

INITIATIVE 5

URGENT FUNDING BOOST FOR HOMELESSNESS SERVICES

Commitment sought

The establishment of a pool of funding to be distributed to homelessness services on a case-by-case basis to address historic shortfalls in indexation as well as increased demand on services.

Current need

Addressing the Indexation Gap

The Cook Government's recent announcement to consider amending the Non-Government Human Services Sector (NGHSS) indexation to a more suitable indexation formula is a welcome change in policy. Calculations have indicated that previous formulas were insufficient and resulted in a discrepancy of between 0.35 – 2.67 per cent per year. For 10-year-old contracts, this resulted in a cumulative funding shortfall of 13.51 per cent (Appendix 1.1).

As a result, WA Government-funded homelessness services have experienced extreme financial pressures which are significantly impacting service delivery. There is need to address the current funding gap resulting from indexation shortfalls so services are able to continue delivering contractual obligations with sufficient funding.

Addressing Changes in Demand

The ten-year rollover of many Specialist Homelessness Services (SHS) contracts with the Department of Communities without reassessment has prevented homelessness services from renegotiating contracts to be fit for purpose and meet current levels of demand. While the recommissioning of homelessness service contracts is expected to alleviate some of these pressures, it was recently announced that contracts will be extended for an additional period of six months to three years. Additional funding is urgently needed to ensure that homelessness services are able to meet actual demand for services, before contracts are recommissioned.

In recent years, and in particular over the past 12 to 24 months, the number of people seeking assistance from homelessness services has increased and services are reporting unprecedented pressures on service provision. This is in part due to a sharp increase in rental prices across the state, corresponding with exceptionally low rental vacancy rates, high inflation and interest rates which is placing additional pressure on Western Australians and leading to an emerging cohort of people experiencing homelessness for the first time.

Recent figures from the Australian Bureau of Statistics (ABS), the By-Name List and SHS data all demonstrate the sharp increases in the number of people experiencing homelessness or at risk of homelessness in WA (Appendix 1.2). Recent evidence also highlights how homelessness services in WA are struggling to meet demand, underscoring the impact of historic long-term underinvestment in housing and homelessness services (Appendix 1.3).

Strategic changes in system design are also adding pressure. For example, the transition to Housing First programs requires staff with more varied skill sets, and the inability to transition clients into permanent housing through Housing First homelessness initiatives has led to higher, extended caseloads.

Details

Shelter WA recommends establishing a pool of additional funding divided into two streams:

a) Funding to address the indexation gap

This funding would be accessible as a one-off payment (depending on the implementation of a new formula for indexation of NGHSS contracts) to homelessness service providers who can demonstrate that under indexation has occurred.

b) Funding to address changes in demand

This funding would be accessible as a recurring annual payment (built into baseline funding) to homelessness service providers who can demonstrate changes in demand on services and unmet need leading to increased costs. This payment would be available as an annual “top-up” on original contract funding until the contract is renegotiated under the recommissioning process. This funding “top-up” should be retained over the outyears. When contracts are renegotiated in accordance with revised system design under the State Commissioning Strategy, top-up amounts can be re-evaluated and form part of baseline funding where suitable.

Funds under the two streams should be distributed on a case-by-case basis by application to the Department of Communities by submitting evidence of cumulative indexation shortfalls and/or increased or unexpected demand on services incurring additional costs.

Given the high representation of Aboriginal and Torres Strait Islander people experiencing homelessness in WA funding should have a strong focus on growing the representation of Aboriginal-led support services for Aboriginal people.

Cost

Costs for the pool of funding should be calculated as follows:

a. Assuming many homelessness services contracts are approximately 10 years old: An additional 13.5 per cent of the total amount of WA Government homelessness services funding should be set aside to address the cumulative indexation shortfall.

b. Considering homelessness services providers have indicated that a funding uplift of 10-40 per cent is required to meet increased or changed demand (indicating an average 25 per cent uplift): An additional 25 per cent of the total amount of WA Government homelessness services funding should be set aside to meet actual demand.

Impact and benefits

With additional funding, services will be able to explore employing additional staff, extending operating hours, employing appropriately skilled staff, improve outreach, tenancy support and brokerage to help prevent and end homelessness.

Increased funding will also enable homelessness services to resource prevention and early intervention models and enable innovation, including innovative accommodation options for people experiencing homelessness. In accordance with Recommendations 42 and 43 of the Inquiry into the Financial Administration of Homelessness Services in Western Australia funding will also facilitate consultation with people with lived experience and increased funding for peer support workers.⁵⁴

There is extensive evidence from Western Australia and interstate regarding the financial costs of homelessness to the state (Appendix 1.4). From WA, various studies have revealed high and ultimately preventable costs to the health care, mental health and justice systems resulting from homelessness. Accordingly, adequately funding homelessness services so they are able to effectively and efficiently intervene to prevent and end homelessness quickly will deliver long-term cost benefits to Government.

How will this help government deliver on its commitments

By properly resourcing critical homelessness services, this initiative will drive each of the priority outcomes of the State Homelessness Strategy and Homelessness Action Plan, including efforts to prevent homelessness and end rough sleeping by 2025.

Supported by

This initiative is broadly supported by homelessness services in WA, National Shelter and CHIA. WACOSS and Community Employers WA (CEWA) have advocated extensively for a review of indexation rates applicable to community service contracts.

INITIATIVE 7

INCREASE FUNDING TO EXPLORE AND DELIVER RAPID AND INNOVATIVE ACCOMMODATION OPTIONS

Commitment sought

Increased resourcing to support rapid, innovative and flexible homelessness accommodation options to stem the flow of people entering homelessness and end rough sleeping.

Current need

While WA Government investment into increasing permanent social housing stock is commendable, well-supported and necessary, the delivery and impact of many projects may not be realised for a number of years. The delivery of new housing is currently constrained by factors including material and labour shortages, leading to extensive build times and inflated or prohibitive costs. For example, the Office of the Auditor General's 2023 Transparency Report: Major Projects found a \$2 billion (22.5%) cost budget increase for Government projects, with delays of five to 58 months for most projects, noting that "labour and supply shortages and constraints in the construction industry have contributed to higher costs and delays."

Homelessness is further exacerbated by a lack of crisis and transitional accommodation across WA (a key finding of the recent Legislative Council Inquiry into the financial administration of homelessness services in Western Australia).⁶⁰ This is particularly true in regional communities where social and affordable housing stock is low, crisis accommodation is scarce and rates of homelessness are high.

The current risk is that in the time it will take for permanent housing stock to increase, the number of Western Australians falling into homelessness and housing insecurity will continue to rise, counteracting progress in real terms. This is supported by recent data.

Interim, rapid accommodation solutions are needed to maximize existing assets and properties, use innovative solutions and relieve rates of homelessness.

Details

Additional funding should be dedicated to interim and innovative solutions to provide rapid relief, targeted at more than 2,000 people across WA experiencing primary homelessness.⁶³ This could involve the creation of a specific fund, or the expansion of the crisis accommodation program fund. Funding should be targeted at projects and initiatives with rapid completion times, including rapid conversion projects targeting vacant or underutilised properties, prefabricated or tiny homes on "lazy land" and ancillary dwellings for social housing tenants who can demonstrate a need and capacity to accommodate such a dwelling (Appendix 2.2).

Implementing these options could provide a rapid and sustainable mix of crisis and longer-term accommodation for people experiencing or at risk of homelessness and are adaptable for various cohorts or purposes. All options should be designed to permit residents to remain in the accommodation for as long as required (in keeping with Housing First principles). In light of exacerbated rates of homelessness and housing stress in the regions, priority should be afforded to projects in regional WA.

Additionally, while community housing organisations, homelessness service providers and local governments may be best placed to identify possible accommodation solutions and innovative projects, they are rarely resourced to independently undertake and manage the development of innovative accommodation options.⁶⁴ As such, Shelter WA recommends that the WA Government ensure resourcing within the Department of Communities and place-based service providers to conduct and publish statewide audits of vacant properties, lazy land and social housing dwellings to locate opportunities for reconversions, flat packs, tiny homes and ancillary dwellings. Capacity should also be reserved to receive suggestions, research opportunities, develop business cases and oversee the implementation of projects.

Cost

Costing could be modelled on similar projects recently completed in Western Australia. Indicative costs per person accommodated are demonstrated in Table 3 on the following page:

Project	Estimated capital costs	Number of people accommodated	Cost per person accommodated
Rapid conversion of existing properties ⁶⁵	\$5.15 million	35	\$147,143
Tiny homes ⁶⁶	\$150,000 per dwelling	1	\$150,000
Other prefabricated dwellings ⁶⁷	\$200,000 per dwelling	1	\$200,000
Ancillary dwellings ⁶⁸	\$85,000 per dwelling	1	\$85,000
	\$100,000 per dwelling	2	\$50,000

Table 3 Indicative costs of rapid accommodation options

Based on the above figures, the average cost per person accommodated through these options is \$126,429. As an indicative estimate, therefore, to accommodate all 2,315 people experiencing primary homelessness in WA69 through these options would cost the WA Government \$293.7 million.

Ongoing tenancy management costs would also be incurred, as would ongoing support service costs for particular cohorts. These costs will vary depending on the needs of the tenants, income eligibility and rental fees. Costs to deliver services and projects in regional areas will likely increase by 15 to 20 per cent.

Impact and benefits

Interim, rapid accommodation options such as the above maximise existing assets and properties and help to end and prevent homelessness, ease pressure on the social housing waiting list and reduce overcrowding.

These accommodation options are capable of being repurposed for future needs, including medical short-stay facilities, FDV refuges, GROH accommodation, seasonal worker accommodation, student accommodation, disaster accommodation and more. Innovative solutions are also capable of attracting philanthropic funding and private sector partnerships, reducing costs to government. Additionally, the indicative costs per dwellings above demonstrate significant potential savings to government considering the current costs to develop or spot purchase new housing.

How will this help government deliver on its commitments

This will help the WA Government deliver under the State Homelessness Strategy and associated Homelessness Action Plan by identifying and developing innovative housing options suitable to the WA context (Priority 2.3); developing tailored responses for vulnerable cohorts at risk of homelessness (Priority 3.1); identifying innovative funding opportunities to drive and deliver responses to homelessness (including working with philanthropic partners to deliver diverse and innovative capital projects and access to underutilised land); and ensuring people sleeping rough have immediate access to shelter (Priority 2.2).

Under the WA Housing Strategy 2020-2030,⁷⁰ this initiative will progress the commitment to sustain and grow the social housing safety net, support the target of 30 per cent of new WA homes built from non-conventional building materials by 2030 and make physically and culturally safe crisis and short-stay accommodation available, particularly in the regions.

Under target 9a of The National Agreement on Closing the Gap, this will help to increase the proportion of Aboriginal and Torres Strait Islander people living in appropriately sized (not overcrowded) housing. It will also help the government deliver on the priority actions of the At Risk Youth Strategy 2022-2027 including diversion from homelessness.

Supported by

The WA Government recently supported the Legislative Council's Recommendation to "fund more crisis and transitional accommodation statewide", noting that "short-term crisis and transitional accommodation are an important element of the homelessness service system".⁷² CHIA, National Shelter and WACOSS also support this initiative.