Housing and Urban Research Institute of Western Australia

Curtin University of Technology

IDENTIFICATION AND EVALUATION OF OPTIONS FOR SPECIALIST DISABILITY HOUSING FOR CLIENTS WITH A RANGE OF NEEDS AND DISABILITIES

A report prepared by

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Abbreviations

ABS	Australian Bureau of Statistics
CAP ASF	Combined Application Process Accommodation Support Funding scheme.
CDA	Child Disability Allowance
CDHP	Community Disability Housing Program
CLP	Community Living Plan
CSHA	Commonwealth State Housing Agreement
DHW	Department of Housing (formerly Department of Housing and Works)
DoH	Department of Housing
DSC	Disability Services Commission
DSGP	Disability Housing Growth Provider
DSP	Disability Support Pension
GST	Goods and Services Tax
HILDA	Household, Income and Labour Dynamics in Australia
MOU	Memorandum of Understanding
NDS	National Disability Services
NRAS	National Rental Affordability Scheme
SCHIP	State Community Housing Investment Program
TPS	Town Planning Scheme
YPRAC	Young People in Residential Aged Care

Executive Summary

The Department of Housing has indicated significant changes to how social housing stock is planned, developed and allocated to people with disabilities. These measures have come at a time when the funding allocations for CDHP have not been replenished, and currently there are no new funds available for CDHP applicants.

The objective of this research is to identify the likely demand for housing for people with disabilities and to evaluate potential structural arrangements between the specialist disability services sector and the Department of Housing so as to maximise the availability of appropriate housing stock for people with disabilities. This report focuses on a distinct group of people within the disability sector, those who make up the core demand for housing based support. The report considers several key research questions which can be broadly classified under three inter-linked overarching objectives.

Objective 1: *Changes in social housing policy and impacts on people with disabilities and disability support service providers*

Objective 2*: Future demand and supply for social housing by people with disabilities*

Objective 3*: Options for maximising the availability of appropriate housing stock allocated to people with disabilities*

In order to meet the objectives, the research team:

- Investigated the options for a community housing response to servicing the needs of DSC-aligned populations and their care agencies;
- Modelled the scale and character of the future demand for disability housing;
- Modelled the costs of housing supply;
- Investigated partnership arrangements with existing community housing providers; and
- Investigated prospects for creating a new community housing growth provider dedicated to servicing DSC populations and care agencies.

The research was conducted by desk top analysis of research and policy documents, the mapping of state-wide service demands, analysis and updating of sector data, face to face and focus group interviews with the community housing sector and the disability services sector.

In recent years, a range of policy documents and federally funded research have collectively promoted growth of the community housing sector as part of the solution to the crisis in unmet demand for social housing. Our research indicates that there is increasing pressure on the social housing system to meet the needs of people with disabilities, which reflect a combination of changing demographics (in particular population ageing) and changing housing expectations and aspiration. The pressure on the social housing system is likely to further intensify in the future due to the ageing of carers. The modelling undertaken for this research indicates there will be a severe short fall of appropriate houses in the disability sector unless there is a principle investment of approximately $30 million each year to fund the new housing supply required for meeting the core needs of the sector over the next five years. There is a group of low-income people with disabilities who are increasingly disadvantaged as they are forced to cope with paying market rents in the private rental market due to inability to access social housing due to insufficient funding to meet demand. Hence, a key issue for the sector in considering how to progress the development of social housing for people with disabilities is the issue of capacity to address the scale of requirement for social housing by people with disabilities.

The DoH has proposed amendments to the Housing Act (1980), introducing a legislative framework for Community Housing in order to guide financial injections into the Sector and regulate its growth; clear evidence of the desire for the community housing sector to take responsibility for leveraging new social housing growth. Moreover, the DoH has made it clear that its preference is for smaller community housing managers and care oriented agencies, to partner with large 'growth provider' organisations in order to take advantage of leveraging opportunities and efficiencies that come with larger scale operations and projects.

In some respects the DoH proposal to transfer the responsibility and the means to supply the new housing for the disability service sector onto the community housing growth providers is just a further step in formalising what has been operating policy for several years. There are many existing housing management arrangements between housing managers and care providers and for some organisations housing plays a critical but supportive role relative to the primary focus of their activities as care providers. One of the critical differences between affordable housing and care provision is that affordable housing can be geared to be financially self supporting, when care provision is not. This is the foundation of the crisis in aged housing provision – underfunded cost of care undermining the potential to fund new supply in response to the growing demand. Affordable housing development and management can be geared to be self supporting, when care provision is not.

Interviews with the sector revealed a concern that the DoH policy changes favour a 'one size fits all' which might ensure efficiency for the agency but will not deliver effective service delivery for a diverse client base. Rather than strengthening the sector and enhancing the outcomes, there is the potential for the sector to be enfeebled by bureaucracy. Accordingly, both community housing and disability service sector agencies see maintaining some level of independence as fundamental to their operations, and their rationale for being. The desire to retain a choice for partnership arrangements with housing providers also reflects the differences within the community housing sector. Without a separate dedicated funding stream for DSC-aligned housing, however, the specialised needs of the diverse disability populations is effectively being squeezed into mainstream housing allocations rather than responding to unique needs.

Accordingly, during the research process consideration was given to three sets of alternative arrangements for enhancing the interface between the specialist disability services sector. These were to:

1. *Partner with Existing Growth Providers*

2. *Create a New Growth Provider Committed to Disability Service Agencies and Populations*

3. *Consider Hybrid Arrangements*

The options are considered separately, but the parameters that define this discussion are the same. Essentially the options differ according to the emphasis on housing and/or care provision although the loss of the CDHP funds and the dedicated funding stream that it guaranteed (DoH interview) is a dominant factor in the considerations. In such a bleak and at best insecure funding context, the prospects of all options are effectively diminished.

With a policy framework that encourages the consolidation of the community housing providers towards developing a housing quantum that can leverage new housing development, the DoH would look favourably on the prospect of strategic partnerships being forged between the registered growth providers, the DSC-aligned care agencies and housing managers. Disability service organisations were cool to the prospect of pooling their resources, however they were warm to the prospect of being enabled, tangibly assisted, to both develop and manage new housing aligned with their service population’s needs.

Another option, is the prospect of developing a new growth provider and a level of dedicated commitment that has yet to be established, not-withstanding any future progress on that front in regard to Option One. The feedback suggested that any new institutional arrangement should be directed at enabling and facilitating housing development and management capacity rather than manifesting another layer of bureaucracy seeking to control the sector.

The consideration of Option Three has the advantage of a relatively clean slate, as well as some clarity as to the strengths and the pitfalls of the other options. Option One has the advantage of a fairly immediate start, but not the capacity or longer term commitment to address the scale of the core of DSC-aligned housing demand. Option Two has the advantage of the longer term dedicated commitment, but it risks being subsumed by institutional process and retarded by the higher development and management costs.

Option Three seeks to navigate the middle ground by suggesting a scaled back and housing development focused precursor to Option Two. It would also probably build on any progress made in pursuing Option One.

The key finding that arises from the analysis of the options is that none of the three options is capable of resulting in more than a small portion of what is required by the sector - housing for at least 1000 people over the next five years. Optimistically, perhaps only a third of the projected demand could be met this way. A five year lead up time would be an ambitious goal for achieving a development pipeline that could begin to cater for the annual level of new demand beyond this time frame.

Consequently, a significant level of stock transfers is the only way that the core housing demand among the DSC-aligned care agencies is going to be accommodated. The sector does have the capacity to absorb and manage this stock appropriately, and within a relatively immediate timeframe. But how that stock is to be strategically pooled and distributed is ultimately for the governance structures developed in option two to decide. It also remains to be seen if stock appropriate for the core of the sector's housing needs is available to be transferred in the first place. Certainly there is now a well developed case for that prospect to be put on the agenda for negotiation with the DoH.

In short however, the disability and the community housing sectors have a critical stake in pressing the State government to re-establish a secure and dedicated funding stream thus ensuring an adequate supply of housing to service the core DSC-aligned housing need. Our research suggests that the likelihood of a critical shortage of housing appropriate for disability populations, combined with the risk of an overburdened and under resourced community housing sector are both real concerns.

1.0 Introduction

The Disability Services Commission (DSC) and non-government specialist disability support organisations have traditionally utilised the Department of Housing's Community Disability Housing Program (CDHP) to access housing stock for people with higher support needs. Through the CDHP, the Department of Housing leases properties to community organisations, for tenants who have appropriate support arrangements in place to facilitate independent living.

Recently the Department of Housing (DoH) announced significant changes to how social housing stock is planned, developed and allocated to people with disabilities. These measures have come at a time when the funding allocations for CDHP have not been replenished, and currently there are no new funds available for CDHP applicants.

In this emerging social housing context, there are likely changes in respect to policy and funding. The objective of this research is to identify the likely housing demand for people with disabilities and to evaluate potential structural arrangements between the specialist disability services sector and the DoH so as to maximise the availability of appropriate housing stock for people with disabilities. This report will consider several key research questions which can be broadly classified under three inter-linked overarching objectives.

Objective 1: Changes in social housing policy and impacts on people with disabilities and disability support service providers

What are the key recent and emerging changes in the social housing policy and regulatory framework? How might these changes impact on people with disabilities as a specific tenancy population and the role of specialist disability support services in developing housing options for people with disabilities and providing support?

Objective 2: Future demand and supply for social housing by people with disabilities

What is the future demand for social housing by people with disabilities? What would be the projected supply required to meet that level of future demand for social housing by people with disabilities? What are the potential limitations in the capacity of the emerging housing supply environment to respond to the future and changing demand for social housing by people with disabilities, including physical infrastructure and policy and program?

Objective 3: Options for maximising the availability of appropriate housing stock allocated to people with disabilities

What are the options for establishing an interface between the specialist disability services sector and DoH to maximise the availability of appropriate housing stock allocated to people with disabilities in the emerging social housing environment? What is the appropriate role for the DSC in strategic planning for the housing needs of the sector and the wider community?

1.2 The Study Brief:

In response to the three objectives this report has been commissioned to:

- Investigate the options for a community housing response to service the needs of DSC-aligned populations and their care agencies;
- Model the scale and character of the future demand for disability housing;
- Model the costs of housing supply;
- Investigate partnership arrangements with existing community housing providers; and
- Investigate prospects for creating a new community housing growth provider dedicated to servicing DSC populations and care agencies.

1.3 Research Process

In addition to the back-ground literature and policy based research, the applied research included the following activities:

1.3.1 Modelling

- Review of existing and updated housing demand modelling;
- Consideration of model updates and identification of refinements where necessary;
- Mapping of state-wide service demands; and
- Estimates of housing supply costs.

1.3.2 Community Housing Sector Review

- Review of relevant national level research and policy documents ;
- Review of State level policy ;
- Consultations with Community Housing Sector;
- Interviews with community housing growth providers;
- Interview material sent back to interviewees for review and feedback; and

- Review of local and national experience with community housing partnerships.

1.3.3 Disability Service Sector Consultations

- Briefing sessions and interviews conducted to canvas opinion and experiences;
- Utilisation of Delphi approach for feedback; and
- Draft Report,

2.0 Social Housing Policy and Disability Service Provision – the Interface

The DoH executes the intent of the Joint Commonwealth State Housing Agreement (CSHA), and thus channels dedicated funding to provide for social housing. This includes public housing development and management in addition to a broad array of other housing programs and initiatives, including community housing and housing for people with disabilities.

The institutional authority and capacity of the DoH embraces a social housing remit that enables it to:

- purchase land for future development,
- strategically position social housing in the community agenda,
- facilitate moderate income home ownership,
- provide private sector tenant support services,
- contribute important policy decision making and research capacity, and
- act as custodians of long term corporate housing knowledge.

Importantly, DoH's raison d'etre is housing and as a State government agency it is resilient, although not immune, to market forces, and it has the ability to recast the State's housing policy and programs to respond to changing contextual demands.

The current program through which social housing is accessed by people with disabilities is the Community Disability Housing Program (CDHP) program. Rental housing is provided by DoH via the CDHP to those clients with disabilities who have guaranteed support structures in place to enable them to maintain independent living in the community and who meet the general eligibility criteria for access social housing. Many of these individuals receive support funding from the DSC. Once the DSC funding-round allocations are made, prioritised applications are forwarded to the DoH which then assess these requests under the CDHP program.

Under the CDHP, DoH properties are head leased to eligible other organisations that in turn rent out the properties to eligible people with disabilities. Eligible organisations include not-for-profit incorporated community organisations, local government authorities, government departments such as DSC, and private for-profit organisations that have receiving funding to provide support services to people with disabilities.

2.1 Funding Challenge

The CDHP has been the dominant source of government funds in the past, the purpose of which was to provide accommodation options for people with disabilities, enabling people to live independently in the community with some government assistance. The support has usually been provided through the Department of Health and the DSC. In the past, where the DoH does not have appropriately located or designed properties in its available rental stock, then consideration has been given to purchase or construction.

Currently, however, in addition to agreements and memorandums of understanding between key agencies (such as the Department of Health, the DSC and the DoH) having expired, the mandatory budget cuts imposed by the Treasurer earlier in 2009 has meant that the DoH has not been able to fund programs such as the CDHP to the level it has in the past. Consequently that source of funding for disability housing has all but dried up and with no substitute source of funds, leaving the sector at considerable disadvantage.

Importantly, this critical situation does not appear to be the result of a carefully planned publically announced policy shift, rather it appears to be a hastily decided budget cut from Treasury broadly aimed at reducing the State's deficit. That said, it does follow longer term policy trends, and it does have serious implications in respect to most aspects of the report's objectives. In particular, it significantly constrains and also redefines the prospects for meeting the projected increased demand for housing among DSC-aligned populations through community housing based approaches.

As the research confirms, any expansion of the community housing sector would require significant capital injections and subsidies in order to prevent rents from spiralling beyond affordable levels (Hall and Berry 2009); and organisations with access to adequate funding levels, especially up-front capital contributions, are the most effective in reaching an adequate scale within a reasonable timeframe (Milligan et al., 2004).

As shown in Sections 3.1-3.6 our estimates indicate that a principle investment in the order of $30 million would be required each year to fund the new housing supply required for meeting the core needs of the disability sector over the next five years.

2.2 Defining Disability Services Populations and Housing Need

This report focuses on a distinct group of people within the disability sector, those who make up the core demand for housing based support.

Funded demand: People with disabilities supported with funding from DSC

Unfunded demand: People with disabilities eligible for funding support from DSC but who are not funded due to funding restrictions

DSC reference population: Sum of funded and unfunded demand

Profound core activity limitations: Always needs assistance from another person to perform a core activity (ABS 2005)

Severe core activity limitations: Sometimes needs assistance from another person to perform a core activity, has difficulty understanding or being understood by others, can communicate better via non-spoken forms of communication (ABS 2005)

Note: A significant proportion of the existing tenant population within community housing has mental health issues. These tenants are generally serviced through arrangement with the Department of Health and allied service and support providers. Importantly, these populations present a different set of housing needs and tenant management challenges than populations that are aligned with the DSC.

2.3 Recent Shifts in National and State Social Housing Policy

Many OECD nations have greater than 10% of their total housing stock under community ownership. Several northern European nations have community housing levels higher than 20 percent in some areas. The UK has many large housing associations that develop and manage large stocks of affordable housing and service regional catchments. In some large US cities such as New York and Boston, community housing has experienced exponential growth since the 1970s, with some 30% of all new housing provided by community housing in partnership with government agencies and private investors, developers, and builders (Gurran et al 2008). By international standards, community housing in Australia is a very small proportion of the total stock, and in Western Australia it represents 1% of all housing.

In recent years, a range of policy documents and federally funded research has collectively promoted growth of the community housing sector as part of the solution to the crisis in unmet demand for social housing. Government housing policy has been focused primarily on demand side subsidies, including the First Home Owners Grant and the Commonwealth Rent Assistance, which total about $3.5b per annum (Australian Institute of Health and Welfare 2005); measures which do not appropriately address declining affordability (Milligan et al 2004 and Lawson & Milligan 2007).

This misdirected approach has subsequently limited funding. Further, policy measures committed to expanding the stock of public housing have proven insufficient to provide an adequate ‘safety net’ to the growing number of households experiencing financial strain (Lawson & Milligan 2007 and Gurran et al 2008). The crisis with the expanding waiting lists for public housing across the nation is compounded by a recognition of the numbers of people in housing stress but not eligible for direct government assistance (Disney, 2008 and Rowley & Ong 2009).

Within this demand-driven policy context, the community housing sector has been traditionally ignored, despite the sector demonstrating its capacity for substantial cost-effective and innovative housing delivery, with service specific managerial efficiencies. The relatively recent re-evaluation of government policy has seen a new focus on increasing the supply of social housing, primarily through the not-for-profit sector (Lawson & Milligan 2007 and Gurran et al 2008).

The 2005/2006 Framework for National Action on Affordable Housing was released by the Housing, Local Government and Planning Ministers and outlined a national approach in which growth of the not-for-profit housing sector was identified as a priority Commitment. This shift in policy has been supported by State initiatives to establish improved regulation, and more recently, Federal funding commitments.

In May 2007, the former Premier of Western Australia announced a $210 million funding boost to community housing under the State Community Housing Investment Program (SCHIP) over a four-year period commencing from July 2007. The intention of this funding boost was to encourage investment in developments of larger scale to optimise opportunities for private equity finance (Department of Housing 2008).

In other recent moves, DoH has proposed amendments to the Housing Act (1980), introducing a legislative framework for Community Housing in order to guide financial injections into the Sector and regulate its growth; clear evidence of the desire to shift responsibility. Moreover, DoH has made it clear that its preference is for smaller community housing managers and care oriented agencies, to partner with large 'growth provider' organisations in order to take advantage of leveraging opportunities and efficiencies that come with larger scale operations and projects.

From this perspective, the policy shifts going on at a national and State level are positioning the community housing sector to take responsibility for leveraging new social housing growth. The flush of new resources (stock transfers, funds, tax breaks) that are aimed at enabling the community housing sector to develop this capacity, have had a positive effect, however, it also appears that much more still has to be achieved to support and facilitate the growth of this sector to ensure it has the capacity to 'carry the load'.

Although there has been increased funding in some areas, particularly responding to the needs of key workers, (those 20% below median income), there have also been funding cuts in other areas of the community housing agenda (see Section 2.1). The loss of the dedicated funding stream within the State's community housing budget for DSC-aligned housing is a stark example of this shift. In this light, it seems that the community housing sector is being set up to take on the responsibility for the supplying the new supply required to meet the demand for housing disability service populations, but without any dedicated funds to do so.

In this policy context, the basic intention appears to be that the larger community housing providers leverage new social housing growth through their development and management efficiencies, and further, to use this surplus to supply the housing for DSC-aligned populations and others, where there is little prospect of generating growth. Put more simply, the entrepreneurial end of the community housing sector is being assigned the responsibility for resourcing and developing the charity end, i.e. the component long differentiated and funded separately as special needs housing.

This transfer of State responsibility onto the community sector can, however, only go so far, particularly if the disability service and the community housing sectors are not fully enabled to use their combined capacities effectively. Overall, this prospect brings into focus several important questions as to whether the community housing sector actually has the capacity to take on this responsibility for disability service sector housing, given its broader agenda, and the lack of dedicated funds. It also raises the question as to where the responsibility ultimately rests given that the rules of engagement and the resources remain regulated by the State through the DoH.

A Cautionary Tale …

Glasgow City once owned 90.000 units of social housing. In 2003, this stock was transferred to 19 not for profit companies. This policy shift relieved the City of the debt and also the high costs associated with maintaining the stock. It was envisaged that through augmenting their asset base and cash flows the not for profit companies would be able to independently develop new housing projects.

By 2009 the initiative is only partially implemented. Over-burdened and under-capitalised the not for profit organisations were rendered moribund rather than enabled (McKee 2009: Kintrea 2006). In this well documented case, the stock transfers came with layers of obligations and micro-management that acted to undermine the capacities of the not for profit organisations to generate efficient and high quality housing outcomes (Kearns and Lawson 2008). With the assets came liabilities but not the institutional resources, authority or resilience. The consequences for both the tenants and the not for profit organisations have been dire.

2.4 Department of Housing and Community Sector Relationships

Among the community housing and disability service care organisations, the relationships with DoH have not always been easy. There is a view that the goal posts keep shifting and what is expected of the community sector contrasts with the breadth of their people-oriented mission and purpose. As a government department, the DoH is inevitably linked to the political cycle and therefore programs and policies are potentially shortlived.

The need for surety in respect to funding arrangements from the State was expressed by most care agencies and housing providers during the interviews conducted with the community housing sector. A stable funding and housing stream is essential to foster a platform of reforms (Lawson & Milligan 2007). These involve significant levels of organisational restructuring within both the disability service and community housing sectors.

In some respects the DoH proposal to transfer the responsibility and the means to supply new housing for the disability service sector onto the community housing growth providers is just a further step in formalising what has been operating policy for several years. DSC aligned care agencies report that they have found it increasingly difficult to discuss new projects with DoH staff, and instead they find themselves directed to the growth provider options.

The faith that the DoH appears to have in the ability of the community housing sector to develop new housing is also relatively recent. DoH was traditionally sceptical of the capacity of community housing, dismissing the sector as little more than bit players in the supply of social housing. This attitude lingers on and the new confidence that DoH has in community housing does not appear to have filtered beyond the larger scale growth providers.

The DoH has developed a three tier housing provider framework for regulating community housing providers:

- Growth Provider, (500 units and above)
- Preferred Provider, (over 100 units but less than 500 units)
- Registered Provider (under 100 units).

The classifications appear to be largely based on the number of housing units being managed, and cannot therefore adequately reflect the greater capacity or the diversity of the organisations. All providers are required to adhere to national standards and guidelines for community housing in addition to other qualifications for accountability and quality assurance purposes in line with DoH policies.

In discussions with organisations that have been defined as preferred providers and the registered providers, there are anxieties expressed over the shifting emphasis within the community housing reforms, which seem to be increasingly geared to feed the growth providers and starve the others. It is a policy emphasis that overlooks the diversity of their purpose (caring for a specific populations life needs) and the depth of their capacities as organisations. Moreover, this framework has denied the preferred and registered providers from accessing the stock transfers that would allow them to accommodate the increase in the care populations that they service.

One of the fallacies engendered by the 'housing numbers only' perspective is that the sector is fragmented into un-economical units, and is therefore unable to sustain itself. Closer scrutiny, however, reveals that the diversity among housing providers within the disability service sector is reflective of the efficiencies in servicing the resources the special care needs of the diversity of populations that they serve. This includes forms of private sector investment (private donations, charity funds, bequeathments) that are motivated by the focus on specific care population.

Many DSC-aligned organisations that are categorised by DoH as 'registered' and 'preferred' housing providers, would not otherwise define themselves as housing providers. For such organisations, housing plays a critical but supportive role relative to the primary focus of their activities as care providers. In this respect, the housing quantum-defined three tier definition needs to be interpreted flexibly to reflect the breadth and character of the disability service sector.

Even as an indicator of housing growth potential, the three tier definition can hide more than it shows. For example, an organisation with less than ten units of housing, also holds 40 hectares of developable land, and is the Western Australian chapter of a very large national organisation. According to its DoH-defined registered provider status, however, such an organisation would not be considered as a viable growth provider, despite its resources.

Another long running source of tension between the DoH and the community housing sector involves the DoH's preference for a single waiting list for social housing. The desire for a single housing needs register, however, is contrary to the developed practices of the community housing providers to manage their own wait lists, thus enabling them to deliver better quality housing outcomes than public housing has been able to achieve. Accordingly, both community housing and disability service sector agencies see maintaining some level of independence in this regard as fundamental to their operations, and their rationale for being. Without a separate dedicated funding stream for DSC-aligned housing, however, the specialised needs of these populations is effectively being squeezed into mainstream waiting list for public housing, or within the general allocations among new community housing developments. Interviews with the sector revealed a concern that the DoH policy changes favour a 'one size fits all' which might ensure efficiency for the agency but will not deliver effective service delivery for a diverse client base. Rather than strengthening the sector and enhancing the outcomes, there is the potential for the sector to be enfeebled by bureaucracy.

2.5 Community Housing and Disability Service Agency Relationships

There are many existing housing management arrangements between housing managers and care providers; these range from MOUs and contracts related to housing maintenance, housing management, spot purchases and management, to project partnership arrangements resulting in new housing developments.

For some community housing growth providers, the relationship they have with DSC-aligned care organisations amounts to over 30% of their managed housing stock. In this respect, it is a critical component in their long term strategic planning of the growth providers, and for some, central to their viability. These servicing relationships also include a fairly high component of mental health aligned housing management.

In the main, these existing relationships are working well, however it is evident that there are also some tensions. Feedback from both sides indicates there can be significant issues created by the blurred boundaries between housing management, tenant management and service care. Accordingly, disability service organisations have appreciated being able to choose who and how they partner with amongst the different community housing providers.

The desire to retain a choice for partnership arrangements with housing providers also reflects the differences within the community housing sector. For example, there are concerns among disability service providers that there have been long lag times by the community housing sector in attending to maintenance and repairs. In principle, larger housing managers tend to have quicker response times due to the efficiencies derived by their scale of operations enabling specialist staff and wider 24 hour and geographical coverage. From a care support perspective, however, smaller operations usually foster better targeted and more personalised care.

Another source of tension relates to the way that some care providers are perceived to manage some tenant issues, contrary to the tenant's rights. For example, in group households where several unrelated tenants share a dwelling, disability service providers are able to move people around into different dwellings as needs change. This accords flexibility to address such circumstances as changed or challenging behaviour, and where there is the need to be able to move/re-house/relocate tenants quickly. However, such actions may contravene the Residential Tenancy Act and conflict with the tenant rights ethos of the community housing provider. This tension also speaks to the need for management flexibility, housing diversity in terms of structure and management regimes, and scales of provision.

Viability issues also create tensions with care providers relying on the housing income to remain viable as an organisation with the capacity to provide the care that is essential to maintain the tenancy. Currently, any surplus goes to cross subsidise the care which is woefully underfunded, but the growth provider needs the surplus to fund the additional housing, as they are obliged to do under the DoH growth model. However, from a care agency perspective, the view is that both the care and the housing are intrinsic to a person's basic needs, and as such, there is no surplus.

This set of tensions reflects the difference between the culture and missions of the care agencies and the housing providers. For housing providers there is a need to provide some defined separation between housing and care responsibilities, "there needs to be clarity where they overlap, but they need to be separate" (interviewee). They see the need to separate housing development and management from the servicing of the care needs of the residents. Care providers are, in contrast, focussed on the people, and see housing and care as interlinked.

One of the critical differences between affordable housing and care provision is that affordable housing can be geared to be financially self supporting, when this is often not the case with care provision. This is the foundation of the crisis in aged housing provision – underfunded cost of care undermining the potential to fund new supply in response to the growing demand. Affordable housing development and management can be geared to be self supporting, when care provision is not. Among the growth providers with a track record of development, it is common practise for each project to be financially self supporting and in most instances with surplus cash flow generated to leverage new supply. It is this growth capacity that DoH wants to foster.

The DSC aligned sector is overtly people-oriented rather than numbers-oriented, and with a de-emphasis on bureaucracy. A critical differentiator with the sector is that it has always been required to be responsive to unique and often challenging requirements that, by their nature, are outside of policy and procedure norms. Advocacy and sensitivity to the individual are integral characteristics of the sector. More specifically the care agencies cater for some of the most challenging and expensive to service people (tenants) that there are in society, and the costs of housing construction and management are inevitably higher, and the process is longer (Hall and Berry, 2009).

Given this higher cost of housing provision scenario (see Section 3.5-3.6 for estimates of the added costs associated with DSC aligned housing supply) and the fact that the CDHP funds have been exhausted, the concern harboured by disability care providers is that those with more difficult/expensive housing needs could be sidelined by the community housing providers that need to maximise their development focused efficiencies, to create the surplus anticipated by the DoH. More broadly, this prospect begins to register the scale and character of the responsibility for DSC aligned housing that is being transferred onto the community housing growth providers, but without the dedicated funds.

2.6 Community Housing Growth Providers – Capacity and Operations

Currently in Western Australia this is a period of exceptional growth for the community housing sector, and the growth providers have been the focus of this expansion. The growth providers have the funding commitments and the strategic resources (houses and land) from DoH in addition to other sources. Accordingly, they are heavily occupied meeting their existing commitments, which has required significant levels of organisational restructuring in respect to new staff, offices, processes and core business. These pragmatic concerns in respect to capacity building reinforces the point made by Hall and Berry (2009) that any expansion of the community housing sector would require significant capital injections and subsidies in order to maintain affordability.

There are five established growth providers operating in Western Australia, and at least one other with approval and in development. These are community housing providers that have been selected to receive significant funds and stock transfers from the State. The DoH has selected these growth providers based on their capacity (potential or current) to not only manage the social housing effectively, but also to add to the stock levels. The agreements broadly anticipate a 15% growth on what was originally received as stock transfers.

Capacity building among the growth providers has been progressing rapidly through consolidation and stronger links with specialist and area based support services. Some of the necessary capacity building is being created through the partnerships and these have been both encouraged and enabled by the shift in the State social housing policy framework. Commitments for ongoing support of the community housing sector at the State level appear to be firm in the directions outlined in the Draft Social Housing Policy (2009) recently released by the Housing Minister. The impact of the Federal government's NRAS program has also been significant, and although this is not an ongoing consideration, further, more targeted support from federal sources is a likely prospect.

Two growth providers are new to development and project management, and have only one new construction project in the pipeline. By contrast, two other growth providers have considerable experience with new development and construction but are relatively new to community housing. It is also the case that there are significant differences between the operating capacities, housing development and management experience, as well as differing organisational structures and core business profiles and missions. In Appendix 1, an example of a community housing growth provider is profiled, together with a brief explanation of the partnership arrangements that it uses to leverage the new housing stock.

Although the initial growth will come from stock transfers, the agreement with the DoH anticipates a 15% growth rate in return. So, for every 100 units of stock transfers, growth providers are expected to add 15 or more. This is a challenging commitment for the growth providers as new housing development is by its nature a long, and often drawn out process, particularly when it falls outside of industry norms in terms of design, construction, and management specifications. There have also been considerable delays with the stock transfers, and quality and location issues have been common features (interviews).

Among the existing growth providers, there is some regional coverage: Kimberly, Pilbara, South West and the Great Southern. There are, however, issues related to the economics of regional service delivery. The cost of travel, the cost of setting up and staffing regional offices, the high land and housing construction costs, the logistics of project management in regional settings and the often limited availability of local support services however make the provision of housing and accommodation for people with disabilities in the regions all the more challenging and sometimes problematic.

It is clear that there is willingness and some capacity within the existing community housing growth providers to both supply and manage the housing needs of disability service populations. There are also examples of recent or planned developments that have been tailored to the specific requirements of disability residents and the service organisations that care for them. Importantly, several of these projects have leveraged both private and local government capital and resources. This is in addition to a contribution from the community housing provider. Examples include:

- Group housing four young men with some intellectual disabilities, all of whom had known each other for a long time. They had considerable input at the outset and support from their families. Three of the four men are currently employed.

- A five bedroom home for a mother with physical disability and whose children were all living at home. She subsequently was moved to a smaller three bedroom home closer to city and services when the children grew up and moved out, thus providing flexibility for changing circumstances.

- Six units in Subiaco on land contributed by the City of Subiaco. This project has had significant input from the six families whose adult children have a combination of mental and physical disabilities. In the development there is both individual and group living models, and with some scope for residents to move between. There are units for carers, and there are also units for income eligible tenants who are willing to provide a degree of informal support.

One of the recent shifts in Western Australian public policy is the scope for community housing providers to house up to 25% of the tenants with incomes above the DoH eligibility criteria. This initiative has social mix advantages and it also serves to facilitate cross-subsidised housing towards enhanced financial leveraging for future projects. This has important and potentially positive implications for care agencies with service populations with similar housing and care needs but include a range of income levels and therefore flexibility.

Similarly, where practical a mixed housing approach, whereby a disability service agency partners with a growth provider, and together, they would have the scope to build both generic and disability housing. This would allow cross-subsidisation from generic housing to disability housing as generic housing tenants tend to be higher-income, have large household sizes and therefore pay more rent than disability housing tenants who tend to have lower income and smaller household size (often singles).

It must be noted however, that as desirable as these community housing models are, it is also the case that they will not suit every situation. In particular, they are less effective at accommodating those populations with higher care needs which are more suited to cluster type housing developments that enable specialised care provision. In other words, what has been described as the core of the housing needs populations served by DSC aligned care agencies are the very populations that are not well served by such arrangements.

For community housing to work efficiently to leverage new housing supply, it needs to consider and harness all of the marginal opportunities that can be used to develop a housing stock that can be self sustaining through affordable rents. These marginal operational efficiencies include:

- Mix of Public/Private/Community funds
- Land Discounts/Grants
- Building Design Efficiencies
- Tax Breaks
- Development Bonuses and Allowances
- Tenant Management Efficiencies
- Housing Different Income Levels
- Industry Good Will and Assistance
- Government Agency Patronage
- Political Leadership

In principle, it is the combination of these marginal efficiencies that makes it possible for growth providers to develop self supporting affordable housing developments and in many instances to generate a small surplus. Importantly though, with higher concentrations of tenants with higher servicing needs, and the associated higher construction and management costs, any potential surplus tends to be absorbed, and thus there is no prospect for leveraging further growth. This again highlights the need for a dedicated funding stream (CDHP) to make new housing projects viable at an appropriate scale for care service provision. Moreover it reinforces the broader concerns that too much is being expected of the community housing growth providers, particularly in respect to housing the critical core of the DSC aligned housing needs.

2.7 Risks and Prospects

Having considered the key social housing policy changes at the State level, together with an appreciation of the way the community housing and the disability sectors interrelate to develop and manage housing; it is now possible to reflect on Objective One and assess the implications for people with disabilities and disability support service providers

The recent policy shifts at the national and State level have promoted the growth of the community housing sector as a key part of the solution to the crisis in unmet demand for social housing. In Western Australia there has been virtually no increase in the stock of public housing for over a decade (DoH Annual Reports 2000-8), and the waiting list has increased to over 18,000 households. Accordingly, the DoH is restructuring its operations to focus on the core business of public housing development.

In addition to the responsibility for providing DSC-aligned housing needs, the community housing sector is also being positioned to address the housing needs of the key workers on low and moderate incomes, and those who fall outside of income eligibility criteria for public housing support. In this new policy context the loss of a dedicated funding stream for housing DSC populations is evident and instead their needs are being absorbed into the broader social housing agenda (without the commensurate housing supply); instead, the community housing growth providers have been assigned the responsibility for the new supply.

This prospect brings into focus the questions raised in Section 2.3 as to whether the community housing sector has the capacity to take on this responsibility for disability service sector housing, given its broader agenda, and the lack of dedicated funds. It also reinforces the question as to where the responsibility ultimately rests given that the process and the resources remain regulated by the State through DoH.

Interviews among the established growth providers indicate that there is both the capacity and willingness to supply and manage the housing needs of disability service populations. They have been re-positioning and equipping themselves to service such commitments, and there are recent projects that are evidence of the quality of the outcomes. It is also clear, however, that this capacity among the growth providers has its limits in respect to servicing the core housing need among DSC housing populations.

The growth providers are challenged by their existing commitments, which has required significant levels of organisational restructuring in respect to new staff, offices, processes and core business. Housing development by its nature is a long, often drawn out, process, particularly when it falls outside of industry norms in terms of design, construction, and management specifications. This concern reinforces the importance of estimating the scale of increased demand for new housing among DSC populations, relative to the capacity of the community housing sector to increase the supply,

The core demand for housing among DSC populations is projected to need to accommodate in the order of 1000 people in 350 new houses over the next five years (see Sections 3.1-3.6), but this new demand contrasts with the existing capacity of the growth providers to provide much more than a range of model projects, when what is really needed is a dedicated construction program with stable funding. In perspective, most community housing projects take years to develop, and even based on the extraordinary growth of recent times, only a fraction of the projected demand could be realistically housed within the five year time frame.

As identified in Section 2.6, the scope of the community housing growth providers to respond to the housing needs of DSC service agencies is further limited given that in higher concentrations, DSC housing tends to erode the prospect of further growth being leverage from the developments. This also has important implications for any consideration in respect to developing a new growth provider specially aligned and sensitive to the needs of DSC-aligned service populations.

DSC-aligned service agencies and their care populations have good reason to question their position in the new social housing policy framework. Without a dedicated funding stream and effective development assistance within DoH, the disability sector has been all but abandoned in terms of new housing supply. The responsibility for new housing supply is being transferred onto effective but under-resourced growth providers.

For the growth providers, the main risk would come from the State's withdrawal or shift in focus for support, leaving the sector over-burden and under resourced. The experience elsewhere (e.g. Glasgow example), and past experience locally suggest that the risk of shifting and waning policy and funding support is real and would have significant negative impacts on the sector. This is effectively what is happening with the sudden loss of CDHP funds, something which does not seem to correspond with any publically announced plan. Accordingly, questions and tensions remain in respect to:

- Where does the responsibility for the DSC component of social housing ultimately rest;
- Stability with policy and funding support; and
- Assurances regarding a raft of governance and independence issues.

3.0 Modelling the Future Housing Demand and Supply Needs for People with Disabilities

Here the discussion turns to consider how the **level** and **nature** of demand for social housing by people with disabilities is likely to change in the future. People with disabilities have more complex housing needs than the general population. They require housing that is suited to reduced capacities and increased probabilities of frailty, and that enable them to maintain as much independence as possible while also providing access to care and other support services. DSC service populations are a particularly vulnerable group whose financially disadvantaged status further restrict their capacity to access housing that reflect their needs.

If the level and mix of social housing stock do not adequately match the nature of housing support required by people with disabilities, health costs will also be exacerbated due to the established relationship between health and housing. Hence, future demand with respect to both the quantity and type of social housing required by people with disabilities will have significant ramifications for social housing and other related sectors. Accordingly, it is essential that decision-making about how to progress the development of social housing for people with disabilities is informed by projections of future housing need, so that appropriate housing models can be implemented that provide appropriate support that meet their needs and preferences.

3.1 Projecting the Level of Demand for Social Housing by People with Disabilities

The first of two methods employed to project the level of future demand for housing by people with disabilities used DSC data. These projection estimates were then validated against an alternative projection strategy that utilised the Disability, Ageing and Carers (DAC) Survey and Australian Bureau of Statistics (ABS) projections of the WA population.

Demand can be broadly categorised into **funded** and **unfunded** demand. In the context of this report, funded demand refers to the number of clients supported with funding from DSC, while unfunded demand refers to the number of people eligible for funding from DSC at a particular point in time but who are not funded due to funding restrictions. The total demand for DSC accommodation support funding is the sum of funded and unfunded demand, and people with disabilities from which total demand is derived make up what is termed in this report as the DSC reference population.

3.1.1 Projections using DSC Data

Table 3.1 reports estimates of the level of funded and unfunded demand from 2008-09 to 2011-12 using DSC data. The 2008-09 estimates are based **actual** data provided in DSC annual reports, funding bulletins and internal data provide by DSC personnel. Estimates from 2009-10 to 2011-12 are **projected** based on DSC internal forecast estimates where available, and using trends observed from the five-year period leading up to 2008-09 where DSC internal forecast estimates are not available. Details of the projection assumptions are recorded as notes to table 3.1. Projections stop at 2011-12 as the funding commitments are currently in place till 2011-12. Projections of funded demand beyond the current funding agreement would not be robust due to the current lack of certainty about funding arrangements beyond the present agreement.

As shown in table 3.1, funded demand can arise through several channels. The major source of funded demand comes through the DSC's Combined Application Process Accommodation Support Funding scheme (CAP ASF). Smaller numbers of clients are funded through existing DSC resources such as vacancies that arise during the year, the recently introduced Community Living Plan (CLP) and the Young People in Residential Aged Care (YPRAC) initiative. A minority are emergency placements.

The table below shows that the number of CAP ASF clients funded annually through new CAP ASF growth options is projected to increase from 175 in 2008-09 to 209 in 2011-12, equivalent to an increase of 20%. Over the five year period leading up to 2008-09, the average number of clients supported through existing resources has been 20 per year and this is projected to continue into the near future. CLP client numbers are projected to be 60 annually from 2009-10 onwards, based on DSC internal forecast estimates. The current YPRAC initiative ends in 2010-11, hence the number of YPRAC clients is projected to drop to zero in 2011-12. A small number of emergency placements are expected to take place each year. However, the number of emergency placements is recorded in 2011-12 as they are carried forward into the next CAP ASF round for allocation. Overall, the number of clients funded by DSC is projected to increase by almost 20% from 225 to 267 between 2008-09 and 2011-12. The total level of funded demand over this four year period is projected to be 1022 persons.

Limits on the availability of funding support funds mask the demand for accommodation support funding by people eligible for DSC support. The level of unmet demand can be measured by the number of applications for accommodation support funding to the DSC that are not approved in a particular round which are carried forward into the next round. These form part of the DSC reference population even though they were not funded due to limited resources. According to figures reported in the DSC funding bulletins, between 2006-07 and 2008-09, the level of unmet demand has steadily increased from 294 to 398, representing an average annual rate of increase of 11%. If this rate of growth of unfunded demand remains constant in the near future, the level of unfunded demand will be 487 persons by 2011-12, resulting in total demand of 1509 persons by 2011-12.

Not all persons who apply for DSC accommodation support funding require social housing. Based on past trends recorded by DSC, approximately 25% of people who apply for accommodation support funding already live in their own homes and therefore do not require access to social housing. Assuming this proportion holds into the near future, the number of people with disabilities in the DSC reference group who will require social housing will be 1132 persons by 2011-12.

Table 3.1: Level of demand for housing, 2008-09 to 2011-12

	2008-09	2009-10	2010-11	2011-12	Total
Demand for accommodation support funding					
CAP ASF clients					
Growth in CAP ASF options[a]	175	175	201	209	760
Existing resources e.g. vacancies[b]	11	20	20	20	71
Total CAP ASF clients	186	195	221	229	831
CLP Clients[c]	54	60	60	60	234
YPRAC[d]	12	20	23	0	55
Emergency placements[e]	0	0	0	5	5
Less changed needs clients[f]	-27	-23	-26	-27	-103
Level of funded demand	225	252	278	267	1022
Level of unfunded demand				487	487
Total level of demand				754	1509
Demand for social housing[g]					
Level of funded demand	169	189	208	200	766
Level of unfunded demand				365	365
Total level of demand				565	1132

Source: Authors' estimates based on the DSC annual reports, DSC funding bulletins and DSC internal data

Notes:

a. 2008-09 estimates from DSC 2008 annual report. Projected estimates from 2009-10 onwards from DSC internal forecast.

b. 2008-09 estimates from DSC 2008 annual report. Projected estimates from 2009-10 onwards based on average annual number of vacancies in the five years leading up to 2008-09.

c. 2008-09 estimates from DSC internal data. Projected estimates from 2009-10 onwards from DSC internal forecast.

d. Estimates from 2008-09 onwards from DSC based on current funding agreement.

e. From DSC internal data. These are rolled over into the next funding agreement and hence are added in the 2011-12 only.

f. 2008-09 estimates from DSC 2008 annual report. Projected estimates from 2009-10 onwards are 13% of clients supported through CAP ASF growth options. This proportion is calculated from DSC actual data in the five years leading up to 2008-09.

g. Past trend estimates from DSC indicate that 25% of people who request accommodation support funding already have their own accommodation. Hence, the demand for social housing is assumed to be 75% of total demand for accommodation support funding.

3.1.2 Projections using 2003 DAC Survey and ABS Population Projections for WA

The total demand for social housing is estimated using an alternative projection method based on the 2003 DAC Survey and ABS population projections for WA. The DAC Survey does not allow us to identify DSC funded clients. However, data from the survey are still invaluable in allowing us to validate estimates of total demand derived from DSC data, that is, overall demand by the DSC reference group. This is possible because the DSC reference population can be identified from the 2003 DAC Survey, by identifying those in the Survey who meet the eligibility criteria to access DSC accommodation support funding. These criteria (DSC 2001) are:

- having a disability resulting in a profound or severe limitation; and
- aged under 60 years at the time of application; and
- eligible for Disability Support Pension (DSP) or Child Disability Allowance (CDA), or having an intellectual disability.

The proportion of people in each age band who are likely to meet the above criteria and hence be included in the DSC reference population is estimated using the 2003 DAC Survey. Population weights are applied so that the proportions calculated from the survey reflects population estimates. These proportions are applied to ABS population projections for WA to arrive at the projected number of persons in the DSC reference population from 2009 to 2012. As shown in table 3.2 below, in 2003, 4% of the WA population had disabilities that led to profound or severe limitations and 6% were either in receipt of DSP or CDA or had an intellectual disability.

The proportion of people meeting these criteria for DSC funding generally rises with age. Due to data limitations it is not possible to directly identify those in need of accommodation support funding. Hence, we assume that low-income persons, defined as persons whose equivalised household income is in the bottom 40% of the income distribution, would be most likely to be in need of accommodation support funding. The proportion of people in WA who met all these criteria in 2003 formed approximately 1.3% of the population.

As shown in table 3.2 below, the total new demand from 2009 to 2012 is 1544 persons (sum of new demand in each year). Applying the DSC assumption that three out of every four people would need social housing, the projected number of people in the DSC reference population requiring social housing by 2012 is 1158 persons.

Table 3.2: Projected DSC reference population, 2008-2012

Age band	% of WA population in 2003				Projected DSC reference population				Total
	Profound or severe limitations	DSP or CDA recipient / intellectual disability	Low-income	In DSC reference population	2009	2010	2011	2012	
0-9	5.3%	4.2%	46.0%	1.5%	4167	4245	4334	4423	
10-19	3.7%	6.2%	32.2%	1.2%	3417	3452	3472	3493	
20-29	2.2%	3.6%	27.7%	0.1%	434	445	456	466	
30-39	3.0%	5.8%	32.0%	1.3%	3957	4006	4056	4099	
40-49	4.3%	6.9%	21.6%	1.1%	3578	3637	3693	3761	
50-59	5.7%	10.0%	27.4%	2.6%	7322	7476	7634	7798	
Total	4.0%	6.0%	30.9%	1.3%	22875	23262	23645	24041	
Increase in demand from previous year					379	386	383	396	1544
Increase in demand from previous year for social housing					284	290	287	297	1158

Source: Authors' estimates based on 2003 DAC Survey and ABS WA population projections

3.2 Changing Nature of Demand for Housing by People with Disabilities

An important dimension of the projected growth in demand is the nature of this demand, which informs decision-making about the type of social housing stock required to meet the needs and preferences of people with disabilities. Changes in the nature of demand for housing support are driven by a combination of various factors. These include changes in disability levels over time and the restrictions these disabilities impose, support needs, and changes in expectations of housing by people with disabilities. Here the analysis turns to consider how the demand for housing by people with disabilities has changed in recent years. This analysis will enable an assessment of how the nature of demand is likely to change in the next few years assuming that recent trends continue into the near future. The analysis is conducted via a mix of:

- Statistical analysis using existing data;
- Qualitative evidence on expectations in terms of location using a DSC mapping tool;
- Existing policy documents or academic literature.

The statistical analysis relies on data published by DSC and surveys on people with disabilities. In this respect, a key survey we have utilised is the Household, Income and Labour Dynamics in Australia (HILDA) Survey), a nationally representative survey. While information on children aged under 15 is scant in the HILDA Survey, the advantage of using the HILDA Survey is that its longitudinal data allows us to track people with disabilities over time so that one can observe their changing needs as they age. The HILDA Survey contains detailed information on the type of disabilities or long-term health conditions of survey respondents with disabilities. The survey numbers are such that restricting the analysis to WA will result in sample numbers that are too small for analysis to be robust. Hence, the analysis using the HILDA Survey is conducted based on a sample of people with disabilities from across all states/territories under the assumption that national disability-related trends will apply to WA.

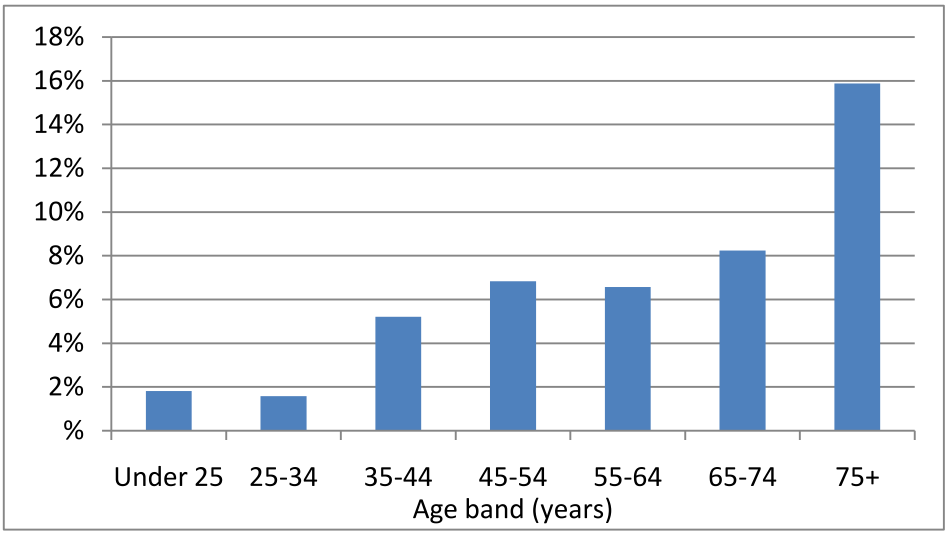
The DSC mapping tool is used for the explicit purpose of graphically highlighting locations where recent applications for DSC support are coming from, as compared to locations where new housing developments for people with disabilities have been identified. The evidence produced by the mapping tool is qualitative in nature, that is, it does not give an indication of the number of applications or developments in each region. Nonetheless, the mapping tool is an effective device for highlighting pockets within WA where new demand for accommodation support funding is arising and for offering an indication of whether new housing supply locations match new demand locations.

3.2.1 Changes in Disability Levels, Restrictions and Support Needs

The Australian Institute of Health and Welfare (2008) notes that while there has been no significant change in age-specific rates of disabilities resulting in profound or severe core activity limitations over the past 20 years, population ageing and longer life expectancies have led to a rise in the number of people with disabilities in general, and those with profound or severe core activity limitations in particular. These population trends can be expected to continue to drive the increase in the number of people with disabilities in the future. The Productivity Commissions has projected an increase in the share of the population aged over 65 years from 13% to 24.5% between 2003-04 and 2044-45. The share of the population aged over 85 years is expected to more than triple from 1.5% to 5% over this period (Productivity Commission 2005).

Figure 3.1 shows the proportion of people with disabilities, by age band, who reported an increase in the number of disabilities they suffered from between 2003 and 2007. The figure illustrates a positive correlation between age and the propensity for new disabilities. Among those aged under 35 years in 2003, less than 2% reported a rise in the number of disabilities by 2007. Among middle aged people with disabilities, 5-7% reported a rise in the number of disabilities they suffered from over the same period. Among the 65-74 years age group, 8% reported an increase in number of disabilities. Among those aged 75 and over, this proportion is twice as high at 16%. Hence, clearly those in older age bands are significantly more likely to develop new disabilities as they age.

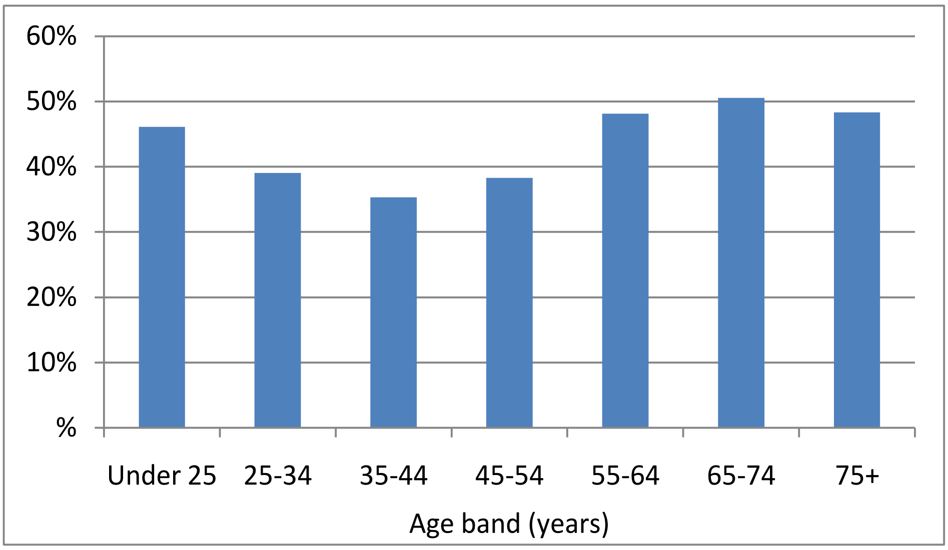
Figure 3.1: Proportion reporting a rise in the number of disabilities between 2003 and 2007, by age band, per cent



Source: Authors' estimates based on 2003 and 2007 HILDA Survey

HILDA Survey respondents are asked to provide information on the extent to which their disabilities restrict the amount of work they can do. Figure 7.2 illustrates the proportion of people with disabilities, by age band, who reported an increase in disability-related restrictions on the amount of work they could do between 2003 and 2007. These proportions are substantial, ranging from 35% among middle age persons to 50% among those aged 65-74 years. Older age groups aged 55 year or over appear more likely to report increased restrictions, followed by the youngest group aged under 25 years.

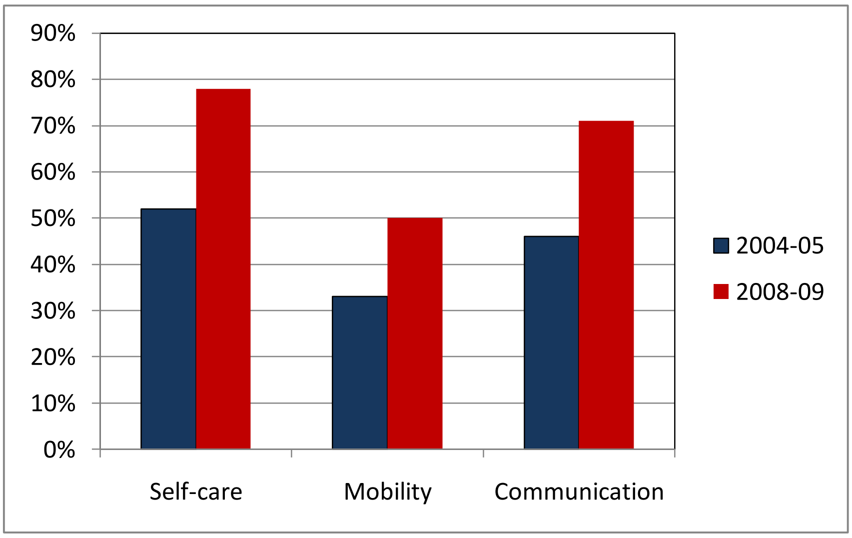
Figure 3.2: Proportion reporting increased disability-related restrictions between 2003 and 2007, by age band, per cent



Source: Authors' estimates based on 2003 and 2007 HILDA Survey

It is therefore not surprising to note that among DSC service users, the proportion requiring support in self-care, mobility or communication support has also increased noticeably within approximately the same time frame (see figure 3.3 below).

Figure 3.3: Per cent of DSC service users requiring self-care, mobility and communication support, 2004-05 and 2008-09



Source: 2004-05 and 2008-09 DSC annual report

3.2.2 Changing Housing Aspirations

Existing documents from both the disability sector and State housing authority recognises changing housing aspirations among people with disabilities. The Accommodation Blueprint Steering Committee's (2003) final report noted that many people with disabilities and their families now have contemporary philosophies of inclusion and participation in community living, with children leaving their parental home to live independently when they reach adulthood. According to the latest 2008-09 DSC annual report, the largest number of users of DSC services come from the 5-14 years (approximately 5,000), followed by youths aged 15-24 years (over 3,000) and then the elderly aged 75 years or over (around 2500). Hence, not only will population ageing affect demand for housing in the future, expectations from those aged under 25 that are increasingly different from those in the past will also have a major impact. Strategic assessment by Department of Housing (2004) acknowledges the following changes in expectations:

- Children with disabilities are increasingly encouraged and supported to maintain as much independence as possible;
- Families of children with disabilities have higher expectations of quality of life for their children;

- Many young people with disabilities now aspire to move out of their parental homes;
- More children with disabilities are growing up in families where both parents are in paid work, and may not be the primary carers or housing providers for their adult children.

3.2.3 Expectations of Housing in Terms of Location

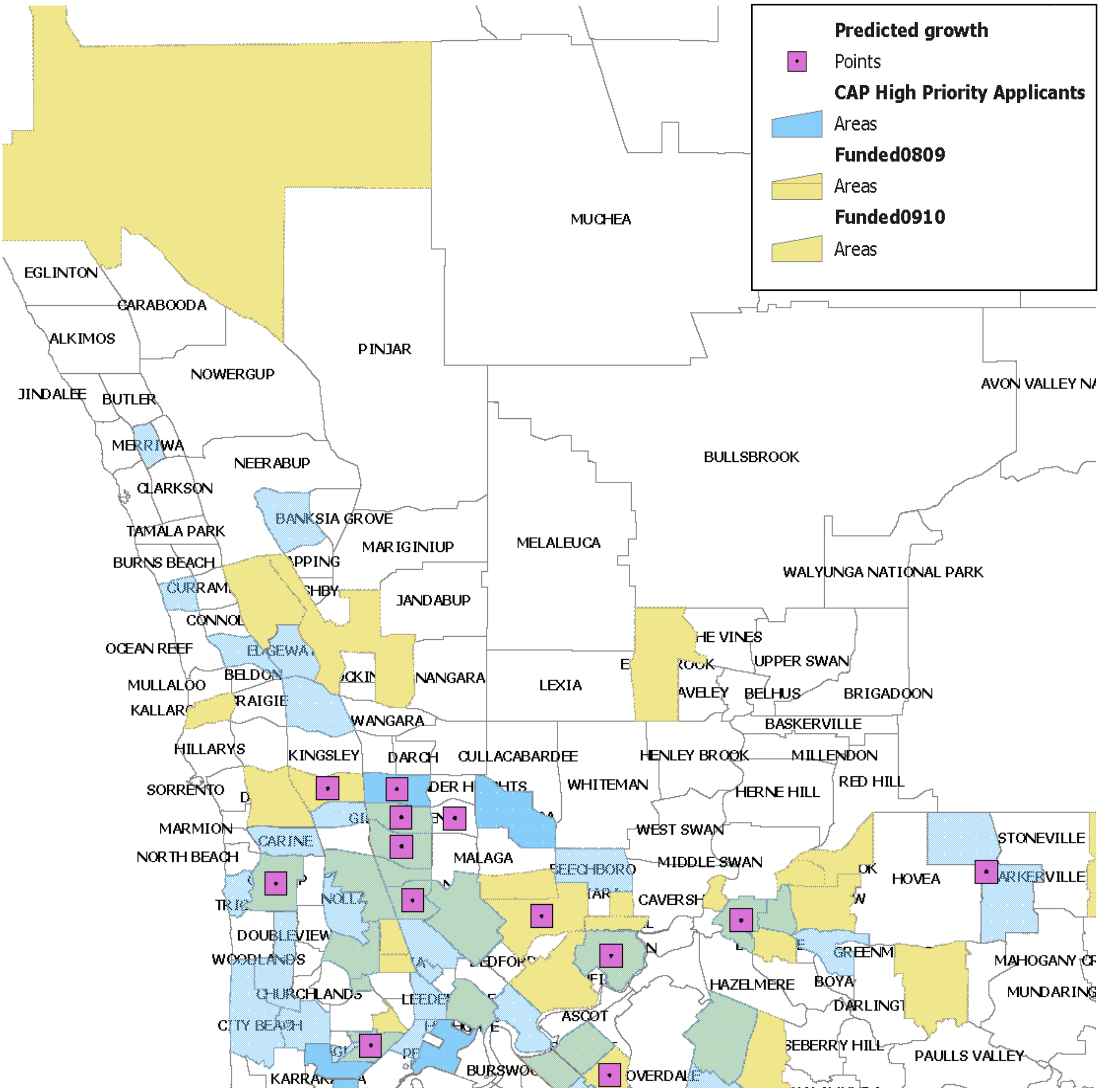
This section offers qualitative evidence on expectations of housing locations by people with disabilities. Figures 7.4(a) to 7.4(d) below have been provided by DSC using a location mapping tool which highlights the key areas from which recent applications for DSC CAP funding were made in 2008-09 and 2009-10 (light brown areas). Locations where priority applications have been funded are highlighted (blue areas). Importantly, the maps also highlight locations where key housing developments for people with disabilities are taking place (pink squares) so a comparison can be made of demand and supply locations. As mentioned previously, the evidence presented in the maps is qualitative in nature, that is, we are unable to observe the number of applications or developments in each region. However, the map serves to highlight regions within WA where new funded demand is coming from and offers a valuable indication of the extent to which new housing supply locations match new demand locations.

It is impractical to present the entire map of WA given space restrictions. Hence, only maps of the key areas where new funded applications have been made are presented. Figures 7.4(a) to 7.4(d) track the regions where applications have been recently funded from North Metro, through South Metro and the upper Great Southern region to areas in along the South West coast. It can be noted that areas where priority applications have been funded are concentrated in the North Metro region and along the upper Great Southern corridor extending from Rockingham to Falcon.

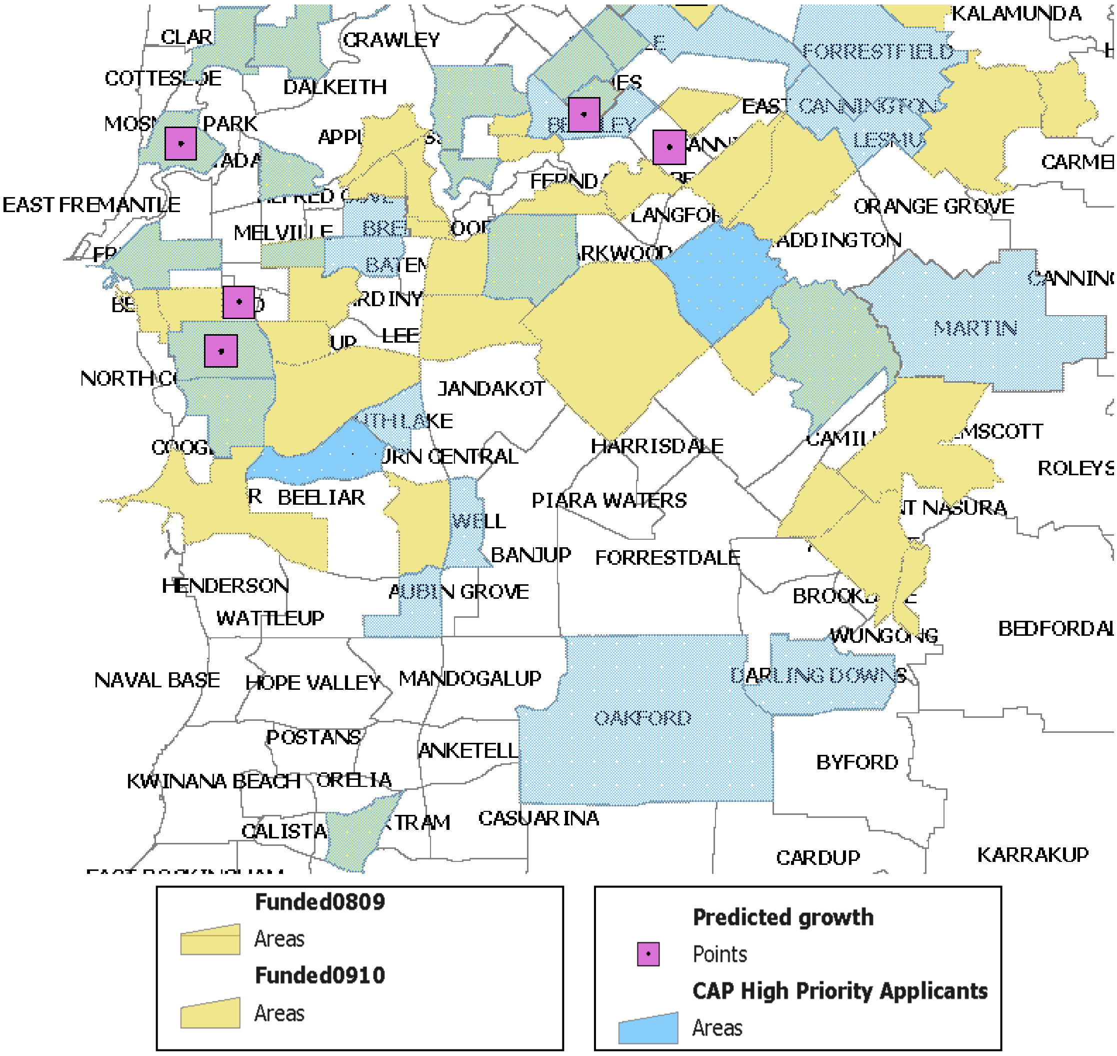
New developments are concentrated in the Metro region. However, no new constructions can be observed in areas north of Sorrento in figure 3.5(a) and in many South Metro areas from which new applications have been funded in figure 3.5(b). Barely any new constructions can be noted in the non-metropolitan regions where applications have been recently funded in figures 7.5(c) and (d).

Figure 3.4: Key regions where new applications have been funded

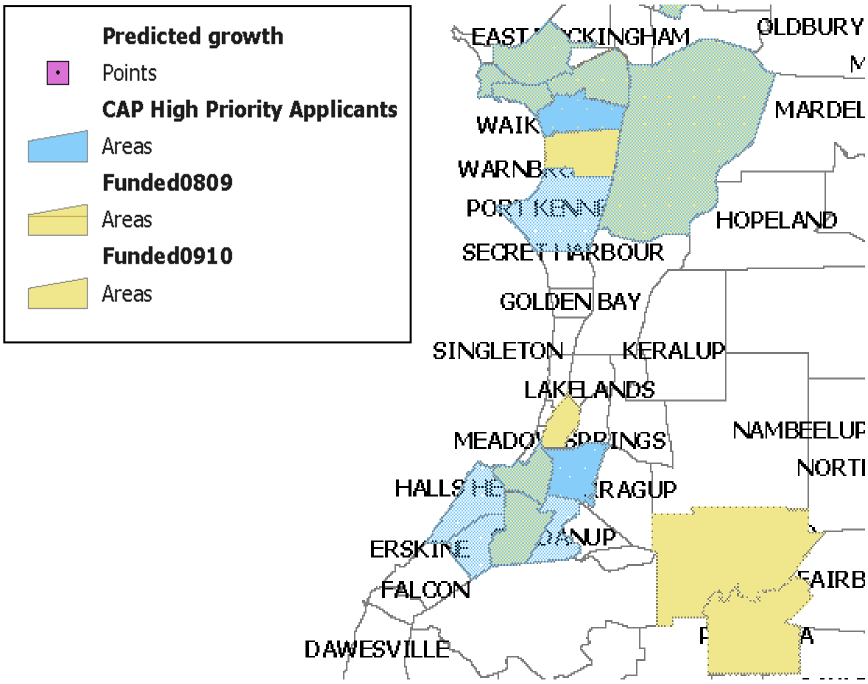
(a) North Metro



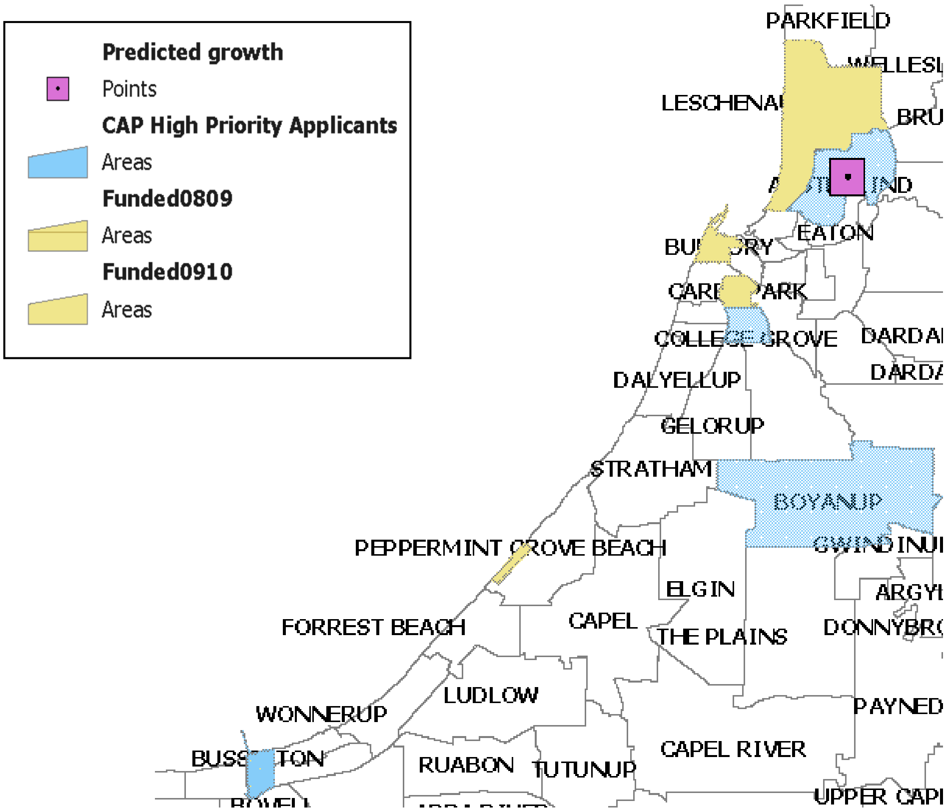
(b) South Metro



(c) Upper Great Southern region



(c) South West coastal region



Source: Maps generated by DSC location mapping tool

3.4 Housing Needs of Low-Income People with Disabilities in Private Rental Housing

With increasing demand for social housing, social housing has become more targeted on clients who are most in need. As a result, many people who are in need but not in crisis situations are unable to access social housing and forced to seek accommodation in the private rental market. The lack of private rental housing that is affordable is an important compounding barrier for people with disabilities.

The table below, based on estimates from the HILDA Survey, go some way to highlighting the financial struggles experienced by low-income people with disabilities who are unable to access social housing and therefore have to seek accommodation in the private rental market. Private renters have to pay market rents, and this puts pressure on their ability to cope with other basic expenses such as utility bills, meals and home heating. The financial struggles experienced by low-income private renters with disabilities in the bottom 40% of the income distribution are compared to social housing tenants with disabilities.

Table 3.3 clearly shows that low-income private renters are more likely to struggle to meet their utility bills; the proportion unable to pay their utility bills on time has remained over 45% between 2001 and 2007. Among social housing tenants who have disabilities, the proportion unable to pay utility bills on time has dropped from 41% to 29%. The pattern remains disturbingly similar across all other indicators of financial stress.

While the proportion of social housing tenants with disabilities who pawned or sold something, went without meals, were unable to heat their homes or had asked for help from organisations had more or less fallen between 2001 and 2007, the reverse is evident among low-income private rental tenants with the proportions expressing struggles in all of these categories either remaining more or less constant over the years or rising. For example, the proportion of low-income private rental tenants with disabilities who had gone without meals since the beginning of the financial year rose from one-fifth to over one-quarter between 2001 and 2007.

Low-income private rental tenants with disabilities fared worse in 2007 across all indicators of financial stress than low-income people with disabilities who have secured accommodation support funding to access social housing. The former were twice as likely as social housing tenants with similar levels of disabilities to have been unable to heat their home or to have had to ask for help from welfare or community organisations during 2007. Clearly, there is a group of low-income people with disabilities who are increasingly disadvantaged as they are forced to cope with paying market rents in the private rental market due to insufficient social housing stock to meet demand.

Table 3.4: Housing and financial situations of social housing tenants with disabilities and low-income private rental tenants with disabilities, 2001-07, per cent[a]

Housing and financial situation[a]	Social housing tenants		Private rental tenants	
	2001	2007	2001	2007
Could not pay electricity, gas or telephone bills on time	40.5	29.2	46.1	45.1
Pawned or sold something	19.7	12.3	17.3	16.4
Went without meals	17.3	12.7	20.0	25.6
Unable to heat home	14.6	13.5	22.2	24.8
Asked for help from welfare/community organisations	19.1	11.3	24.6	24.3

Source: Authors' estimates based on 2001 & 2007 HILDA Survey

Note: a. Interviewees are asked whether they had experienced any of the financial struggles listed in the table due to a shortage of money since the beginning of the year. Individuals with disabilities in the HILDA Survey are asked to gauge the extent to which their disabilities limit the amount of work they can do on a scale of 0 to 10 (from 0 which refers to not at all to 10 which refers to can't work at all). The sample selected here is restricted to those who rank their limitation as being 5 or higher to capture those who are most likely to have severe or profound limitations and would therefore likely be part of the DSC reference population.

3.5 Housing Demand - Key Findings

The Disability Industry Plan of WA has identified the increasing demand for permanent out-of-home accommodation as one of the biggest challenges facing the disability sector (Sector Development Working Party 2005). Clearly there will be increasing pressure on the social housing system to meet the needs of people with disabilities, which reflect a combination of changing demographics (in particular population ageing) and changing housing expectations and aspiration.

The level of demand for social housing by people with disabilities has been projected using two alternative methods. The similar estimates derived from the two alternative pieces of modelling work provides some confidence in the projection estimates of an increase in demand for social housing by approximately 1100 persons by 2012. However, the demand for social housing has been estimated assuming that only three in four people with disabilities in the DSC reference population will require social housing, as one in four will have their own homes.

The pressure on the social housing system is likely to further intensify in the future due to the ageing of carers. In 2006-07, 79% of informal care to DSC service users was provided by mothers to their children who have disabilities (DSC 2007). As carers themselves age and develop disabilities, the requirement for out-of-home accommodation and support services by people with disabilities will increase.

The changing nature of demand for social housing will determine the type of housing stock required to meet the needs and preferences of people with disabilities. Key trends observed in recent years that are expected to continue into the near future include the following:

- As people with disabilities age, they will have an increased requirement for both the level and range of support required due to a rise in the incidence of occurrences of new disabilities and disability-related restrictions among older age groups.
- The largest number of users of DSC services come from the 5-14 years (approximately 5,000), followed by youths aged 15-24 years (over 3,000). Hence, the higher expectations of quality of life and changing aspirations by young people will drive an increase in requirement for supported independent living.
- Recently funded applications have come not just from the metropolitan regions, but also along the South West coastal regions. However, barely any new constructions can be noted in the non-metropolitan regions where applications have been recently funded.

The challenge for housing policy is also to be able to modify properties in a timely and appropriate manner to meet the increasingly complex support needs of people with disabilities as they age. Changing aspirations generate a requirement for autonomy and ageing in place, creating an urgent to tailor housing and support models to suit individualised needs rather than imposing a 'one-size-fits-all' model on people with disabilities. The design of much of the current social housing stock are not suitable for meeting the individualised needs of tenants with disabilities; the stock of housing that are suitable for people with disabilities is hence much smaller than the stock available to tenants without disabilities. This in turn presents added difficulties in respect to the prospect of public housing transfers into the disability service sector.

Clearly, there is a group of low-income people with disabilities who are increasingly disadvantaged as they are forced to cope with paying market rents in the private rental market due to inability to access social housing due to insufficient funding to meet demand. Hence, a key issue for the sector in considering how to progress the development of social housing for people with disabilities is the issue of capacity to address the scale of requirement for social housing by people with disabilities.

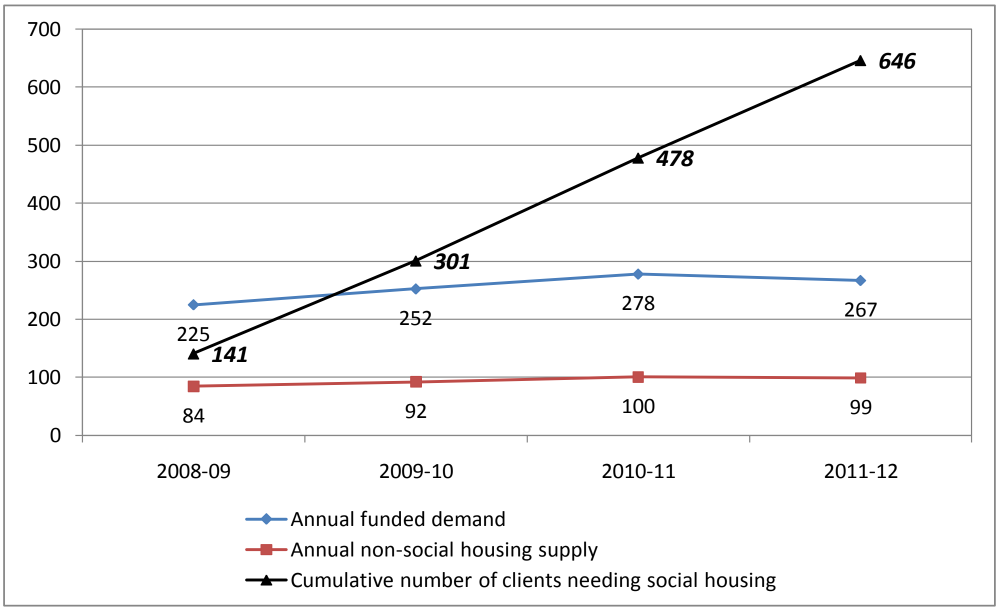
3.6 Housing Capacity

In section 3.3 the scale of the funded demand for social housing between 2008-09 and 2011-12 was projected. Part of this projected funded demand will be met by supply of housing from clients who already have their own homes and vacancies that arise from time to time. The remaining variance between demand and supply is equivalent to the projected requirement for social housing over the next few years by DSC funded clients. In this section, the variance is measured between demand and supply in terms of the number of clients. This variance is then converted into dwellings to provide an indication of the capacity required from the social housing sector to meet the scale of demand for housing by funded DSC clients.

Figure 3.1 demonstrates the variance between demand and supply graphically. The figure illustrates three trends. First, estimates of annual funded demand based on the demand projections reported in table 3.5 are reproduced graphically by the blue line. We add into this figure the projected number of people who do not require social housing (red line), what we loosely term as non-social housing supply in the graph. These include funded clients who have their own accommodation and vacancies that become available each year. The number of individuals with their own accommodation is projected based on DSC's assumption that one in four funded individuals have their own homes while the number of vacancies is based on DSC internal forecast estimates of approximately 30 vacancies arising each year.

The variance between annual funded demand and supply of own accommodation from funded individuals or vacancies represents the number of clients requiring social housing every year. Figure 3.5 illustrates the cumulative variance between demand and supply (black line). In 2010, the cumulative variance is the sum of the variances in 2009 and 2010, the cumulative variance in 2011 is the sum of the variances in 2010 and all the preceding years, and so on. By 2012, 646 clients will require social housing, representing an average of approximately 162 per year over the next four years.

Figure 3.5: Number of clients requiring social housing 2009-10 to 2011-12



Source: Authors' estimates based on the DSC annual reports, DSC funding bulletins and DSC internal data
Note:

a. See notes to table 3.1 for assumptions underlying funded demand projections.
b. Annual non-social housing supply is the sum of clients with their own homes (25% of funded clients) and vacancies (from DSC internal forecast data).

Using DSC recorded patterns of demand and supply in recent years, the requirement for social housing by 162 clients annually can be measured in terms of the number of social housing dwellings required. This dwelling mix, reported in table 9.1 below, is based to some degree on DSC patterns of demand, but also driven by the need to match supply mix. This measurement by dwelling also takes into account the fact that not all the bedrooms in a dwelling will be occupied by people with disabilities but some will be occupied by their carers. For example, in a six-bedroom dwelling, five bedrooms may be occupied by people with disabilities, while one may be occupied by a carer or used to store equipment etc. In another example, while it is estimated that 60 DSC funded clients will require dwellings with six bedrooms, it will take more than 10 dwellings to accommodate these 60 clients.

Taking these factors into consideration, we estimate that the requirement for social housing by 162 clients will translate into a requirement for 69 social housing dwellings annually, a significant number in the context of the persistent shortage that has plagued the social housing nation-wide over the year. National community housing data illustrates the scale of the problem quite clearly. In 2002-03, there were 44,080 dwellings making up the national community housing stock. This represents a rise of 5,461 dwellings since 2000, but is significant lower than the 33,325 people on community housing waiting lists, almost all of whom are considered to be 'in greatest need' (NCHF, 2004, 7). The concern over this shortage is compounded by the fact that there is no actual dedicated funding stream for the DSC service populations. In considering new structural arrangements that are proposed, **capacity** to meet expected requirement for social housing is therefore a critical consideration.

Table 3.5: Projected number of dwellings and dwelling mix required by 162 clients annually

Dwelling size (*S*)	Number of dwellings required	% of dwellings
6 bedrooms	12	17%
5 bedrooms	7	10%
3 bedrooms	16	23%
2 bedrooms	21	30%
1 bedrooms	13	19%
Total	**69**	100%

Source: Authors' estimates based on the projections from table 3.1 and DSC recorded patterns of demand and supply mix

3.6 Sustainability/Financial Viability

Following on from the previous section this analysis provides estimates of the cost of supplying 69 social housing dwellings. These cost estimates provide a benchmark to measure the capacity of the chosen structural arrangement to remain financial viable while meeting client needs.

Table 3.6 lists the direct costs of supply of 69 new dwellings per year. The costs of supply are principally drawn from Department of Housing cost estimates. Land values are derived from the Real Estate Institute of WA's median land prices. Details of sources of cost estimates are recorded as notes to table 9.2.

The principal cost of supplying 69 new dwellings in a year amounts to $30.6 million. If the entire amount were financed, interest repayments would amount to $23.1 million assuming a ten-year loan. Assuming that interest rates rise as the economy recovers from the recent financial downturn, the cost of financing the supply of new housing will rise accordingly.

The sizeable costs reported in table 3.6 are an upper limit estimate, which can be reduced considerably by exploiting financial strategies that reduce the cost of property development. This can be accomplished by incorporating financial management as part of the core operations of the chosen option to develop access to social housing for people with disabilities. A growth provider interviewed by the research team pointed out that they were able to significantly reduce their property development costs by internalising the project management and architectural work. Milligan et al. (2004) also highlighted the need for sophisticated financial expertise within the affordable housing industry.

The analysis in this section underscore the importance of continual government to inject equity contributions through land and grant funding in order to reduce both the principal and financing costs of supply. Milligan et al. (2004) note that organisations with access to adequate funding levels, especially up-front capital contributions, are the most effective in reaching an adequate scale within a reasonable timeframe, attracting appropriate staff, and taking advantage of market opportunities decisively. Hall and Berry (2009) note that any expansion of the community housing sector would require significant capital injections and subsidies in order to prevent rents from spiralling beyond affordable levels.

Table 3.6: Property development cost for 69 new social housing dwellings in 2009-10

Cost component	Housing mix	Number of units	$ per unit	$
Dwelling construction cost[a]	6 bedrooms	12	$421,424	$5,057,087
	5 bedrooms	7	$383,777	$2,686,437
	3 bedrooms	16	$277,400	$4,438,398
	2 bedrooms	21	$208,169	$4,371,540
	1 bedrooms	13	$156,948	$2,040,324
	Total	69		$13,536,699
Land cost[b]	Metropolitan	48[c]	$250,000	$12,000,000
	Non-metropolitan	21[c]	$160,000	$3,360,000
	Total	69		$15,360,000
Landscaping cost[d]	Single houses	47[e]	$15,000	$705,000
	Cluster model sites	22[e]	$5,000	$110,000
	Total	69		$815,000
Architectural and consultants fees[f]				$812,202
Project management fees[g]				$40,610
Cost (excluding interest repayments)				**$30,564,511**

Source: Authors' estimates based on cost estimates from Department of Housing, 2003 DAC Survey, Real Estate Institute of WA (2009) and Reserve Bank interest rate (2009)

Notes:

a. Department of Housing construction cost estimates.
b. According to the Real Estate Institute of WA (2009), the September quarter 2009 median land values were $250,000 ($160,000) in metropolitan (non-metropolitan) areas.
c. According to population weighted estimates from the 2003 DACS, 70% of Western Australians with disabilities resulting in profound or severe limitations live in the metropolitan area.
d. According to Department of Housing cost estimates, landscaping costs are $15,000 per single unit or $5,000 per unit in a cluster model site.
e. According to DSC recorded patterns of demand and supply, approximately 68% (32%) of dwellings constructed would be single units (in cluster model sites.
f. According to Department of Housing, architectural and consultants fees are 6% of dwelling construction cost.
g. According to Department of Housing, project management fees are up to 5% of dwelling construction cost.

Costs of supplying housing to people with disabilities include not just property development costs but management costs as well. Some indicative property management cost estimates are reported by Hall and Berry (2009) based on cost estimates from a sample of Australia-wide community housing organisations. The salaries, administrative costs, maintenance costs and rates amount to an average of approximately $3,800 per dwelling in 2006 dollars. Applying the mid-point of the Reserve Bank's target cash rate of 2.5% per year, this is equivalent to $4,100 in 2009 dollars. Costs incurred by WA community housing providers for day-to-day management of community housing dwellings and tenancies in 2007 as reported by the Australian Institute of Health and Welfare (2009) was higher at approximately $6,176 per dwelling. In 2009 dollars, this is equivalent to $6,490.

- Capacity of community housing sector
- Building capacity, specific requirements for individual and unique situations
- Abrogation of Department of Housing core business/responsibilities
- Maintaining autonomy to enable lobbying etc and building of capacity
- Ability to respond to diversity
- Maintenance of resources
- Responsiveness to emerging technologies, especially how they assist disability housing

Ensuring social and environmental flexibility (for example, efficiencies in Department of Housing cause broader sector inefficiencies for sector and/or individuals. Air conditioners are not standard and for clients with thermal irregularities retrofitting air conditioners is expensive, inefficient etc and incredibly time consuming dealing with bureaucracy and red tape to install such infrastructure (applying for grants etc to receive funds).

4.0 Options for maximising the availability of appropriate housing stock allocated to people with disabilities

Given the direction currently being taken by the social housing sector and the constraints imposed by the public housing sector together with the compunction to respond to the projected increase in housing needs among its core populations, the DSC must carefully consider its options in addressing the housing supply and demand challenges. Accordingly, during the research process consideration was given to three sets of alternative arrangements for enhancing the interface between the specialist disability services sector. These were to:

- Partner with Existing Growth Providers
- Create a New Growth Provider Committed to Disability Service Agencies and Populations; or
- Consider Hybrid Arrangements

These options will be considered separately, but the parameters that define this discussion are the same. The options are also much the same. They are all community housing oriented options with the main difference largely being the degrees of separation between housing and care providers. Accordingly, what is explained in one option will largely relate to the others unless otherwise noted.

The sudden loss of the CDHP funds and the dedicated funding stream that it guaranteed is a dominant factor in these considerations. In such a bleak and at best insecure funding context, the prospects of all options are effectively diminished. Consequently, the disability and the community housing sectors have a critical stake in pressing the State government to re-establish a secure and dedicated funding stream thus ensuring an adequate supply housing to service the core DSC-aligned housing need. The likelihood of a critical shortage of housing appropriate for disability populations, combined with the risk of an overburdened and under resourced community housing sector are both real concerns.

With the loss of funds, stock transfers may seem like an immediate answer, but that will not lead to a larger social housing stock, and that is ultimately what is needed, for any longer term solution. Stock transfers offer a stock gap measure to deal with the current and immediate five year demand. At some further point, it may used to leverage further housing, but

The scale of the housing supply challenge also reflects the need for a dedicated development construction program rather than one-off new development projects or through allocations within the generic public or community housing stock. This in turn suggests the need to define and coordinate some realistic housing output goals; the capacity in respect to making such strategic decisions is not yet explicit within the governance of the DS sector. One of the overarching recommendations that come out of this research is that the existing capacity and knowledge (policy and technical) in respect to housing development needs to be coordinated and augmented to provide the required policy direction.

It is also important to note that although the DoH has indicated that it is not encouraging individual DSC-aligned care organisations to approach it for funding new housing development, this reflects the absence of funds rather than disregard for the organisations or the work they do. A similar policy exists for stock transfers, as these are being channelled through the existing growth providers. In principle, however, the development capacity and experience within the DoH remains available to the sector, particularly if there is a viable development proposal that comes with its own resources - funds and property.

4.1 Option One: Partnering with Existing Growth Providers

With a policy framework that encourages the consolidation of the community housing providers towards developing a housing quantum that can leverage new housing development, the DoH would look favourably on the prospect of strategic partnerships being forged between the registered growth providers, the DSC-aligned care agencies and housing managers.

Perhaps the fastest option for meeting the increased housing demand among disability service populations, would involve negotiating a dedicated proportion of the anticipated stock transfers to the existing growth providers from DoH, being allocated to DSC-aligned care organisations offers. The practical problems with stock transfers have been discussed to include quality, location, and overall appropriateness, as well as delays and hidden cost burdens associated with maintenance issues and other less predictable liabilities. Despite such reservations, a strategic partnership arrangement with the existing growth providers, would present a stronger argument for DoH to increase in the total amount of housing stock being transferred, and to reflect at least the same proportion as that would be allocated to disability service sector.

For some agencies aligned with the DSC this option would offer a quick and amiable solution to the immediate demand for housing among their service populations. For other agencies however, particularly those with track record of effective specialised housing management and care support, there are anxieties that partnering with an existing growth provider would undermine their own prospects of achieving scales of efficiencies with their operations and assets base. Such a move would further consolidate, existing DoH policy that sees stock transfers channelled only to growth providers, to the disadvantage of the Preferred and Registered housing providers allied with the DSC-aligned sector, in respect to securing organisational viability and prospects for future growth (Sections 2.4-2.5). For such organisations this is a critical issue and the tensions will not easily dissipate.

As has been discussed these partnership arrangements already exist and have delivered positive housing development outcomes and robust, ongoing relationships between the Growth providers and the DSC-aligned care agencies and/or housing managers. These partnership arrangements vary in scale and housing outcomes. They also differ in all the finer details of the development and management arrangements. The need to protect the resources and for the housing stock to remain dedicated to a particular tenant mix are common place issues that can be resolved relatively easily within the negotiated framework. These relationships are not unproblematic, but they generally work well. The details vary considerably because they are all individually negotiated on a project by project basis. In this sense, however, they cannot be described as strategic partnerships between the sectors; rather they are more akin to opportunistic arrangements between community housing and care providers that create one-off housing developments.

Continuing and expanding upon this option has the advantage of building on the existing experience, and the momentum behind the stock transfers and the new development. To take this option to a new level in respect to fostering a more strategic oriented approach would not be such a big step. Within both sectors, there is the cohesion and the experience to set about discussing this prospect formally. Alternatively, left as an ad-hoc series of contacts and MOUs, such arrangements are unlikely to generate a steady increase in housing appropriate for serving DSCs core housing needs.

Due to the scale of the demand, its diversity and its distribution it is unlikely that such negotiations would centre on any one of the existing growth providers. The discussion in Section 2.6 highlighted the varying experience, capacities and the regional strengths among the different growth providers. This is not to say that one among the existing growth providers could emerge as a dominant partner, with the willingness and sensitivity to respond more resoundingly to the DSC-aligned housing agenda. However, the realities of regional delivery suggest that most of the existing growth providers would come into contention in some specialised way.

In the Eastern States there are examples of such strategic partnerships. In one case, the partnership has evolved into a merger between a generic community housing provider joining another that specifically focuses on servicing disability housing needs. The impetus for the merger was the larger scale of operations and the increased leveraging capacity that would come with the larger stock arising from the joint asset base. The immediate aims of the merger have been achieved but the process has also generated layers of extra work in terms of the implementation. Internally, concerns have also been raised that the focus on disability housing has been diluted by the broader social housing development agenda.

This example illustrates what is probably the most significant set of concerns arising from the option of partnering with an existing growth provider, and these pertain to questions over capacity and the commitment to a disability service oriented housing development agenda. The existing growth providers have their own missions, and they have a development agenda to which they are already committed. Accordingly, any re-focussing of stock transfer and development commitments in a strategic partnership with DSC-aligned care organisations would need to negotiate that set of concerns effectively from the outset.

The difficulties lie less with the participating organisations and more with the insecurity endemic to the current social housing policy and funding environment. For example, across Australia the apparent loss or dilution of the disability housing agenda has come at the expense of the recent shift in government support for key worker housing. Federal and State government funds have been found to target such needs, and community housing sector has been effectively seconded into responding to generating the new supply.

The key point here is, if the development capacity within the existing growth providers is already heavily committed, which it is, this option of partnering with existing growth providers will not by itself, be able to generate more than a fraction of the anticipated demand for new housing by the disability service sector. Such is the lag time in housing development; projects that began today would often only just be nearing completion five years hence.

This is also the main reason why this option is recommended. It is a currently viable option that is ready to work for the DSC-aligned sector. Such is the urgency of the situation that not to pursue this option in some capacity would be ignoring that fact. This option can be enhanced through strategic planning and negotiated agreements to increase the scale of dedicated housing provision, but in terms of new development its contribution can only be a partial relative to the total projected five year demand. With careful planning this option could be run in parallel while other options are being developed, which is what is being more broadly recommended, and without negatively impacting markedly on the alternative options.

A profile of an existing growth provider has been outlined in Appendix 1. There the description serves to detail the role and mode of operation of community housing growth providers in developing and managing affordable housing. A range of possible community housing partnership arrangements specifically related to housing development is also outlined in some detail as these are critically important but not widely understood.

The content of the growth provider profile in Appendix 1 also serves to inform the discussion around the second option in respect to creating a new growth provider dedicated to the core housing needs among the DSC-aligned service sector. This detail serves to clarify what is required in terms of institutional development and the technical knowledge, and highlights what needs to be achieved before any new housing supply can begin to be generated. As Milligan et al. (2004) has identified a successful developer in the affordable housing industry would have the following as characteristics:

- Experience and skill in negotiating with a range of stakeholders with conflicting goals within a complex planning system that differs between levels of government;
- A successful track record in development in order to attract financiers;
- The ability to act quickly to secure attractive deals;
- Access to good quality information via relevant data and a network of agencies involved in the development process.

4.2 Option Two: Create a New Growth Provider Committed to Disability Service Agencies and Populations

From the outset of the research process the prospect of developing a new growth provider was under consideration. The scale of the projected demand for new housing among the core of disability sectors service agencies and populations warrants a concerted effort and a level of dedicated commitment that has yet to be established, not withstanding any future progress on that front in regard to option one. During the consultations, it was evident that most disability aligned organisations, both large and small, could see the merits of a non profit housing growth provider (developer and manager) dedicated to increasing the housing supply for disability service populations.

For these key reasons, the creation of new growth provider dedicated to developing housing for the core need populations within the disability service populations is, with some qualifications, also recommended. It would need to be sympathetic to service providers (in particular, the culture), and be able to respond to urgent housing need, and at the required scale of operations. A draft concept of how such a growth provider could be structured to reflect the diversity of the sector and its relationship with key stakeholders, was widely circulated and discuss among the sector, see Appendix 1.

During the consultations, it was the social housing policy context backdrop to all three options, rather than the details of the options, that generated the greatest concerns among the sector. In particular, the prospect of diluted political accountability at the State level, with the responsibility for new housing supply thrust upon an under-resourced community housing sector, was a key reservation raised in most forums and interviews. This concern is reinforced by the lack of a dedicated and ongoing funding stream that would appropriately support the community housing response to supplying the modelled growth in housing demand generated by disability service populations.

The lack of stability demonstrated by previous policy and funding commitments at the State level, within the DoH, and more broadly through the changes of government, have also generated a widespread lack of faith in the prospect of progressive reforms being fairly and effectively implemented. During the consultations it became evident that the budget for CDHP had been cut, which compounded the pessimism.

The feedback suggested that any new institutional arrangement should be directed at enabling and facilitating housing development and management capacity rather than manifesting another layer of bureaucracy seeking to control the sector. Various concerns also focused on the need to consider the 'whole of sector', which ranges from the large and sophisticated to the very small service providers, and individual carers. These contrasting positions need to be accommodated within the proposed structure; one that would allow some independence among the bigger providers, and more supportive institutional arrangements for those that have limited resources and capacity beyond their care role.

Disability service organisations were cool to the prospect of pooling their resources, however they were warm to the prospect of being enabled, tangibly assisted, to both develop and manage new housing aligned with their service population's needs. The idea of pooling the housing, and not being able to get ready access to it, because the pool was not big enough, or because of changing priorities, was a major concern. In this way the new growth provider could just become another barrier to accessing any 'growth funds'.

There were also reservations expressed that such a dedicated disability aligned growth provider should not be seen as the only option. Rather, such a growth provider should be seen as a complement to the other growth providers in recognition of their different strengths, and their developing capacities to deliver on both current and future housing commitments. The recognition of the regional dimensions of the housing demand and supply fed into these considerations.

Some people with disabilities want to access mainstream community housing, and this may contrast with the need to keep the new growth provider focused on the target group of those with highest needs. This again relates to the tension between priorities within any pooled resource scenario and the diversity of specific housing needs to be serviced.

The question of Board Members emerged, as did other issues of related to organisational structure and governance. Broadly there seemed to be some agreement for a new centralised coordinating role, with a focus on enabling rather than controlling new housing development. As clarity emerges regarding the role and capacities the new growth provider may have, the ensuing internal discussions regarding the principles and the details will take some time to work through. Realistically, this could be at least a year and more likely two years.

Here is the foundation of the most significant reservations regarding Option Two. Creating a housing development capacity in a non-profit format is not such a big step. However, to start from scratch, creating the development capacity to accommodate the projected demands of the disability service sector, including housing management functions, represents a quantum leap above that. It requires skills and organisational development, and broad agreement and acceptance within the sector before it becomes a going concern. The urgency of the increasing demand for new housing does not afford the time required.

The second area of major concern in regard to Option Two picks up on an issue discussed earlier in Sections 2.5 and 2.6 which relates to the financial gearing of affordable housing projects and tensions around housing management and the viability of the care agencies. The key finding was that with higher concentrations of tenants with higher care servicing needs, and the associated higher construction and management costs, any potential surplus tends to be absorbed, and thus there is little prospect for leveraging further growth.

The point being that housing appropriate for the core need among some disability service populations is comparatively expensive and further, that the layered marginal efficiencies that community housing relies on for leveraging affordable housing outcomes are already thin. With Option Two, the big disadvantage is that a dedicated focus on the most expensive housing to develop and manage poses significant challenges in terms of maintaining viability. This concern has also registered within the DoH, where despite the absence of the funds, there remains the understanding that 'special needs housing,' can be more expensive and quite a different sub set from mainstream community housing. In this sense it may be asking too much of the new growth provider to attempt to mimic the operations of other growth providers in respect to leveraging new growth.

That said, one of the positive aspects within the disability service sector is that amidst its diversity there are organisations that harbour resources that are of a nature and scale that can be can translate into new housing development opportunities. Without a dedicated public funding stream, it is only through the efficient use of such community based resources and private investment that new housing can be developed. The nature of such resources specially aligned with a particular disability service population and support agency, however, suggests that this potential would tend to generate individual projects rather feed into a coordinated production schedule.

Another positive aspect worth pursuing is the mixed income housing development models that cater for people with the same care requirements but span different income levels.

This can be achieved through scaled rents thus providing a robust rental income stream which can be sufficiently geared for the development to be self supporting. Again however, it would be expecting too much to be leveraging further growth from this already highly leveraged asset base.

Accordingly, it is with these reservations that Option Two is recommended as an approach, and as a desirable goal with a longer and more realistic time frame than has thus far been envisaged in the initial rounds of consultations.

4.3 Option Three: Consider Hybrid Arrangements

The consideration of Option Three has the advantage of a relatively clean slate, as well as providing some clarity to the strengths and the pitfalls of the other options. Option One had the advantage of a fairly immediate start, but not the capacity or longer term commitment to address the scale of the core of DSC-aligned housing demand. Option Two has the advantage of the longer term strategic commitment, but it risks being subsumed by institutional process and retarded by the higher development and management costs.

Option Three seeks to navigate the middle ground by suggesting a scaled back and housing development focused precursor to Option Two. It has the potential to build on any progress made in pursing Option One.

A housing development capacity could be created with relative ease by just one or two industry experienced staff members reporting to a development focused committee which would then provide an experienced and informed reference group for the sector overall. This capacity would focus primarily on project assistance and enablement, operating as an interface between the various stakeholders throughout the development process. The stakeholders would include the disability care agency with their own resources (funds and property), with the other contributing project partners as described in the development partnership arrangements outlined in Appendix 1.

In the early stages this would probably include partnering with the existing growth providers, to support project development functions and to provide some sort of in-built mentor role throughout the development process. As the in-house experience is fostered, and when the development committee is functioning as a forum for reviewing project feasibilities and progress reports, the development planning functions can begin to channel resources towards a strategically positioned housing development agenda.

In effect, Option Three is proposing a staged and parallel process that can deliver both new housing, and ultimately a new growth provider capacity more in line with Option Two while providing the interface between the stakeholders and supporting the sector overall.

At this stage of its anticipated development, Option Three remains steadfastly focussed on new housing development. It has not yet fully engaged the issue of stock transfers, nor addressed the raft of issues related to housing management functions, or even key questions around governance. These are the pitfalls of Option Two. As important as these aspects are, they are secondary to actually developing new housing, a process that is by itself often long and unpredictable (Milligan et al 2004). By community housing industry standards, a proposal for a new housing development project launched today would not see the houses built and occupied for another five years.

Option Three recognises that, although there is relatively little housing development experience among DSC-aligned care agencies, there is by contrast considerable experience within the sector in relation to housing management and corporate governance. Option Three proposes a relatively quick establishment of a new housing-focused development capacity, which is recognised as the critical missing element. This separate housing development arm is a common feature among the growth providers with development experience.

One other key finding arises from this discussion; it has become clear that none of the three options is capable of providing more than a small proportion of what is really needed by the sector, housing for at least 1000 people over the next five years. Optimistically, perhaps only a third of the projected demand could be met this way. A five year lead up time would be an optimistic goal for achieving a development pipeline that could begin to cater for the annual level new demand beyond this time frame.

Consequently, a significant level of stock transfers is the only way that the core housing demand among the DSC-aligned care agencies is going to be accommodated. The sector has the capacity to absorb and manage this stock appropriately, and within a short timeframe, but how that stock is to be strategically pooled and distributed is ultimately for the governance structures developed in Option Two to decide (Appendix 1 and 2).

At a latter point in the staged and parallel process the housing development activities and the stock transfers could come together under a more detailed strategic development and asset management plan, a plan that would aim to accommodate the ongoing projected demand for new housing among DSC core service populations. With these attributes, all the hallmarks of an effective community housing growth provider would be in place.

5.0 Conclusion

This report has established that recent shifts in social housing policy at the Federal and particularly at the State level, pose significant challenges for the disability service sector in meeting the housing needs of its core population. The cut in the CDHP funds which was a dedicated funding stream within the Community Housing division of the Department of Housing is a recent and potentially lethal blow brought about in an attempt to address the scale of projected increase in new housing demand within the sector. The cut in CDHP funds is in response to budget cuts ordered by the State Treasurer and Housing Minister to offset the State's anticipated budget deficit.

In recent years the community housing sector has received increased funding and stock transfers with a view to consolidating the sector, and developing the potential for reducing the dependence on government resources. The national level research and policy framework all broadly encourages this move as a progressive response to the protracted crisis in respect to housing affordability. In this broader context, the loss of CDHP funds can be recognised as having been absorbed into the broader agenda of the community housing sector.

Through policy and funding the responsibility for developing the new supply of housing for the DSC-aligned sector has been handballed onto the designated growth providers within the community housing sector. In addition to the tensions that this generates within the community housing sector and among care providers, there are deep concerns with respect to the capacity of the growth providers to cater for the disability service populations. These questions of capacity were investigated and comprehensibly reported in this research.

The general finding was that the growth providers are willing and able to assist. They have successfully done so recently and there is some capacity to do more. The growth providers are, however, already heavily committed in meeting their existing obligations. It has been a period of extraordinary rapid growth, and the ongoing restructuring that this has entailed has seen a diluted focus on servicing the core among the disability service populations.

This understanding frames the importance of the results derived from the modelling of the demand and supply costs for accommodating the housing needs of the DSC-aligned care agencies. According to the projected demand, an additional 1000 people will need to be accommodated over the next five years. To house this increase in demand, another 70 individual and group homes will need to be added to the stock each year, over the next five years. A principle investment of approximately $30 million each year for five years will be required to fund the new housing supply for meeting the core needs of the sector.

These estimates formed a base line from which to consider the viability of a community housing approach to supply the sector's housing demand. Three sets of alternative arrangements were considered as options for responding to the scale of the housing demand. These ranged from partnering with existing growth providers, to creating a new growth provider committed to disability service agencies and populations, and included hybrid arrangements. The critical finding was that none of these approaches, even in combination, could supply more than a small portion of the required demand. New community housing projects typically take years to develop, and the only practical way of meeting the required demand will be through significant levels of stock transfers and dedicated housing allocations within appropriately designed mainstream public and community housing developments. Realistically, it will require a five year time frame for the first of the new supply housing to come on line from within the sector which is within industry norms.

The issue of stock transfers has not been comprehensively analysed in this report but it has emerged as an appropriate option given both the scale and the urgency of the situation. Stock transfers have been problematic in the past, but the sector does have the capacity to absorb and manage this stock appropriately, and within in a relatively short timeframe.

The governance issues that come with the development of new growth provider attuned to the disability service sectors needs, are also well within the capacities of the sector to resolve. The general approach outlined in Option Two, is recommended as a desirable goal but with a longer and more realistic time frame than has thus far been envisaged in the initial rounds of consultations. A five year lead up time would be an optimistic goal for achieving a development pipeline that could begin to cater for the annual level new demand beyond this time frame. In the mean time accommodation for 1000 people needs to be sourced, and a dedicated funding stream needs to be secured.

The underlying message throughout this report is that the sector must be cognisant of the unique services that community housing already contributes to disability housing and that it should be mindful not to enfeeble or undermine the goals currently being achieved.

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Appendix 1

Growth Provider Profile

Manages in excess of 600 properties, and its development budget totals some 160 million for new housing projects.

- A not-for-profit (NFP) charitable institution, and a Public Company Limited by Guarantees
- Managed by a voluntary Board of Directors with a CEO and management team
- Mission – to increase the supply of affordable housing to alleviate housing stress
- Resources – skills, networks, finance, property, charity tax status, development experience

It was formed four years ago through the willing merger of three community housing providers. The merger was undertaken to develop the organisational capacity to expand both as a developer and as a manager of affordable housing. The DoH supported this merger, and encouraged the process by dedicating a funding stream to the growth provider to build affordable housing in partnership with other community organisations and local government. It services the north metro area, with an expansion program into the Kimberley and Pilbara to address the needs of essential worker affordable rental housing.

The Board of Directors is comprised of nine members and appointment to the Board is based on their complementary expertise. Board members are typically drawn from such varied backgrounds as architecture and planning, banking and finance, social welfare, accounting, law, state and federal government, and tenant based representatives.

As a reflection of its mission to increase the supply of affordable housing. It has a development committee made up of a range of development industry experts who volunteer their time, together with the CEO and two development focused staff. There is some overlap with the Board Directors who have development expertise. Members are generally selected on the basis of their development industry skills and networks. The committee make recommendations to the Board on decisions related to housing development projects and property acquisitions; consider development options and feasibilities; review plans, development budgets, and project management reports.

As a potential partner in delivering disability growth providers can come with the following advantages

- Demand and needs based housing, rather than supply driven.

- Strong housing management and tenant support ethos.
- Very high occupancy rates - 98% and very low rental arrears - less than 2%.
- Organisational capacity, robust corporate structure, and charity status.
- Social support focused agenda.
- Skills/knowledge and established networks.
- Flexibility - different Income levels, housing types, housing allocation and tenant placement, financial sources (government, private, community) and development models.

Community Housing Partnership Arrangements

The following discussion outlines the role and mode of operation of community housing growth providers in developing affordable housing projects. An appreciation of the operational capacities of growth providers also serves clarify why it is that they are being proffered as a solution to the crisis in the unmet demand for social housing.

One of the advantages of community housing is the capacity to creatively partner under very different arrangements to generate and leverage new social housing supply. These differ from the tenant support arrangements where the partnerships are created with other not-for-profit agencies engaged in the support of client's care needs and the situational requirements. By contrast the partnership examples explained below are housing development oriented rather than care or tenant focused. The different examples types of housing development oriented partnerships described are not widely understood and yet, they are set to become increasingly common in the delivery of new social housing.

- **Local Government partners**

An example of a local government partnering with other potential providers of housing has occurred in the City of Subiaco. Negotiations between local government and the private sector have proceeded with the intention of establishing affordable housing on council property for people with disabilities. It is a partnership with Council in the sense that land is held by council but leased to the nominated growth provider on a long term lease (50years+/-). The arrangement enables the growth provider utilise the lease hold in order to raise capital from government and financiers to complete the housing project. At expiry of the lease, the land and improvements reverts to Council or, alternatively, the lease is extended.

- **Joint Venture Project partners**

An example of this is the East Perth City Housing + Artist Foundation + Department of Housing. The growth provider is able to enter into joint venture partnerships with the local area redevelopment authorities, (such as the East Perth Redevelopment Authority, the Subiaco Redevelopment Authority and the Midland Redevelopment Authority) in the production of affordable housing. This may take the form of a sale of land by the authority to the growth provider at a subsidised rate or an actual partnership to develop and sell a portion of the project to the market so as to return a surplus to the Authority with the residual property being held by the growth provider as affordable rental stock.

Other joint venture partnerships have been entered into with government departments such as the Department of Housing wherein the growth provider may introduce land and the agency provides capital funding to construct the improvements. This funding is more in the line of a grant and equity in the development is reflected in the agreements to the project.

- **Joint Venture Builder partners**

The primary opportunity for these partnerships is when a builder is required to produce a component of affordable housing within a housing development and the affordability of that housing is to be protected in perpetuity or for an extended period of time. In such an instance the growth provider can take a role in the management of the affordable component for the developer/builder or alternatively could acquire the affordable component from the developer/builder at an agreed price removing any onus for the partner to take a long term holding position in the property. This mode of operation has seen Foundation Housing enter into partnership arrangements with the private sector in conjunction with Landcorp (a government land development agency) which has called for Expressions of Interest in redevelopment of surplus State land.

The need for partnerships with builders has become more pronounced as the scale and complexity of the projects have grown. For the benefit of the GST tax free status to be fully realised, any construction will have to be project managed by the community housing provider, and then sub contracted out to a builder. These partnerships also need to be refined enough to take full benefit of the scope for innovation in housing design and building, to deliver better housing solutions for a diversity of needs. Community housing also comes with the prospect of development bonuses and allowances, negotiated with supportive local government partner following local housing strategy guidelines and allowances with the TPS for such.

- **Joint Venture Land Development partners**

Preliminary discussions have been entered into with building companies such as Multiplex, Delphin, Lend Lease, Australand, Jaxon Group, Homestart and ABN Group, particularly when Landcorp releases new land for development with a private sector partner. This is an area of greatest potential for partnerships between a growth provider, a government land development agency and a private developer. With the release of government land the tender usually has a requirement for the finished product to contain an affordable/social housing component of about 15% of both rental housing and affordable housing for sale. The growth provider usually forms a partnership with the tendering party assuming the liability for the affordable component and the obligations to provide this housing and thus maintain the affordability criteria.

In a release of a smaller site by the government land authority, for example, up to 40 lots, the growth provider could tender in it’s own right and produce a mix of sites. These would then be apportioned, for example, at 40% full private sale, 30% for affordable housing for sale and 30% for affordable social rental. The sale of the 40% private would return the investment to the partner and the sale of the 30% affordable would subsidise the 30% rental along with a component of leveraged funds.

- **Joint Equity partners in home ownership**

Increasingly there are schemes for equity participation in home ownership to assist those in need of affordable housing. Such schemes target Key/Essential workers and people with disabilities who are unable to access the home ownership market due to income restrictions.

In practice, shared equity schemes see moderate income homeowners (Key/Essential workers) partnered up with a growth provider in a 60/40 ownership split. Covenants are put in place to protect affordability in the long term. A maximum of 90% equity can be attained with affordability benchmarks attached to any resale. There are many different schemes. However, without some mechanism to reduce/subsidise the cost of land, the development cost in inner city areas, in particular, is prohibitively expensive. The draft Housing Diversity Policy developed by the East Perth Redevelopment Authority outlines this form of initiative as a model of interest, working through the scheme recently developed by the Department of Housing. Such schemes can also be administered through community housing providers.

Appendix 2 – Draft Concept Model

Organisational structure indicating Stakeholder relationships for a proposed new community housing growth provider oriented to the needs of the disability service sector and their care populations.