

**2020**

**THE LEGISLATIVE ASSEMBLY FOR THE  
AUSTRALIAN CAPITAL TERRITORY**

**ACT GOVERNMENT RESPONSE TO THE  
LEGISLATIVE ASSEMBLY RESOLUTION OF 24 OCTOBER 2019 - SUPPORTIVE  
HOUSING IN THE ACT**

**Presented by  
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Chief Minister  
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## **Introduction**

On 24 October 2019, the ACT Legislative Assembly passed a resolution regarding the provision of supportive housing in the ACT (the Resolution). Under Paragraph (3) of the Resolution, the Assembly called on the ACT Government to:

- (a) undertake economic analysis to determine ACT Government and community savings by providing supportive housing to people experiencing homelessness. This cost impact modelling should include analysis of:*
- (i) the short and long-term cost impacts on ACT Government-provided and ACT Government-funded services for these cohorts;*
  - (ii) financial and other benefits of providing immediate or timely access to social housing or support into the private rental market; and*
  - (iii) assess the cost benefits of housing first models, including Common Ground ACT;*
- (b) give certainty to the community housing sector by extending the land tax exemption for land provided for affordable community housing as soon as it is practically possible and clearly signalling this to the sector; and*
- (c) provide the report on this work to the Assembly by the first sitting day in August 2020.*

The information in this paper responds to paragraphs 3(a) and 3(b). This paper is the report called for under Paragraph (3)(c).

## **Background**

### ***The need for supportive housing***

In 2018, the ACT Government commissioned the University of Queensland to undertake research (the Cohort Study) to better understand the specialist care, support and accommodation requirements of people with high and complex service needs (HCSNs) who are either experiencing homelessness or at risk. HCSNs for this purpose include mental health issues, drug/substance use, alcohol use, transitioning from custodial arrangements, transitioning from foster care/child safety placement and transitioning from other care.

The Cohort Study concluded the following:

- The number of people who are homeless or at-risk HCSNs in the ACT is small compared to the number of people who are homeless or at-risk non-HCSNs.
- On average, homeless HCSNs were more likely to be male (65.2% or 131 people), Australian-born (78.0% or 156 people), aged between 25 and 44 years (51.8% or 103 people), unemployed or not in the labour force (87.5% or 175 people), not enrolled in educational institutions (90.0% or 180 people), living alone (71.1% or 142 people) and receiving government income (67.5% or 135 people).

- On average, HCSNs at risk of being homeless were more likely to be male (52.7% or 95 people), Australian born (66.6% or 122 people), aged between 25 and 44 years (54.5% or 100 people), unemployed or not in the labour force (85.7% or 157 people), not enrolled in education institutions (96.9% or 177 people), renting (56.3% or 102 people), living alone (68.6% or 126 people) and receiving government income (63.0% or 116 people).
- Homeless HCSNs have a higher likelihood of being provided with short-term accommodation compared to the rest of the homeless population. Compared to homeless non-HCSNs, homeless HCSNs were less likely to be assessed as needing medium-term housing and less likely to be provided with it.
- Both homeless HCSNs and homeless non-HCSNs have a low likelihood of being provided with long-term housing. Qualitative data from at-risk HCSNs in the ACT, and from government and non-government stakeholders who work with them, highlights the need for permanent supportive housing models.
- The evidence suggests that providing affordable long-term housing for some homeless HCSNs creates conditions in which they no longer need and use some health and social services that they need and use while homeless.

The Cohort Study found there is no single best model of supportive housing for people with HCSNs. As discussed below, providing a mix of ‘congregate’ and ‘scattered’ supportive housing based on the Housing First model (i.e. treating safe and permanent housing as the first priority for people experiencing homelessness) allows the ACT Government to provide tailored solutions for people experiencing or at risk of homelessness.

### ***Supportive housing in the ACT***

There are two programs currently delivering supportive housing in the ACT based on the Housing First model: Common Ground Canberra and Axial Housing.

Common Ground Canberra was launched in 2015. It is an example of ‘congregate’ supportive housing, being located on a single site with shared accommodation or independent units and on-site support. It has 40 units of which 20 are for affordable housing (i.e. 75% of market rent) and 20 are for people experiencing homelessness (i.e. 25% of income). The latter are provided with on-site support to address issues that lead to chronic homelessness including mental and physical illness, substance addiction, trauma and abuse. Support also includes case coordination, linkage with mainstream and specialist services, social and economic inclusion and tenancy management.

Axial Housing is a pilot program launched in November 2019 by CatholicCare. It is an example of ‘scattered’ supportive housing, where housing is scattered through buildings or neighbourhoods with off-site, mobile and person-centred support. Axial Housing was originally targeted at 20 individuals but was expanded to 32 as part of the COVID-19 response. Case workers provide support to Axial clients at their homes and are also available at the service providers’ offices.

A second Common Ground community housing complex is planned for Dickson. It will provide 'congregate' supportive housing through 40 units as well as communal and social spaces. In the 2019-20 budget, the ACT Government withheld details of total capital funding to ensure value for money when making an approach to market. As reported in the budget papers, capital funding for 2019-20 was \$2.147 million.

### ***Other homelessness services in the ACT***

This response focuses on supportive housing programs that adhere to the Housing First model. However, the ACT Government provides support to people experiencing homelessness through other types of programs (e.g. temporary accommodation and food programs).

In the 2019-20 budget, \$24 million was allocated to the ACT Specialist Homelessness Sector to provide the following support:

- \$6.32 million to nine programs to support women (with or without accompanying children);
- \$3.8 million to five programs to support men;
- \$2.27 million to four programs that specifically support families (in all of their diversity);
- \$5.48 million to eight programs that support young people up to the age of 26;
- \$1.20 million to five programs that support Aboriginal and Torres Strait Islander families;
- \$278,390 to three free food programs; and
- \$4.6 million to 18 general support services including the Early Morning Centre, Blue Door, OneLink, Street to Home, and other information, advice, sector support and advocacy services.

In total, the ACT Specialist Homelessness Sector can currently offer 972 support places (outreach) and 348 accommodation places at any one time.

### ***Responding to COVID-19***

In April 2020, the ACT Government announced \$832,000 in funding to provide emergency and long-term accommodation for men, women and children who face the challenge of social distancing in shelters, self-isolation when needed and potential quarantine.

In this funding package, CatholicCare was given an additional \$100,000 to fast track Axial Housing.

### **Paragraph 3(a) of the Resolution**

#### ***Overview***

At this stage, the ACT Government has not completed full cost impact modelling of Common Ground Canberra and Axial Housing.

Due to the complexities of homelessness, full cost impact modelling requires linking data and outcomes across a client's interactions with all human service programs in operation in

the ACT; both Government and community based, crossing mental health, general health, justice, education and child protection services.

The ACT Government, with the Community Services Directorate acting as lead agency, will continue to build the capability to form these linkages and will consider the model developed by the Justice and Community Safety Directorate (paragraph 2(e) of the Resolution) in doing so. In the meantime, the Community Services Directorate will continue to draw on national and international research to inform ongoing policy and program development for supportive housing.

Axial Housing is a new program. It will be reviewed following 12 months of operation. For this reason, the following discussion is focused on Common Ground Canberra.

### ***Cost***

Common Ground Canberra cost approximately \$17 million to construct. Of this, the ACT Government contributed approximately \$13 million in capital and expense funding. The remainder was composed of \$4 million in Commonwealth funding through the National Partnership Agreement on Homelessness (NPAH) Development Fund and private donations.

The ACT Government pays an annual fee to Northside Community Service for tenancy support services. The annual fee is set out in Schedule 4 of the Service Funding Agreement between the ACT Government and Northside (dated 5 September 2014). The annual fee is approximately \$307,000 with indexation. In 2019-20, the fee was approximately \$345,000.

The ACT Government does not pay a fee to Argyle Housing to manage Common Ground Canberra. Instead, Argyle Housing is entitled to a management fee from rents paid.

### ***Economic benefits - Research***

The economic benefits of preventing people from enduring homelessness are well documented.

- In 2016, the Australian Housing and Urban Research Institute (the AHURI) concluded that the average cost saving to government of specialist homelessness services nationally is \$3,685 per client per year by reducing the use of non-homelessness services such as health, justice and welfare services (AHURI, 2016). Savings are even greater for homelessness programs for single women, with average cost savings estimated at \$4,030 per client per year. The AHURI also refers to a study on public housing provision in Western Australia, which identified annual health care cost offsets alone to be \$4,846 per client.
- Parsell et al. (2015) linked government administrative data from tenants of Common Ground Brisbane to develop evidence about the costs and cost offsets of addressing chronic homelessness. The tenants used fewer services, often considerably fewer, in their first year living in supportive housing compared to the year before they began their tenancy, when they were homeless. The reduced costs were directly associated with reduced service use. The tenants used health, criminal justice and homelessness services that cost the Queensland Government \$1,976,916 (an

average of \$48,217 per tenant) in the year they were homeless. The cost of services they used in the year they were supportive housing tenants was \$852,314 (an average of \$35,117 per tenant), resulting in an overall cost reduction of \$1,124,602.

These figures included health, criminal justice and homelessness services and the tenancy and support costs of supportive housing. Compared to the costs of a person being chronically homeless for 12 months, a 12-month supportive housing tenancy reduced the average tenant's use of state government services by \$13,100.

- In 2017, SGS Economics and Planning analysed the cost of homelessness in Victoria. It concluded that the government providing one last resort bed will generate a net benefit of \$216,000 over 20 years (an average net benefit of \$10,800 per year) (Witte, 2017). Benefits include health cost savings of \$8,429 per year, improved quality of life equating to \$6,500 per annum, reduced crime costs of \$6,182 per annum, improved human capital (e.g. labour force engagement) of \$4,236 per annum, volunteering benefits of \$268 per annum and economies of scale of \$300 per annum. Other benefits such as community pride/social justice and avoided property blighting/nuisance were not quantified. In total, the cost savings per annum per bed were estimated to be \$25,615.

These figures have several limitations:

- It is assumed 10% of all tenants will access employment after gaining housing. Reports from Northside Community Service indicates 67% of Common Ground Canberra tenants have accessed new employment. Therefore, the improved human capital of \$4,236 per annum may be higher.
- A discount of 25% was applied to crime costs because the underlying data used relates to youth crime, which is likely to be an overestimate of average crime costs.
- The savings of improved quality of life were calculated based on the average cost of providing last resort housing. This may not be an accurate metric in the context of supportive housing based on a Housing First model.

### ***Economic benefits - Common Ground Canberra***

Although these studies are not a perfect indicator of the benefits that are generated by supportive housing in the ACT, they can be used to estimate the benefits of Common Ground Canberra in the absence of full cost impact modelling.

Argyle Housing, the manager of Common Ground Canberra, provided the ACT Government with tenancy feedback on their experiences in Common Ground Canberra and information on the number of tenancies that have exited per year of operation. For confidentiality reasons, Argyle Housing could not provide information on the start dates of current tenants living in homelessness accommodation at Common Ground Canberra. For this reason, for the purpose of estimating cost savings, it has been assumed the 20 homelessness accommodation flats have 20 tenants living in them full time in any given year.

Drawing on this assumption and the research identified above:

- Based on the analysis by SGS Economics and Planning, total cost savings of supporting 20 tenants per annum is \$512,300 (Witte, 2017). This offsets the annual fee paid to Northside Community Service by approximately \$168,000.
- Based on the analysis by Parsell et al., the total use of government services per annum is reduced by \$262,000 (Parsell et al., 2015).
- Based on the analysis by AHURI, the average cost saving to government of providing Common Ground Canberra is \$73,700 (AHURI, 2016).

Half of the tenancies provided at Common Ground Canberra are for affordable housing, not for people who experience homelessness or are at risk of experiencing homelessness. Quantifying the benefits of providing affordable housing may improve the cost-benefit analysis of Common Ground Canberra as a whole.

### ***Other benefits - Common Ground Canberra***

The above analysis includes quantification of some social benefits (e.g. improved quality of life and improved human capital). However, not all social benefits have been quantified (e.g. community pride/social justice and reduced property blighting/nuisance).

Common Ground Canberra released a snapshot on tenant experiences over the first two years of its operation. The snapshot notes that:

- 35% of tenants have commenced training and 67% have accessed new employment.
- 85% of tenants have sustained their tenancy for more than 2 years.
- 90% have worked with Northside Community Service to address personal issues.
- 90% felt safe and secure in Common Ground Canberra.
- 91% accessed community and targeted health services.
- 70% were connected with social support or community activities.

### **Paragraph (3)(b) of the Resolution**

The ACT Government's Affordable Community Housing Land Tax Exemption Pilot Scheme (Pilot Scheme) currently provides land tax exemptions for up to a limit of 100 properties. As at 6 May 2020, there were 28 properties being rented under the scheme.

As part of the 2019-20 Budget Review, the ACT Government extended the Pilot Scheme until 30 June 2023.

As part of the ACT Government's commitment to affordable community housing, the Pilot Scheme will now be reviewed to expand the cap from 100 to 125 properties and remove the current time limit that applies to the scheme. Government will also consider options for new land tax exemption schemes that are targeted at encouraging newly built affordable rentals.

## **Citations**

(AHURI, 2016) Australian Housing and Urban Research Institute. 2016. Effectiveness of the homelessness service system. Available at:

[https://www.ahuri.edu.au/data/assets/pdf\\_file/0018/10629/Future-homelessness-reforms-and-funding-AHURI-Research-Report.pdf](https://www.ahuri.edu.au/data/assets/pdf_file/0018/10629/Future-homelessness-reforms-and-funding-AHURI-Research-Report.pdf)

(Parsell et al., 2015) Parsell C., M. Petersen, O. Moutou, D. Culhane, E. Lucio and A. Dick. 18 December 2015. Brisbane Common Ground Evaluation: Final Report. Prepare for: The Queensland State Government, Department of Housing and Public Work. Available at:

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