

Inquiry into Homelessness in Victoria

Mrs Tracy Longo

Organisation Name:Homes for Homes

Your position or role: National Operations Manager

SURVEY QUESTIONS

Drag the statements below to reorder them. In order of priority, please rank the themes you believe are most important for this inquiry into homelessness to consider::

Housing affordability,Public housing,Rough sleeping,Indigenous people,Mental health,Family violence,Employment,Services

What best describes your interest in our Inquiry? (select all that apply) :

Other (please describe)

Homes for Homes is a sustainable funding stream designed to deliver an increase in social and affordable housing.

Are there any additional themes we should consider?

YOUR SUBMISSION

Submission:

Submission attached as a pdf

Do you have any additional comments or suggestions?:

FILE ATTACHMENTS

File1: [5e1cfd285d9e4-Victorian Inquiry into Homelessness Homes for Homes Submission Jan 2020.pdf](#)

File2:

File3:

Signature:

Tracy Longo

Inquiry into Homelessness in Victoria Submission

Increasing affordable housing supply in Victoria

The main pressure point for homelessness in Victoria is access to safe and secure housing that's affordable. Tackling the shortage of social and affordable housing in Victoria is a first order priority with over 22,000 people homeless each night. The problem is too big for any one level of government or organisation to solve alone - a whole-of-community approach is required.

Increasing affordability of housing in Victoria requires a mix of leadership, strategy, partnerships, and most importantly, a new source of sustainable funding that can deliver and increase housing supply. Homes for Homes is that new source of funding with the potential to inject over \$1 billion of private funds into social and affordable housing projects over the next 30 years.

Homes for Homes is a sustainable funding stream designed to deliver an increase in social and affordable housing. Funds are raised via individuals and property developers agreeing to register properties with Homes for Homes, enabling a tax-deductible donation of 0.1% of the sale price to be donated to Homes for Homes. Participation is recognised through a caveat registered on the property title which acts as a reminder of the individual's or developer's promise to donate at the time of sale. The donation flows seamlessly through the settlement disbursement process. Donations are pooled and funding is granted to housing providers to increase supply of social and affordable housing.

Homes for Homes is a national solution to increase housing supply that is currently operating across five states (VIC, NSW, WA, ACT, SA), with plans to include QLD, TAS and NT in due course. Conservative projections show that Homes for Homes has the capacity to raise over \$1 billion in the next 30 years, however if further supported by government, these projections can be significantly amplified.

Homes for Homes has already increased social and affordable housing supply in Victoria. In 2018, Homes for Homes contributed \$300,000 to four Victorian projects, housing 13 people. In early 2020, a further \$140,000 will be disbursed to community housing providers who will create further housing supply in Victoria, housing up to an additional 17 people. In most cases, Homes for Homes has been used as the equity component to unlock projects. In fact, in one project, Homes for Homes provided funding of just 1% of the total cost which enabled the viability of the project.

Having a home matters

Having a home is fundamental to people's lives and their future outcomes. A house is a place to call home, a basis for an individual's identity, family life, participation in education, work, community, health and wellbeing. Taking a housing first approach is internationally

recognised, makes sound economic sense and is generally accepted as the optimal strategy to end homelessness in Australia. For those experiencing other needs in addition to housing, the housing first approach has been shown to be most effective for stabilising underlying issues such as drug addiction and mental health issues.

The crucial need for more affordable housing was highlighted during last years' National Homeless Week, themed 'Housing ends Homelessness'. Hobart mayor Anna Reynolds said at the launch, although there may be many drivers of homelessness, such as long term unemployment and complex issues such as substance abuse or relationship breakdown, homelessness can largely be prevented through funding enough housing with fixed, low rents and security of tenure.

At a recent Inquiry into Homelessness hearing, Professor of Urban Housing and Homelessness, Guy Johnson from RMIT University emphasised to committee members that achieving a sufficient supply of affordable housing is critical as housing impacts the onset of homelessness in two ways; access to safe and secure housing is a key factor in preventing homelessness, conversely a lack of affordable housing also impacts an individual's ability to exit the system, so the system becomes blocked. "Victoria can focus on tinkering with the support system, fund more agencies and increase the number of support workers, but without housing, more people will simply become homeless," Professor Johnson said.

Research demonstrates individuals living in tight housing markets are at higher risk of homelessness. Tighter private housing markets and fewer affordable housing options in the private rental market significantly contribute to higher homelessness risk.¹

Homes for Homes has the capacity to fund an increase in social and affordable housing without impacting on government's spending on other essential homelessness support services. Homes for Homes is a new, sustainable source of funding that can deliver on the housing first model, widely acknowledged as best practice for solving homelessness.

Homes for Homes provides additional value to the sector with no financial outlay required by government and no associated risk.

The role of government as an instrument of change

Homes for Homes is engaging local governments across Victoria to explore inclusion of its mechanism in the planning process.

Moreland City Council are the first council in Australia who have formally endorsed support for Homes for Homes at their meeting on 11 December 2019. Council will grow awareness of Homes for Homes and through its planning, embed Homes for Homes in their design

¹ Johnson, G, Scutella, R, Tseng, Y & Wood, G 2015, 'Entries and exits from homelessness: a dynamic analysis of the relationship between structural conditions and individual characteristics.', Australian Housing and Urban Research Institute (AHURI), Melbourne.

excellence scorecard. The aim of the scorecard is to encourage significantly improved development outcomes in the City of Moreland.

The City of Moreland design excellence scorecard will include a 0.1% contribution of the sale price of each dwelling to Homes for Homes (or other equivalent not-for-profit company that funds affordable housing projects) as a community benefit contribution for multi-unit developments.

The Green Building Council of Australia have included Homes for Homes as an 'innovation challenge' in their Green Star rating system. Developers can apply for up to two Green Star points when they include Homes for Homes in their projects. This type of incentive is a win-win for both Homes for Homes and the developer.

LWP, a Western Australian developer are working in conjunction with the WA Department of Communities to rollout Homes for Homes across all joint venture projects. This is a great example of the positive role that government can play in embedding Homes for Homes, and in turn, increase the state's supply of social and affordable housing.

If the Victorian government, through the Planning and Environment Act 1987, encouraged local governments, through their planning channels, to support Homes for Homes in a similar manner, the capacity of Homes for Homes to close the affordable housing gap grows enormously.

The City of Melbourne noted in their report to the Future Melbourne Planning Committee that "Current mechanisms in the Melbourne Planning Scheme which seek to encourage affordable housing are yet to deliver any affordable homes. No affordable homes have been negotiated in private developments in the City of Melbourne since legislative changes to the Act."²

This demonstrates that encouragement does not equate to increasing the supply of housing. Integrating Homes for Homes in planning would provide a sustainable and long-term source of new funding to support the creation of social and affordable housing in Victoria.

Developer support

Homes for Homes has the support of many developers who operate in Victoria including:

- Development Victoria
- Mirvac
- Grocon
- Balcon
- Assemble
- Lucent

² Appleton, E, 12 November 2019, 'Report to the Future Melbourne Planning Committee, Agenda item 6.5', City of Melbourne

- Setia
- Habitat for Humanity (VIC)
- The Barnett Foundation

Since launching in 2015, Homes for Homes has 17 developers who have committed projects nationally. The 30-year projection of donations flowing from these developments alone exceeds \$38 million.

Using Victoria's current homes and housing system to deliver better outcomes

Incorporating Homes for Homes into Victorian planning creates a unique opportunity for a new funding stream to be realised in the social and affordable housing sector. This can be achieved at no cost to government. Registering properties with Homes for Homes is also done at no cost to individuals or developers.

If all new Victorian developments were registered with Homes for Homes, this would have an enormous impact on Homes for Homes' ability to increase supply of social and affordable housing in Victoria. Developers would register with Homes for Homes, giving future homeowners the opportunity to make a small donation (0.1%) when the property sells in the future. These donations are used to increase the supply of social and affordable housing for Victorians in need.



1. Homes registered



2. Properties sold



3. Funds donated



4. Money distributed



5. Homes built

Once a home or development is registered, it continues participating in Homes for Homes, encouraging all future homeowners to donate when they sell in the future.

The idea of using property sales to generate a new fundraising stream is based on a similar, successful initiative seen operating in the US, whereby a single property developer in California encouraged owners of 25,000 properties to make a small contribution at their time of sale. Twenty years later, this initiative has raised over \$9 million for local community initiatives.

The Homes for Homes initiative can apply to the entire housing system - from existing dwellings to new developments including government housing stock - as the core premise is simply to encourage small donations on property sales which accumulates into many billions.

Donations = increased supply of housing

When donations are made to Homes for Homes the money is pooled with other contributions in that state. Then it goes to creating what's needed most - social and affordable housing.

Homes for Homes is a new source of funding, not a builder. When sufficient funds have been raised in Victoria, housing providers are invited to submit expressions of interest via an open tender process for projects in Victoria.

Homes for Homes has established Investment and Housing Advisory Groups who review grant applications and provide recommendations to the Homes for Homes Board to maximise impact from funds granted.

The expression of interest process is open to both not-for-profit and for-profit organisations.

Homelessness is solvable

The biggest issue facing social and community housing sector is the lack of available funding to meet demand.

With over 22,000 people experiencing homelessness every night in Victoria, generating more supply needs to be the top priority. New long-term, sustainable sources of funding need to be explored in government planning policy.

An example of a solution tackling the funding gap, is making initiatives such as Homes for Homes the norm across the property industry. Homes for Homes is an independent, new stream of funding that directly increases supply through homeowner and developer participation.

Often individuals are unsure how they can make a difference to homelessness - a seemingly insurmountable problem. Homes for Homes provides a simple and meaningful way to contribute. The Victorian government can assist in fast-tracking the supply of social and affordable housing by including Homes for Homes in the Planning and Environment Act 1987 and encouraging local governments, through their planning processes, to support Homes for Homes.

Research shows that there is a shortage of more than 600,000 social and affordable homes in Australia which is projected to be in excess of one million by 2036.³ Government expenditure on homelessness services is growing year on year and the number of homeless people continues to rise. To stop the number climbing, more housing needs to be created. Once people are housed, their reliance on government homelessness services reduces. They are also in a stronger position to enter the workforce, increase education and reconnect with the community.

This housing crisis can be resolved by the whole community working together. Innovative initiatives are desperately needed that can encourage the entire community to come together and make a difference to support those in need. Governments can play a leading role in supporting Homes for Homes through positive policy change.

³ Troy, L, van den Nouwelant, R Randolph, B, March 2019, 'Estimating need and costs of social and affordable housing delivery', City Futures Research Centre

Registering developments with Homes for Homes can be a positive incentive that Government has the capacity to leverage and we welcome the Victorian government's support to play its part in assisting to solve homelessness by supporting Homes for Homes.

Governance

Homes for Homes is robustly governed.

Established by Australia's largest and most successful social enterprise, The Big Issue, Homes for Homes is a not-for profit-company, limited by guarantee and endorsed as a Deductible Gift Recipient. All donations are tax deductible. Homes for Homes benefits from the knowledge, expertise and networks of industry leaders.

Homes for Homes is independent from the finance, property and community housing industries.

The Homes for Homes Board is responsible for authorising funding allocations to social and affordable housing providers. To assist in making funding decisions, the Board leverages the knowledge and expertise of an industry-based Investment Advisory Group and Housing Advisory Group.

Homes for Homes Board

Sonya Clancy (Chair), Chief People Officer, Bank Australia
Adam Brooks, Partner, Thomson Geer
Carolyn Viney, Chief Development Officer, Vicinity Centres
Paul Kearney, CEO, Kearney Group
Steven Münchenberg, Managing Partner, Blackhall & Pearl
Wendy Fromhold, Director, WFConsulting

Homes for Homes Investment Advisory Group

Sonya Clancy (Chair), Chief People Officer, Bank Australia
Andrew Penn, CEO, Telstra
The Hon Anna Bligh AC, CEO, Australian Banking Association
Ian Smith AM, Joint Managing Director, Bespoke Approach
Peggy O'Neal AO, Consultant, Lander & Rogers
Sally Herman, Non-Executive Director
Simon McKeon AO, Chancellor, Monash University
Terry Campbell AO, Senior Chairman, Goldman Sachs

Homes for Homes Housing Advisory Group - Victoria

Mike Allen (Chair), former Chief Executive, Housing NSW
Dr Owen Donald, Chief Commissioner, Victorian Building Authority
Meredith Sussex AM, Chair, Ministerial Advisory Council, Fisherman's Bend



David Waldren, National Head of Design, Vicinity Centres
Rob Leslie, former CEO, Yarra Housing
Steven Persson, CEO, The Big Issue / Homes for Homes

A path forward ...

Homes for Homes is an innovative model that has the capacity to raise substantial dollars to increase the supply of social and affordable housing in Victoria. The Victorian government can play a significant role in turning millions into billions. With government support to embed Homes for Homes into areas such as the planning process, Homes for Homes will gain rapid traction - becoming a part of everyday property transactions – and will truly be a whole-of-community solution to increasing the supply of housing for society’s most vulnerable.

We welcome the opportunity provided by the Inquiry into Homelessness to brief committee members on 12 February at the first hearing for 2020 and look forward to providing a detailed overview of Homes for Homes and answer any questions the committee may have.

Yours sincerely



Steven Persson
CEO, Homes for Homes and The Big Issue

13 January 2020

