



HOMELESSNESS & AFFORDABLE HOUSING



Lord Mayor's Charitable Foundation is focused on reducing adverse urban impacts on the natural environment.

24,817 Victorians were homeless on census night 2016.

164,000 affordable housing units required to fulfil estimated deficit for very low and low-income households in Victoria.

Melbourne is ranked fourth in the world for the most unaffordable housing market.

The Foundation recognises that the lack of affordable housing is one of the primary causes of homelessness.

As such we are working to increase the supply of quality affordable housing.

The Foundation is working towards achieving the following outcomes

OUTCOME 1
Increased supply of quality affordable housing.

OUTCOME 2
Interventions that prevent entry into or entrenchment in homelessness.

Does your organisation's work align with the outcomes of this Impact Area?

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Speak to Erin Dolan,
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OUTCOME 1



Increased supply of quality affordable housing.

Melbourne's housing market is one of the most unaffordable in the world, yet a home is central to better health and happiness.

The Foundation works to increase the number of very low and low income households living in affordable housing and to reduce housing affordability stress.

We support the development of quality affordable housing, which is sustainable, well-designed, and built in locations that have access to transport, amenities, schools and employment - increasing the life opportunities of residents.

The Foundation's support is focused on:

- Strategic and creative responses to increasing affordable housing, including demonstrating innovative financial models.
- Affordable housing developments that are innovative and can be used as prototypes.
- Community awareness to increase public support for affordable housing developments.

Challenge

Housing affordability.

One of the underlying causes of homelessness is housing affordability. Melbourne continues to be one of the most unaffordable housing markets in the world, recently ranked fourth overall, a rise from previous years.¹ Housing in Australia has become less affordable since the 1980s as the gap between people's income and housing prices has widened.² In 2001, the median dwelling cost 4.7 times the median annual household income in Melbourne.³ Today that figure is 9.7.⁴

These rising prices have led to greater inequality, with younger people and lower income households and individuals being 'locked out' of the market.⁵ It will now take 10.7 years for the median income household to save a 20 per cent deposit for a median home in Melbourne, based on households saving 15 per cent of their gross income.⁶ Rent has also risen faster

than wages and larger portions of people's incomes are spent on housing, with less left for other basic expenses such as food and health.⁷

There are many reasons for the lack of housing affordability; record low interest rates, a long period of economic growth and increased urbanisation. The factors that can influence housing affordability include taxation, planning regulations, welfare, immigration and other policies. There is no clear indication of when the continual rise of housing prices will ease.⁸

Housing affordability stress.

Lower income households are particularly vulnerable to the lack of affordable housing.⁹ A simple definition of housing affordability stress is when the lowest 40 per cent of households by income pay more than 30 per cent of their income on housing.¹⁰ In the bottom 20 per cent of Australia's income distribution, 72 per cent of households experience housing affordability stress.¹¹

An increase in housing prices across all income levels is believed to create a downward push on low and very low income households.¹² More people are likely to rent, yet lower income households are competing with people on higher incomes for scarce affordable rental housing. People are moving farther away from the city, with less access to public transport or employment opportunities.¹³ Renting is also deemed more precarious than home ownership, with less security and control over one's environment.¹⁴

For renters who derive their incomes from Centrelink benefits, only 4.9 per cent of new private lettings in Greater Melbourne are affordable to lower income households.¹⁵ This rental stress is even bleaker for those on certain Centrelink benefits such as Newstart Allowance (0.3 per cent) or a single parent with one child Parenting Payment (1.2 per cent).¹⁶ Location also significantly affects housing affordability, with only 1.1 per cent of rentals available for lower income households in inner Melbourne.¹⁷

Home ownership is a way to build personal and intergenerational wealth, with many tax incentives for investing in property. The retirement system is also designed with home ownership in mind, yet the rate of 55 to 64-year-olds who own their homes

outright have fallen from 72 per cent in 1995-96 to 42 per cent in 2015-16.¹⁸ An increasing number of older people, and women in particular, are living in unstable housing.¹⁹ This rate is likely to get worse as the overall population ages.

Affordable housing.

On 1 June 2018, a new definition of affordable housing came into effect under the Planning and Environment Act 1987 (Vic).²⁰ Affordable housing is housing for very low, low and moderate income households.²¹ These definitions include specific income levels per household.

Our Response

The commitment of Lord Mayor's Charitable Foundation to affordable housing responds directly to the issue of homelessness. The Foundation recognises that the lack of affordable housing is one of the primary causes of homelessness. We also know that long-term affordable housing is integral to the Housing First model – rapidly rehousing people in stable permanent or longer-term homes – as part of best practice to end chronic homelessness.

Lord Mayor's Charitable Foundation is one of the few foundations that fund the construction of affordable housing. We support innovative affordable housing developments, including ones that create and test emerging financial models of affordable housing. We help build replicable models that can demonstrate solutions when scaled. We also are interested in supporting solutions that add value to the community and a high-quality of living for the residents. As a recognition of the Foundation's response to homelessness, we have a particular focus on providing quality affordable housing for young people and older women.

We support research that identifies the salient features of quality affordable housing, including access to amenities, transport, schools and employment. We are also looking at alternatives to traditional housing to assess their affordability. We have a commitment to creating sustainable homes, including increased energy efficiency and climate resilience for vulnerable households. We are also supporting research to help understand what residents need to create a lasting home.

We aim to provide education to the public to increase the supply of affordable housing and shift public perception on social housing. We support and encourage QIMBY, Quality In My Back Yard as an alternative to NIMBY or Not In My Back Yard. We believe that quality affordable housing and affordable housing residents bring prosperity to communities and value to Victoria generally.

Housing affordability is an issue affecting all Australians, yet the nature of the great Australian dream is changing. The Foundation is actively involved in this conversation.

The Foundation's support is focused on:

- **Strategic and creative responses to increasing affordable housing, including demonstrating innovative financial models.**
- **Affordable housing developments that are innovative and can be used as prototypes.**
- **Community awareness to increase public support for affordable housing developments.**



OUTCOME 2



Interventions that prevent entry into or entrenchment in homelessness.

Homelessness in Melbourne is increasing.

The Foundation understands the complex range of issues that can lead someone to become homeless, including family violence, unexpected economic challenges, mental health issues, drug and alcohol and lack of affordable housing options, among others.

We work to better understand the core, underlying issues that drive homelessness and, most importantly, to put these findings into best practice interventions.

We support early interventions, working systemically to prevent entry and entrenchment in homelessness.

The Foundation's support is focused on:

- Organisations and interventions that utilise Housing First principles.
- Research to better understand what interventions work.
- Collaboration between sectors, to reduce drivers of homelessness.
- Affordable housing developments that are innovative and can be used as prototypes.
- Community awareness to increase public support for affordable housing developments.

Challenge

Homelessness is on the rise.

In 2018, the latest data from the Australian Bureau of Statistics (ABS) showed an increase of homelessness across Australia.¹ In Victoria, homelessness rose by 43 per cent from 2006 to 2016 with 24,817 people homeless on census night.² Rough sleepers account for 5 per cent of the total homeless population.³ Most of the people who experience homelessness are not visible; 36 per cent of the homeless population are in severely overcrowded dwellings – the highest recorded location for people experiencing homelessness by the ABS.⁴

Across Australia, the need is greater than the response. On average in Victoria, 90 clients are turned away from homelessness services every day due to a lack of housing and resources.⁵

Certain cohorts disproportionately experience homelessness.

There are certain groups of people who are over-represented in the homelessness statistics:

- Young people, aged 25 and under, make up 39 per cent of the total homeless population.⁶ Young people also have high rates of homelessness; 19 to 24-year-olds have the highest rate of homelessness at nearly 1 in 100, compared to 1 in 200 of the general population.⁷ This is even more significant when considering that people who experience homelessness in their youth are more likely to experience entrenched homelessness as an adult.⁸ For young people who exit state care, including foster care and juvenile justice settings, the picture is even bleaker – with up to 40 per cent of people exiting statutory care experiencing homelessness within the first 12 months of exiting.⁹
- Homelessness for older people is on the rise too, with people aged 55 and over making up 13 per cent of the Victorian homeless population.¹⁰ Women over 55 years are the fastest growing group experiencing homelessness.¹¹ This is likely to increase, as Australia's overall population ages.
- LGBTIQ+ people in Victoria are twice as likely to experience homelessness.¹²
- Aboriginal and Torres Strait Islander people make up 4 per cent of the total homeless population yet are less than 1 per cent of the Victorian population.¹³ Aboriginal and Torres Strait Islander young people make up 25 per cent of 15 to 24-year-olds seeking help for homelessness.¹⁴
- Men represent the larger portion of the homelessness population at 58 per cent.¹⁵ However more women are supported by specialist homelessness services at 61 per cent.¹⁶

There is no single cause of homelessness.

There are many contributing factors that can lead to a person experiencing homelessness including family violence, income issues, mental and physical illness, and drug and alcohol abuse. The lack of housing remains the single largest reasons for why people experience homelessness, which is closely related to issues around poverty more generally.¹⁷

Family violence is the main reason why people, mainly women and children, seek assistance for homelessness, making up 47 per cent of all people requesting help.¹⁸ A woman's ability to maintain housing when escaping family violence is linked to her access to financial and social resources, which can often be an aspect of abuse from a controlling partner.¹⁹ Women escaping family violence may not have a housing history, or may have to leave immediately, limiting their ability to rent.²⁰

Women are also more affected by the shortage of affordable housing with cultural and structural trends making them more financially vulnerable. The gender pay gap is currently 17.3 per cent for the base salary of men and women working full time.²¹ Women generally earn less than men and are more likely to take leave from the workforce due to caring responsibilities.²²

Mental health and homelessness is a 'bi-directional relationship' where mental health is both a cause and consequence of homelessness.²³ People who are experiencing acute mental health issues can be at risk of losing their housing. As well, many people who experience homelessness develop a mental illness due to the stress of homelessness.²⁴

There is a clear link between trauma and homelessness, with people experiencing homelessness reporting a high number of traumatic events during their life. Many psychiatric disorders are known to develop after traumatic events, including substance use disorders, which can affect a person's ability to maintain a tenancy. A study that looked at long-term homelessness found that 97 per cent of participants had experienced four or more traumatic events in their lifetime, in comparison to 4 per cent in the general community.²⁵ Most were exposed to trauma during their childhood and 70 per cent experienced at least one traumatic event before experiencing homelessness.²⁶

Our Response

Lord Mayor's Charitable Foundation is focused on systemic, lasting interventions that prevent homelessness or stop long-term, entrenched homelessness. For those experiencing homelessness, we support interventions that rapidly rehouse people so that their incident of homelessness is brief and to minimise trauma.

The Foundation recognises that the lack of supply of affordable housing is one of the primary causes of homelessness. As such we aim to increase the supply of quality affordable housing, particularly for young people and older women. We fund long-term affordable housing for very low and low income people in Victoria. We also acknowledge the need for people to create a home, and support quality affordable housing that fosters social inclusion and value in people's lives.

We encourage the sector-wide adoption of the Housing First model, a 'strategic response to homelessness that prioritises permanent and stable housing for people experiencing homelessness.'²⁷ We believe housing should not be withheld from those who experience homelessness due to other factors such as substance use, mental illness or incarceration, and we support harm reduction initiatives.

The Foundation contributes to evidenced based approaches and actively funds research into homelessness to better understand the causes and effective responses. We are especially interested in cohorts that have higher incidents of homelessness or are disadvantaged. We fund innovative projects that respond to emerging new data or insights and can demonstrate effective responses.

Affecting homelessness is complex. Lord Mayor's Charitable Foundation has been working in the area of homelessness for over a decade and we are committed to using our resources to enable and enact solutions.

The Foundation's support is focused on:

- **Organisations and interventions that utilise Housing First principles.**
- **Research to better understand what interventions work.**
- **Collaboration between sectors, to reduce drivers of homelessness.**

OUTCOME 1

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