



Homelessness Australia

Creating a framework for ending homelessness

Federal Budget Submission

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Introduction

Homelessness in Australia is set to significantly increase in 2021 as high unemployment persists, and the Federal Government cuts unemployment payments below payment rates that enable people to maintain rentals. The current Budget forecasts also factor in a cut in homelessness funding of \$41.3 million on June 30, 2021.

This Budget Submission calls for investments to reduce homelessness in Australia by increasing income support payments to a rate that enables rental affordability, by providing social housing to people unable to afford rent, and by providing increased homelessness services and support to families facing the devastation of homelessness.

Social Housing Acceleration Renovation Program

Social housing makes great economic stimulus. It's fast to roll out, directs funding predominantly to local jobs and local products (creating a multiplier effect for every dollar spent), and it achieves a hugely positive social outcome, creating infrastructure that benefits the community into the future, while ending homelessness.

With Australia continuing to face high unemployment, now is an ideal time for the Federal Government to partner with State and Territory Governments to deliver an immediate boost to social housing of 30,000 dwellings.

A commitment to start a social housing building program now will boost residential construction, particularly in the apartment market, just as private investment in apartment construction is plummeting and construction jobs are being lost, saving 18,000 jobs per year over the life of the investment.

Together with the Community Housing Industry Association (CHIA), National Shelter, and the Everybody's Home campaign, Homelessness Australia urges the Federal Government to invest in the Social Housing Acceleration Renovation Program (SHARP) proposal to build 30,000 homes over four years and renovate tens of thousands of existing properties; an investment of \$7.7 billion over four years – split between Federal and State Government. This would raise output in Australia by at least \$15.7 billion in total, over the four years of construction and increase GDP by anywhere between \$5.8 to \$6.7 billion.

Building more social housing is also critical to efforts to respond to growing homelessness in Australia. Currently, 55 per cent of people accessing homelessness services cite financial or housing issues as the main reasons for seeking assistance, with each set of issues connected to the difficulty people on low incomes face accessing housing they can afford in the private rental market.



With a more adequate social housing safety net, fewer Australians would experience homelessness, and specialist homelessness services could rapidly re-house people who did lose their home. Long wait times for social housing now, mean many people who lost their housing spend years in a cycle of crisis accommodation and other temporary options, with devastating consequences to their health and capacity to engage in employment or education.

ERO Supplementation

From 2018-1 to 2020-21 the Commonwealth Government has contributed Equal Remuneration Order (ERO) supplementation funding to the states within the National Housing and Homelessness Agreement (NHHA), to contribute towards the extra staffing costs resulting from the ERO. However, this funding commitment ends on 30 June 2021, representing a loss to homelessness services nationally of \$56.7 million.

In 2019-20, 1,625 specialist homelessness services were funded to provide support to 290,462 people at risk of, or experiencing, homelessness, and provided clients with over 26.1 million days of support. Australian homelessness services are already so poorly funded, and demand for support and accommodation is extremely high. In 2019-20, services had to turn away 260 people needing assistance each day, amounting to a total of 95,300 unassisted requests for 2019–20, which was 3,000 more than in 2018–19. Of those who missed out on support, two-thirds were women and girls, many fleeing domestic and family violence.

The loss of \$56.7 million equates to around 567 workers, who would otherwise provide around 120,000 intake and assessment appointments, and 17,880 12-week case management support periods. These are vital services providing support to prevent homelessness, access to emergency accommodation, and pathways and support to gain and sustain long term housing for people at risk of or experiencing homelessness.

While the 2020-21 Budget included ongoing supplementation funding for services directly funded by the Federal Department of Social Services, and for services funded via the National Partnership Agreement on Legal Assistance Services, homelessness services to date have been excluded from ongoing supplementation funding.

The consequence of this funding cut will be a direct cut in funding to services resulting in reduced service capacity. As this funding cut coincides with the expected cuts to JobSeeker payments and the conclusion of JobKeeper, there will inevitably be a significant increase across the nation in homelessness, particularly rough sleeping.

In order to at least maintain existing homelessness service capacity, Homelessness Australia calls on the Federal Government to recommit to Federal funding of ERO supplementation over the forward estimates.



Housing First

Around Australia a vulnerable cohort of people with significant mental health issues, and often other chronic illness and/or disabilities, remain entrenched in homelessness, often cycling in and out of acute mental health care and other intensive, and expensive, government services. This cohort includes many people who have been victims of institutional childhood abuse, veterans, and others carrying the burden of major traumas. Many are frequent users of homelessness services, alternating between accessing short periods of accommodation and support, and rough sleeping, but not having access to the long-term housing and support they need to both gain and sustain housing.

Both Australia and international evidence has confirmed that Housing First responses, providing access to long term housing, alongside appropriate wrap around support that provides assistance to manage health and mental health issues, results in housing sustainment rates over 80 per cent, and directly reduces rough sleeping.

A contribution from the Federal Government to scale up small Housing First programs nationally would directly decrease rough sleeping, and reduce pressure on other services that receiving significant federal funding, including hospitals and mental health services.

An annual investment of \$256 million would support 10,000 people with high support needs into rental head leases with an annual per person rent subsidy of \$9,360 and support package of \$16,250.

Permanently increase income support

Providing adequate income support so people can afford the cost of private rental is one of the simplest and most effective ways to prevent homelessness.

The former rate at which income support benefits including JobSeeker and Youth Allowance were paid, were insufficient for people to access housing. Of the approximately 70,000 rental properties advertised across Australia on the weekend of 21 March 2020, just nine properties in Australia were affordable to a person on the JobSeeker payment.¹ After paying for housing 55 per cent of households on the old rate of JobSeeker were living in poverty.²

The impact of increased income support payments on rental affordability was demonstrated in 2020, when the rate of people receiving Commonwealth Rent Assistance (CRA) and still experiencing rent stress (because they were paying more than 30 per cent of their income on rent), decreased to 29.4 per cent, from 40.5 per cent the previous year, resulting in 155,765 households saved from spending unsustainable amounts on rent.



In order to provide a more adequate level of payments Homelessness Australia calls on the Federal Government to:

- permanently increase JobSeeker and related allowance payments to at least pension rates, an increase of \$185 per week for single adults on Jobseeker payment and \$238 for single people on Youth Allowance, Austudy and Abstudy Payments, and
- increase the maximum rate of Commonwealth Rent Assistance by 50% to more adequately subsidise private rental costs for low-income tenants. For a single person without children, this increase would see CRA rise from \$70 to \$105 per week.

References

¹ Anglicare Australia, 2020, *Rental Affordability Snapshot; National Report April 2020*, p.9.

² Davidson, P., Saunders, P., Bradbury, B. and Wong, M., 2018, *Poverty in Australia, 2018*, ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS, p.6