

Victorian Government submission

Consultations on National Housing Infrastructure Facility
for crisis and transitional accommodation

September 2024

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Overview

The Victorian Government welcomes investment through the National Housing Infrastructure Facility (NHIF) to increase accommodation for women, children, or youth who are experiencing domestic violence, or experiencing, or at risk of, homelessness. This is a valuable opportunity for the Commonwealth, state and territory governments to work together to maximise the investment to deliver more housing solutions for victim survivors of family violence and young people, including ensuring dedicated funding to address First People's housing needs.

The Victorian Government is committed to improving outcomes for Victorians in housing need and is investing record amounts. The 2024-25 State Budget commits almost \$197 million over four years to break the cycle of homelessness including funding for programs like Village 21, that combine modular housing for young people leaving out-of-home care with tailored support services focused on independent living skills, career planning, personal resilience, and other crucial areas to help young people thrive.

An additional \$72.1 million over two years has been committed to continue a range of responses that support victim survivors of family violence, including to return safely to their homes or access alternative longer-term housing. This includes funding for Victoria's nation-leading core and cluster model of refuges that promote greater privacy and independence – both of which are critical in supporting recovery and healing.

The Victorian Government's experience demonstrates that it is critical that projects aimed at reducing homelessness for women and children escaping family violence, and for young people experiencing or at risk of homelessness, include both accommodation and targeted, tailored support. Building on principles of Housing First, the provision of accommodation needs to be coupled with dedicated funding to provide support to people. To succeed, the Commonwealth program should fund operational requirements.

Housing tenure should be as flexible as possible and not time constrained, to encourage different housing models that meet client need, reduce risk of people exiting crisis and transitional accommodation into homelessness and allow for settings that can attract Commonwealth Rent Assistance to help meet operational costs.

Crisis, short-term and longer-term housing assistance are essential responses to people experiencing homelessness, and should be part of the broader housing system. This type of accommodation – that requires targeted and tailored supports to prevent a return to homelessness – should be integrated where appropriate so that there are multiple pathways into safe and secure long-term housing to meet housing need and realise client outcomes. Targeted housing responses for people in crisis or experiencing homelessness delivered through NHIF should be strongly connected to longer term housing solutions being implemented through other government investment such as the Housing Australia Future Fund.

Following the consultation process, the Victorian Government welcomes the opportunity to continue working with Housing Australia to develop the guidelines for the program.

Recommendations

1. **Broaden the definition for eligible accommodation.** The exposure draft defines crisis and transitional housing as ‘short term’ housing. Victoria recommends reference to ‘short term’ is removed and that the definition is instead tied to people ‘requiring immediate housing support’ to reflect the crisis and transitional nature of their situation, rather than of the housing tenure or type. Housing tenure should be as flexible as possible and not time constrained to encourage different housing models that meet client need, and allow for settings that can attract Commonwealth Rent Assistance (available to community housing) to help meet operational costs.
2. **Convert the \$300 million loan component to make it 100 per cent capital grants.** The \$1 billion increase to the NHIF comprises of \$700 million for grants and \$300 million for concessional loans. The incorporation of debt is problematic for crisis and transitional housing models as there is limited revenue to meet debt repayments. Upfront grant investment will promote higher uptake and more viable applications from sector partners.
3. **Allocate a portion of the funding to First Nations households, in line with principles of Aboriginal self-determination.** Aboriginal and Torres Strait Islander people are overrepresented in the homelessness system. In 2022-23, there were 11,862 Aboriginal Victorians who required support of specialist homelessness services. This accounts for 12 per cent of all clients seeking assistance and nearly 18 per cent of Aboriginal Victorians¹. Almost half of all Aboriginal clients seek homelessness support due to family violence. The Victorian Government has a policy of 10 per cent of all new social housing being allocated to First Nations Victorians.
4. **Include operational funding for crisis accommodation, congregate housing settings and housing for people with high and complex support needs,** including victim survivors of family violence. The Commonwealth should consider making available operational funding for NHIF projects and should not assume that states will be contributing funding to projects delivered under the NHIF. For projects where operational funding is required, proponents will need to already have an existing or confirmed funding source prior to submitting a project to NHIF.
5. **Funding made available to each jurisdiction should be quarantined.** The exposure draft states that funding will be distributed to jurisdictions on a per capita basis but that any uncommitted funds will be returned to a national pool after 12 months. Victoria’s preference is for this time-specific condition to be removed. If the 12-month period is maintained, this period should begin once the program guidelines have been released.
6. **Expand criteria to include renovations, redevelopment and extensions.** This would include existing dwellings that are currently uninhabitable or expanding existing dwellings, ensuring that system capacity is not lost and dwellings nearing their end of useful life can be redeveloped. This also supports the maintenance of existing operational and support arrangements.

¹ Specialist Homelessness Services Collection Data Cubes, Australian Institute of Health and Welfare and Census data, Australian Bureau of Statistics

Responses to consultation questions

Question 1 What are the merits of targeting additional funding towards crisis and transitional accommodation as part of the broader mix of acute and social housing?

Access to crisis and transitional accommodation services focus on stabilising people’s immediate crisis situation and assisting them to transition to stable medium to long-term accommodation.

However, there is a shortage of long-term accommodation to transition people into. Increasing crisis and transitional accommodation without long-term accommodation exit options increases the risk of people falling into homelessness. Those seeking longer-term housing are constrained by the lack of options in the private rental market and long waitlists for social housing. More Victorians are finding it harder to secure an affordable place to rent. Only 6.3 per cent of rentals in metropolitan Melbourne and 37.3 per cent in regional Victoria, are affordable for low-income households.²

Housing tenure should be as flexible as possible and not time constrained, to encourage different housing models that meet client need and reduce risk of people exiting crisis and transitional accommodation into homelessness. Victoria suggests targeting the funding to people ‘requiring immediate housing support’ to reflect the crisis and transitional nature of their situation, rather than of the housing tenure or type.

Funding and program design should be clear on the roles and accountabilities of proponents delivering housing and support services and role of transitioning people into longer term housing options.

Question 2 Are the definitions for crisis and transitional accommodation in the draft Investment Mandate amendments appropriate, and separately, are the definitions of the cohorts of women and children, and youth appropriate?

In the Exposure draft:

“Section 21A 4) **Crisis and transitional housing** means short-term housing provided for women, children or youth (whether singly or in any combination) who are:

- (a) experiencing family and domestic violence; or
- (b) experiencing, or at particular risk of, homelessness.”

Response:

- a. Victoria recommends housing tenure is defined as flexibly as possible and not time constrained, to encourage different housing models that meet client need, reduce risk of people exiting crisis and transitional accommodation into homelessness and allow for settings that can attract Commonwealth Rent Assistance (available to community housing) to help meet operational costs. It is suggested that the definition is tied to people ‘requiring immediate housing support’ to reflect the crisis and transitional nature of their situation, rather than of the housing tenure or type.
- b. Further, Victoria suggests that the definition is not tied to specific cohorts (that is, women, children and youth). While this is the focus for this current funding round, it may be restrictive in the future if other priority cohorts are considered eligible for funding.
- c. The definition of crisis and transitional housing should be broad and high-level, to ensure compatibility with state specific legislative and program definitions.

² Homes Victoria Rental Report, March quarter 2024. [Department of Families Fairness and Housing Victoria | Rental report \(dffh.vic.gov.au\)](https://www.dffh.vic.gov.au/rental-report)

Suggested new definition that reflects Victoria’s position:

“Section 21A 4) **Crisis and transitional housing** means housing provided for people requiring immediate housing support who are:

- (a) experiencing family and domestic violence; or
- (b) experiencing, or at particular risk of, homelessness.”

Question 3 Is the existing list of eligible project proponents for NHIF (Critical Infrastructure) and NHIF (Social and Affordable Housing) appropriate for the expansion of the NHIF for crisis and transitional accommodation? Are there any other project proponents that should be considered?

From the Policy paper:

“Finance under the NHIF is currently available to registered community housing providers; state, territory or local governments; government-owned investment corporations; utility providers (applicable from NHIF housing-enabling infrastructure projects); and incorporated special purpose vehicles that have at least one eligible foundation member.”

Response:

The proponents list should include *Corporations (Aboriginal and Torres Strait Islander) Act*-registered Aboriginal organisations, so that Victorian Aboriginal housing organisations are not excluded from funding.

If operational funding is made available, specialist homelessness service providers will need to be included on the list.

Question 4 How could project proponents use this funding mix, and how could project finance be structured to draw on both grants and concessional loans?

Victoria’s preference is for 100 per cent of the funding to be provided as grants to support eligible housing models. The Investment Mandate should also be clear that projects can be submitted for 100 per cent grant funding (that is, there should be no requirement for submissions to include both a grant and concessional loan component). Debt structures are typically supported by higher return profiles, and more suited to mixed tenure developments with social, affordable and/or private housing.

Question 5 What impacts would a time limit for state and territory funding allocations have on project proponents or projects that would come forth for the funding. What are the benefits and unintended adverse consequences?

As the administrative and governance arrangement for the program for approving projects are yet to be determined, the proposed 12-month timeframe is likely to be challenging. For example, conducting an open and competitive process such as HAFF Round One with a 12-month timeframe is likely to be extremely challenging.

Victoria recommends that funding made available to each jurisdiction is quarantined for that jurisdiction and does not return to a national pool. Funding clawback provisions are also viewed unfavourably.

There are benefits to delivery over a longer time period. This supports innovation, maximises development opportunities and can attract partnership investment. Operational arrangements also need significant lead time to establish. Additional project planning timelines would help facilitate joint proposals with Aboriginal organisations and not-for-profit organisations.

If a 12-month timeframe is retained, Victoria suggests the timeframe should commence once the Guidelines have been published and only relate to funding being committed.

Interaction with other Commonwealth programs

On 9 July 2024, the Commonwealth announced that 19 new projects will be funded across Australia over the next three years, through the Safe Places Inclusion Round (the Inclusion Round). The Inclusion Round was part of the *National Plan to End Violence against Women and Children*, with an investment of \$100 million over five years (2022-23 to 2026-27).

Under the Housing Australia Future Fund, there is a further \$100 million for crisis and transitional housing options for women and children impacted by family and domestic violence and older women at risk of homelessness.

With the range of crisis and transitional programs available, it is proposed that Housing Australia should seek to combine or align the programs to make it easier for the sector to deliver, reduce procurement bid costs and resources and to create opportunities to jointly leverage different funding streams.

A simple and clear procurement process will also enable agencies to deliver as quickly as possible. Efforts should be made to reduce administrative burden and reporting by seeking to reduce duplication and leverage existing reporting mechanisms where possible.