

## Inquiry into Homelessness in Victoria

Mr Mark Richards

**Organisation Name:** City Partnering Legal & Consulting

**Your position or role:** Principal Owner

### 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, Employment, Services, Mental health, Indigenous people, Family violence, Rough sleeping

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

Concerned citizen , Other (please describe)

Infrastructure lawyer passionate about social and affordable housing, parent, concerned citizen and tax payer.

**Are there any additional themes we should consider?**

### YOUR SUBMISSION

#### **Submission:**

Homelessness in Victoria is in part symptomatic of the lack of affordability of housing and rental accommodation (Affordable Housing) and the scarcity of public housing (Social Housing).

More than 2.1 million Australian households rent in the private rental sector (PRS). Nevertheless, the PRS market suffers from chronic shortages of affordable housing, exposing many tenants to rental stress and stagnant wage growth, pushing many into homelessness.

The Anglicare Australia Rental Affordability Snapshot for 2019 revealed affordability has further declined and proposed the Federal Government invest in 200,000 low cost rentals.

The City Futures Research Centre findings for 2019 highlights current unmet affordable housing need equates to 213,700 homes, with an additional 81,600 needed by 2036.

Unaffordable housing has broad social and commercial implications.

Key workers are increasingly unable to live near their place of work, with longer commutes eroding family cohesion and exacerbating workplace stress.

Regional employers are unable to grow their industries given the inability to attract employees with the absence of access to affordable housing for low income earners.

Shortages of affordable rental accommodation intensifies the number of households experiencing housing stress and deters young adults from leaving the family home to form new households and this may have long term health implications for society.

Finding affordable housing – to rent or buy - appears to be the fastest growing national pastime, further reducing overall productivity and GDP growth.

A recent special report from the Economist magazine (16th Jan 2020) highlighted housing affordability is a global problem, so is there scope to learn from offshore?

Finland's "Housing First" policy houses homeless people unconditionally and Finland's constitution commits "to promote the right of everyone to a dwelling and to support the efforts of persons to provide their own housing". The Ministry of Environment is responsible for Finland's social housing policy. The municipal governments and not-for-profit sector are tasked with delivering social housing. While central government makes payments to the municipalities, MuniFin (Municipality Finance) – a government owned financial institution – also provides long term loans of up to 41 years to municipalities and not-for-profit housing sector to deliver social housing. Access to affordable housing and a variety of rental models is

through the Housing Finance and Development Centre, which provides interest payment subsidies and guarantees. Adopting an equivalent approach to the State of Victoria will require greater co-operation and leadership between State and Federal Government and there may be scope for the National Housing Investment Corporation to broaden its mandate beyond providing affordable funding to Community Housing Providers.

Wales - The Housing (Wales) Act 2014 incorporates a “duty to assist” requiring local authorities to take reasonable steps to prevent and relieve homelessness. It makes access to prevention a universal right for all, enforceable through the courts and has shifted policy and procedure from crises response to homelessness prevention. England are proposing to adopt an equivalent approach. Why is this approach being taken? In part, it is recognition that the overall society costs associated with housing the already homeless are greater than the preventative steps Government can take to prevent homelessness from occurring in the first place. This is further supported by an SGS Economics and Planning research back in 2017 highlighted the cost of homelessness in Victoria and stated investment in last-resort housing had a cost benefit ratio of 2.7. Consequently, every \$1 spent on housing rough sleepers would give a return on investment of \$2.70 over 20 years.

Scotland - with a population slightly smaller than Victoria - are investing \$6.2bn to build 50,000 new homes by 2021 to fight homelessness. By leveraging the innovative Scottish HubCo infrastructure procurement model, it bundles the delivery of social economic infrastructure projects (schools, hospitals, community facilities and housing), enhancing service delivery outcomes for communities and reducing overall procurement costs for the public purse. The Welsh Government have adopted a similar model. Having contributed to the development of this procurement infrastructure delivery model I can provide the Committee with additional information as to how this operates and its attractiveness to institutional investors. An example of the benefits afforded to the State of Victoria and the broader community from the adoption of this model include:

- a faster and cost-effective procurement model;
- a more efficient and effective “value capture” program; and
- the management of private sector equity returns.

In Singapore, over 80% of their 5.6 million population live in affordable housing provided by the Singapore Housing Development Board. The provision of affordable housing frees up human capital to focus on more entrepreneurial endeavours, enabling Singapore to lead the market in over 19 global industries. Singapore appears to offer a safe space for its populace to fail and rebuild. With no other available natural resources other than proximity to market, investing in affordable housing has been a shrewd Government investment and is treated as an asset to the public purse. Is there scope to utilise “lazy” government land in a similar way?

In conclusion, there are potential lessons to be learned from offshore to address the challenges around housing and homelessness. While the current catastrophic bushfires may deter some skilled migrants from coming to Australia in the short term, it furthers the argument in favour of increasing investment in human capital and the building of more Social and Affordable Housing. South Australia have recognised the challenge and launched a housing strategy to deliver 20,000 new affordable homes over the next 10 years. For Melbourne to continue to be one of the world’s most liveable cities and draw further investment capital and migrant talent, it must have a well-functioning housing market and be able to house its most vulnerable.

**Do you have any additional comments or suggestions?:**

## **FILE ATTACHMENTS**

**File1:**

**File2:**

**File3:**

**Signature:**

Mark Richards