continuum of support identified above
Service cliffs	Significant levels of difference in the subsidy of people with similar needs	Limited difference in subsidy level between social housing and private rental

Attachment: Three phases of social intervention models

Three phases can be identified in the evolution of the social intervention models developed by housing agencies in the UK.

Phase one

From the early 1990s onwards, central government, local authorities and housing associations were faced with problems of high levels of poverty in social housing communities. From the early 1980s, social housing had become the housing of last choice. Council house sales had removed the most desirable properties from the supply pool and points-based allocations policies had concentrated families and individuals with critical social and economic problems into the residual social housing stock. Local authorities had been prevented by UK Treasury rules from using the receipts from council house sales to build new housing or repair the existing stock and by 2000 council housing was in a state of considerable disrepair and generalised poor stock condition.

By 2000 the typical local authority housing estate was characterised by high levels of economic inactivity, high incidence of lone parent families, poor educational performance, poor health patterns and people who were socially and culturally disengaged. Financial poverty of workless families and communities had become embedded and created patterns of social exclusion which in the most severely affected areas led to anti-social behaviour, crime, alcohol abuse and drug use, with many communities developing high levels of stigmatisation. Housing management issues which arose from this wider climate led to some areas becoming difficult to let with high levels of abandonment and excessive void rates.

From the early 1990s onwards housing associations developed a range of activities which took them beyond the simple supply and maintenance of housing into interventions that attempted to address some of the socio-economic problems identified above. Often motivated by housing management issues (including estate stigmatisation, anti-social behaviour and high debt, void and eviction rates), strategies were adopted to improve efficiency and performance. As well, many organisations developed social justice policies.

By the mid-1990s, this work had attracted the 'Housing Plus' label to describe a general approach characterised by a wide range of interventions. A 1997 Joseph Rowntree review of Housing Plus activities on five London estates (Kemp and Fordham, 1997) identified the following approaches being adopted:

- Improved tenant participation and consultation
- Development of multi-agency partnerships
- Provision of social facilities including play areas, mother and toddler clubs and youth and worker facilities
- Vocational training
- Revised letting policy to improve social mix

Practices of this kind became widespread in the UK housing movement and in Wales during this period. The Federation of Welsh Housing Associations convened a community development interest group to identify good practice and to promote the extended housing agenda. This network remains in place and is now convened by the Centre for Regeneration Excellence Wales (CREW) as a housing-

led regeneration network with over 200 members (http://regenwales.org/network_5_Housing-Led-Regeneration-Network).

Following the election of the Labour government in 1997, the eradication of poverty and social exclusion became a core government objective. Policies targeted the wider context of poverty with programmes such as the Strategy for Neighbourhood Renewal in England, Communities First in Wales and Communities Scotland. All were concerned with combating social exclusion through the development of local empowerment strategies and neighbourhood partnerships that brought the full range of public services to work with residents on localised solutions.

Phase two

Housing providers played a key role in these interventions as many of the physical and social issues confronting communities were housing-related (JRF, 2001). In this context the issue of stock transfer emerged as a key response to lack of funding for local authorities to tackle the issues. The wholesale transfer of social housing stock emerged as a means of overcoming UK Treasury rules on public sector borrowing. Transfers were made to existing conventional housing associations and in Scotland and Wales into newly developed mutual ownership models. Transfer was usually with full title and on a permanent basis. Guaranteed rent income paid directly to the housing association in the form of government housing benefit ensured high security borrowing capacity at low interest rates, even where stock condition determined a negative value for the housing stock. In England and Wales, new minimum housing standards were developed and multi-billion programmes of physical renewal were triggered. In Wales the estimated spend has been in the region of £5.2 billion with all stock expected to meet the new Welsh Housing Quality Standard (WHQS) standard by 2017.

Community regeneration activities became established as a key element of the 'transfer offer' to tenants, in that would-be recipients of transferred stock were aware of the critical need to address social as well as housing issues. In this they were also able to build on longer-term community development practice by housing associations to develop community regeneration approaches which tackled the full range of social problems evident in social housing communities.

A key assumption underpinning these social regeneration activities was that delivering physical renewal alone was unlikely to be sustainable in the long-term without high levels of community engagement and empowerment. Delivery of effective physical refurbishment became closely connected with community and tenant participation in accord with the methods adopted by major urban renewal strategies operated by government. The community partnership was the dominant mode of governance with tenants in transferred local authority stock taking up places on these partnerships as well as key positions on housing association Boards, scrutiny committees and general tenant management structures.

Often referred to as 'beyond bricks and mortar' (Rowe and Sitron, 2002, CFSN, 2007), this phase of development did much to consolidate community investment and community regeneration activities as a core element of the function of many housing associations.

Phase three

In the current post-transfer context there has been a developing interest in providing economic and employment opportunities for residents of social housing communities. The achievement of the new Housing Quality Standards in England and Wales ensured that there was significant expenditure in the

very poorest communities. The opportunity to link this to the training and employment of local people was self-evident. Consequently, a range of social procurement practices have emerged from the desire to ensure that the money spent on achieving new housing standards would have direct economic benefit in the communities where the money would be spent.

The achievement of Welsh Housing Quality Standard (WHQS) was seen as a unique opportunity, when some £5 billion pounds would be spent in the most deprived areas of Wales. Releasing the economic benefit of this expenditure for local residents was seen as a major priority. To support this, the Welsh government established an arms-length organisation called i2i (<http://www.cih.org/i2i/about>). An expert team developed the legal frameworks for innovative procurement practice, which ensured local employment, targeted recruitment and training and the creation of apprenticeships as core contract requirements of any companies providing services to achieve the WHQS. This produced the *Can Do Toolkit*, which gave clear legal guidance to commissioning agencies on the development and enforcement of effective social clauses in all WHQS contracts. This has been enthusiastically embraced by the stock transfer sector, which has also adopted wider practices of community-based regeneration through tenant participation, energy efficiency and community activity programmes.

Of the 22 local authorities in Wales, whole stock transfer has taken place in 10 areas to date. The process has successfully transferred 136,635 units into new mutual housing providers. These join the already significant stock of over 50,000 operated by conventional housing associations. Community Housing Cymru, the peak body for social housing in Wales, estimates that in 2012-13 the sector created an estimated total output of £1,972m, gross value added of around £649m, and an estimated 21,360 effective full-time jobs in Wales. This figure is derived from both direct and indirect spend by suppliers to the sector. Of this expenditure, some £219 million is classed as regeneration-based expenditure with £14 million of this expenditure in community-based programmes including financial and digital inclusion, energy efficiency, employment support and social enterprise development. (All figures from WERU, 2013).

This represents a major economic contribution to the wider economy but also to the local economies in the housing associations home area. It has provided a clear focus on the economic outcomes that can be derived for tenants if they are also linked to social interventions that increase tenants' employability and tackle some of the barriers to employment conventionally experienced by residents of social housing communities.