



# Return on investment for social housing in the ACT

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## Acronyms and definitions used in this report

<b>ACT</b>	Australian Capital Territory
<b>AHURI</b>	Australian Housing and Urban Research Institute Limited
<b>Affordable housing</b>	Housing that is deemed affordable either by reference to income thresholds, or by reference to the 'market' value of dwellings. 'Affordable housing' can be provided by government, not-for-profit providers and by private for-profit providers or partnerships between these organisations. Since the early 1990s, the 30:40 indicator has been an accepted benchmark for affordability, that is when housing costs are less than 30% of household income, for people in the lowest 40% of the income distribution (Milligan et al. 2016:1). An alternative definition of 'affordable housing' is housing that is provided at below-market rates. The term affordable housing is sometimes limited to housing that is subject to access and affordability requirements set by government, and available to eligible low- to moderate-income households (Rowley et al. 2017).
<b>AOD</b>	Alcohol and other drugs
<b>CHP</b>	Community Housing Provider
<b>Community housing</b>	Social housing that is managed by (non-government) not-for-profit community housing organisations.
<b>CRA</b>	Commonwealth Rent Assistance
<b>DFV</b>	Domestic and family violence
<b>Funding gap</b>	The Affordable Housing Working Group (2017: 10) defined the 'funding gap' as: "...the difference between the costs of delivering new supply of affordable housing (such as the costs associated with acquiring new stock, managing tenancies, dwelling maintenance and depreciation) and the income received (from concessional rents and Commonwealth Rent Assistance)."
<b>J2SI</b>	Journey to Social Inclusion
<b>NRAS</b>	National Rental Affordability Scheme
<b>Public housing</b>	Social housing that is managed by a state or territory government. Public housing in Australia is increasingly targeted toward people on very low incomes, and who are deemed to be in greatest need based on a range of criteria such as homelessness, experiencing domestic and family violence, disability, etc.
<b>ROGS</b>	Report on Government Services
<b>SHS</b>	Specialist Homelessness Services
<b>Social housing</b>	Housing provided by state and territory governments and community housing providers at below market rents to tenants who meet certain criteria of need. Social housing comprises public and community housing



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# Executive summary

ACT Shelter commissioned the Australian Housing and Urban Research Institute (AHURI) to investigate whether providing direct access to planned, sustainable, long-term housing options for the homeless population, and those at risk of homelessness, in the ACT is a more cost-effective strategy for the government than relying on crisis responses.

The first stage of the research summarised the evidence on current and future social housing need in the Australian Capital Territory (ACT), the effective procurement of social housing, and the non-shelter benefits arising from the provision of housing.

The second stage of the research, the findings of which are presented here, aimed to establish the costs of developing and operating social housing in the ACT and to quantify housing and non-housing benefits of providing long term sustainable social housing to formerly homeless people in the ACT. This information forms the basis for developing a business case for the ACT government to procure social housing to address different levels of housing need.

To this end, the research:

- estimates the annual recurrent cost of providing public and community housing
- estimates the cost of developing new social and affordable housing by community housing providers (CHPs) and the funding gap they face
- investigates the impact of crisis responses to homelessness on of service usage among homeless persons
- measures the benefit to the ACT and Australian Governments of providing secure and affordable housing to those who are presently homeless or at risk of homelessness in terms of cost offsets achieved through reduced use of health, justice, and welfare services.

## Key findings

### **Social housing is infrastructure that benefits society**

Social housing, which comprises public and community housing, is a key piece of social infrastructure that supports the goals of social inclusion, participation, place making, and economic productivity. Those housed in social housing often experience improvements in their health, safety, and sense of empowerment. While society benefits broadly from public investments in these forms of infrastructure, governments can also benefit through capturing savings in costs associated with health, justice, and welfare services.

### **Relatively little public funding of social housing goes to community housing in the ACT**

In the ACT, most funding for social housing is directed towards public housing. Government funding for community housing in the ACT is generally small and focused on recurrent funding.

- The ACT government provides around \$8,400 per tenant unit per year in recurrent funding towards community housing compared to around \$12,500 for public housing (Productivity Commission 2021).
- Most capital expenditures are directed at public housing.

## **Public and community housing have complementary roles**

Public housing and community housing serve complementary roles in the social housing system:

- Public housing provides a safety net for very low-income earners with complex needs (lower range of Q1 income earners).
- Community housing provides accommodation for very low to low income earners (upper range of Q1 and lower range of Q2 income earners), often with lower complexity of need.

## **Operating costs are relatively low in community housing**

The costs of providing community housing are generally lower than public housing. Public housing costs government around \$55,300 per dwelling per year (operating plus capital costs) (Productivity Commission 2021). One estimate of the average cost to CHPs of operating existing community housing is \$46,900 per dwelling per year.

## **A funding gap means government support is needed**

The cost of developing new community housing for long term affordable rental depends on land costs, rents charged, the size and type of the housing and the availability of subsidy from government or developer sources. Nevertheless, we find that the funding gap (i.e. annual cost of developing a unit of housing net of rental and other revenues) is relatively low for some forms of housing.

- The gap could be as low as \$19,200 per dwelling per year for affordable rental housing that also has cross subsidy from other sources (e.g. the now defunct National Rental Affordability Scheme (NRAS)) and charges rents at a discount to market rent (e.g. suitable for tenants in paid employment).
- In the absence of federal or developer cross subsidies the funding gap ranges from \$26,900 to \$51,000 per dwelling per year.
- The 'funding gap' for operating existing community housing is even lower (costs net of revenues such as rent). These range from between \$16,600 and \$28,400 per dwelling per year.

## **Crisis and temporary housing responses are inadequate to properly address homelessness**

The case histories of people experiencing homelessness in the ACT who contributed to this study revealed the inadequacies of the present system of reliance on temporary and crisis accommodation and highlighted the importance of opening pathways to long term housing.

- Those who have complex needs (especially younger men and those with mental health or alcohol and drug issues) tended to cycle in and out of services and as a consequence were high users of justice and health services.
- Some clients (e.g. women with children) were stuck in temporary housing for long periods relying on client support funds to purchase temporary accommodation. This was often expensive and often required moving around, which undermined housing security.
- Some adults (especially men) were reliant on financial or material assistance such as rental bonds, no interest loans, emergency payments and food assistance. They were relatively light users of health and justice services and yet their case histories pointed to potential health needs.

Other research shows that the lack of long-term affordable housing is having negative repercussions, with many persons staying longer in crisis accommodation and making greater demands for accommodation costs on the Client Support Fund.



## Providing more long-term social housing in the ACT has the potential to result in significant cost savings to government

- Our research estimated the median costs of health, justice and welfare for tenants in community housing at around \$28,700 per annum and similar costs for those who were homeless at around \$44,000. This means that costs of service use for those stably housed were around \$15,300 per person per year lower than for those who were homeless. These findings are broadly consistent with other studies in Australia, which show similar quantum of benefits.
- There was a wide disparity in the cost of service use between service users, ranging from \$32,800 to \$213,000 over the course of a year for those experiencing persistent homelessness, and \$18,900 to \$133,800 for stably housed tenants. This shows that cost offsets are more apparent for some high needs clients.
- Our analysis assumes that cost offsets are recurrent as those who are presently homeless are always at risk of being homeless. This results in a reduction of the net recurrent cost to government of providing new housing to between \$11,600 to \$36,100 per dwelling per year.
- The benefit cost ratio is a measure of the proportion of the needed subsidy cost for new housing that could be recouped through welfare offsets. This suggests that for every dollar the government spends on a new house that is low cost, the government would recoup 57 cents through benefits in welfare offsets, while they would recoup around 30 cents in every dollar spent on more high cost housing.

Table 1: Effective recurrent costs (per dwelling per year) of new community housing net of offsets

	Cost of new housing	Cost net of revenues (gap)	Median welfare offsets	Cost net of revenues and offsets	Benefit cost ratio
Low cost	\$39,500	\$26,900	\$15,300	\$11,600	0.57
High cost	\$61,900	\$51,100	\$15,300	\$36,100	0.29

Source: Authors.

## Policy development opportunities and further research

The findings from this research support the case for investing in more social housing. Presently there are around 2,500 persons on the social housing waiting list in the ACT. In 2016, there were almost 1,600 homeless persons in the ACT and around 3,100 households had an unmet need (i.e. they were homeless or experienced housing stress). This unmet need is projected to increase to 8,500 households by 2036.

Social housing is an important form of social infrastructure that provides a safety net for those most in need and offers benefits for improved health, safety, employment, wellbeing and empowerment of its occupants, as well as productivity benefits for society more broadly.

This project quantified the benefits of social housing in relation to the forgone costs to government of health, justice and welfare support arising from housing previously homeless persons in social housing. The findings show that substantial cross government savings arise from providing people with long term stable housing as opposed to providing crisis responses.

While the costs of developing new social housing are substantial, this report shows that the net costs of investing in more social housing would be substantially defrayed by the avoided costs in health, justice and welfare costs that would occur through these investments.

Providing more social housing would enable the ACT to move from a crisis-oriented system towards more considered responses for the prevention and resolution of homelessness.

The evidence supports that direct government capital investments (through land, capital grants or equity) are the most cost-effective and appropriate ways of procuring social housing. Higher subsidies will be needed to cater for the needs of tenants with lower incomes and requiring more tenancy support or larger housing. Subsidies are likely to be lower for clients who are employed and who have less complex needs.

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# 1. Introduction

ACT Shelter commissioned the Australian Housing and Urban Research Institute (AHURI) to investigate whether providing direct access to planned, sustainable, long-term housing options for the homeless population, and those at risk of homelessness, in the ACT is a more cost-effective strategy for the government than relying on crisis responses.

To this end, the first stage of the research summarised the evidence on current and future social housing need in the Australian Capital Territory (ACT), the effective procurement of social housing, and the non-shelter benefits arising from the provision of housing.

The second stage of the research, the findings of which are presented here, aimed to establish the costs of developing and operating social housing in the ACT and to quantify housing and non-housing benefits of providing long term sustainable social housing to formerly homeless people in the ACT. This information forms the basis for developing a business case for the ACT government to procure social housing to address different levels of housing need.

## 1.1 Key findings from stage 1 research

Stage 1 estimated housing need in the ACT, reviewed the evidence on the economic and social benefits resulting from social housing, and the most effective ways of procuring social housing, and investigated methodologies that could be used to measure the social and economic benefits of social housing in the ACT.

There is a significant level of unmet housing need in the ACT.

- In 2016, 3,100 households in the ACT were either homeless or in rental stress (at risk of homelessness); this is projected to increase to 8,500 households by 2036.
- In 2017, modelling demonstrated that a total of 12,600 households in the ACT were either unable to enter the housing market or required assistance to avoid rental stress; this number is projected to increase to 14,400 by 2025.
- In 2016, there was a shortage of 2,700 dwellings in the private rental market that were both affordable and available to households in the lowest 20 per cent of income earners.

Investments in social and affordable housing generally improve social and economic outcomes for their beneficiaries, including in the domains of social inclusion, education and skills, employment, health and mental health, safety and security and empowerment. Importantly, secure, safe, and affordable housing provides a sense of ontological security, which is important for individuals to flourish.

Securely housing people who are homeless or at risk of homelessness produces whole-of-government cost savings, especially in the areas of health and justice.

Effective investment in social and affordable housing should be defined by needs, rather than the current availability of funding and subsidies.

The evidence supports that direct government capital investments (through land, capital grants or equity) are the most cost-effective and appropriate ways of procuring social housing (rather than relying on interventions such as planning bonuses or operating subsidies).

Stage 1 identified two potential methodologies to measure the social and economic value of social housing in the ACT. The first method used a combination of survey data and administrative data. A limitation of this approach is that it relies on client reports of their service usage, which may be affected by recall bias (i.e. clients may not recall all the services they used or may not wish to disclose them). It also requires service providers to commit to providing the needed financial and service use data. However, compared to a methodology that uses linked administrative data, the survey-based approach is easier to implement in a timely way.

The second involved analysis of linked administrative data. A linked data methodology is likely to provide more accurate estimates of actual service use and associated costs and cost savings. However, there are considerable ethical and privacy issues that would need to be addressed and it was unlikely the required data could be made available by the ACT government.

Taking into account time and resource constraints, Stage 1 recommended that a survey-based approach be used to determine the costs and benefits of providing social housing in the ACT.

## 2. Method and approach

Stage 1 of this research showed that social housing has benefits across a range of areas, including social inclusion, education, economic engagement, health, safety, and empowerment.

This report estimates the financial costs of providing social housing and quantifies non-shelter benefits, principally in relation to reducing the need, and therefore cost, of government health, justice, and welfare services. To do this we estimate the 'cost offsets' or 'avoided costs' for government associated with social housing that come about by providing long term affordable housing to those who are presently homeless or at high risk of homelessness. The analysis does not extend to include the full set of benefits for the individuals obtaining the housing or for society more generally.

Table 2 below provides a schema for understanding how the benefits measured in this study line up against the full range of potential benefits of social housing. Those areas covered in this study are shaded.

Table 2: Benefits of social and affordable housing, methods, and beneficiaries

Benefit domain	Method to measure benefits	Residents benefited
Health	Avoided costs to government	Social tenants who were homeless or at risk of homelessness
Safety		
Welfare costs		
Empowerment	Self-assessed quality of life	All residents of social housing
Social inclusion		
Education	Measured economic benefits in terms of improved income over time	Children resident in social housing
Employment		Key workers

Source: Authors.

Recent research by Denham et al. (2019) noted that a full cost-benefit analysis of social housing might also consider other non-shelter welfare benefits of social housing – either by considering the subjective welfare benefits of social housing (e.g. in terms of self-assessed quality of life, health, safety or empowerment), or the economic benefits to other groups who are not at risk of homelessness (e.g. children attending school or key workers). The study noted that it is often difficult to monetise many of these subjective wellbeing benefits (Denham et al. 2019), though quality of life or self-rating scales have been used in some studies (Witte 2017; Flatau et al. 2018). Measuring the economic benefits of improved education is made more difficult by the long time scales needed to measure outcomes, though some studies have found benefits (Phibbs and Young 2005).

Recent AHURI research has argued for social housing as a form of social infrastructure that has productivity benefits to both the individual and society (Lawson et al. 2018; Denham et al. 2019). Such frameworks seek to measure the economic benefits for the individual but also for society at large of well-located social or affordable housing (e.g. improved productivity that comes from being located near economic opportunities, reduced

commuting costs, or improved education resulting in better economic participation). But unlike other forms of economic infrastructure like transport, social housing is an excludable good targeted to those on low income. This means that measuring the economic benefits of social housing is constrained because the user base often is not able to pay what the housing might be worth on an open market (Denham et al. 2019).

## 2.1 Avoided costs methodology – planned approach

The avoided costs approach taken for this project is a whole-of-government financial appraisal that estimates the savings in areas such as health, justice and social or welfare services and then compares them to the cost of housing provision. It is based on marginal changes to the frequency of service usage, between control groups and participants in the intervention being assessed. In this case, we seek to understand the avoided costs associated with the ‘intervention’ of social housing. This measures the cost offsets that accrue to the whole of government as a direct result of accommodating a person in social housing relative to that person being homeless.

Average service costs are applied to the difference in usage of services by the intervention and control groups and are then compared to the cost of intervention. As a cost savings approach, it is essentially a financial appraisal within the standard structure of a business case, providing an estimate of the budget impact of the initiative being considered. This differs from a standard financial appraisal within a business case in that the savings are likely to occur in different departments and tiers of government than where the costs are incurred. There is evidence that providing social housing has a positive effect on whole-of-government expenditure, when the costs of providing health, justice, and homelessness services to inadequately housed populations are compared to the costs of providing housing (Denham et al. 2019).

Denham et al. (2019: 78–9) provide an avoided costs framework, which has been adapted for this project. The initial methodology (and subsequent revisions in response to changed circumstances) are outlined below.

### 2.1.1 Step 1: Identify control and intervention cohorts (sampling)

The first step was to identify an intervention group (social housing tenants) and a control group, who are not receiving the intervention (people experiencing homelessness).

#### Intervention group: persons who are in social housing in the ACT

- **Eligibility:** Community housing tenants who were: homeless or without stable housing for a continuous period of at least 2 years before moving into social housing; or experienced at least three spells of homelessness in the 2 years before moving into social housing; and have been stably housed in social housing for at least 2 years; and are aged 18 years or over.
- **Implementation:** Eligible tenants were surveyed using a questionnaire designed by AHURI and administered by CHP staff.
- **Sample size:** It was anticipated that 5 questionnaires would be sent per CHP, to a minimum of 4 participating CHPs (full implementation would equal N=20 responses).

#### Control group: persons who are currently accessing Specialist Homelessness Services in the ACT

- **Eligibility:** Specialist Homelessness Services (SHS) clients who were homeless or without stable housing for a period of at least 2 years; or experienced at least three spells of homelessness in the 2 years; and are aged 18 years or over.
- **Implementation:** Eligible clients were surveyed using a questionnaire designed by AHURI and administered by SHS agency staff.
- **Sample size:** It was anticipated that 5 questionnaires were sent per agency, to a minimum of 4 participating agencies (N=20 responses).

Respondents who completed the questionnaire received a \$25 Coles voucher in recognition of their time and contribution.

Control and intervention groups aimed to capture a range of homelessness experiences and client demographics. AHURI relied on CHPs and SHS providers to select participants that fit the required respondent profile.

### 2.1.2 Step 2: Estimate costs of community housing

To estimate the costs of providing community housing and support, AHURI developed a survey that gathered housing cost data, including total housing stock numbers by number of bedrooms; current value of stock; capital costs (like depreciation); other operating costs (e.g. tenancy management and repairs and maintenance); and revenues (rent, interest, government funding and other cross-subsidy).

This survey was sent to 4 CHPs in the ACT, to be completed by financial officers with access to financial information about all housing in their portfolio and new stock recently developed in the last 2 years.

The data was analysed to estimate average costs of providing housing, and average costs net of revenues (funding gap) on a per dwelling per year basis.

### 2.1.3 Step 3: Assess the difference in service use

Step 3 involved assessing the difference in service use (e.g., health, justice, social services) between control and intervention groups and thereby estimating marginal cost savings, based on the frequency of use of government services by each of the study and control groups.

This step was to provide an estimation of the differential propensity to incur costs to government per individual, over a given period of time. By comparing the outcomes between the cohorts, the marginal benefits attributable to the intervention were to be evident.

### 2.1.4 Step 4: Apply average costs for each service

The next step was to translate the marginal benefits into government cost savings by the application of average costs per service. Average costs per intervention can be obtained from state government reports, Medicare statistics, the Productivity Commission reports on Government Services, ABS databases, and from social housing providers. This method would enable savings to be attributed across departments and to state and Commonwealth departments, which may be useful in developing cases for funding.

This data was obtained using administrative data sources and information from the provider survey (see Appendix A).

In some cases, data was collected on total costs (i.e. at an aggregate level), but then procedures were taken to estimate the cost per client per unit of service (e.g. per day, or rate of usage, or per year).

### 2.1.5 Step 5: Discount benefits and costs, calculate summary results

The next step was to apply an appropriate discount rate to temporally differentiated costs and benefits. After applying the discount rate (DCR) to the flow of costs and benefits over the appraisal period, the standard summary results of cost-benefit analysis (CBA) can be calculated and used for reporting outcomes:

$$\text{Benefit cost ratio (BCR)} = \text{Marginal benefits} / \text{costs}$$

In this case, the benefits and costs are measured over one year.

### 2.1.6 Step 6: Assess limitations

A final step involved assessing the limitations of the study, such as issues with gaps in the data collection, accuracy of average service costs, accuracy of survey responses, sample size, results that are not generalisable, and variations in the accuracy and consistency of data, as well as sensitivities around confidentiality of data.

## 2.2 Avoided costs methodology – revised approach

Gathering data to undertake the analysis proved to be challenging and far fewer responses were received than had been anticipated. It proved especially difficult to achieve the number of responses needed from the control group to undertake the type of analysis initially envisioned in section 2.1. With agreement from ACT Shelter, an amended approach was developed that utilised the available data to draw valid conclusions about the need for, and the costs and benefits of providing, social housing in the ACT.

### 2.2.1 Data and sampling

Resource constraints faced by housing and service providers, and the characteristics of social housing tenants and homeless persons meant that data collection faced several challenges and not as many responses as anticipated were received (see Table 3 for comparison between actual with anticipated responses).

OneLink provided 6 case studies of people accessing specialist homelessness services, but no data viable to produce costings.

Table 3: Responses received

Group	Responses (N)	Anticipated
Housing provider cost data survey	3	4
Tenant survey	16	20
Survey of homeless persons	5	20
OneLink case studies	6	n/a

Source: Authors.

### 2.2.2 Amended approach

The amended approach broadly followed the steps outlined in 2.1. The key difference was that the small number of responses received from the control group meant that this data was not representative of the broader cohort of those who are homeless in the ACT. Consequently, the data gathered on the control group were used to develop case studies and associated costings, which were compared to the intervention group (those housed in community housing). This provides important information on the cost of various 'homelessness experiences'. The methodology has therefore involved including the following steps:

1. Use the control group data (of homeless persons) to develop case studies around their service use costs.
2. Use OneLink data to construct vignettes to illustrate the issues faced by homeless persons in the ACT that impact on health, justice and welfare costs.
3. Use CHP cost data to estimate the cost of developing and providing social housing.
4. Compare this data with ROGS data about the cost of developing and running public housing.
5. Use tenant data on usage of services to ascertain the benefits of housing a person in social housing. Sufficient responses have been received to make assertions about average and median estimates of justice, health and welfare costs.
6. Uses the same approach to estimating marginal benefits in relation to differences in service use for individuals in the control group.

A full list of assumptions made in the analysis are provided at Appendix A.



## 2.3 Analysis and interpretation

### OneLink case history data

OneLink provided information derived from their administrative data on clients. This included demographic characteristics of clients, information about the circumstances the clients faced, and the services they utilised. This information was analysed and interpreted and written up as a case history. All names were changed to preserve anonymity.

### Cost of housing provision analysis

Data on housing costs was collected through a spreadsheet survey, seeking information relating to new housing developments as well as for all housing stock in their portfolio. The survey was sent out to four CHPs and two housing providers responded. A third provider sent other information salient to calculating the cost of developing new dwellings which could be used to model outcomes as well.

The information from the survey provided was sufficient to obtain information on capital value, and various operating costs. However, there were differences around how CHPs treated capital costs: one provider assumed a 3.5 per cent rate to estimate the user cost of capital, while another made no calculation for the opportunity cost of capital. To enable a consistent analysis, we assumed a user cost of capital of 8 per cent, consistent with the advice of the Productivity Commission. We were not able to separately estimate cost of capital for land and buildings separately as suggested by the Productivity Commission.

Some providers made allowance for depreciation (or retained funds for replacement of buildings). These costs were included as a separate capital cost item.

Because only one provider answering the survey indicated they had developed new housing, we also utilised data on development costs from the other provider to model likely overall costs (i.e. including operating costs) for new developments for that provider.

### Avoided cost analysis

Service usage data was taken from two sources:

- results of 16 tenant surveys, filled in by workers interviewing tenants of CHPs
- results of 5 client surveys, filled in by workers interviewing clients of specialist homelessness service providers.

The validity of this service usage data is dependent upon client recall, and the incidence/duration of service usage was not always clear from client responses. In these cases, conservative assumptions were made on a consistent basis.

The response rate for the tenant group (treatment group) was sufficiently high to be broadly statistically representative. The demographics of the tenants surveyed were compared with the demographics of public housing tenants in the ACT (control group) and they were found to be similar. This means that the service usage data and thus average level of health, justice and welfare costs faced by tenants is likely to be broadly representative of tenants in social housing in the ACT that were formerly homeless.

However, the low survey response from the control group means that the usage rates of clients surveyed are not necessarily representative of homeless clients in the ACT, and as a consequence, the average estimate of health, justice and welfare costs for this group are not likely to be representative of costs facing all homeless clients in the ACT.

The key assumption guiding this analysis is that if a person is given housing, their likely need for, and thus usage of those services would be lower than a similar group not given such services, yielding a cost saving for governments. It should be noted that because the two groups are *different people*, the differences in usage between the groups may reflect *different compositions and characteristics* of those individuals and may not simply be attributable to their differing housing circumstances. We have sought to reduce this error at least partially at a later stage in the analysis by harmonising the composition of clients in the homeless group with the tenant group, regarding their respective demographic characteristics.

The **average per incidence cost data** on health, justice and welfare costs was taken from other organisations (principally, Productivity Commission, Australian Institute of Health and Welfare (AIHW) and Services Australia) (see Appendix A for details). We find that many of the indicative costs in the ACT for services are higher than in other jurisdictions. This means overall costs of health, justice and welfare services per client may be higher when compared with other studies.

We multiply the indicative cost data with rates on service usage derived from the client and tenant surveys to estimate costs of services used both for each person (thereby identifying a median figure) and an average across all persons.

Caution is required in using the average figures, especially since the control group sample is small. For example, it is possible that the inclusion of two persons in the small sample of 5 with very high costs (\$212,000 and \$162,000 respectively) may skew the average housing cost significantly upwards. Because the tenant group is not as influenced, this may also affect the estimated level of cost offset.

While we have still calculated an average cost level for homeless and housed clients, we have sought to provide a check for this by considering the median costs, which may not be as influenced by these two large cases.

Furthermore, because estimates of health, justice and welfare costs for individual clients are likely to be valid as reflecting the types of service costs those individual clients generate, they may be indicative of the costs for particular types of client. We have sought therefore to match those client types with demographically similar persons in the housed group to get an indicator of the differences.

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## 3. Cost of developing and providing social housing

In this section we seek to better understand the cost of social housing. This includes:

- annual recurrent cost of public and community housing
- cost of developing new community housing
- funding gap for operating community housing
- funding gap for developing new community housing.

### 3.1 Annual recurrent cost of social housing

The Productivity Commission (2018) defines the annual recurrent cost of housing as comprising both operating and capital costs:

- **Operating costs** include maintenance and wages and salaries for provision of tenancy support.
- **Capital costs** includes the average costs providers have to pay for the land and housing ('capital') they provide and is typically made up of both depreciation (annual consumption of non-current physical assets used in delivering services) and user cost of capital (the opportunity cost of funds tied up in the capital used to deliver services).

#### 3.1.1 Expenditure on social housing by government

The Productivity Commission Report on Government Services (ROGS) publishes annual estimates of Government expenditure on public housing. As at 2019–20 the operating costs for public housing in the ACT are \$12,460 per year, depreciation costs are \$3,103 per year, and user cost of capital costs are \$39,778 (Table 4). This means the overall cost of public housing to the ACT government is around \$55,312 per year (ROGS 2021).

The ROGS estimates the total government recurrent expenditure per tenancy rental unit in community housing (based on data from seven providers) to be \$8,400 per year (as at 2018–19). This reflects the cost to the ACT government which provides funding for various programs run by community housing providers (CHPs).

Table 4: Government recurrent annual expenditure per public housing dwelling / community housing rental unit in the ACT

	Operating costs per dwelling	Depreciation	User cost of capital per dwelling	Total costs per dwelling
Public housing (2019–20)	\$12,460	\$3,103	\$39,778	\$55,312
Community housing (2018–19)	\$8,370			

Source: Productivity Commission (2021) Chapter 18, Tables 18A.43, 45.

The Productivity Commission does not publish figures for capital costs for CHPs. This is because these costs are typically not met by government. While some CHPs may have received capital subsidies (e.g. land donations or housing transfers) from government, the Productivity Commission argue that there are potential complications in measuring capital expenses across all providers, arising from transfer of public housing stock and separating homelessness and housing services.

Some providers account for depreciation or replacement of buildings as an operating rather than a capital cost, which and increases the potential for double counting (Productivity Commission 2021). The Productivity Commission argue that to calculate capital costs appropriately would require separate calculation of the user cost of capital for land and other non-current physical assets (net of capital charges and interest on borrowings) (Productivity Commission 2018).

### 3.1.2 Costs met by ACT community housing providers

This research sought to estimate the recurrent cost of capital borne by CHPs in the ACT using a methodology similar to that used by the Productivity Commission. We obtained cost data from CHPs through a survey, which asked about the recurrent costs of operating their housing stock, including operating costs and capital values, which enabled us to estimate user costs of capital.

As a short-hand measure, the Productivity Commission (2018) advocate that average user cost of capital can be approximated by using 8% of total capital value (based on a consensus measure decided by jurisdictions). We have used this method in our calculations of costs for CHPs. However, we note that some CHPs suggested they used a lower rate. For example, one CHP we consulted preferred a 3.5% discount rate for capital costs.

We also seek to estimate the annual cost of housing provision net of other revenues such as rent, Commonwealth Rent Assistance (CRA), NRAS subsidies, interest, and other commercial income.

The results of this analysis are summarised in Table 5 below. This shows that the total recurrent cost per dwelling per year for one community housing provider was \$46,900, which is lower than annual recurrent cost for public housing estimated by the Productivity Commission (\$55,300). These figures reflect the lower operating costs indicated by CHPs, and low dwelling values as captured by the user cost of capital.

The costs faced by CHPs are substantially offset, but not covered, by revenues from rent, interest, CRA, federal subsidies and other commercial income sources.

Table 5: Costs per dwelling per year facing ACT community housing provider

	Operating costs per dwelling	Depreciation	User cost of capital per dwelling <sup>^</sup>	Total cost per dwelling	Cost less revenues <sup>#</sup>
CHP1	\$9,125	\$6,523	\$31,234	\$46,883	\$28,433

<sup>^</sup> We assumed an 8% User Cost of Capital for all CHPs

<sup>#</sup> Revenues include rent, CRA, NRAS subsidies, interest, other commercial income.

Source: Survey of Community Housing Providers, January 2021.

## 3.2 Cost of new community housing

### 3.2.1 Method

In this section we estimate the average annual cost of providing housing assuming the housing is owned by a community housing provider. We also estimate the size of the 'funding gap' in providing new affordable housing.

We draw on a methodology used by Zaretsky and Flatau (2015). These authors estimated the overall costs of developing new public and community housing using data they collected from a survey of public and CHPs in 2012–13. Costs included opportunity cost of capital (defined as the return that could have been made if the funds were employed in the next best use) and operating costs (i.e. for repairs, maintenance and tenancy management, rates etc). They assume the user cost of capital is 8% of capital value. To estimate the net cost of providing social housing, revenues for rent were subtracted from operating costs. Zaretsky and Flatau (2015) found that in the ACT, one unit of new public or community housing (net of rental revenue) would cost around \$32,800 per dwelling per year in 2013 (see Table 5 below). However, it is unclear whether this costing took into account depreciation.

We seek to include depreciation, using the method suggested by the Productivity Commission for estimating capital costs (2018), and include other revenues. From our housing cost survey sent to CHPs, we obtained information from two providers around the costs of development associated with recent housing developments.

The estimated average costs of development, other operating costs, and the funding mix are outlined below (see Table 6). As can be seen costs varied between Developer 1 and Developer 2. This is explored further below.

Table 6: Cost of developing a new unit of public or community housing, ACT

	Capital / development costs per dwelling	Average user cost of capital per year*	Depreciation / replacement costs~	Operating costs per year	Total costs per dwelling per year	Total cost per dwelling less	
						Rental and interest revenue	Rental, interest NRAS and cross subsidy
Public and community housing#	\$366,730	\$29,340		\$10,930	\$40,320	\$32,800	
CHP Developer 1							
2- & 3-bedroom dwellings	\$320,000	\$25,200	\$5,500	\$8,790	\$39,500	\$26,900	\$19,200
CHP Developer 2							
3-bedroom townhouses	\$545,700	\$43,700	\$9,400	\$8,810	\$61,900	\$51,100	

# Estimates by Zaretsky and Flatau (2015). Other estimates are from authors.

\* Assumes 8% of capital value less any other interest costs accrued.

~ Annual depreciation/replacement costs are assumed at around 2% of fixed capital value.

Source: Authors – using data from Zaretsky and Flatau (2015) and Survey of Community Housing Providers, January 2021.

### 3.2.2 Development costs and funding gap

CHP Developer 1 sold 86 per cent of the newly developed dwellings as affordable ownership and market price housing, in order to cross-subsidise the minority of the development that was retained by the CHP social and affordable rental housing.

The average cost to develop each dwelling (including land, construction, and other on-costs such as interest on debt) was \$320,000 (this related to both two- and three-bedroom properties). The user cost of capital was the equivalent of around \$25,200 per year. This was calculated as 8% of the capital value of each dwelling, excluding the interest charges of \$5,300.

We assume depreciation costs at around 2% of fixed capital value per year, and assuming a 40-year life cycle. This comes to around \$5,500 per year.

In addition to these capital costs, it is necessary to count other operating costs. The developer makes allowance for repairs, maintenance as well as tenancy management and other costs (rates, water, administration, vacancies, and other costs) of \$8,810 per year. Costs for newer housing appear to be lower relative to existing property because of lower repair costs. This means the total costs (both capital and operating costs) of providing one unit of new community housing for affordable rental was equal to \$39,500 per dwelling per year.

The rental housing retained by the provider would involve receipt of rental payments. In this case, the provider also received an NRAS subsidy and benefited from a cross-subsidy from the profits of sale of other housing developed. We estimate the costs of each house retained by the CHP as rental housing would be covered by a mix of revenue including:

- rent revenue
- interest revenue
- market sales cross-subsidy
- federal funding from the NRAS program.

Remaining costs would need to be covered by ACT government operating subsidy. We find that once revenues are included, the net cost would be \$19,200. However, a more realistic scenario would be to exclude revenue sources that are not always available. In the absence of the market sales cross-subsidy and NRAS funding (which has now ceased), the effective subsidy would have needed to be closer to \$26,900 per dwelling per year.

Developer 2 provided a much higher estimate for the costs associated with developing three-bedroom semi-detached townhouses in a suburb of Canberra (\$545,700 per dwelling). These higher costs push up the effective capital costs of the development. For the properties retained as affordable rental properties, the rents charged were also lower than those charged by the other provider and these only provided for a smaller portion of funding mix.

Making similar assumptions around other revenue sources and operating costs to the case above, and excluding NRAS and other cross-subsidy, we find that the total annual costs to the ACT government of providing a unit of community housing for this higher-cost provider would be closer to 79% of the funding mix, or \$41,600 per dwelling per year.

### 3.3 Summary

This chapter has shown that present government recurrent spending on community housing is below that provided to public housing. The costs of providing existing community housing are typically below that of public housing, reflecting leaner cost provisions for operating and some capital costs. Even so, the revenues from rent, interest and other federal subsidies are not enough to fully cover those costs.

Viability of new developments in social rental housing is dependent upon the costs involved in procuring and operating housing, (such as high land costs) and likely rents charged (in turn linked to tenant mix).

We sought to understand how much it would likely cost annually to meet the funding gap for additional units in social rental housing, based on the development and operating costs, net of revenues of two ACT based providers. The cost of funding the gap for a low-cost dwelling per year was as low as \$19,200 (where the development benefited from NRAS and other cross-subsidies), and up to \$26,900 per year (without NRAS or cross-subsidy). A higher-cost option with low rent implies a cost as high as \$51,100 per year. Given that many providers do not have access to cross-subsidy, and the NRAS program is no longer operating, the estimates of \$26,900 to \$51,100 appear to be more realistic indicators of the annual subsidy cost.

## 4. Case histories of homelessness and service usage

Below we construct some vignettes of real people who are presently or have recently been homeless, based on case records summarised from the OneLink service in the ACT. The records illustrate the varying experiences of people facing homelessness in the ACT, and the types of homelessness, welfare, justice, and health services they have accessed.<sup>1</sup>

### **Jimmy and his dog are experiencing persistent homelessness**

Jimmy is a 56 year old single man and has been experiencing homelessness for the last 7 years. For most of this time he has been sleeping in his car with his dog, and other times couch-surfing and paying rent in other people's houses.

With labouring experience, Jimmy has moved across the east coast looking for work. He says he has developed a resilience and adaptability and is now used to living on the streets.

He has been in Canberra since October 2019. Following a short stay with people in public housing, he has been sleeping in his car outside an emergency services provider. Because he is inseparable from his dog, Jimmy has been ineligible for emergency housing. He wants to stay in Canberra and thinks he's applied for housing but has not received any documents of confirmation.

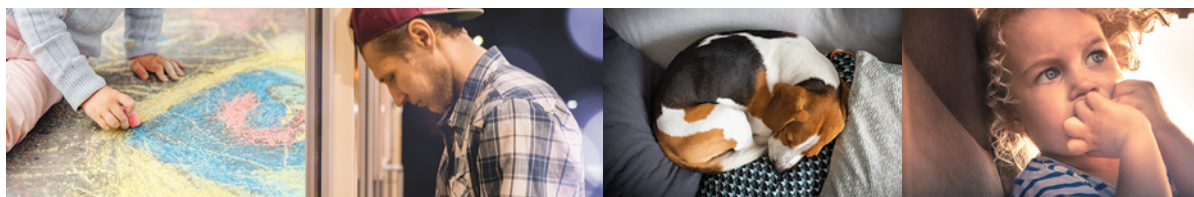
Up until recently, Jimmy had not accessed support services, and has no family locally. He has no legal issues but owes money for a Centrelink debt and bills from previous housing.

He has no major health concerns except for diabetes. He needs to access a GP to get medications for this.



<sup>1</sup> OneLink was not able to provide associated cost data.





**James is a young person who is finding it difficult to access appropriate help**

James is 19 and has had unstable housing over the last 12 months. James was initially living with his sister in transitional housing, but a fire forced them to seek alternative accommodation. Because he had turned 18, he initially accessed adult male emergency accommodation. However shortly afterwards he was referred to a youth refuge because it was felt he would be vulnerable around other men of older ages. James stayed at the refuge for 5 months but was evicted due to lack of engagement with services and so returned to the adult emergency accommodation until December 2020. He has since been placed in a Housing ACT property for 12 months with support from a specialist homelessness service using resources from the Client Support Fund.

While in the youth refuge, James accessed adolescent mental health services. He had trouble communicating verbally and did not stay in the service. He has been diagnosed with depression, but there is also concern about his cognitive ability and the possibility of selective autism. He has not been able to access any services under the NDIS.

While living with his sister, James was charged with assault for hitting his stepfather while protecting his mother from Domestic Violence.

**Juan is struggling with complex issues**

Juan is in his 60s and has experienced long-term homelessness. He is alienated from his family and is single. Juan once had a Housing ACT property but was evicted for hoarding in 2016. He has stayed since at several homelessness and social housing services but has been banned for anti-social behaviour. Despite offers to lift this ban, Juan does not want to re-engage with housing due to a loss of dignity and so he is presently homeless. Most recently, he was offered accommodation through a transitional housing provider in October 2020 but struggled with the fear of living independently and did not take up the offer.

Juan is receiving the Disability Support Pension. This relates to drug and alcohol use. Juan has been using Heroin since he was 20. Although he has been hospitalised for alcohol or drug related health issues and been in rehab and detox a number of times, he finds this a difficult process. He currently is seeking to detox 'cold turkey' as he has been informed he would be banned from formal detox facilities. He feels the previous experiences of alcohol and other drugs (AOD) counselling have not been helpful to him, and he gets angry at the stigma of being labelled an injecting drug user.

Juan has a history of mental health issues and has regularly engaged with the OneLink crisis team but has a negative relationship with them and has not been receiving regular support. He presented at the hospital in September 2020 and was admitted to the High Dependency Unit. He was provided temporary accommodation through the Mental Health Foundation but to his knowledge does not have any diagnosis or plan in place.

Juan has many on-going physical health issues, including dental issues, tongue and mouth issues, and a previous cancer diagnosis. He has lost weight, has numbness in his legs and trouble breathing. He has not accessed a GP for many years. Recently, he has been recovering from an injured hand from being attacked with a knife, and still experiences pain. Making appointments is difficult and so he often disengages with supports.

Juan was in prison 20 years ago for drug related offences, and admits he has a history of dealing in drugs. He has not had any recent charges but has been involved in crime for many years and has had 'hundreds' of police charges. Despite this, he has gained insight into his behaviour and is now more future focused and wants to get his future back on track.



#### **John and his children have struggled with obtaining stable housing**

John and his three primary aged children have had a history of unstable housing over the last few years. Although he and his family had a Housing ACT property in Canberra, he has faced a number of personal challenges, including a relationship breakdown with his wife, the sickness and recent death of his wife, and assault by his son-in-law in early 2020.

Although Housing ACT allowed John and his family to remain in the house the family were occupying, the assault made him very worried about the safety and security of himself and his family. His cultural community helped find new housing, but this became problematic as the property became overcrowded during COVID-19. He and his family were provided hotel accommodation at a cost of over \$12,000 for four months. After this, they were provided new temporary housing and support using the OneLink Client Support Fund in July 2020, until Housing ACT could provide secure housing.

John has had to navigate some contacts with the justice system. This has included requiring legal aid to obtain documentation for his children, police attending after the assault, and the issuing of restraining orders between John and his son-in-law.

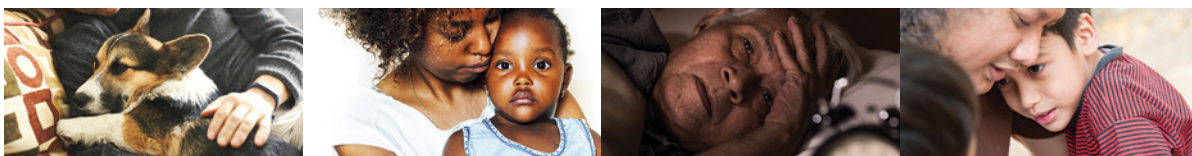
#### **Michael and his dog used the Client Support Fund before getting housing**

Michael grew up in, and has lived his whole life, in Canberra. The relationship with his family has progressively worsened since his mother died, and he stopped living with his father and sister 15 months ago. Although Michael has an employment history and skills in blue collar work, things got worse for Michael after a bad car accident 10 years ago. He has had a history of dealing with Housing ACT for over 15 years but has a negative attitude towards them.

Since then, he has been sleeping in a car with his dog, couch surfing and intermittently living in private hotel accommodation. He tried but was unsuccessful in securing a private rental lease. He is unable to use supported accommodation in Canberra as he is very attached to his dog and they don't accept pets. OneLink have used brokerage funds to defray the cost of private hotel accommodation until a Client Support Fund became available. In December, he moved into a Housing ACT property for 12 months with outreach services, with the hope he can establish independence upon finding work.

Michael says he has been on the verge of mental health breakdown for several months, has had suicidal thoughts, and has had emotional and angry presentations to the OneLink team. However, it is not known whether he has a mental health diagnosis and he has not had any mental health supports. He also has a back and neck injury that makes it difficult to sleep in the car.

Michael also has had contacts with the justice system. He was recently on bail for theft and was pending sentencing for driving under the influence.



#### Min and her children have experienced domestic and family violence

Min and her children moved out of her family home in August 2020. She became homeless in part due to a child protection threat to remove children if she and the children remained where a perpetrator of violence remained. There was no attempt to have a Family Violence Order put in place or the perpetrator removed because of perceived safety risks associated with the perpetrator.

Min was initially moved to DFV hotel accommodation for several months and applied for a transfer to new Housing ACT accommodation. Min was advised it may take 6 months or longer for her to get suitable accommodation. The Domestic Violence Crisis Service could not accommodate Min and her children for that long and had to move the family 8 times. She was moved to a OneLink brokerage service for several months – this cost OneLink almost \$10,000 and Min a similar amount. In January 2021, Min moved into temporary social housing, but she was still waiting for a Housing ACT transfer into more permanent accommodation.

Min has experienced a long and severe history of domestic violence. Min and her family are receiving women's and family outreach and domestic violence services.

### 4.1 Key findings

The vignettes highlight several issues relevant to estimating the costs and benefits of providing social housing. A key insight is that the crisis and temporary responses to homelessness that are offered to many clients of SHS tend to compound rather than alleviate disadvantage. This tends to prolong experiences of homelessness and entails ongoing high costs for the provision of services and support, as well as use of health and justice.

- **Long histories of housing instability and service usage.** People accessing the OneLink service often have had a long history of homelessness and housing instability. Despite repeated attempts to access suitable health, welfare, justice and housing services, they have struggled to get services in an integrated and timely fashion that would allow them to overcome their difficulties. In some cases, barriers such as pet policies have prevented access to emergency or crisis accommodation.
- **Lengthy wait times for social housing mean clients rely on expensive short-term accommodation.** The lengthy wait time to obtain suitable social housing has meant that OneLink has supported some individuals and families into temporary or hotel accommodation, using funds from the Client Support Fund. This has come at a significant cost to the government and to the client. In other cases, because the person remains sleeping rough, the housing related cost to the government is minimal, but the personal costs to the individual are high.
- **Some clients have very high service usage.** Some persons have remained homeless for many years, and have had multiple engagements with mental health, justice and drug and alcohol sectors, but without adequate resolution. This has incurred significant costs to the taxpayer through the health and justice systems.
- **Some people hardly access services at all.** Some persons have low health and justice costs. Sometimes this is because peoples' physical and mental health is good, and they have not come into conflict with others or the law and so their engagement with services is light. Sometimes service usage is low because people are excluded from services, for example, they are lacking a mental health diagnosis or are not disclosing other issues that would enable them to access services. Some clients with pets are excluded from accessing short term accommodation. Others are experiencing complex issues that mean they find it hard to access appropriate services. Some have exhibited difficult behaviours and have been banned by some services. Others have a deep distrust of services due to previous bad experiences and do not want to get involved with the services system. This lack of access to appropriate services has potentially adverse impacts on quality of life outcomes for the individual, but minimal impacts on the public purse in the short term.

These vignettes provide insight into the many and varied circumstances that lead people to experience insecure housing and homelessness. They highlight the importance of supports and services that are responsive to these life events and that are joined up. They highlight the struggles people face in trying to access longer term affordable and appropriate housing.

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## 5. Cost offset analysis

This section analyses the justice, health and welfare costs for persons experiencing homelessness in the ACT. It compares these costs with the costs for a control group of people who have similar characteristics and who were formerly homeless but are now tenants of community housing. The aim of this is to estimate the cost savings that would accrue to the ACT Government if more homeless persons were to obtain stable affordable housing in a timely manner.

The analysis includes costs borne by the state and Australian governments in terms of service provision in three areas:

- **Health costs** associated with the client accessing a GP, medical specialists, psychologists, nurse or allied health professionals, emergency department presentations, nights in public hospital (including mental health facilities), nights in community residential mental health, forensic mental health, services in AOD detox or rehab facilities, outpatient services and use of ambulances.
- **Justice costs** associated with interaction with police (e.g. being stopped or apprehended by police, being assaulted or reporting offences), court visits, nights in prison or remand, visits by a justice officer, and some domestic and family violence services (such as overnight crisis accommodation relating to refuges or domestic violence incidents).
- **Welfare costs** associated with income support payments, family tax benefits, and rent assistance, financial and material assistance (e.g. crisis payments, no interest loans, food assistance), rental bond loans, and assistance from Specialist Homelessness Service providers. Taxation receipts from wage income are subtracted from these costs.

Most of the data relating to indicative costs of services were taken from the Productivity Commission's Report on Government Services, reports from the Australian Institute of Health and Welfare, Services Australia or derived from other studies. Indicative costs were typically available for amount of services per service event or cost per night or fortnight. Costs were estimated for usage over a year. A full list of variables and costs is provided at Appendix A.

### 5.1 Overall service use and cost offset analysis

Service usage data for the analysis is based on the responses to the surveys that were sent to clients of ACT homelessness service providers (control group) and tenants of community housing organisations (treatment group) asking for information about their services use over the course of the previous year.

The data analysis for both the treatment and control groups confirmed the findings of other studies that showed that the use (and thus overall costs) of health, justice and welfare services can vary considerably between clients (see Flatau et al. 2020; Parsell et al. 2015), but that overall, those who are in stable housing incur lower costs to government in terms of their service use.

For the housed cohort (N=16 formerly homeless persons that have been housed for over one year in community housing), the average cost of health, justice, and welfare services per tenant was \$60,100, though there was considerable variation between tenants from \$18,900 through to \$133,797. Costs for health averaged \$17,500; costs for justice averaged \$2,800 and welfare costs averaged around \$39,900.

Cost analysis for the homeless cohort (N=5 persons with experiences of homeless for 2 or more years) is more difficult as the small sample size reduces the reliability of average and median estimates of service usage costs for homeless persons. Nevertheless, the analysis reveals that the costs of service usage varies considerably between clients, with the cost of health, justice and welfare for homeless clients ranging between \$32,500 to \$213,000.

The average costs of the homeless group are were \$109,300. This means that the average cost saving for being housed compared being homeless is around \$49,100 (see Table 7 below).

Table 7: Estimated health, justice and welfare costs, homeless and tenant group

	Health, justice, and welfare costs			
	Average costs	Total median costs	High	Low
Homeless sample (N=5)	\$109,300*	\$44,000	213,000	\$32,800
Tenants (N=16)	\$60,200	\$28,700	\$133,800	\$18,900
Estimated cost offset	\$49,100	\$15,300		

Source: Authors.\*

An alternative is to add up the median costs for health, justice, and welfare for each of the two groups. When these are compared, this yields a cost offset of \$15,300.

Some caution should be exercised in relying on the mean estimates – especially for the homeless group, since service usage varies to a great extent and average results will vary significantly according to sample selection. Even so, whether median or mean estimates are used, the data suggest that costs for the homeless group are much higher than for the housed group of clients.

Because of the difficulties of drawing conclusions about potential cost savings using only a small control group, the following section provides costings for individual cases based on the survey responses received from the control group.

## 5.2 Individual examples of service use

The cost savings that might occur because of providing secure housing to people experiencing homelessness have the potential to be significant. This is illustrated below, where we look at the circumstances of clients and the associated costs. First, we provide detail about their stories, before providing information on the costs of their cases. Individual service use and cost offset analysis

In this section we present the stories of the five homeless persons surveyed in our study, and we aim to quantify some of the non-housing costs associated with homelessness. We estimate the cost of individual service use for the homelessness service clients profiled above and compare these to the tenants with similar characteristics (drawn from our treatment group). Table 8 below summarises the health, justice, and welfare costs for each of the homeless clients compared with similar tenants.



Table 8: Health, justice and welfare costs per homeless survey respondent, ACT

Individual homeless clients	Health	Justice	Welfare	Total	Cost for similar tenant
Talia	\$5,835	\$5,362	\$68,971	\$80,168	\$77,475 (7 adult female tenants)
Trace	\$92,947	\$82,944	\$37,115	\$213,006	\$68,000 (3 young tenants)
Terry	\$102,964	\$27,110	\$32,770	\$162,844	\$40,048 (6 adult male tenants)
Bryan	\$ -	\$ -	\$32,770	\$32,770	
Peter	\$1,748	\$ -	\$32,770	\$34,518	
<b>Average cost (5 clients)</b>	<b>\$40,699</b>	<b>\$23,083</b>	<b>\$ 45,483</b>	<b>\$109,265</b>	<b>\$60,147 (16 tenants)</b>
<b>Median cost</b>	<b>\$5,835</b>	<b>\$5,362</b>	<b>\$32,770</b>	<b>\$43,967</b>	<b>\$28,700</b>

Source: Authors.

### 5.2.1 Talia

#### Talia is a single mother fleeing domestic violence

Talia is a 36-year-old mother of 6 children under the age of 15, two of whom are under the age of 5. She is separated from her husband. She comes from a culturally diverse background and does not speak English very well.

Talia is currently receiving a parenting payment and is looking for part time, casual or temporary work. Her parenting responsibilities, lack of educational qualifications and language barriers make this difficult.

It is also hard for Talia to find accommodation. Dwellings that are large enough to accommodate her and her children are in short supply and are expensive to afford. As a result, Talia and her children have been living in temporary and/or crisis accommodation for 2 years and 8 months. Talia is experiencing financial stress and in the past 12 months has struggled to pay for utilities and has also applied for a NILS loan.

Talia is being supported with case management and counselling in relation to domestic and family violence (DFV) related issues. This has included provision of emergency overnight accommodation for DFV related issues and assistance to access public or community housing to achieve longer term accommodation, but this has not yet been successful.

Talia has had contact with the courts and/or police twice in past 12 months in relation to assault related issues and she was once stopped by police in a vehicle. Talia considers herself to be in good physical and mental health and visited a GP several times in the past 12 months and had one overnight stay in a public hospital.

The costs associated with Talia were reasonably high at around \$80,200 per year. These reflected:

- low health costs (\$5,800), associated with public hospital visits
- low justice costs (\$5,400), linked to engagement with police around assault
- high welfare costs (\$69,000), mainly reflecting costs of income support payments and family tax benefit but also assistance by a specialist homelessness service provider.

By contrast, the average cost of services for four other women with children presently in community housing were lower at around \$67,400 per year (health costs were around \$90 a year, justice costs \$9,000 a year and welfare \$58,200 per year).



### 5.2.2 Trace

#### **Trace is a young man experiencing mental health and AOD issues**

Trace is 23 years old and identifies as Aboriginal and/or Torres Strait Islander. He is single and has no children. Trace completed TAFE. He is not currently working or studying.

Trace is experiencing financial stress. He is currently receiving Newstart, but in the past 12 months has also received the disability support pension for a period of 6 weeks. In the past 12 months, he has sought assistance with financial or material aid once, accessed a crisis payment once, and sought food help twice.

Trace is currently living in crisis housing for young people, where he has been staying for 2 weeks now. In the past 12 months, Trace has experienced housing insecurity and homelessness. He rented in the private market for a period of 3 months but got behind in rent and was evicted. He has since stayed in transitional housing for a period of 3 months, various forms of crisis accommodation, stayed with family and friends and has also experienced a period of rough sleeping. This was a very unsettled period, during which he accessed assistance to get short term crisis housing four times and accessed help to get long term housing once.

Trace has been diagnosed with a mental health condition and struggles with alcohol and drug use issues. Trace is receiving support for his mental health condition, but there were times during the past 12 months, where he needed support but could not access it. In the past 12 months he has spent 2 weeks in an adult mental health unit and has received case management services for mental health support, disability services, justice services and outreach support.

In the past 12 months Trace has had over 100 engagements with GPs, medical specialists, nurses and allied health practitioners, public hospitals, and outpatient clinics. Has was on a CTO at some time during the past 12 months, but it is not current. Trace is receiving support for AOD issues and had about 14 contacts for this in the past 12 months. He has also had experiences of twice being stopped and apprehended by the police, has spent 10 nights in prison and 7 days on remand. Trace estimates that he has had around 200 contacts with a justice officer in the past year. Trace has been a victim of DFV.

The costs associated with Trace were very high at around \$213,000 per year. These reflected:

- high health costs (\$92,900), mainly associated with mental health care in hospital
- high justice costs (\$82,900), linked mainly to court costs, visits by a justice officer and some time in prison.
- moderate to high welfare costs (\$37,100), mainly reflecting costs of income support payments but also assistance by a specialist homelessness service provider.

By contrast, the average cost of services for a housed young male was \$133,800, while three young persons presently in community housing cost less on average, at around \$68,000 per year (health costs were around \$35,900 a year, justice costs \$6,600 a year and welfare \$26,200 per year).





### 5.2.3 Terry, Bryan, and Peter

The costs associated with three male adults ranged from very high to low. This partly reflects the varying degrees to which they engaged with the service system – some are utilising health and justice services a lot while others appear to not use them much at all. Usage of welfare services like financial or food assistance was common.

#### **Terry is single male with health, mental health, and substance use issues**

Terry is 38 years old and divorced. He has no dependents. He has been rough sleeping for 4 and a half years. He attended secondary school but did not complete year 12. He is not currently enrolled in study or work and is not seeking employment. He is receiving JobSeeker.

In the past month he experienced housing stress and fell behind with the rent, as a result of which he has been staying with friends and rough sleeping. He has approached an agency to assist him to obtain short term accommodation and has had two support periods from outreach workers.

During the past 12 months Terry has accessed financial assistance or material aid twice and has had two crisis payments.

Terry has been diagnosed with a mental health condition and requires ongoing support for his mental health. He is struggling with his mental health and has accessed case management services for mental health twice in the past 12 months and has seen a psychologist. He has been admitted to a public hospital mental health facility three times and has spent a total of 60 nights there. He has had 14 consultations at a community residential mental health facility. Terry feels that he needs additional and more intensive support for his mental health condition and there were several times during the past 12 months when he needed mental health support but could not access it when he needed it.

Terry has ongoing medical issues with his physical health. In the past 12 months he has seen a GP 7 times, a medical specialist 5 times, a nurse and allied health professional 3 times. He has been to emergency department 5 times and has been admitted to a public hospital 4 times for a total of 13 nights. He used the ambulance 6 times.

Terry struggles with alcohol and substance misuse issues and in the past year has spent 11 nights at an AOD detox or rehabilitation facility. He is currently receiving support for and AOD related issues but feels that he needs more and more intensive support for this. There were quite a few times during the last 12 months when he needed support for AOD related issues but could not access it.

In the past 12 months Terry has been assaulted twice. He is frequently stopped by the police and has twice been apprehended and held overnight by police. He has had 4 court appearances.



### **Bryan struggled to get into long term housing**

Bryan is a 51-year-old single male who has been rough sleeping for over a year. He has recently been housed in transitional housing through the Street to Home program.

Bryan has a bachelor's degree, but he is not currently studying or looking for work. Since being housed one week ago he has been able to access JobSeeker payments and CRA. During his extended spell of homelessness, he repeatedly asked agencies to help him to access long term and medium term accommodation, but this was unsuccessful. Ultimately it was through the outreach services associated with the Street to Home program that he managed to access accommodation.

Bryan has a head injury, which has resulted in a long-term medical condition. However, he did not access any medical services in the past 12 months. While Bryan was sleeping rough, he used drop in centres, the Orange Sky laundry, and he accessed food assistance almost every day.

### **Peter is a single male sleeping rough**

Peter is a 68-year-old single male who has a persistent experience of sleeping rough. He completed secondary school and has no dependents. During the past year he has sought help to obtain medium- and long-term accommodation, but this has been unsuccessful. He has also received support from the Street to Home outreach program.

Peter has been receiving the old age pension for 20 weeks. In the past 12 months he has sought assistance for food and material aid and accessed case management support for health-related issues 3 times. He has no long-term health conditions and saw a GP 5 times in the past 12 months and visited casualty one time.

Costs for Terry were very high at around \$162,800 per year. These reflected:

- high health costs (\$103,000), mainly associated with public hospital visits including for mental health and emergency department presentations.
- moderate justice costs (\$27,100), linked mainly to court costs and engagement with police for matters like theft and assault
- moderate welfare costs (\$32,800), mainly reflecting costs of income support payments but also assistance by a specialist homelessness service provider.

By contrast, the average cost of services for the six male adult persons presently housed in community housing were around \$40,000 per year (Health costs were around \$8,000 a year, justice costs \$1,100 a year and welfare \$30,900 per year).

For Bryan, the costs for were around \$32,800. He had no justice or health costs, and so his costs related only to provision of welfare. Peter (total costs \$34,500) had costs associated with welfare and modest health costs. Welfare costs typically included income support, SHS support and some provision for meals.

### 5.3 Comparison of marginal costs estimated for the ACT with national data/other cost offset studies

The analysis above found a large difference in the annual costs of justice, health and welfare services associated with clients presently homeless and those housed in community housing of between \$15,300 (median costs) to \$49,100 (average costs). These estimates are not statistically robust (due to the low sample size for the homeless client group) and the fact that the two groups are imperfectly matched.

However, the results are consistent with estimates from other studies that have measured the health, justice, and welfare benefits of housing formerly homeless people. Table 9 summarises the results of these studies.

Table 9: Comparison of benefit with other cost offset studies

Author	Date of study	Housing intervention	N	Average benefit per person (justice, health, welfare offsets)
Johnson et al.	2014	J2SI Housing First	40	\$14,978 <sup>^</sup> (government) \$19,687 (society) <sup>^</sup>
Parsell et al.	2015	Brisbane Common Ground long term supportive housing	41	\$27,429 <sup>#</sup>
Zaretsky et al.	2013	Single women's supported accommodation	23	\$8,920 (mean) <sup>~</sup>
		Single men's supported accommodation	17	\$1,389 (mean) <sup>~</sup>
Flatau et al.	2020	Homeless youth	298	\$17,898 (mean) <sup>*</sup> \$4,436 (median) <sup>*</sup>

<sup>^</sup> Health, justice, homelessness, and other welfare services.

<sup>#</sup> Health, justice, and homelessness costs.

<sup>~</sup> Health, justice, and welfare costs.

<sup>\*</sup> Health and justice costs only.

Source: Authors.

The evaluation of the Journey to Social Inclusion (J2SI) Housing First initiative used a randomised controlled trial to examine the social and economic benefits of housing long term homeless people. The key benefits quantified included employment gains and reduced use of health, employment, homelessness and accommodation support services, as well as drug and alcohol, gambling support, justice system and parenting support services. J2SI provided long term housing and support for long term homeless clients in Melbourne. The evaluation identified cost savings per person over the 4-year period of the intervention of \$14,978 to society and \$19,687 to government, compared with a similar group of long term homeless who received assistance from existing services (Johnson et al. 2014).<sup>2</sup>

The evaluation of the Brisbane Common Ground supportive housing initiative used linked administrative data including police, prison, probation, parole, courts, emergency department, hospital admitted patients, ambulance, mental health and homelessness services data) to determine the financial benefits of providing formerly homeless people with long term housing. The analysis found that long term housing yielded a benefit to government in terms of reduced usage of justice, health, and homelessness services of \$27,429 per person (Parsell et al. 2015).<sup>3</sup>

<sup>2</sup> The study did not do a comparison with housing costs but rather compared benefits to the total program costs of the initiative. These were relatively high (\$80,300 per person), so the benefits of the program (which included provision of long-term housing) only offset around a fifth or a quarter of the total program cost.

<sup>3</sup> As the total costs of providing tenancy and support costs to government were \$14,300, they find a net benefit of around \$13,100 from the program.

A recent study used survey data to estimate of the health and justice benefits of housing previously homeless young people across Australia. It found that the median and average benefit was between \$4,400 and \$17,900 per person when compared with a group of long-term unemployed group of youth (Flatau et al. 2020). Although the benefit estimates in this study are lower than those above and it has a larger sample size, this used a different longitudinal survey methodology and only looked at the benefits in reductions of health and justice service usage and not changed usage of welfare or homelessness services.

The other studies all compared these cost offsets against the discrete (one off) program costs associated with supported housing. These typically focused on support services. However, for this analysis we are focused on comparing the cost offsets against the costs of social housing, which inevitably are much higher and stretch over the life of the asset (up to 40 years).

### 5.4 Summary

For the purposes of our analysis, the reduced health, justice and welfare costs of between \$15,000 to \$49,000 associated with receiving secure and affordable housing in the community housing sector might be said to be the 'one-off' cost offset accruing on entering social housing. However, we consider this benefit is recurrent to the extent that if tenants were to exit social housing into homelessness, they would likely go back to accruing high costs, and other entrants into social housing might also have similar benefits. In this sense our estimate can be meaningfully compared to annual housing costs because, as Wood et al (2016: 47) argue, such costs are for 'providing affordable housing to people who would not otherwise be able to access it'.

The homeless individuals featured in this analysis illustrate the varying costs that can occur between individuals. It also highlights the very significant savings that may be available to governments if certain groups such as young people and some men with complex needs can be successfully housed long term.

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## 6. The case for more social housing

Public housing and community housing fulfil complementary roles in the housing system. Public housing provides a safety net for very low-income earners with complex needs (lower range of Q1 income earners). Community housing provides accommodation for very low to low income earners (upper range of Q1 and lower range of Q2 income earners), often with lower complexity of need.

Drawing on the results of this and other research studies, we outline below the arguments for more social housing, and in particular community housing.

### 6.1 Social housing has wider social and economic benefits

The cost-benefit outcomes identified here comprise only a subset of the overall social benefits that we know accrue from social housing, and so underestimate the full net benefits of social housing.

Social housing provides a range of social benefits for its occupants including improved health, safety and sense of empowerment, as well as improved outcomes in relation to education and economic participation (Zaretsky and Flatau 2013; Hulse and Saugeres 2008; Phibbs and Young 2003). These benefits are most clearly seen in relation to housing vulnerable households at risk of homelessness or chronic homelessness (Flatau et al. 2018).

Social housing is a critical form of economic infrastructure that supports inclusive growth, and enables participation, place making and productivity (Flanagan, Martin et al. 2019; Denham, Dodson et al. 2019). Limited affordable housing supply close to job-rich areas impedes economic productivity (Gurran, Hulse et al. 2021; Ong, Wood et al. 2017). Furthermore, affordable housing near public transport enhances labour market access, reducing commuting burdens and road congestion (Dodson, Li et al. 2020).

### 6.2 Present investments in community housing remain modest

Another argument for greater investment in social housing is that the ACT government's current investment in community housing is relatively small.

At present, the ACT government's annual recurrent expenditure is around \$140 million on public housing and \$4.4 million on community housing (Table 10 below). New capital expenditure has been mainly focused on asset renewal processes for publicly owned housing rather than community housing. Efforts to grow the ACT community housing sector have been focussed on one provider, and mainly through management transfers or through contracting of management of head leased properties, rather than through capital investment

As can be seen, expenditure on public housing far outstrips that on community housing.

Table 10: Present amount of social housing and its recurrent cost, ACT, 2019–20

	Present number of dwellings	Households in social housing (2019)	Recurrent cost
Public housing	10,985	10,610	\$139.6m
Community housing	936	751	\$4.4m
New capital expenditure			\$13.5m
Total		11,361	\$157.4m
Households on waiting list (2020)		2,476	
Implied demand		13,837	

Source: Productivity Commission (2021) Table 18A.1

### 6.3 Social housing would address emerging housing need

A key argument for the provision of more social housing in the ACT rests upon the fact that demand for social housing continues to outstrip supply. A study by Lawson et al. (2018) modelled need for social housing based on existing demand for social housing, manifest need (homelessness), and evident needs (rental stress). They estimated that in 2016 around 3,100 households had an unmet need for housing (i.e. they were homeless or experiencing housing stress); this was projected to increase to 8,500 households by 2036. The overall housing need (unmet need plus met need) in 2016 was estimated to be 13,000 and projected to increase to 18,400 by 2036 (see Table 11).

Table 11: Housing need to 2036, ACT

	Current (2016)	Projected new (2017–2036)	Total need (2036)
Met need – social rental	9,900		
Additional need for social rental to maintain share		4,100	14,000
Homeless (manifest need)	600	300	900
Rental Stress (evident need)	2,500	1,000	3,500
Unmet Need	3,100	5,400	8,500
Total need	13,000	5,400	18,400

Source: Lawson et al. (2018) data from Table A8. Please note that the met need figures are derived from Census data (2016) and understate the number of social housing households estimated by the AIHW from administrative source data (11,240 in 2016). In this respect the overall need estimate figure is conservative.

A study by Rowley et al. (2017) had similar findings. They modelled housing need in relation to the number of households unable to enter the market (including those homeless), and those needing assistance to avoid rental stress. They found that in 2017, around 12,600 households were in housing need in the ACT; this is projected to increase to 14,400 by 2025.

Arguably these numbers are conservative. In 2019–20, there were around 11,361 households in social housing. However, almost 2,500 households are also on the waiting list (implying that actual demand for social housing is around 13,840 households), and in 2016, there were 1,586 homeless persons in the ACT (see Table 10). Therefore, the provision of additional social housing would address existing and emerging needs for this type of tenure.



## 6.4 Crisis and temporary accommodation responses do not properly address homelessness

Consistent with previous studies of the ACT housing system (Parsell et al. 2018), the evidence from the OneLink vignettes in this study illustrated the inadequacies of crisis and temporary accommodation in the ACT to address homelessness:

- some people are excluded from crisis accommodation because they have pets
- some people cycle through the system because they have complex needs and cause high costs in the justice and health system
- some people are stuck in inadequate temporary housing for long periods of time before they can make it into long term housing. The cost of this temporary accommodation (afforded through the client support fund) is often very high both to the client and the government.
- temporary accommodation is insecure, sometimes involving repeated moves, which jeopardises the objective to stabilise the housing situation for the tenant.

Investing in more community housing offers an opportunity for policy makers to reorient funding and resources away from crisis management towards more appropriate and considered responses for the prevention and resolution of homelessness through provision of long-term housing.

## 6.5 Costs of investing in more social housing are modest once cost offsets are considered

To invest in more social housing means that CHPs need to bridge the 'gap' that exists between the cost of developing and operating new housing and the income that rental revenue can provide.

The findings from the present project make a compelling case for providing, at the very least, more public or community housing for those who are homeless or at risk of homelessness.

The costs to government of investing in community housing are generally more modest than public housing. Investment costs are higher for new developed properties assuming no access to NRAS or other cross-subsidies.

As our analysis in Chapter 5 has shown, the costs of investing in social housing are partially offset by whole of government cost savings in the areas of health, justice, and welfare. Median benefits are around \$15,300 per dwelling per year, though are often much higher than this in individual cases.

Assuming that those cost offsets are recurrent, the costs of investing in new housing net of revenues and offsets could be as low as \$7,000 (for low cost new housing) and \$36,100 (for high cost housing). The net costs are even more modest for existing community housing - (see Table 12).

The benefit cost ratio is a measure of the proportion of the needed subsidy cost for new housing that is recouped through welfare offsets. This suggests that for every dollar the government spent on a new house that is low cost, the government would recoup 68 cents through benefits in welfare offsets, while they would recoup around 30 cents in every dollar spent on more high cost housing. For low cost housing already existing, on-going costs net of revenues almost fully offset (90 cents in the dollar).



Table 12: Effective recurrent costs (per dwelling per year) of social housing net of offsets

		Recurrent cost per dwelling per year	Cost net of revenues	Median cost offset (health, justice and welfare)	Cost net of revenues and offsets	Benefit cost ratio
Public housing		\$55,300	\$43,300 <sup>^</sup>	\$15,300	\$28,000	0.35
Existing community housing		\$46,883	\$28,433	\$15,300	\$13,133	0.53
New community housing	Low cost	\$39,500	\$26,900	\$15,300	\$11,600	0.57
	High cost	\$61,900	\$51,100	\$15,300	\$35,800	0.29

<sup>^</sup> Assumes rental and other revenues for public housing of \$12,000 per year.

Source: Authors.

## 6.6 Summary

This chapter has shown that there are significant social and economic benefits that accrue to society from investing in social housing. Some of these economic benefits accrue to government through lower costs in health, justice, and welfare service usage.

Despite these benefits, most investments in social housing in the ACT are in public housing and investment in community housing is modest. Although the public and community housing sectors serve similar groups, investments in community housing can effectively address the needs of both Q1 and Q2 households. Furthermore, the cost of investing in community housing is typically lower than public housing.

There is presently a deficit in social housing needed in the ACT. This need is projected to increase rapidly over coming years. The experiences of homeless people also reveal that the crisis-oriented system is inadequate. People are unable to efficiently transition to long term housing, because they have complex needs that make such transitions difficult at the best of times, or because they are stuck in crisis or transitional accommodation for long periods, sometimes at significant cost.

We estimate that the net cost for government to invest in new community housing ranges from \$22,000 to \$51,100 per dwelling per year. These costs are relatively modest, especially after cost offsets are taken into account (\$11,000 to \$36,100) per dwelling per year.

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## 7. Conclusion

Social housing is an important form of social infrastructure that has benefits for society - in terms of social inclusion, participation, and productivity. Social housing improves outcomes for residents through improved health, education, safety, employment, and empowerment.

This research highlights the acute need for social housing at present and into the future, and the issues with relying on crisis and temporary housing. The case histories of clients in the homelessness system have illustrated the problems that presently exist, with many excluded, stuck or cycling through the system, in the process creating costs for the government and exacting a high cost on the individuals concerned.

Despite the apparent benefits of social housing, relatively little capital funding from the ACT or Australian governments goes towards growing the stock of social housing, especially community housing. This lack of growth is becoming even more acute with the demise of the federal NRAS, which had supported some growth in the sector in the previous decade.

Both public and community housing provide housing to those on the lowest incomes, with public housing focusing on those with the lowest incomes (Q1) and community housing providing housing for those on very low and low incomes (Q1 and Q2). There is a need to provide funding for both forms of housing into the future, but there is a particular need to expand forms of affordable rental housing such as provided by the community housing sector. This is because community housing addresses a gap in the housing market that arises due to the failure of the private market to provide secure and affordable tenure options for low income earners.

The costs of community housing are relatively modest. While public housing presently costs the ACT Government around \$55,300 per dwelling per year, we estimate the average cost for CHPs of operating community housing for one provider to be around \$46,900 per dwelling per year.

The funding gap (i.e. annual cost of developing a new unit of housing net of rental and other revenues and the amount necessary for government to make investment viable) for new community housing could be as low as \$19,100 per dwelling per year for affordable rental housing that also has cross subsidy from other sources, and charging rents at a discount to market rent. However, the funding gap is higher when providers offer more affordable rents (such as those on lower income), provide more tenancy support or larger housing. We estimate the funding gap to be between \$26,900 to \$51,100 per dwelling per year in the absence of any other federal or developer source of cross subsidy for housing of different sizes and locations.

This research shows that the net costs for investing in more affordable housing would be substantially defrayed by the avoided costs in health, justice and welfare costs that would occur through these investments. These avoided costs (ranging potentially between \$15,300 and \$49,000 per person) are broadly consistent with other estimates of other Australian studies. Some homeless clients reveal very significant usage of justice and health services, especially for younger clients and some males with mental health issues and so the cost offsets for these groups are even higher. The cost offsets involved are consistent, if not somewhat larger than other Australian studies.

Providing additional public and community housing to meet the needs of those presently homeless or at risk of homelessness could yield significant benefits to ACT and Federal Governments by helping to reduce the usage of health, justice and welfare services, reorient the system away from a crisis orientation, improve outcomes for individuals and provide a useful form of social infrastructure with wider social and economic benefit.

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# Appendix A: Cost data sources

Table A 1: Indicative health costs per unit of usage - ACT

Medical cost type	Cost per unit	Unit type	Source	Year
<b>Medicare benefit schedule subsidy</b>				
General practitioner	\$50	Attendance	Department of Health Table 10	2019–20
Medical specialist	\$85	Attendance	Department of Health Table 10	2019–20
Psychologist (Mental health care Medicare)	\$104	Attendance	ROGS* Table 13A.10	2018–19
Nurse or allied health professional	\$85	Attendance	Department of Health Table 10	2019–20
<b>Hospital costs</b>				
Emergency Department (admitted)	\$1,412	Per presentation	ROGS Table 12A.59	2019–20
Public hospital	\$5,685	Per separation	ROGS Table 12A.57	2018–19
Public hospital mental health	\$1,161	Per bed day	ROGS Table 13A.37	2018–19
Forensic Mental Health (public hospital)	\$3,307	Per bed day	ROGS Table 13A.37	2018–19
<b>Other costs</b>				
Ambulance	\$1,013	Per response	ROGS Table 11A.2	2018–19
Outpatient (ambulatory care)	\$243	Per treatment day	ROGS Table 13A.41	2017–18

\* ROGS = *Productivity Commission Report on Government Services*.

Source: Authors.

Table A 2: Indicative justice costs per unit of usage - ACT

Justice cost type	Cost per unit	Unit type	Source	Year
<b>Police related costs</b>				
Victim of assault	\$2,632	incidence	Zaretsky et al. (2013) uprated by CPI	2019–20
Stopped in street	\$195	incidence	Zaretsky et al. (2013) uprated by CPI	2019–20
Stopped in vehicle	\$98	incidence	Zaretsky et al. (2013) uprated by CPI	2018–19
Apprehended	\$442	incidence	Zaretsky et al. (2013) uprated by CPI	2019–20
Held overnight cost per night	\$323	night	Zaretsky et al. (2013) uprated by CPI	2019–20
Night in remand or detention	\$323	Per bed day	Zaretsky et al. (2013) uprated by CPI	2019–20
<b>Court related costs</b>				
Court costs	\$4,624	finalisation	ROGS Table 7A.33	2019–20
<b>Corrections related costs</b>				
Visited by justice officer	\$195	visit	Zaretsky et al. (2013) uprated by CPI	2019–20
Night in prison	\$559		ROGS Table 8A.19	2019–20
<b>Protective accommodation</b>				
Domestic Violence accommodation	\$43	Per night	ROGS	
Child protection – out of home care costs	\$145	Per placement night	ROGS Table 16A.33 (costs and number of placements)	2018–19

Source: Authors.

Table A 3: Indicative welfare costs per unit of usage – ACT

Welfare cost type	Cost per unit	Unit type	Source	Year
<b>Homelessness services</b>				
SHS service	\$5,863.00	Average annual cost	AIHW	
<b>Income support benefits</b>				
Coronavirus supplement (6 months)	\$550.00	Fortnightly payment	Services Australia	2020
Jobseeker payment (single, no kids)	\$565.70	Fortnightly payment	Services Australia	2020
Parenting payment (single)	\$790.10	Fortnightly payment	Services Australia	2020
FTB(A) (0-12)	\$189.56	Fortnightly payment per child	Services Australia	2020
FTB(A) (13-15)	\$246.54	Fortnightly payment per child	Services Australia	2020
FTB(A) (16-19)	\$246.54	Fortnightly payment per child	Services Australia	2020
FTB(B) (per child)		Fortnightly payment	Services Australia	2020
DSP (single)	\$952.70	Fortnightly payment	Services Australia	2020
YA/Austudy/Abstudy	\$462.50	Fortnightly payment	Services Australia	2020
Old age pension (single)	\$860.60	Fortnightly payment	Services Australia	2020
<b>Housing assistance</b>				
RA (Family tax payment recipient, max benefit)	\$185.36	Fortnightly payment	Services Australia	2020
Rental bond loans scheme	\$2,000.00	Average payment	ACT Government	2020
<b>Other financial and material aid</b>				
NILS	\$1,500.00	Average payment	Services Australia	2020
Crisis payment	\$123.27	Average payment	Services Australia	2020
Food help	\$5.00	Per service	Estimate	2020
<b>Taxation (recouped from those working) (assumes 16 hours work for part time worker, taxed at lowest marginal rate above minimum threshold)</b>				
Minimum wage	\$19.84	Per hour	Fair Work Ombudsman	2020

Source: Authors.





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