

FAMILY AND COMMUNITY DEVELOPMENT COMMITTEE

Inquiry into the provision of supported accommodation for Victorians with a disability and/or mental illness

Melbourne — 30 April 2009

Members

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Witnesses

Mr B. Howe, board member (sworn), and

Mr C. Glennen, business development manager (sworn), Housing Choices Australia.

The DEPUTY CHAIR — I welcome Mr Brian Howe and Mr Chris Glennen. This committee is looking into issues such as the standard, the range and the adequacy of care and accommodation currently available, the appropriateness of the current service providers, how unmet need is managed in Victoria, accessibility and appropriateness of accommodation for rural communities, ethnically diverse communities, indigenous Victorians, and the impact of the current service provisions on families and carers.

This committee is an all-party investigatory committee of the Victorian Parliament and is due to report to Parliament by 30 June 2010, after which the government has up to six months to reply to the committee's report and recommendations. All evidence taken at these hearings is protected by parliamentary privilege as provided by the Constitution Act 1975 and further subject to the provisions of the Parliamentary Committees Act 2003, the Defamation Act 2005 and, where applicable, the provisions of reciprocal legislation in other states and territories. Any comments a witness makes outside the hearing may not be afforded such privilege. We are recording the evidence and will provide a proof version of the transcript to each witness at the earliest opportunity.

I invite you to give your verbal submissions, and after that we will ask some questions.

Mr GLENNEN — I have prepared some dot points for people. In providing our dot points to the committee I will lead off, but Brian and I will interject as we go. I am sure we are both comfortable in your not having to wait until the end if you want to engage. We see our evidence as perhaps coming from a different place to that of a lot of the people who have been here before because we are a housing association. We do not provide direct care and support, although, without checking the transcripts, we have 40 partner agencies — disability organisations, mental health, aged, acquired brain injury et cetera. They are all our partners, and we all provide and work together in houses. I am quite sure that you have heard from a lot of the people whom we deal with every day, and we are pretty well aware of their thinking.

In terms of how we structure this, briefly we would just like to sum up the problem as we see it. There is a significant percentage of our population — 16 to 18 per cent; the ABS stats go up and down a little bit — with severe or profound core activity limitations in their daily lives. They are people with significant disabilities. Many of those people, not all, have traditionally suffered from very significant housing failure over generations. That is because there is, compared to their numbers, a lack of suitable properties in design, quality and location. There are few properties that they can afford. In the current housing climate there is a lot of competition for low-priced properties. Particularly those people need a combination of property plus care and support linked to them to make accommodation and living in the community viable. The private market traditionally has not responded well to this group. We are a group that is trying to do something about it.

We are very well aware that secure, affordable, long-term housing is really a very stable building block to a person achieving freedom and inclusion, and having a stable life in the community. I am sure you will have heard stories about that from the mental health and other disability groups.

The next slide comes a little bit of the way forward. There is an emerging affordable housing sector in Australia, and we are one of perhaps 10 or 15 small but growing larger housing organisations that will underpin the development of this sector through various programs and needs assessments. It is seen that this sector could grow by 200 000 dwellings across Australia in the next 5 to 10 years, underpinned by these organisations being big enough, robust enough and commercial enough with a public and social policy outlook to actually support this growth list dynamic. Housing associations, as committee members will know, in Victoria are very highly regulated. Victoria is in advance of the other states in this. We have really charged ahead with developing business disciplines, developing a balance sheet, while remaining totally committed to social housing and to meet needs of people with disabilities.

Mr SCHEFFER — At that second dot point there you have got the 200 000 housing units. I heard somewhere on the radio about what we would need to meet demand. How does that match to that?

Mr GLENNEN — With demand — Brian is probably better charged to say this — we are probably falling behind in Australia by 20 000 to 30 000 housing units a year. I am not just talking about people with disabilities.

Mr SCHEFFER — Even with this?

Mr GLENNEN — With this there will be a lot of replacement because formerly people could move through; they had spent time in rental accommodation and then moved through and purchased, but because the asset prices have increased over previous years it is not easy to move through from rental to purchase. This sector that we are in is actually not inventing but very much enlarging a long-term, sub-market priced rental tenure for people so that they do not have to move their kids from school to go here and there across a rental career, which normally you do not have to do if you purchase your own property. It is hard for me to compare apples with apples there.

Mr HOWE — I think in overall terms we need to probably double the current stock, if not triple it. I think in looking at the number of people in housing stress in the housing market — we are talking about hundreds of thousands of people — the total amount of public housing stock in Australia is about 350,000 or something like that, so you could double the stock, and you would still have quite a lot over. Australia has one of the smallest public housing sectors in the world, and this has massive effects in terms of people with disabilities. The tendency has been to separate disability from the issue of poverty as if that is a separate issue, whereas the presence of a disability tends to make poverty very much worse for people because of the higher costs associated with disability, including the higher costs of housing. It is a very serious issue just in housing alone, but obviously housing by itself is not the solution. As Chris said, it provides a base. I think Housing First, an American organisation working with people who are mentally ill, says if you can solve the housing problem, then you are able to go on and tackle the more serious part of the problem, because if you cannot solve that then you are operating in a world of insecurity.

Mr GLENNEN — At this stage Housing Choices would be the largest non-government provider of community accommodation for people with disabilities in Australia, we believe. It is a group comprising some organisations that some of you will already know about: Supported Housing Ltd, the Disability Housing Trust, Melbourne Affordable Housing, which has just joined our group, and Singleton Equity Housing. Really we have moved from a strategy of being a specialist, disability-only housing provider to getting into providing affordable social housing, growing volume and by doing that growing our stock of disability housing faster than would be the case if we had not made that move.

To quickly run through our vision and aims, as I said, we are a housing group. The right housing in the right place for the right people is our vision. In terms of all people but particularly for people with disability we are driven by a goal of inclusiveness so that people in our housing are part of the community and not separated out. We have had a very high tradition of working in partnership with community organisations, with individual families, with governments, bankers, builders and commercial partners to stitch together projects that maximise housing outcomes, including maximising business outcomes for the organisation. We have decided to grow and widen our ambit because we want to be part of achieving a sufficient scale to address some of the problem of undersupply of affordable housing. We really only provide properties that are well designed, well located and affordable.

I will try to go through the next page fairly quickly. It just goes to showing that we are committed in the disability area. At the moment we own or manage about 930 properties from Portland to Bairnsdale, with 1290 tenancies. Of those, 670 properties are for people with disabilities. There are approximately 1000 tenants in them. These include people with mental health issues — about 45 per cent of that group, people with intellectual disability, acquired brain injury, HIV/AIDS and physical and sensory disabilities. All of those dwellings have a community support partner. It could be the government or organisations like NEAMI or Mind Australia or ParaQuad — we have about 40 partners, some of them are named on the slide.

The stock types and the work we do range from community residential units through to transitional properties; to mixed equity properties, where families or people with disabilities chip in some of the

money; to where we will go out and head lease properties for people with particularly complex needs who are not readily housed so they can be housed; and to long-term single and shared accommodation. Really we are in a range of disability types and tenure types. Of our present or former disability population, over 95 per cent of the tenants are on the disability support pension, so their income is about \$13 000 a year.

The houses we develop, and here we acknowledge the Office of Housing funding. Many of the community organisations have chipped in funds, as have families and individuals, and now increasingly we are coming directly under commonwealth and state government affordable housing programs.

We do the things that you would expect of a community housing association. We operate tenancies under the Residential Tenancies Act or the Disability Act and we do property and tenancy management. We procure properties through spot purchase, house and land purchases, and we build and develop ourselves. We think the growth for us could easily involve 1000 additional units each year over the next three years. Our current balance sheet net equity, which I checked up today, is about \$195 million. This new sector is taking off, and the government is wanting it to be controlled and regulated and to build a stock of affordable housing that is available.

We are at a juncture now. The disability sector has grown significantly over the last 20 years, but it has only grown from a base of nothing and it has been disability housing. There is now this emerging social housing market, and really the thing is to bring disability housing into the mainstream market. There are some opportunities. There is going to be a very large expansion, we believe, in the next few years in the Australian affordable housing sector. Over four or five years a few housing associations have developed their weight, their depth, their procurement strategies and their management strategies so that, with funding, they can respond to the undersupply of long-term housing. It is highly regulated, as I said.

On the other side, while there is a need for much more, there has been a development of individualised funding packages so individuals in the community can have the support to live their lives in the suburbs or the districts or the little towns where they live. Our next thing is to connect up this growth of housing supply with these people coming on stream with their individual packages, so people can live independently with support in the community.

The other opportunity that we see is the likely impact of universal housing design. I understand the government members are going to put out an impact statement on universal housing design. As people would be aware, universal housing design is a real issue here, because all of us, whether we are mums and dads bathing infants, people who want to age in their own home or people who have had lifelong disabilities, we need the homes to be accessible, usable, the doorways wide, no steps, the bathroom open. If these universal housing principles can come in early — that is, at the build stage of a house — people do not have to move when they have their accident or when they become ill or old; they can stay. The whole housing stock is then available for people with disabilities rather than just a few houses being available for people. The other thing about universal housing design is that, if you have to retrofit with deeper level modifications, it is a cheaper and easier thing.

These are real challenges before us. One challenge not to be stepped aside from is the sheer number of people with disabilities who require support to really take their place in the community. But the challenge for us who are working in the system is to catch this impending wave of growth in the affordable housing sector, to make sure that that growth in good measure is captured for people with disabilities.

We aim to really see that as an inclusive housing strategy rather than as a segregated housing strategy; to increase the supply of well-designed and located affordable housing so people on the lowest incomes can at least have a housing choice. Everybody lives somewhere now, but for so many people it is with their family, of course; they do not have another choice. We want people to have a choice. Also to push along with universal housing designs and perhaps to look at the funding models that are going into affordable housing because not for all people with disabilities but for many people with disabilities you have to have the highest specification in the build cost. Perhaps there is more maintenance because of wheelchairs or in other ways the place has been knocked around.

Apples for apples disability housing can be more expensive and more expensive to maintain. In our tradition at least — in HCA's tradition — we have people on the lowest incomes. If you are looking at a broad span of affordable housing strategy, and if we want to increase access for people with a disability within that strategy, perhaps some extra money has to go into their housing, if you like, to pep up the economics there and to make it work well.

I come to a few dot points on future directions. I guess it is not really for us to be prescriptive but really to point out a few of the things that this committee could look at in writing its report and in considering how it can push along access and housing outcomes and outcomes for people with disabilities. I think if you could concentrate your mind on these points it would be a very positive thing.

I will not go over the first one again, but it is about the business of pushing for universal housing design principles to be incorporated in people's thinking and practice. They have managed it in London. If you think of the sort of up-and-down stairs stock they have in London, I am sure we can do it here with our predominantly one-level stock. I think government settings and drivers and incentives should strongly support and encourage housing associations who are all independent operations on their own. You will have no trouble encouraging us, because this is where we come from. We are now getting the benefits of a more dispersed system, but that gives us some policy frameworks that we have to adhere to to support the housing associations so that program funding and outcomes can be blended to make it easier for them to cross-subsidise and bring some disability money into affordable housing funding streams or to have some top-up funds so they are very encouraged in full weight to bring people with disabilities into housing association stock. They will certainly do that now at a measure, but with some top-up funding they could do more. Then the government is not in for the whole price of capital for people with disabilities. I think that is well worth it. Alternatively, as I said there is straight additional funding.

Getting down to the lower points, I think we should continue to support this new market in providing shared supported accommodation. The last budget provided funds to our association because now we have capacity for all of this in terms of delivering housing to deliver shared supported accommodation — CRUs — for replacement for DHS government stock. It is the first time that has been done, and I think it is a useful breakthrough, because we are going to be building developments. We are going to be taking part in big developments that the big developers do — Metricon et cetera. The more that all sorts of housing is being fed in through us through those bigger developments, the developments we do now, the more we will build good, intentional, inclusive communities. I am not going to pretend that has not started, but let us keep that push going.

The other thing is really to look at people who have the highest level needs, and as I said earlier we have 60 CRUs supporting and promoting new shared supported accommodation design models that can as easily as possible blend in with community housing and new developments so that right from the outset we are not coming along after the fact and having to find big blocks on the city fringe because that is where the land remains, but that we are really in there perhaps building smaller units — two-bedroom units — as part of bigger developments for Victorians, whether they have a high-build specification or a low-build specification or whether they need 24-hour in-home service or, as with many of our people, they get by with a few hours a week of support from the out-of-home service. They are all thought of, they are all planned for and they are all incorporated from the outset. I think that is the sort of direction we should be going in.

It is no new news for you guys, but in terms of the emerging affordable housing sector, if we can build that in from the ground floor, I think it will pay dividends for the group that we all work for every day.

Brian, I do not know if you have anything you would like to add before we give these people a chance to take questions?

The DEPUTY CHAIR — Perhaps if you do not have anything specific, we could ask questions. Both of you should feel free to answer.

Mr NOONAN — I have two questions. I am interested in what data you use to inform your growth strategy, given it is going to be fairly significant in a short period of time. The other part of the question is: what impact does the recent federal government announcement in terms of its willingness to invest in social housing or affordable housing have for your work?

Mr GLENNEN — Perhaps I will take the first question, and you can take the second, Brian. In terms of informing where we go, we generally find that the Office of Housing and other funding groups have already done work on where there is an imbalance for affordable housing. It is not ironclad, because if we have good projects and there is a need for them, we find we can get support. But generally we are given direction about where that affordable housing is most needed.

Mr NOONAN — Does that include for people with a mental illness or a disability?

Mr GLENNEN — No, generally we do not come down to that. We bring them through. Really in the past most of the developments have happened as a result of a partner agency. It might be IEMH — Inner East Mental Health Services. All the large agencies are long-term partners of ours. They will often be driven by their support ability, because we want people to get support. In fact we will bring those two factors together. Where does Mind or NEAMI, or somebody else, have support capacity and want us to go, and does that match up with where the government will provide its funding? It might not be as sophisticated as could be, but that essentially is how we will do it.

Mr HOWE We are in pretty early days, really. The national affordable housing rental incentive scheme is an important scheme. I think our initial reaction to it was a bit sceptical. I think probably the private sector's attitude also has been rather sceptical. Nevertheless I think the commonwealth seems to be very committed. You probably have to take a step back.

What we are seeing is a sea change in federal government policy. It was clear prior to the last election that, whether it was on the conservative side of politics or on the Labor side, there was a sense that there was a commitment to a new model and the commonwealth-state housing agreement would not operate in the future in the way it had done in the past.

The national rental incentive is a part of a recognition that the non-government sector is going to play a very much more important part. Initially a of policy announcement was made and then it has been progressively implemented. I think it has been through the first round. We were not successful in terms of the first funding round. In the second round we will be more likely, I think, to be successful. That will generate some of our increased stock.

Perhaps more important in the short run is the very substantial commitment the commonwealth is making to increase capital funding at least for the next two-year period. Victoria has led the way in this in the sense that the Victorian contribution of \$300 million through Minister Wynne was extremely important in providing an opportunity for housing associations to start to think of themselves on a more significant scale. The combination with it of the Rudd incentive, which provides a basis for partnerships between the non-government organisations and developers, is obviously in its early days, but it looks like that will result in quite significant numbers of housing starts. Then of course there are several stages at which the \$1.5 billion that Victoria will receive for various forms of affordable housing will actually phase in.

We see that as quite crucial. One of the problems is that the community sector has been so tiny and one of the problems in terms of disability providers is they have not seen themselves as part of the housing sector. When the disability housing trust was created with that small amount — \$10 million — the government's concept was essentially to start to think about a stage beyond CRUs where people were able to make more choice, were able to live in a less institutional framework and able to live within a normal community in a way that reflected that community.

The Disability Housing Trust was quite important, but what we learnt from that Trust was that we really needed to be operating on a much bigger scale. We needed much more of an asset base, so we merged with Supported Housing, which had a much more extended, quite a long period of working, as Chris has been describing. It had a lot of experience, which was important to us, but also it had housing association status.

That meant that the work we were doing with people with disabilities could blend with what was a very different housing market and housing opportunities than there had been before. It is just a huge sea change that is occurring.

This is a very healthy development. It means that we can increase the number of stock specifically for people with disabilities. We will have, through spot purchase, many more opportunities to locate people within normal communities across Melbourne and to some extent provincial cities. I do not think we especially want to work in rural areas. There are other housing associations that specialise more in that area.

We are very much focused on growth of the housing stock. As part of that growth there will be a percentage of housing, which in aggregate terms will mean much more housing for those with disabilities. The rate of growth will be much faster than it has been I think at any stage before, so we are optimistic. The concerns we have would be out two or three years, when we are sitting down trying to work out what risks for the company are, then they are going to be as significant in two or three years, but in the current period we will be able to build our stock very substantially.

Housing Choices Australia (HCA) is aiming to achieve something like 5000 units of housing. We should be able to do that, we think, in a relatively short period of time. At the moment that is partly influenced by — I never get quite get the name of it right — the national rental affordability incentive, together with the capital injections that the commonwealth is making.

I will just finish off, because in a way one of the difficulties in the disability area is this is not people's area. They do not particularly think about housing as the thing they know about. As Chris said, there have been a lot of partnerships with housing associations in the past. A number of the agencies, as Chris mentioned, have done some housing themselves, but we are moving in an area where housing will become a specialised area. Hopefully it will expand very quickly, and hopefully it will expand in a way that makes a major contribution towards care for people with disabilities in innovative ways.

Mr SCHEFFER — Just quickly, could you just spell out for us how you are financially structured? The other part — related to what you said, Brian, in response to Wade's question — was that you were sceptical about getting private sector investment or institutional investment into affordable housing.

Mr GLENNEN — Essentially in terms of understanding our finances and the risks that Brian was talking about, to date through the way we have operated we have taken funds of our own, funds from the Victorian government and funds from partner agencies. We really have very little debt in our operation, because we have been able to start the properties essentially debt free, which has then meant why we have been able to cater for such a low-income group over the journey, because there has been no debt and no sophisticated finance behind the thing. Really, what we have had to do is operate on the basis of 25 per cent of income plus CRA — it is an income-based rental — and operate the company that way.

In relation to the new programs, the governments — commonwealth and state — are looking for leverage, and so we are now moving into both expansion and, for the first time, borrowings — 25 per cent in some cases. So that is where things will change, and we will have to be moving into a broader spectrum of tenants, because the old model will not work. So that is a narrative explanation of it without going into the facts and figures.

Mr HOWE — Yes, we are essentially talking about partnerships. I think the first point to make is that the private sector essentially has never built housing for low-income people in Australia. There are just no examples here in Australia. Secondly, the philanthropic sector has never really been able to build affordable housing on any scale in Australia, unlike in Britain and other countries where there is a third sector between private and public — that is the space that has really not been filled in Australia until now.

Typically, I think we will be forming partnerships — for example, I am watching the clock, because I am going down to a building in Docklands which is a key worker concept not particularly geared for disability. But it is a partnership that we have formed with, in this case, Melbourne Affordable Housing

which is now part of Housing Choices Australia, formed with Bovis Lend Lease which has a reputation, which I think is deserved, for quality building.

We will take a certain number of units in that development. We will carry with us either the national incentive or we may carry with us capital transfers the commonwealth is making. That will essentially make a development that might be a marginal development perhaps more able to go ahead. We will take a certain percentage of stock; I think in the case of the 100 units, I think it will be 30 units.

The Lend Lease building is really for affordable housing. In that case it is the top of the range, because it is built around this key worker concept. But in many other developments we will be concentrating very much on very low income, very similar to public housing. We will be required to take a certain percentage of people, effectively from the public housing waiting list, as well as people who are entitled to rent assistance, which really means that you are able to cover rather a broader group. That is quite attractive to developers to have those kind of partnerships.

We are being approached rather than doing the approaching, where we expect at least over the next two or three years that we will be doing quite a number of larger developments. Apart from that we will be doing quite a lot of spot purchase — that might be stuff that we do ourselves as a developer without a partner.

I think in the Ashwood development, which is really one of the first big redevelopments that the state government is interested in, if we are successful there, we would be a developer in our own right.

Ms WOOLDRIDGE — With regard to the disability housing trust, one of the objectives was to look at how families who had capital could effectively contribute to that process. We have also heard from the department about a concern that families contributing capital contribute to queue jumping when you have got a system that a lot of people are waiting to get access to care.

And you have a small number; you probably have more than anyone else but there is still only 23 there. What is your experience of families contributing to capital and then how do you combine that with the support they need to make sure that the package becomes a supported accommodation set-up?

Mr HOWE — If I can just jump in before Chris responds, just to say that we see this as a very complex issue and a very difficult issue which is why, prior to our merger with Melbourne Affordable, we asked Allen and Associates to do a rather major study of the literature — really more of a literature study — to have a look to see where there was a model around the world that we might be able to just pick up and take off the shelf, as it were.

At the end of the day we actually got back to pretty close. I mean that basically the way to go is probably some variation of shared equity and in a sense, that is what supported housing really thought about and developed.

Ms WOOLDRIDGE — Can I ask on that, would that report be available to the committee?

Mr HOWE — Yes, I do not see any reason why the Allen and Associates report should not be available. I certainly will not, you know, give it to you, but I will certainly ask whether there is any problem with that and there may be some issue.

Mr GLENNEN — With the mixed equity which we have been doing — I think I said 23 — and we now have a target for a further 30, it is a program where we contribute to the funds, the Office of Housing contributes to the funds and generally family, but sometimes a person with a disability contributes funds. It is quite a targeted program; people have got to require support to live in the community. So it is not available to the broad span.

Essentially whilst this does not always happen, the family already has their support; they already have a support package, because we do not fund the house and then they go and find the support. One of the conditions to get into the program is that they have got to be assessed as needing support to live in the

community; and they have got to have that support in place. So it might be playing with words, but in fact we come out of the group who already have support.

Ms WOOLDRIDGE — Can I ask on that, does support mean they might have an individualised package of 30 hours?

Mr GLENNEN — Yes.

Ms WOOLDRIDGE — Is there a minimum? There are lots of families waiting for accommodation who have support packages in the home. Can they translate into a — —

Mr GLENNEN — Yes. Part of that, without going into the minutia of it, is that we receive a letter from their support agency or the department saying, ‘Yes, they do need support to live in an independent community’ and, ‘Yes, this organisation will guarantee to provide that support’ because the last thing we want to do is to set up a property that is unsustainable. The last thing we want to do is de facto queue jumping, by setting up a property and then the family saying to government, ‘Give me a house now; you must give me support’. So in fact we come out of the pool of people who already have got support.

It is a program that is very resource intensive. I have not got stats but we would anecdotally say that we would work with 30 families who express an interest before one of them feels that this is the right move for them. I think that is about right. This is a program where lots of people come to see me and I always say, ‘Just take the information’. It is not something to sell people, because for a lot of people if they have it there are other ways to use whatever nest egg they have to support their family member with a disability. They do not have to go about plonking it into property. For many people, that is exactly what they want and it works out well.

It is a long-run project and it is one we are very pleased to have in the portfolio. It is really good because people typically get a nice two-bedroom unit in the middle suburbs, close to their support services and close to their family. They and their family have engaged in the property search, so they have a lot of investment in and feeling about the property before it is even settled. It is great.

The DEPUTY CHAIR — We have run out of time and we have our next person here to speak to the committee. Thank you both for making your time available. A copy of the transcript will be sent to both of you and you will be able to make some minor changes and then return it to us.

Witnesses withdrew.