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From:

Mercy Foundation

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To:

Ms Wendy Lindsay MP

Committee Chair

Committee on Community Services

NSW Parliament

Dear Ms Lindsay,

The Mercy Foundation appreciates the opportunity to provide a submission to the Committee on Community Services regarding options to improve access to existing and alternate accommodation to address the housing shortage in NSW.

This submission provides comments on the Terms of Reference point a, regarding Meanwhile Use housing, and point c, short term accommodation models.

### **About the Mercy Foundation**

The Mercy Foundation, established by the Sisters of Mercy North Sydney in 1990, is an organisation committed to social justice and structural change to create greater social equity and inclusion in the Australian community. Our current focus is ending homelessness, abolishing modern slavery and bringing about greater social justice in communities across Australia. The Mercy Foundation is an independent voice, informed by evidence and current research. We work in partnership with other organisations on issues and activities that help achieve our goals.

Housing is a human right that affords people dignity. Appropriate, affordable, secure housing is the foundation from which we build our lives. It is key to physical and mental health, quality of life and human dignity.

Homelessness is damaging to people's lives and has severe and lasting impacts. The importance of having a safe, secure, appropriate, affordable home cannot be overstated.

Housing solves homelessness. Most homelessness will be solved by safe, affordable, appropriate, permanent housing. Some people may need short term support to sustain their housing, with access to other services such as health and employment. A small group of people experiencing homelessness with complex needs will require permanent supportive housing.

With the enormous challenges facing our society at this time, the need for a safe, secure, affordable home has never been greater.

## **Introduction**

### A crisis point for social and affordable housing

There is no doubt that there is an affordable housing crisis in every state of Australia and an urgent need to provide more permanent social and affordable housing in NSW. The social housing waiting list in NSW consists of more than 50,000 applications and the waiting list is 10 years or more in many areas. It also results in homelessness, as experienced by 37,715 people in NSW.<sup>i</sup>

It is estimated that 530,000 households and 1.4 million people in NSW are living in housing stress and need more affordable housing options, including social housing.<sup>ii</sup>

A lack of social and affordable housing is increasing rental stress felt by people living on low levels of income. A survey by ME Bank in June 2021 reported that 68% of renters reported rent stress, an increase of 3% since December 2019. Groups that reported higher levels of rent stress include single parents, couples with young children, retirees, and households on low incomes (less than \$40,000 per annum) and below average incomes (\$40,000 to \$75,000 per annum). Furthermore, more women (75 per cent) reported rent stress than men (60 per cent).<sup>iii</sup>

### Older women and homelessness

The Mercy Foundation is particularly concerned with chronic homelessness and older women's homelessness. The research report 'At Risk' estimates that in NSW there are 110,000 women aged over 45 years at risk of homelessness.<sup>iv</sup> The risk of homelessness is compounded by the fact that older women in need of housing are not prioritised for social housing until they are 80 years old.

Women experiencing homelessness need appropriate, long term, affordable housing. Stable housing is important for good health and wellbeing. Housing is an important health intervention. Women's health needs generally increase as they age and can be exacerbated by insecure housing or homelessness. Older women generally have low needs and need nothing more than a safe, affordable, permanent home.

A lack of social housing options is causing much distress to women experiencing domestic violence. A new report from Equity Economics estimates that nationally, 7,690 women have returned to a violent partner due to a lack of affordable housing options and that 9,120 women and children face homelessness each year after leaving a violent partner. Equity

Economics estimates that there is *an immediate need* for 16,810 additional social housing units across Australia to ensure that women and children escaping family and domestic violence have somewhere to go and are not forced into returning to a violent partner or homelessness.

### Many benefits to building social housing

According to the report by Equity Economics, if the Commonwealth Government invested in building 16,800 additional social housing units the \$7.6 billion cost would be dwarfed by immediate economic benefits of \$15.3 billion and the creation of 47,000 new jobs. A substantial saving of \$122.5 million, due to women not returning to a violent partner, and \$257 million, due to women not experiencing homelessness after leaving their homes due to family and domestic violence, would be realised a year.<sup>v</sup>

### **Ending homelessness**

#### Housing First

The evidence-based approach to ending homelessness is a safe, permanent, affordable home, coupled with the support services required to maintain a tenancy. The recognised model for ending chronic homelessness is Housing First. Housing that is safe, secure, appropriate, affordable and permanent, and access to services to assist the tenant from falling back into homelessness. (See appendix 1 for Housing First information).

#### Rapid Rehousing

Rapid re-housing quickly connects families and individuals experiencing homelessness to permanent housing through a tailored package of assistance that may include the use of time-limited financial assistance and targeted supportive services. <sup>vi</sup>Where an instance of homelessness cannot be prevented, individuals and families will receive immediate crisis services and temporary accommodation and be re-housed as quickly as possible

Both Housing First and Rapid Rehousing rely on the availability of suitable, long term accommodation that is affordable. Social housing is key to the success of both these approaches.

### **Addressing the Social Housing Shortage in NSW**

The only means by which the NSW Government can address the social housing shortage is to build more housing. It is estimated that 5,000 social housing properties need to be built over the next 30 years to address the need.<sup>vii</sup>

### **Stopgap measures**

The Mercy Foundation is concerned that the Committee is considering stopgap measures such as Meanwhile Use housing and other short term accommodation models to address the social housing shortage in NSW. These temporary measures will not offer any long-term solution to this issue and may be harmful for different cohorts of people in the community.

Recent research by Dr Emma Power<sup>viii</sup> discusses the experiences of single older women living on low incomes in the private rental market. A 2018 survey of Australian renters found that housing insecurity generates both practical and emotional stress across all ages, with 63% of renters report anxiety 'due to the unknown', a loss of stability and stress caused by the effort to move.

The report notes that:

*For older people renting on a low income, the connection between housing insecurity and the broader feelings of personal insecurity are especially acute. Housing connects to broader feelings of security through its permanency, stability, continuity, sense of control and ability to create a comfortable home environment. The absence of these factors drives profound feelings of insecurity that are especially marked for older people.<sup>ix</sup>*

Short term, transitional and Meanwhile Use housing risks increasing the anxiety of older people and detrimentally affecting their health and wellbeing. The WHO regards housing as a social determinant of health. Inappropriate, unaffordable and insecure housing is not only unfair and avoidable but its detrimental impacts on health are costly to both the persons involved and the economy as a whole.

### **Meanwhile Use limitations**

By nature, Meanwhile Use housing is an insecure or unreliable form of accommodation. The benefit of relatively cheap costs and flexibility may be outweighed by the insecurity of tenure and potentially a lack of legal protection as would otherwise be applicable under tenancy law.<sup>x</sup>

## **Increasing the Housing Supply**

### **1. Invest in social housing**

Housing is essential infrastructure in a community. It is as necessary as roads, schools, hospitals, electricity and water. It is estimated that for every dollar invested in social housing, 1.3 times that amount is returned to the economy. Building 5,000 social housing units would support 18,000 jobs across NSW, resulting in new jobs for NSW, more certainty for businesses, and more families in secure homes.<sup>xi</sup>

### **2. Support Inclusionary Zoning policies**

Inclusionary Zoning is a policy that requires developers to ensure that a share of new construction is affordable. The Mercy Foundation supports targets that require 15% of dwellings built on private land and 30% of dwellings built on formerly public land be affordable. These targets will eventually lead to an increased supply of affordable dwellings for vulnerable cohorts as well as key workers and minimum wage workers. Another advantage of Inclusionary Zoning policy is that it creates additional affordable and social housing stock across the metropolitan area, rather than concentrating development in particular suburbs.

### **3. Invest in innovative responses to growing the housing supply**

The Mercy Foundation has provided seed funding to a number of replicable innovative initiatives that have successfully increased the supply of social and affordable housing.

#### Women's Property Initiatives Older Women's Program

The Mercy Foundation funded a project with Women's Property initiatives to assist older women with some assets that made them ineligible for social housing, but with limited income that prevented them from accessing a mortgage or owning a home of their own. These women end up paying expensive private rental until their assets are diminished. The program enables low-income women over 55 years with modest assets to invest in safe, secure and affordable housing where their assets/contribution will be preserved. They pay rent on a portion of the property, but they will have peace of mind from knowing that the rent is affordable, and their capital investment and their tenancy is secure.

This pilot project may create a replicable model that provides high quality, appropriate, accessible and affordable housing into the future for women to age in place. It will prevent them from becoming homeless or requiring more costly social housing in the future.<sup>xii</sup>

#### Homes for Homes

In 2014, the Mercy Foundation provided seed funding to the Big Issue to establish the Homes for Homes project, an innovative new funding model aimed at increasing the supply of social and affordable housing in Australia.

This model allows owners to make a voluntary tax-deductible donation, equivalent of 0.1% of the property's sale price, to Homes for Homes when they sell their property. This offer to donate is registered on the property's title through a simple legal mechanism (a permissive caveat) and acts as a reminder for the donation to be made at settlement. To help encourage participation, the property owners can choose to withdraw their property from Homes for Homes at any time.

Donations from each property sale will remain in that state or territory. When there is sufficient money raised, experienced housing providers will be invited to submit their proposals via an open tender process. Homes for Homes has granted almost \$1m in funding to organisations across Victoria and ACT. These projects will provide housing for 32 people.<sup>xiii</sup>

#### Head Start Homes (NSW)

Head Start Homes provides a pathway into home ownership by acting as guarantor for community housing tenants who can afford a home loan but are locked out, due to the need for a large deposit and mortgage insurance. By moving into home ownership, their former community housing property is made available for another individual or family in need.<sup>xiv</sup>

#### Kids Under Cover

Kids Under Cover supports vulnerable and disadvantaged young people between the ages of 12 and 25 years who are either experiencing homelessness or at risk of homelessness. The Studio Program provides portable studios, built in the backyards of a family or carer's

home. This provides secure and stable accommodation for young people at risk of homelessness. The youth are supported to strengthen their connection to family, community, and education.<sup>xv</sup>

#### Not for profit real estate agencies

HomeGround Real Estate in Melbourne and the YWCA Canberra's Rentwell project are examples of not-for-profit real estate agencies. They are social enterprises that offer landlords the opportunity to rent their properties out with no rent or at a reduced market price. The properties are leased out to people experiencing homelessness. Both organisations have negotiated tax benefits to encourage property investors to take part in the program.

#### Foyers

Foyers enable young people in transition to develop and achieve educational and employment pathways, exiting in a sustainable way from welfare and service dependence. It is a fully integrated service model focused on education and employment outcomes.

The key to the model lies in the provision of stable accommodation for up to two years in a supported, congregate living environment. For young people who are unable to rely on family support in this critical developmental stage, Foyers provide the time, personalised attention, mentoring, coaching and access to opportunities needed to lead fulfilling, independent and productive lives.<sup>xvi</sup>

#### **Conclusion**

The Mercy Foundation cautions the Committee regarding the use of stopgap, short term and transitional forms of housing, especially for older women. Older people require secure, permanent, affordable and appropriate housing to age in place well and remain in their community. People experiencing chronic homelessness require permanent housing and access to services so that they can lay down roots, look to the future and address any challenges they may face. Families need an affordable, appropriate and secure home to thrive.

The opening paragraph of *Housing 2041, NSW Housing Strategy* written by the Hon. Melinda Pavey states that:

*People are at the heart of any housing strategy. That is why we strive to get housing right—so that all people, at all stages of their lives, can access the right type of housing at the right time.*

The Mercy Foundation heartily agrees with this statement and recommends that the Committee strive to provide housing solutions that are permanent, affordable and appropriate.

Our community deserves no less.

## Attachment 1

**Housing First** is an approach or methodology for assisting homeless people to access permanent housing with support as needed. It is based on the idea that people need a stable and secure home before they can address any other challenges. A safe, permanent home is the foundation that we all need to thrive. The principles of Housing First are:

- Housing is provided as quickly as possible for people experiencing chronic homelessness
- People do not have to be assessed as 'housing ready'. There are no pre-requisites for people to access housing.
- People with addictions can access housing. There is evidence that once people are in stable housing, they are in a better position to tackle their addictions.
- Housing First provides people with permanent housing and access to services needed to help them sustain their tenancy. Most people will just need permanent housing to end their homelessness; some may need a period of transitional support as they move back in housing, and a small number of people have high or complex needs and may require permanent support. An individual's engagement with these services is not required for them to maintain their housing.

Studies of housing programs around the world reveal that tenants engaged in Housing First arrangements are:

- more likely to stay in their accommodation long term;
- have improved health outcomes;
- higher employment and training success;
- more engaged in the community

compared to more traditional housing programs. Consequently, Housing First programs are more cost effective for governments and service providers.

A study of 225 people in the USA compared the outcomes of those using traditional housing services and those using a Housing First program known as *Pathways to Housing*. The research found that 88% of those in the Housing First program retained their housing for two years compared to 47% in the other programs.<sup>xvii</sup>

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<sup>i</sup> Australian Bureau of Statistics, Census of Population and Housing: Estimating homelessness 2016, March 2018

<sup>ii</sup> Maximising the Returns: The role of community housing in delivering NSW future housing needs, Equity Economics, CHIA NSW June 2021

<sup>iii</sup> <https://www.mortgagebusiness.com.au/breaking-news/15912-rent-stress-exceeds-mortgage-stress-me-bank>

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- <sup>iv</sup> At Risk: understanding the population size and demographics of older women at risk of homelessness in Australia”, commissioned by Social Ventures Australia, written by Dr Debbie Faulkner and Laurence Lester, University of Adelaide
- <sup>v</sup> Nowhere to Go: The benefits of providing long-term social housing to women that have experienced domestic and family violence Equity Economics, Everybody’s Home July 2021
- <sup>vi</sup> <https://files.hudexchange.info/resources/documents/Rapid-Re-Housing-Brief.pdf>
- <sup>vii</sup> Maximising the Returns: The role of community housing in delivering NSW future housing needs, Equity Economics, CHIA NSW June 2021
- <sup>viii</sup> Power, E.R. 2020 Older women in the private rental sector: unaffordable, substandard and insecure housing. Western Sydney University. <https://doi.org/10.26183/5edf0f0d75cf8>
- <sup>ix</sup> Ibid.
- <sup>x</sup> <https://theconversation.com/meanwhile-building-use-another-way-to-manage-properties-left-vacant-by-the-covid-19-crisis-144056>
- <sup>xi</sup> <https://communityhousing.org.au/media-releases/nsw-social-housing-investment-key-to-new-jobs-and-stopping-rise-in-homelessness/>
- <sup>xii</sup> <http://wpi.org.au/older-womens-housing-project-moving-forward>
- <sup>xiii</sup> <https://homesforhomes.org.au>
- <sup>xiv</sup> <https://www.headstarthomes.org.au>
- <sup>xv</sup> <https://www.kuc.org.au>
- <sup>xvi</sup> <https://foyer.org.au/foyers-in-australia/>
- <sup>xvii</sup> *Housing, hospitalization, and cost outcomes for homeless individuals with psychiatric disabilities participating in continuum of care and housing first programmes*, Journal of Community and Applied Social Psychology, 2003 Leyla Gulcur, Ana Stefancic, Marybeth Shinn, Sam Tsemberis, Sean N. Fischer