

Creating 'choice' for housing assistance recipients

Based on AHURI Final Report No. 269:

Individualised housing assistance: *findings and policy options*



Australian Housing
and Urban Research Institute

What this research is about

This research examined the Australian and international experience with ways individualisation of housing assistance can respond more sensitively to the varied needs of different population groups. The Inquiry considered policy innovation, both in Australia and internationally, which has moved away from generic supply-driven approaches to focus more on individualised packages that can be attuned to the circumstances of people who require support.

The Inquiry aimed to develop a policy framework and directions for reforming the housing assistance system and to consider the value of customised packages of different types of housing assistance and related support.

The context of this research

Social policy in Australia and internationally has aimed at greater individualisation of products and services, with a move away from 'one size-fits-all' solutions—key examples being aged care and disability services. This report considers the prospects for greater individualisation of housing assistance (i.e. housing, housing management and support services).

The key findings

Housing assistance in Australia remains primarily a standardised set of services, goods and benefits provided by government in a top-down, rather than individualised, manner. Examples of individualisation include direct payments and personalised budgets for welfare recipients (in England and the Netherlands) and 'consumer-directed support' and 'cash and counselling' (in the United States).

In Australia, the shift to individualisation is the centrepiece of the NDIS (National Disability Insurance Scheme), which aims to provide people with a disability with greater control over their lives through individualised support funding.

One widely used means of individualisation is demand-side assistance to improve access to existing private rental housing markets. This includes policy instruments to address variations in housing markets and better support to assist households to find affordable and suitable private housing. The research found that this type of assistance is of limited effectiveness if the market does not respond through improving supply.

Another means of individualisation is through creating markets (or quasi markets) for welfare services. This could entail private, not-for-profit and government organisations competing to provide different types of housing assistance. Housing assistance clients could have a personal budget to

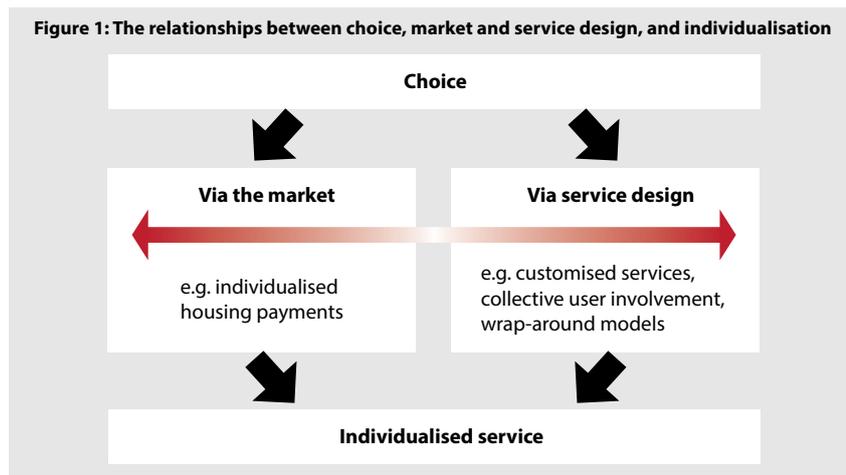
access the 'bundle of assistance' they require. There are practical difficulties in applying this approach to housing assistance, which involves assets as well as services.

Understanding 'individualisation' versus 'choice'

The research provided a distinction between 'individualisation' and 'choice'.

'Individualisation' is best understood as a guiding principle or rationale that reorients practitioners towards more tailored or customised forms of service delivery.

'Choice' is one of the mechanisms that can be deployed for implementing the goal of individualisation. Choice can be enhanced through a suite of implementation and delivery activities, such as: extension of market principles and competition; the redesign of services; or a combination of the two.

Figure 1: The relationships between choice, market and service design, and individualisation

While choice for users is generally supported across the political spectrum, the means to deliver choice is subject to considerable debate.

Government promoted supply-side measures to boost the nation's housing stock (as a way to extend choice and address need) have been gradually replaced by demand-side measures. These usually take two forms:

- 1 Government providing funds or other resources that enable tenants to make choices in the market (e.g. Commonwealth Rent Assistance (CRA) payments), and quasi markets providing choice of provider (e.g. a range of community housing providers)
- 2 Service design and delivery innovations, or customised forms of assistance to individual people, and strategies to involve users in better design and delivery of services.

International best practice

The US's Housing First model and the UK's Homelessness Change program demonstrate that schemes that attend to supply-side issues that accentuate homelessness and offer demand-side support to individuals at risk have a greater chance of achieving long-term success. Both programs facilitate access to transitional or permanent housing as well as delivering integrated client-directed services. These initiatives are not predicated on

reducing costs, as they require an ongoing financial subsidy to maintain.

Programs that focus on attending to demand-side issues are less effective if they do not address the often complex reasons for a person's long-term unemployment and social exclusion. An example of demand-side intervention is the US's Moving to Opportunity (MTO) program, which aims to support low-income households move to areas of greater social and economic opportunity. Whilst this might benefit individuals who do move, often because the areas that they move to are better resourced, the problems for those who remain in poor neighbourhoods often intensify. Similarly, the Dutch experience of using rent increases as an incentive to encourage middle-income social housing tenants to move out of social housing risks inadvertently stigmatising those households who remain.

Monitoring and regulation of service quality is required to ensure service standards

The experience of the Netherlands and Denmark in reforming home care services, by replacing government services with private-sector providers, suggests that while the reforms have delivered some cost savings for governments in the short term, there are risks of reduction in the quality of services. A competitive culture in a multi-provider setting may provide consumers with more choice but can undermine the coherence of care and

level of professional co-ordination. In addition, there is a risk that private agencies may reduce choice by lowering their price in the short term in order to eliminate competition.

Service providers in Australia have raised concerns about the move towards individualised models of funding such as Consumer Directed Care (CDC) in the aged care sector and the NDIS in disability services. Imposing choice onto clients may undermine providers' long-term planning, although this has to be offset against the additional power that consumers may be able to exercise in a more demand-driven system. The introduction of CDC has meant that some community care providers are no longer able to be flexible in targeting, rationing and delivering services to a community of people with a mix of support needs. There is a need to maintain long-term funding streams so agencies are able to be flexible in their delivery of services.

It is evident from the analysis of both international and Australian programs that quality services require a budgetary commitment from government.

When private-sector providers are delivering welfare services it is necessary to put in place an independent body to oversee service delivery. This noted, poor quality provision is not just a problem within the private sector. Monopoly forms of public provision are also vulnerable to inept management that eschews innovation and pays insufficient heed to service users.

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Lessons from the NDIS for 'individualised' housing assistance

The NDIS aims to enhance 'choice and control' for participants through an individualised funding model, and has been designed and resourced to guarantee funding for approved individualised plans, avoiding crisis-driven allocation of scarce resources that undermines individual choice. The National Disability Insurance Agency (NDIA) retains control over the cost of disability support services, hence the effectiveness of funding packages is less vulnerable to the volatility of the market (in contrast to CRA or other demand-side housing subsidies).

The centralised approach to assessment of all funding entitlements is one feature of the NDIS that could potentially be adapted in the housing assistance system to promote its individualisation and efficiency.

Individual participants' support funding packages are determined through a person-centred assessment and planning process.

The outcome of the planning process is an approved individualised funding package that covers the costs of the required identified supports. The planning process also involves referral of the person to mainstream services—not funded by the NDIS—which may assist them in achieving their goals.

“A key challenge for practitioners is to consider how housing assistance for this cohort could be individualised to integrate both demand- and supply-side approaches.”

NDIS planners' decisions are guided by the National Disability Insurance Scheme Act 2013 and the operational

guidelines that relate to each specific support. The concept of 'reasonable and necessary' is central to the planning process, and to an extent defines the limits to participants' 'choice and control'. In order to be considered reasonable and necessary, funded supports must be related to the participant's disability, represent 'value for money' and be likely to be effective and beneficial to the participant.

Housing for NDIS clients

The increase in overall funding for disability services, alongside the individualisation of funding—no longer tied to a specific service or home—is likely to have a significant impact on housing demand among eligible participants. A large number of adults with disability currently living with parents, in institutions or congregate accommodation, will for the first time be able to access the support services they need to live independently in the community. However, most will require housing assistance in order to fulfil these aspirations. Many other future NDIS participants already living independently in private rental are experiencing affordability stress and may require housing assistance in order to sustain their living arrangements. At full roll-out of the scheme, there will be an estimated unmet need in affordable housing for between 83,000 and 122,000 NDIS participants.

A key challenge for practitioners is to consider how housing assistance for this cohort could be individualised to integrate both demand- and supply-side approaches. Indeed, the person-centred planning process facilitated by the NDIS to ascertain each participant's support strategy and entitlements will inevitably produce highly detailed individualised records related to participants' housing aspirations and needs. This presents a unique opportunity for a more individualised approach to housing assistance. However it is quite possible that in practice, some people's service packages may end up replicating their existing provision as assessment processes are undertaken by

assessors that have a limited conception of what living with a disability might entail.

A demand-side approach to housing assistance for NDIS participants appears more consistent with the scheme's individualised approach to the funding of disability services, and the broader trend in international social policy towards individualised welfare.

Demand-side subsidies may be appropriate to assist NDIS participants who experience severe housing affordability stress, yet already live in private housing that is suitable for their needs in other respects. There is a risk, however, that without sufficient supply of appropriate housing, the benefits of demand-side subsidies will flow to housing providers rather than consumers. For example, private landlords could potentially increase rents on accessible homes.

In contrast, supply-side housing subsidies enable closer regulation of house prices to ensure affordability outcomes for consumers. They can be cost effective if designed, for example, as a front-load capital contribution that reduces the life-cycle costs of a housing project, or integrated with planning and housing finance innovations to maximise supply output and affordability outcomes, and deliver housing supply that is more suitable for the needs and aspirations of people with disability.

Individualisation is not privatisation

Whilst policy makers may view an extension of market principles (e.g. privatisation or other strategies to increase competition) as a way to deliver choice and achieve better customisation of services, goods and benefits to housing assistance, there is no underlying reason to preclude other mechanisms, such as individualised housing support packages, customised service delivery, or even participatory-inspired forms of delivery in which people have an input into decision making.

Table 1: Assessment of options to promote choice in housing programs and assistance

Policy options	Benefits	Risks	Potential strategies to mitigate adverse impacts on lower income and vulnerable households
Extending individualised demand-side assistance, for example cash transfers or personal budgets, so that people can purchase the combination of products and services they require	More choice for consumers. Able to relocate to housing that is better suited to their needs.	Effectiveness of rental assistance is variable across housing markets. Rental assistance is not effective in reducing housing stress for residents in locations that have experienced house price rises and may contribute to such rises. Subsidy is passed through to landlord, often without improvement in housing service. Demand-side assistance does not address problems of declining supply of affordable housing.	Extending individualised demand-side assistance in conjunction with supply-side measures. Decision-making informed by an understanding of how various forms of housing assistance interact—taxation arrangements, rental assistance and subsidies for affordable housing supply. Continued monitoring of availability of affordable housing in inner and middle regions of major cities. Establishing inclusionary zoning and planning protocols to enforce proportion of social housing in new housing developments. Expanding development-funding streams for not-for-profit social housing agencies.
Promoting diversity in social housing, for example through different providers with variation in housing types, management models, lease lengths, rents, and degree of linkage with support services	More options for clients. Able to opt for different combinations of rental and support arrangements.	Difficulties in managing client demand across sector. More complex pathways for clients to manage. Service differentiation may diminish over time.	Pathways and support for clients negotiating system. Investment in regulatory frameworks to ensure quality in housing service provision. Monitoring and evaluation of outcomes of different rental and support arrangements
Extending client-centred and customised service design.	Better targeted and effective support programs.	Not everyone can achieve employment/training outcomes and exit system. Vulnerable clients find it difficult to manage and there is a risk that individuals opt out.	Partnership approach with vulnerable populations/recognise agency expertise. Investment in advocacy support for vulnerable clients.
Involving clients in service design in a more collective way.	Improved ownership and uptake of support programs.	Challenge for vulnerable clients. Loss of efficiencies in service delivery.	Resourcing and support to enable clients to participate in service design.

Source: adapted from Jacobs , Lawson et al. 2015: 61.

What this research means for policy makers

For policy makers, the task of determining the appropriate subsidy for any housing component remains a difficult one, because housing markets vary greatly across Australia and the rents charged by private landlords are determined by market factors. Any subsidy also needs to account for the fact that most household income and expenditure is subject to variation when employment status changes or to meet one-off costs such as bills or health related charges. Any attempt by government to integrate a housing cost supplement within an overall income support system would need to account for these variations in personal circumstances and housing markets.

Housing assistance policy reform needs to widen assistance eligibility

A policy shift towards a more individualised, choice-based form of housing assistance might respond to the needs for support of households currently ineligible for assistance, as well as provide continued support for those currently eligible for support. Widening of eligibility, for example, to intermittent support in the form of no or low-interest loans to enable low-income

outright owners to remain in their homes, is likely to be more cost effective than providing on-going support to older households that 'fall out' of home ownership and end up renting long-term in the private rental sector. This type of approach is consistent with international trends towards early identification of risks (e.g. risk of failed tenancy) and the provision of early intervention and prevention intervention to support households to remain housed well. Enhanced tailoring of housing assistance within the Australian context might promote a shift towards an early intervention model of housing assistance, with adequate resourcing and effective delivery.

Government investment required

Government investment will be required to contribute to the supply of affordable housing for very low-income households and towards ongoing support services. Extending demand-side assistance has the potential to provide greater individualisation in areas of housing assistance but must be accompanied by strategies to mitigate the effects for vulnerable people.

In addition, government expenditure for demand side assistance cannot be controlled readily and spending tends

to increase over time as demand increases.

Methodology

This research is used data on the development and implementation of individualisation programs both overseas and within Australia; the Household Income and Labour Dynamics Australia (HILDA) survey to anticipate future demand for housing assistance and the extent to which assistance might be customised to meet this demand; in-depth interviews with senior-level expert stakeholders from government, the community sector and industry, to hear their views on the efficacy and viability of individualised and/or choice-based models of housing assistance in Australia; and desk-based review and analysis of existing NDIS policy and academic literature.

Further information

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