



Individualised housing assistance: findings and policy options

Inquiry into individualised forms of welfare provision and reform of
Australia's housing assistance system

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Inquiry panel members

Each AHURI Evidence-Based Policy Inquiry is supported by a panel of experts drawn from the research, policy and practice communities. Panel members for this Inquiry:

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Acronyms and abbreviations used in this report

AHURI	Australian Housing and Urban Research Institute Limited
AIHW	Australian Institute of Health and Welfare
CDC	Consumer Directed Care
HILDA	Household Income and Labour Dynamics Australia
ILC	NDIS Information, Linkages and Capacity Building scheme
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
RA	Rent Assistance
SCRGSP	Steering Committee for the Review of Government Service Provision

Executive summary

- Recent years have seen a trend towards the individualisation of social programs and away from ‘one-size-fits-all’ models, in Australia and other similar countries.
 - In Australia, individualisation is the centrepiece of one of the country’s most transformative social reforms, the National Disability Insurance Scheme (NDIS), which aims to provide people living with disabilities greater control over their lives through individualised funding to purchase the support that they require.
 - Parts of the Australian housing assistance system are already individualised to an extent, through payment of government transfers to people in receipt of income support to find accommodation in the private market to rent. However, such demand-side assistance is typically standardised rather than tailored to individual preferences and needs.
 - In practical terms, it is difficult to exercise choice in the private rental market due to shortages of affordable accommodation. Only government investment in addressing supply shortages will increase the choice for very-low-income and vulnerable households.
 - Other parts of the housing assistance system operated traditionally in a supply-driven, ‘top-down’ model. States and territories have been experimenting, often over a long period, with new models that provide greater choice of providers, different forms of housing management, and new types of connections with other types of support services.
 - There is widespread support for more customised products and services, although some elements are controversial (e.g. allocations protocols, different lease lengths and diversity in rent setting).
 - A move to individualisation of housing products and services requires careful attention to regulation and monitoring of standards as well as evaluation of the outcomes for very-low-income and vulnerable households. Tailored forms of housing assistance should have a prevention/early intervention focus, as well as provide for intermittent and ongoing needs.
 - Individualisation could involve clients having a greater say in developing more customised support packages, even without a system of support funding/personal budgets. Some vulnerable people would need support and advocacy in this process.
 - It is important to experiment with, and then evaluate the effectiveness of, new means of improving individualisation in housing assistance; obtaining the views of providers and consumers/clients is important in this process.
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Key findings

- Australian and international experience indicates a number of ways in which individualisation of housing assistance can respond more sensitively to the varied needs of different population groups.
- One widely used means of individualisation is demand-side assistance to improve access to *existing* private rental housing markets. A variety of measures have been used to address this issue, including redesign of policy instruments to address variations in housing markets and better information/support/counselling to assist households to find affordable and suitable private housing. The research found that this type of assistance is of limited effectiveness if the market does not respond through improving supply.
- Another means of individualisation is through *creating* markets (or quasi markets) for welfare services. Applying the learning from Australian and international experience, this could entail private, not-for-profit and government organisations competing to provide different types of housing assistance. Housing assistance clients could have a personal budget to access the ‘bundle of assistance’ they require. There are practical difficulties in applying this approach to housing assistance, which involves assets as well as services.
- The National Disability Insurance Scheme (NDIS) is a worked example of individualisation through personal budgets and creation of markets. It will shape the housing choices and experiences of people with disability. At this juncture it is anticipated that at full roll-out of the scheme in 2019, between 83,000 and 122,000 people will struggle to secure appropriate low-cost housing.
- If the NDIS is to meet its full potential, additional supply-side subsidies, integrated with finance and design innovations, are required to meet future NDIS participants’ housing needs. Attention to design and location can deliver savings on support provision and recoup some of the capital costs of housing developments.
- More customised delivery of housing assistance services, as assessed by service providers, can be effective in assisting diverse population groups with a range of needs. This approach does not in itself deal with the problem of lack of supply, nor necessarily give power to clients to make decisions on their own behalf. Some clients are vulnerable and will need advocates (including family members and support workers) to ascertain and represent their views. High standards can be achieved through adequate funding and attention to the quality of relationships between clients and providers.
- Individualisation through market mechanisms and customisation of services changes the dynamics of service provision. Competition can engender an organisational culture in which other service agencies are seen as threats rather than as collaborators. Additionally, competition can accentuate an overt focus on short-term performance goals at the expense of welfare and relational aspects of care.
- Continuing experimentation with different models of housing assistance individualisation, and good evaluation, is required to establish what works, and for whom, in an Australian context. An aim of individualisation therefore is to enhance access to affordable and suitable housing.

Policy development options

If the goal is to design and implement housing assistance to enhance individualisation and connect with innovation in other areas of social policy, co-ordinated policy development is required in a number of dimensions.

- *Extending individualised demand-side assistance to broaden choice for consumers.* There are options to provide financial assistance to enable very-low-income and vulnerable households to find accommodation of their choice. This already applies to households renting in the private market and from community housing organisations, and could be extended to households in public housing. However, in view of compelling evidence about the serious shortage of affordable rental housing for this group, such a strategy would need to be accompanied by supply-side measures and involve governments at all levels. The federal government would need to consider how its taxation powers could stimulate additional low-rent supply, and also financing mechanisms to stimulate investment in new supply. The state and territory governments would need to consider how they could use their planning and land management powers to make available land for affordable housing.
- *Promoting diversity and choice in social and affordable housing.* This would require a concerted strategy from governments to connect with the not-for-profit housing sector in different ways to support social and affordable housing providers, ensuring their programs meet key social objectives and are financially sustainable over the longer term. Such support could include funding, regulation, policy development and development of partnership agreements with key providers. It would also require a bottom-up view of choice and access.
- *Extending customised services to housing assistance clients.* This would require an enhanced understanding of the range and type of housing needs in the community (drawing on research conducted for this Inquiry as well as other research) and customisation of services to meet the needs of diverse population groups (i.e. those requiring short-term/intermittent assistance, as well as those requiring complex, on-going and longer term help). Components of housing assistance to be considered would include: type of housing and housing management; housing support services; and connection with other types of social supports. The aim would be to develop customised packages of support applicable to particular needs. This would involve a more client-centred approach and a cultural change within government and not-for-profit organisations.
- *Involving clients collectively in the design of components of the housing assistance 'package'.* Policy development in this area would seek to involve those who require housing products and services and other support in design and implementation. This would be a bottom-up approach to individualisation and co-production, rather than a top-down approach to service co-ordination and planning.

The study

This report presents the findings of an Evidence-Based Policy Inquiry (for panel members, see Appendix 1). The research team was led by Professor Keith Jacobs of University of Tasmania and involved colleagues working at Swinburne University of Technology, RMIT University and the University of New South Wales (UNSW). Three research projects were conducted to support this Inquiry.

- Project A: 'Individualised and market-based housing assistance: evidence and policy options' considered the underpinnings of market-based mechanisms and welfare reforms as applied to housing assistance. It collected data on the development and implementation of individualisation programs both overseas and within Australia, encompassing payments to individuals, service responses and user participation. The full report of this project has been published (Jacobs et al. 2015).
- Project B: 'Housing assistance demand: a household-based policy analysis' used data from the Household Income and Labour Dynamics Australia (HILDA) survey to anticipate future demand for housing assistance and the extent to which assistance might be customised to meet this demand. The project also included in-depth interviews with senior-level expert

stakeholders from government, the community sector and industry, to hear their views on the efficacy and viability of individualised and/or choice-based models of housing assistance in Australia. The final report for this project has been published (Stone et al. 2016).

- Project C: 'NDIS, housing assistance, choice and control for people with disability' focused on the NDIS as a live case study. The project sought to ascertain the challenges presented when organisations attempt to deliver assistance in the form of individualised care packages. The findings of the project have been published (Wiesel and Habibis 2015).

This Final Report integrates research from the three empirical projects and sets out future policy options that arise from the findings.

1 Introduction

- Social policy innovation in Australia and internationally has aimed at greater individualisation of products and services, with a move away from ‘one size-fits-all’ solutions—key examples being aged care and disability services.
 - This report considers the prospects for greater individualisation of housing assistance (i.e. housing, housing management and support services) within this broader context.
 - Greater individualisation can be achieved through:
 - improving choice in markets
 - greater customisation of services through clients’ input.
 - While customisation of services attracts widespread support, the practicality of improving choice for vulnerable people through market-based solutions has generated controversy.
 - The National Disability Insurance Scheme (NDIS) is an Australian example of a far-reaching reform that sets out to improve choice through elements of market provision *and* customised services, using a model in which all citizens share risks and all citizens contribute to improving the lives of people with disabilities.
 - This chapter introduces the scope of the Inquiry and three supporting research projects, which considered these issues.
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1.1 Why this research was conducted

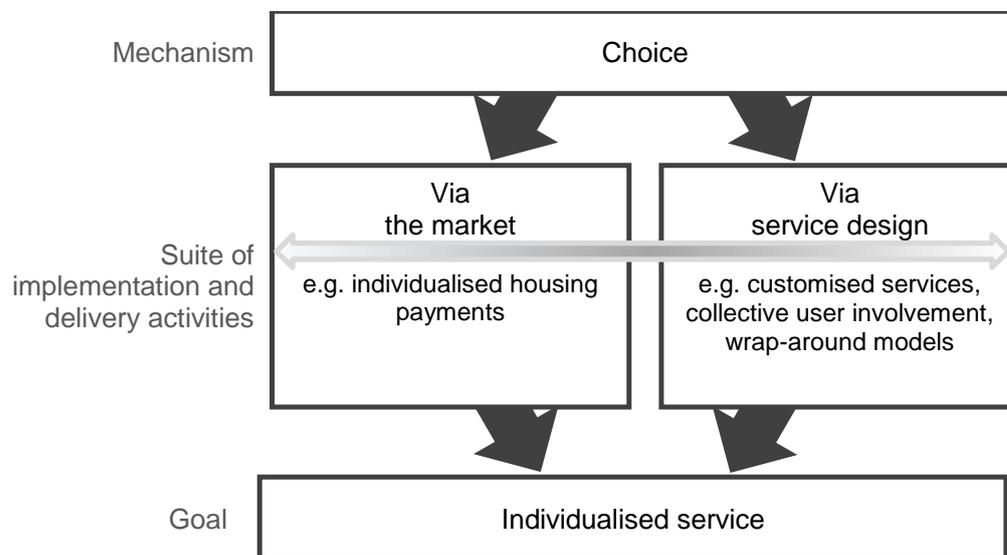
Recent years have seen a trend towards the individualisation of social programs in various countries and away from universal provision of services and one-size-fits-all models. Examples of individualisation include direct payments and personalised budgets (in England and the Netherlands) and ‘consumer-directed support’ and ‘cash and counselling’ (in the United States). In Australia, the shift to individualisation is the centrepiece of one of the country’s most transformative social policy reforms in recent history—the NDIS, which aims to provide people with a disability with greater control over their lives through individualised support funding. Individualised social programs such as the NDIS have brought this issue to the fore of housing policy, yet housing assistance in Australia remains primarily a standardised set of services, goods and benefits provided by government in a top-down, rather than individualised, manner.

In 2014, Australian Housing and Urban Research Institute Limited (AHURI) established an Inquiry to consider the utility of individualised forms of housing assistance and assess whether their implementation could lead to improved services and better outcomes for low-income and vulnerable households. The overall aims of the Inquiry were to develop a policy framework and directions for reforming the housing assistance system and to consider the value of customised packages of different types of housing assistance and related support. The Inquiry considered policy innovation, both in Australia and internationally, which has moved away from generic supply-driven approaches to focus more on individualised packages that can be attuned to the circumstances of people who require support.

1.2 Choice and individualised services

An important part of the initial work was to provide definitional clarity to some of the key concepts that feature in policy debate about individualisation. A distinction was made between 'individualisation' and 'choice'. 'Individualisation', we argued, was best understood as a guiding principle or rationale that reorientates practitioners towards more tailored or customised forms of service delivery. 'Choice', on the other hand, is one of the *mechanisms* that can be deployed for implementing the goal of individualisation. Choice can be enhanced through a suite of implementation and delivery activities, such as: extension of market principles and competition; the redesign of services; or a combination of the two. It is therefore helpful to see 'market' and 'service design' as constituting a suite or continuum of activities in which interventions are put into effect (see Figure 1 below).

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



The extension of choice (deployed here as a generic term) for users is generally supported across the political spectrum, but the *means* to deliver choice is subject to considerable debate. In the past, governments were more willing to invest in supply-side measures to boost the nation's housing stock as a way to extend choice and address need. Over the last 30 or so years, supply-side measures have been gradually replaced by demand-side measures. These usually take two forms:

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

In both forms of implementation, 'choice' is assumed to lead to better outcomes for individuals. The only significant supply-side interventions of late have been the fiscal stimulus measures (the Social Housing Initiative) and the National Rental Affordability Scheme (NRAS) put in place to boost housing supply in the aftermath of the global financial crisis.

The introduction of choice as a means to achieve greater individualisation in areas of social policy has challenged ideas about the relationship between users and providers (see e.g. Le Grand 1997; 2003; 2007)¹. We can consider the role of users in this relationship in three ways.

- *Consumers*: this is the way in which users are conventionally viewed as being able to have choice via markets or quasi markets. In theory, consumers exercise choice because they can change providers if they do not like what is on offer, or can package up what they require from more than one provider.
- *Clients*: this idea of users has been widely used in respect of service provision as part of a model of health or welfare service delivery. Clients, conventionally, are dependent on decisions being made by those with expert knowledge; they may be allocated an expert worker or workers, without any active exercise of choice by them.
- *Citizens*: this definition is reflected in universal programs such as family tax benefits and is explicit in schemes such as the NDIS, in which individual risks are pooled and people with disabilities are supported as citizens. This strategy is often seen as a way to mitigate the thrust of 'personalised' funding, but in practice has proved difficult to operationalise (see Stephens and Michaelson 2013).

Defining the service user is particularly challenging when considering housing assistance, where policy discourse traditionally refers to users as *tenants*, indicating a legal relationship to a property owner, with prescribed rights and responsibilities within a fairly limited domain. Housing assistance users are increasingly also referred to as clients, suggesting that the supply of services is dependent on expert assessment of their needs and an appropriate mix of services by way of intervention.

This noted, some literature has highlighted that in practice, each of these conceptions of the relationship between users and providers can be problematic where lower income and vulnerable households are concerned.

It has been suggested that social service 'recipients' often do not 'consume' services out of choice but out of necessity (Sturgeon 2014: 405). Furthermore, scholars such as Yeatman et al. (2009), Harding (2012) and Lymberry (2014) argue that the prioritisation of choice when resources are limited will lead to different outcomes for people, with clear winners and losers. Perhaps the most problematic aspect of the demand-side choice agenda is that the power of branding and advertising can mislead consumers into making 'choices' that may not necessarily be in their long-term interests (Harding 2012). The assumption that an extension of choice leads to an improvement in the quality of services is not borne out by the evidence (Harding 2012).

The conception of 'client' can also be problematic within a choice agenda. Dependence on expert knowledge means that the client may be seen as someone who needs help but who lacks the knowledge and skills to help themselves—and, in some cases, may not know what is in their own best interest (McLaughlin 2009). A more modern take on this is that a more effective relationship is one where clients are more active and exercise choice in negotiation with service providers.

Whilst the idea of users as 'citizens' appears more straightforward in terms of an agenda to customise goods and services through a choice agenda, there can be practical problems in achieving this, particularly when people have difficulty in expressing their needs and may require family members or other advocates to negotiate on their behalf (Bigby and Fyffe 2009).

¹ Le Grand's work in this field has been seminal to scholarly and policy understanding of the development of 'quasi markets' in health and welfare, the ways in which providers and users behave in these markets and, most recently, ideas about choice in personalised services. For critiques of his work see Lipsey (2007) and Greener and Powell (2009).

Furthermore, in some instances these choices can be influenced by the establishment of a collective identity; for example in shared households or group homes.

1.3 Policy context

In Australia and overseas, policy-makers continue to explore ways to extend individualisation through the mechanism of choice for individuals accessing a broad range of health and social services. It is quite common to assume that an extension of choice is synonymous with market-based reforms such as privatisation or other strategies to increase competition—although housing assistance is notably not included in the most recent review of competition policy, the Harper Review (Harper et al. 2015). Whilst an extension of market principles to achieve better customisation of services, goods and benefits to housing assistance may be viewed by policy-makers as a route to deliver choice, there is no underlying reason to preclude other mechanisms, such as individualised housing support packages, customised service delivery, or even participatory-inspired forms of delivery in which people have an input into decision making.

Market-based reform is often justified on the pretext that government services are too inflexible to deliver responsive services and are often inefficient. It is assumed by governments that competition amongst providers encourages them to reduce costs and adopt more efficient working practices. However, the implementation of market principles in the delivery of welfare services has been subjected to sustained critique (e.g. Howard 2012; Spicker 2013). Some of the most common criticisms highlight the expensive costs (fixed and recurring) that bedevil regulatory oversight of market provision; the ease by which large organisations are able to undercut small and medium providers by price-fixing and the pursuit of profit; and short-term goals that can override more long-term welfare objectives that benefit the client. The critiques of competition in, and competitive tendering for, employment services in Australia provide evidence for some of these unintended consequences (e.g. McDonald and Marston 2008).

There are risks associated with extending market forms of provision. One example is a reliance on assisting low-income and vulnerable people into the private rental market, where not only are there issues of affordability which have been well canvassed (Hulse et al. 2015) but there also issues of poor quality standards at the lower end of the market, and management practices which are sometimes ignorant of, or fly in the face of, regulatory requirements (Hulse et al. 2011). We also made the point that state agencies responsible for public housing have been taking steps to reduce their expenditure outlays by transferring some of the housing stock to community housing organisations. It is assumed that these community organisations will be more connected to community than government providers, and less profit-focused than private landlords. These types of hybrid organisations (Milligan and Hulse 2015) potentially offer a higher level of service and support, although there is relatively little empirical evidence on this. In addition, the federal government and state housing agencies have put aside resources to fund specialist homelessness services and welfare agencies to assist vulnerable households at risk of homelessness. These measures, whilst not increasing the supply of affordable housing stock, do suggest non-market alternatives to providing more individualised assistance to people and households.

Underpinning much current housing assistance policy is a tension between prevention/early intervention and a crisis response. Existing household-based evidence provides detailed insight into discrete segments of housing assistance (e.g. homelessness, crisis housing, public housing, community housing, Indigenous housing). Little is known, however, about housing assistance demand across the housing system for increasingly diverse household types. Specifically, there is a dearth of information about the longer term trajectories of diverse groups as they enter into, remain in, and move across (or remain within) different types of housing assistance. Similarly, a comprehensive account of household-based triggers, potential trade-offs and risks associated with movement or stability within and across tenures (social rental,

private rental, marginal housing/homelessness and low- to moderate-income home ownership) remains a neglected area of analysis, yet is crucial in the context of the movement towards more individualised housing provision (Gibb et al. 2013; MacLennan and O'Sullivan 2013). The Inquiry included analysis of these important issues.

1.4 Literature on individualised forms of welfare

There is a considerable body of literature on the benefits and challenges of adopting market mechanisms to deliver more individualised forms of service delivery (see Lomax and Pawson 2011; Oxley et al. 2010; Rhodes and Mullins 2009; Gruis and Nieboer 2004). Research finds that ideas about choice and customised forms of delivery have considerable appeal for users. However, the extension of choice in the housing assistance domain requires a role for government to ensure service standards are maintained. The regulatory role required of government agencies to oversee individualised forms of assistance can lead to considerable transaction costs (see Travers et al. 2011).

There is also a considerable amount of literature on welfare reform premised on establishing self-reliance, greater choice and more responsive services, in which it is often assumed that personalised budgeting/individualised funding is the best way to give users more power as market consumers. However, some evidence (e.g. Gibb et al. 2012; Howard 2012) suggests that there are significant risks associated with such strategies, including: controlling costs and achieving value for money; consumers having imperfect access to information needed to inform choices (e.g. given literacy limitations among vulnerable groups); maintaining the quality of provision and offering 'real' choice; and ensuring that new profit-based service providers adhere to the social objectives of welfare provision.

An extension of choice is generally supported across the political spectrum however the means to deliver choice is contested. For some, the extension of competition in markets or quasi markets is seen as the best route to achieve choice, whilst for others a redesign of existing provision and more client-focused services is the preferred route. In other areas, most notably disability services (through the NDIS), an insurance model based on pooling risks and the collective rights and responsibilities of citizenship includes both greater consumer choice *and* more customised delivery of services. In light of this discussion it was deemed appropriate not to frame choice through the prism of market *or* client-focused delivery, but instead to consider the practical ways that choice can be extended through *both* elements. In short, the extension of choice requires close attention to the questions of how vulnerable consumers can exercise choice in markets and how service delivery can be better customised.

1.5 Research questions and methods

Four research questions guided the research.

- 1 What lessons can be learned from international experiences and examples of extending individualised forms of welfare provision to incorporate housing assistance?
- 2 What types of housing assistance package could respond to the increasing diversity of need for accommodation and related support in Australia?
- 3 How could individualised forms of housing assistance work in practice, using the NDIS as an example?
- 4 How could housing assistance policy in Australia respond to, and link with, social policy innovation around individualised welfare assistance?

The research team undertook three projects, which were published as reports.

Project A: Individualised and market-based housing assistance: evidence and policy options (Jacobs et al. 2015)

This project considered the underpinnings of market-based mechanisms and welfare reforms as applied to housing provision (research questions 1 and 2). The project collected data (interviews with local and international experts and practitioners) on policy development and implementation both overseas and within Australia.

Project B: Housing assistance demand: a household-based policy analysis (Stone et al. 2016)

This project sourced data from interviews and the HILDA survey to anticipate future demand for housing assistance and the extent to which assistance might be customised to meet this demand (research questions 2 and 4).

Project C: NDIS, housing assistance, choice and control for people with disability (Wiesel and Habibis 2015)

Focusing on the NDIS as a live case study, this project collected data from the academic and policy-related literature to ascertain the challenges presented when organisations attempt to deliver assistance in the form of individualised care packages (research questions 3 and 4).

The purpose of this Final Report of the Inquiry is to take a higher level view by distilling key lessons in relation to each of the research questions and to consider the implications for policy development. The report proceeds as follows.

- Chapter 2 reports on the types of housing assistance package that could respond to the increasing diversity of need for accommodation and related support in Australia.
- Chapter 3 examines the lessons that can be learned from international experiences and examples of extending individualised forms of welfare provision to incorporate housing assistance.
- Chapter 4 examines how individualised forms of housing assistance could work in practice, using the NDIS as an example.
- Chapter 5 concludes the report by presenting policy development options for housing policy-makers and future issues for research.

2 What types of housing assistance package could respond to the increasing diversity of need for accommodation and related support in Australia?

- Currently, housing assistance is:
 - insufficient to effectively offset affordability and related issues for many households in receipt of housing assistance
 - non-nuanced in relation to diverse household needs
 - not sufficiently widely distributed to support households in need of housing assistance across housing tenures.
 - A diverse range of households, with varied economic and demographic profiles, are ‘in need of’ or ‘vulnerable to need for’ housing assistance.
 - Some households in need of housing assistance are currently ineligible for support as they do not receive income support (with which housing assistance is linked), or do not live in social housing.
 - A range of types of housing assistance, rather than a one-size-fits-all approach, is appropriate to meet the diverse support needs of households in need of assistance across housing tenures, including for key population groups in need of support.
 - Demand-side housing assistance options that rely extensively on cash transfers, with minimum attention to other support needs, are insufficient to assist households respond to housing affordability issues, and housing problems that stem from these, across the housing system.
 - Tailored forms of housing assistance that enable intermittent support for households able to transition into employment or maintain their current housing, alongside increased support to those with ongoing and/or complex needs, are needed.
 - Consideration of increased choice-based housing assistance in Australia provides scope for a policy/practice shift towards early identification of housing risks, early intervention and prevention, in addition to maintenance and crisis support.
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Existing household-based evidence provides detailed insight into discrete segments of housing assistance (e.g. homelessness, crisis housing, public housing, community housing, Indigenous housing). The main form of housing assistance for low-income households is Commonwealth Rent Assistance (CRA), which amounted in 2013 to an annual expenditure of \$3.95 billion and is distributed to 1,267,979 recipients (AIHW 2014). Social housing provides assistance to 414,135 tenants and the combined expenditure by state and territory governments was 4.2 billion (SCRGSP 2015). Other forms of government assistance include financial support; for example to 17,470 Indigenous households (\$101 million), and specialist homeless service provision for 59,892 individuals (\$115 million). There is considerable expenditure that is

targeted towards first time home owners in the form of schemes, such as shared equity, grants by state and territory governments for building new properties, and discounted home purchase loans for Indigenous Australians. Overall expenditure amounted to \$11 billion in 2012–13, and as many as 40,000 households were assisted during that period.

However, little is known about housing assistance demand across the housing system for increasingly diverse household types. Specifically, there is a dearth of information about the longer term trajectories of diverse groups as they enter into, remain in and move or remain within or across different types of housing assistance. Similarly, a comprehensive account of household-based triggers, potential trade-offs and risks associated with movement or stability within and across tenures (social rental, private rental, marginal housing/homelessness and low- to moderate-income home ownership) remains a neglected area of analysis, yet is crucial in the context of the movement towards more individualised housing provision (Gibb et al. 2013; MacLennan and O’Sullivan 2013).

2.1 Assessing the diverse need for housing assistance

Research on housing assistance is categorised according to tenure classifications or demography. Whilst this is valuable for understanding how particular cohorts are assisted by government agencies, it falls short as a means of anticipating the way that householders’ needs change over time or the critical periods when additional support may be required. One way to attend to this deficit is to disentangle the assessment of household need from housing tenure (see Stone et al. 2013 & 2016) by analysing income and housing costs in relation to the income and tenure cohorts. The analysis suggests that private renters and first time home owners who are vulnerable to housing related stress—and furthermore a proportion of households in the private rental sector who do not receive assistance—are susceptible to acute housing stress at a point when they move to new accommodation or experience a period of unemployment. Other cohorts include older persons, lone parents, single households and indigenous households—the extent to which they might require assistance depends on their life stage, their existing wealth, and risk factors such as caring for dependents.

The key research question is clear: what is the most cost effective form of assistance to support households to meet their housing costs? Current housing provision, including social and community housing provision, along with rental assistance to tenants renting in the private sector, was judged to be essential to mitigate housing stress for disadvantaged households. However, deficiencies are apparent, particularly in attending to the shortfall in supply of low-cost housing for those in the lowest income quintiles.

The research team examined demand-side housing assistance responses in relation to objectively measured need for housing assistance, across a diversity of household types throughout the housing system. The focus of this part of the Inquiry has been upon examining the nature of household need among a diverse range of household types, as well as on the breadth of households in potential need for assistance, across housing tenures.

Despite evidence indicating that households with diverse needs living in a range of housing tenures might benefit from a variety of housing assistance types, housing assistance receipt is currently determined more by housing tenure than household need, and does not extend to all households in need.

2.2 A diverse range of household types, across the housing system, are currently in need of housing assistance

Within current models of housing assistance provision in Australia, it is quite possible for households with similar characteristics, living in different housing tenures, to have markedly different supports available to them—due to their housing tenure, rather than their need profile. Within this Inquiry we have investigated the distribution of need for housing assistance across a wide range of households living across tenures in the Australian housing system. The rationale for doing so was to examine:

- 1** how well current housing assistance provision supports a diversity of households in need
- 2** the characteristics and apparent needs of any households who appear to be in need yet are not currently eligible for housing assistance support.

Our analysis highlights the high support needs of lower income households in receipt of income support payments, including those living with ill health/disability, families with children, Indigenous people, and marginalised groups such as young unemployed, for whom housing assistance is currently provided. We have also found that significant numbers of households that are not currently linked to the income support system are potentially missing out on assistance. Notably, findings indicate apparent need for housing support among populations including low-waged and intermittent workers who are highly mobile, as well as households with higher levels of wealth but restricted cash-flow to manage critical life events. This latter group includes older home owners.

A key policy question raised by these findings is how an individualised model of assistance might be broadened to enable housing assistance to be accessed by households with intermittent need for support, in addition to those with longer term needs and/or who are currently eligible due to income support uptake. Decoupling housing assistance provision from current tenure-based and income-support-linked approaches could, in principle, have the potential to respond to broader demand for assistance.

2.3 A range of housing assistance types rather than a one-size-fits-all approach is required to more appropriately respond to housing assistance need

To a very large degree the provision of housing assistance in Australia currently takes the form of social housing provision or the transfer of cash payments of Rent Assistance (RA) to offset costs of private rental for lower income households (AIHW 2014; Stone, Parkinson and Sharam 2016). The growth of the private rental sector and contraction of social housing has resulted in most households in receipt of housing assistance residing in the private rental sector. Yet findings of research undertaken for this Inquiry confirm those of existing research (Hulse et al. 2012; Stone et al. 2013; Stone et al. 2016), and indicate that given the extent of housing affordability problems within the private rental sector, this strategy is insufficient to eliminate either (i) financial housing stress among renters, or (ii) 'flow-on' forms of housing disadvantage such as difficulties in accessing tenancies or securing long-term tenancies.

Importantly, the major form of housing assistance that is provided to lower income tenants in the private rental sector is RA in the form of cash transfers associated with income support. Such payments offset the cost of weekly rents, yet for many households they are insufficient to eliminate financial housing stress, due to the overall high costs of rental. Findings of this research indicate that households requiring support should be provided with the following: advice on gaining access to tenancies; help with bond payments, access to no- or low-interest

loans to assist tenants manage housing transitions; as well as a range of more intensive support interventions for households with additional and complex needs.

Findings also confirm that households in need of support reside across the housing system, and are not confined to those tenure types that attract most support under current provision. This includes, for example: young adults living at home and unable to afford independent housing; older persons who own their homes, yet for whom the regular costs of running and maintaining a home are high relative to incomes; as well as households in a range of tenures in which a member is ill or disabled.

Common needs for all groups include access to affordable housing. Key groups we identify as having particular types of needs include the following.

- Young singles, for whom 'housing literacy', affordable housing within proximity to training and some flexibility to relocate for employment are required.
- Lower income families, for whom affordable and secure, safe housing that enables stable school attendance and neighbourhood connectedness is the priority.
- Indigenous households, for which access to services and employment, as well as dwellings of adequate size for family, are necessary.
- Older Australians, who typically have low incomes but may have housing wealth, and have particular needs related to either maintaining current housing or accessing secure low-cost housing.

Despite the potentially different needs of these population groups, housing assistance is remarkably uniform. In the views of expert stakeholders interviewed for the study, the current provision of housing assistance is inadequate, and a more nuanced, diversified approach is required. One senior government official commented:

Is the current provision of housing assistance adequate to meet the full range of needs and the level of demand? And the answer to that would broadly be no. And there is a requirement and a need to understand need in a deeper way and to diversify the range of housing assistance products we offer.

2.4 Housing assistance policy reform needs to widen rather than narrow assistance eligibility, to be effective in reducing longer term housing assistance expenditure for government

A policy shift towards a more individualised, choice-based form of housing assistance might respond to the needs for support of households currently ineligible for assistance, as well as provide continued support for those currently eligible for support. Widening of eligibility, for example, to intermittent support in the form of no- or low-interest loans to enable low-income outright owners to remain in their homes, is likely to be more cost effective than providing ongoing support to older households that 'fall out' of home ownership and end up renting long-term in the private rental sector. This type of approach is consistent with international trends towards early identification of risks (e.g. risk of failed tenancy), and the provision of early intervention and prevention intervention to support households to remain housed well. Enhanced tailoring of housing assistance within the Australian context might promote a shift towards an early intervention model of housing assistance, with adequate resourcing and effective delivery.

Effective delivery of preventive housing assistance supports is likely to involve formalised recognition of the increasing role that non-housing support services and points of contact have, with a wide array of systems and increased support for this to: (i) enhance the independent

capabilities of households; and (ii) underpin an early intervention-oriented system. Service integration examples include: migrant arrival support; family courts/law/mediation; justice systems (one of the more well-developed systems for housing support); and health/illness systems including GPs, hospitals and mental health services.

2.5 Demand-side housing assistance that is tailored and enables choice requires adequate resourcing and effective delivery

Mirroring findings elicited from international experience that are discussed further in Chapter 3, the analysis of demand-side subsidies enabling choice in the Australian context also draws attention to key conditions under which individualised choice-based housing assistance models are likely to be most effective.

Notably, this includes adequate government resourcing, irrespective of whether support services are administered via governments or private providers. In the views of key expert stakeholders, a choice-based model that is insufficiently resourced is likely to result in increased rather than decreased need for demand-side assistance in the longer term.

3 What lessons can be learned from international experiences and examples of extending individualised forms of welfare provision to incorporate housing assistance?

- Key lessons that are relevant to housing assistance in Australia can be distilled from practical examples of individualised products and services in areas of social policy.
 - Demand-side support to enable low-income and vulnerable people to participate in housing markets has become widespread, but the most effective examples are those which combine demand-side assistance with attention to other issues, such as the availability of suitable and affordable housing and integration with other types of support.
 - Provision of products and services by private-sector providers may improve choice and generate cost savings, but regulation and monitoring of service standards is required.
 - Another means of improving service customisation, used widely elsewhere, is to involve users collectively (rather than individually) in developing more effective products and services.
 - More customised services depend on establishing good relationships between service providers and clients, which requires reliable rather than ‘stop-go’ funding.
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The research team considered international and Australian case examples that were relevant to the discussion of extending choice in the delivery of housing assistance. The table below lists the forms of individualised services, encompassing individual payments, service responses and user participation.

Table 1: Examples of the forms of individualised services

	Individual payments to enable people to achieve housing outcomes in the market	Individualised service responses to provide customised housing and support services	User participation in housing management and related areas
Australia	Rent Assistance (RA) Private rental support schemes Indigenous Home Ownership Schemes	Wrap-around care provision Specialist homeless services Aged care assistance	Tenant and consumer involvement in estate regeneration and housing services
United Kingdom (UK)	Universal Credit (simplification)	Homelessness Change program (tailored support to homeless)	Tenant involvement in estate redevelopment
United States (US)	Housing Choice Vouchers (capped)	Pathways' Housing First for homeless	
Netherlands	Huurtoeslaag (individual rental subsidy—point system)	Insurance-based home care (personal budgets and the marketisation of home care)	Tenant involvement in quality of service
Denmark		Homecare (tension between standardisation and personalisation)	Tenant involvement in management, budgets, etc.

A full account of the research findings is available in the AHURI Final Report (Jacobs et al. 2015). The main lessons from the analysis are set out below.

3.1 Policies that attend only to demand-side issues are likely to fall short in the long term.

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

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

In Australia, there are schemes such as Common Ground and the Foyer for homeless people that are sufficiently resourced to provide clients with access to transitional or permanent housing, as well as integrated client-directed service response. While the Indigenous Home

Ownership Program (IHOP) is a demand-side response, historically housing assistance for Indigenous Australians has been weighted towards supply-side responses (e.g. provision of Indigenous community housing), with Indigenous Australians less likely to access general financial subsidies for home ownership and housing investment.

Success in the Australian context requires services that are sufficiently resourced to attend to both the immediate and long-term needs of clients, and which provide access to longer term housing which is not only affordable but also suitable for people's needs.

3.2 Provision by private-sector providers can improve choice and generate cost savings, but monitoring and regulation of service quality is required to ensure service standards

The experience of the Netherlands and Denmark in reforming home care services, by replacing government services with private-sector providers, suggests that while the reforms have delivered some cost savings for governments in the short term, there are risks of reduction in the quality of services. A competitive culture in a multi-provider setting may provide consumers with more choice but can undermine the coherence of care and level of professional co-ordination. In addition, there is a risk that private agencies may reduce choice by lowering their price in the short term in order to eliminate competition.

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

It is evident from the analysis of both international and Australian programs that quality services require a budgetary commitment from government. When private-sector providers are delivering welfare services it is necessary to put in place an independent body to oversee service delivery. An assumption that voluntary codes are a sufficient mechanism to maintain standards over the long term is naive. This noted, poor quality provision is not just a problem within the private sector. Monopoly forms of public provision are also vulnerable to inept forms of management that eschew innovation and pay insufficient heed to service users.

3.3 Housing assistance clients can be involved in service design and delivery, but their capacity to be involved varies and involvement requires resourcing and support

Another means of achieving the goal of greater individualisation is through the collective voice of those who are most concerned. Encouraging social housing tenants to take a role in service design and delivery in the UK has proved effective, both in terms of empowering clients and improving services. However, a commitment to service design requires ongoing funds to maintain levels of service over time. There will always be variation in social housing tenants' capacity for involvement, which will impact on efforts to solicit participation in the management of services. When social landlords have voluntarily developed a quality standard relating to local service delivery and tenant participation (as in the Netherlands) there have been some variable outcomes.

The evidence around tenant/client participation is mixed, indicating that this remains an area for research and evaluation rather than an assumed component of housing assistance reform.

3.4 A long-term commitment is required to work with clients, necessitating investment in programs over extended periods of time

As we stated at the start of this report, the international and Australian examples confirmed what we learned from the literature review—that many service providers see individualised forms of assistance in a positive way. The focus on client needs provides a good basis on which to plan services and target resources. Individualised forms of delivery are preferred to ‘take it or leave it’ approaches. However, a key finding from the analysis is that assistance programs require staff to prioritise their work with individuals and commit time to establishing relationships that endure. Secure investment in programs over an extended period is essential if staff are to attend to long-term welfare priorities. Long-term resource commitment is not usually equated with cost-efficiency, yet the delivery of services could be impaired if too much staff effort is devoted to competing with other agencies for resources or clients. There is always the prospect that this type of competition could lead to providers being more innovative and sensitive to the needs of their clients, although whether this is so in practice is an empirical question.

4 Extending market and service options: the example of the NDIS

- The NDIS aims to enhance ‘choice and control’ for participants through an individualised funding model.
 - The NDIS has been designed and resourced to guarantee funding for approved individualised plans, as such avoiding crisis-driven allocation of scarce resources that undermines individual choice.
 - The National Disability Insurance Agency (NDIA) retains control over the cost of disability support services, hence the effectiveness of funding packages is less vulnerable to the volatility of the market (in contrast to RA or other demand-side housing subsidies).
 - The centralised approach to assessment of all funding entitlements is one feature of the NDIS that could potentially be adapted in the housing assistance system to promote its individualisation and efficiency.
 - The NDIS will profoundly affect patterns of housing demand by people with disability.
 - There is an estimated unmet need in affordable housing for between 83,000 and 122,000 NDIS participants at full roll-out of the scheme in 2019.
 - There is lack of policy clarity about the roles of the NDIS, Commonwealth and state and territory governments in addressing the shortfall in housing for NDIS participants.
 - Supply-side subsidies—integrated with planning, finance and design innovations—can deliver affordable housing that meets the present and long-term goals and needs of NDIS participants.
 - With appropriate design and location, capital costs of housing development can be recouped through savings on support provision.
 - Well-designed and located housing can deliver additional benefits in terms of economic participation, social inclusion, health and well-being.
 - Safeguards are necessary to minimise constraints on choice and control associated with supply-side housing assistance for people with disability.
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4.1 Existing research

Research on the NDIS (Productivity Commission 2011; Wiesel and Habibis 2015) highlights elements designed into the scheme with the aim of maximising participants’ choice and control over the support services they receive, from whom and where. The existing disability service system and its funding arrangements have been criticised by the Productivity Commission

(2011: 5–10) for its crisis-driven nature, inequitable rationing processes and lack of choice for people with disability about how, when and where they receive services. Consequently, the Australian Government has committed to the establishment of the NDIS. These reforms will see a major increase to the amount of funding available for disability service—from \$7 billion in 2012–13 to \$22.2 billion in 2019–20. The scheme will be overseen by a single national agency (NDIA) reporting to all Australian governments.

Choice and control for participants is a key guiding principle of the NDIS. It will be pursued through replacement of traditional block funding allocated to services with individualised funding allocated to individuals. Most disability support funding in Australia will be individualised, although block funding will continue to be used in certain situations, such as in pilots of innovative services, in rural and remote areas where supply of services might not respond to demand, and where there is a need to build longer term capacity, such as services for Indigenous people with disability (Productivity Commission 2011: 51).

Individual participants' support funding packages are determined through a person-centred assessment and planning process. This process involves a meeting or series of meetings between an NDIS planner and a person with disability—and in some cases other relatives or carers of the person. A holistic approach is taken to consider, first, the applicant's goals, objectives and aspirations across various aspects of their life, including education, employment, social participation, independence, living arrangements, health and wellbeing. This is followed by an assessment of 'reasonable and necessary' supports the person will need to achieve these goals, taking into account all other resources and informal supports that could be 'reasonably and willingly' provided to them by their family and the community. The outcome of the planning process is an approved individualised funding package that covers the costs of all the required supports identified. The planning process also involves referral of the person to mainstream services—not funded by the NDIS—which may assist them in achieving their goals.

NDIS planners' decisions are guided by the National Disability Insurance Scheme Act 2013 (NDIS Act) and the operational guidelines that relate to each specific support. The concept of 'reasonable and necessary' is central to the planning process, and to an extent defines the limits to participants' 'choice and control'. The NDIS funds 'reasonable and necessary supports that help a participant to reach their goals, objectives and aspirations and to undertake activities to enable the participant's social and economic participation' (NDIA 2016). In order to be considered reasonable and necessary, funded supports must be related to the participant's disability, represent 'value for money', and be likely to be effective and beneficial to the participant.

An individualised package can be defined in cash value or specified quantities of support services. Participants are free to choose any provider or mix of providers from which to purchase services. The NDIS allows participants to manage their funding package on their own (self-directed funding), or to choose a service provider to manage their individual funding package for them. The costs of funded support services will be closely regulated by the NDIS.

In addition to individual packages, the NDIS Information, Linkages and Capacity Building (ILC) scheme will fund services that provide information and referrals to specialist and mainstream services. The ILC will also fund capacity building programs for people with disability, their families and carers, and invest in programs designed to promote social inclusion for people with disability. However, at this point in time, the ILC is still in the early stages of development so it difficult to determine how effective it will be.

4.2 How can housing assistance for NDIS participants be ‘individualised’?

The increase in overall funding for disability services, alongside the individualisation of funding—no longer tied to a specific service or home—is likely to have a significant impact on housing demand among eligible participants. A large number of adults with disability currently living with parents, in institutions or congregate accommodation, will for the first time be able to access the support services they need to live independently in the community. However, most will require housing assistance in order to fulfil these aspirations. Many other future NDIS participants already living independently in private rental are experiencing affordability stress and may require housing assistance in order to sustain their living arrangements (Wiesel et al. 2015). At full roll-out of the scheme, there will be an estimated unmet need in affordable housing for between 83,000 and 122,000 NDIS participants (Bonyhady 2014).

Under current legislation, the NDIS is not responsible for the provision of housing assistance for participants, with the exception of highly specialised housing for about 6 per cent of its participants. These people will be eligible for ‘user cost of capital’ funds costed into the scheme. At this stage the objectives and nature of user cost of capital is still being negotiated between the NDIA, the Commonwealth and state and territory governments. The NDIS will also fund the costs of home modifications for participants in certain circumstances. However, additional sources of capital will be required to achieve the necessary scale of new supply, including from government, communities, philanthropy and families of people with disability.

A key challenge for practitioners is to consider how housing assistance for this cohort could be individualised to integrate both demand- and supply-side approaches. Indeed, the person-centred planning process facilitated by the NDIS to ascertain each participant’s support strategy and entitlements will inevitably produce highly detailed individualised records related to participants’ housing aspirations and needs. This presents a unique opportunity for a more individualised approach to housing assistance. This noted, some caution is required, as it is quite possible that in practice, some people’s service packages may end up replicating their existing provision as assessment processes are undertaken by assessors that remain wedded to a limited conception of what living with a disability might entail (People with Disability 2015).

A demand-side approach to housing assistance for NDIS participants appears more consistent with the scheme’s individualised approach to the funding of disability services, and the broader trend in international social policy towards individualised welfare. Furthermore, demand-side subsidies may be appropriate to assist NDIS participants who experience severe housing affordability stress, yet already live in private housing that is suitable for their needs in other respects. There is a risk, however, that without sufficient supply of appropriate housing, the benefits of demand-side subsidies will flow to housing providers rather than consumers (Hoek-Smit and Diamond 2003). For example, private landlords could potentially increase rents on accessible homes.

In contrast, supply-side housing subsidies enable closer regulation of house prices to ensure affordability outcomes for consumers. They can be cost effective if designed, for example, as a front-load capital contribution that reduces the life-cycle costs of a housing project, or integrated with planning (Davison et al. 2012) and housing finance (Milligan et al. 2013) innovations to maximise supply output and affordability outcomes, and deliver housing supply that is more suitable for the needs and aspirations of people with disability.

Building codes and legislation requiring non-discriminatory access standards for newly built dwellings will significantly reduce the accessibility barrier for people with mobility restrictions. In the absence of such legislation, supply-side housing assistance is necessary to deliver new housing supply that is designed to meet the needs of people with mobility restrictions or other requirements related to their disability. Accessible housing design will increase people’s

independence and mobility in and around their homes, and could potentially also reduce the costs of ongoing paid support as well as the high costs of post-construction modifications (Carnemolla and Bridge 2011; Lansley et al. 2004).

New housing supply can also be designed to reduce the costs of support for people with disability by enhancing their access to informal support, in locations where housing provided by the market is not affordable. New affordable housing supply in locations close to shops, services and public transport could also potentially reduce costs of transport funded by the NDIS for its participants. The substitution of 5.5 weekly hours of paid support through housing design and location can fully offset the cost of an annual \$10,000 supply-side housing subsidy—equivalent to an NRAS incentive (Wiesel and Habibis 2015).

Supply-side subsidies can also stimulate development of housing that is designed and managed to mitigate the disadvantage experienced by people with disability in terms of social inclusion, economic participation, health and wellbeing. More secure tenancies compared to those offered in the private rental sector could provide more stable housing that enables developing and maintaining relationships over time. Housing design that improves thermal comfort, access to clean air and natural light, and elimination of domestic health hazards could potentially improve health and wellbeing outcomes for NDIS participants (Wiesel and Habibis 2015).

Supply-side subsidies can assist in development of culturally appropriate housing that takes proper account of the aspirations of Indigenous people with disability, the collective nature of Indigenous family and community life, and culturally motivated mobility (Wiesel and Habibis 2015).

While additional supply of affordable and suitable housing will increase overall housing choice for people with disability, supply-side housing subsidies and housing options delivered outside the market are often associated with constraints on individual choice for consumers. The crisis-driven allocation of existing social housing is unresponsive to individual preferences. This suggests that a separate system of allocations that accounts for both individual goals and community-building objectives may be necessary to enhance housing choice for NDIS participants. Choice-based allocation models used in Europe could potentially be adapted to the local context, and information about available properties and allocation priorities needs to be transparent and accessible. Independent advocacy and support is needed to assist applicants with disability in the process of applying for housing. Allocation procedures should enable people to make meaningful choices about who they share homes with, and new strategies are needed to enable housing and support providers to manage the associated operational challenges (Wiesel and Habibis 2015).

4.3 Could individualised elements of the NDIS be applied to the housing assistance system?

Table 2 illustrates considerable differences between the NDIS and housing assistance programs in Australia in terms of the facilitation of 'individualisation' and 'choice' through their assessment and service delivery model.

Table 2: Choice and constraints in the assessment procedures for the NDIS, Social housing and RA

	NDIS	Social housing	RA
Assessment process	Series of planning meetings between applicant and NDIS planner, with flexibility to employ various assessment tools. All assessments for disability funding undertaken by a single agency—the NDIA.	Comprehensive interview following a universal administrative checklist. Separate assessments undertaken by different social housing providers (with the exception of integrated waiting lists in some states).	Administrative assessment (no interview).
Eligibility	Permanent disability substantially reducing ability to participate in activities. Age and residency requirements. No income test.	Ability to ‘sustain a successful tenancy, with or without support’. Assets and income test. Citizenship and residency requirements.	Receipt of other Centrelink support Rental status and costs.
Rationing and priority	Guaranteed funding of approved plan.	Priority determined by urgency and level of assessed housing need. Wait time.	Guaranteed funding for eligible applicants.
Service offerings	Individual funding package including assessed cost of all ‘reasonable and necessary’ supports to achieve personal goals, objectives and aspirations.	Public housing tenancy offer. Other housing assistance offers (e.g. private rental assistance).	Direct payment based on standard payment rates.
Choices for participants	Define goals, objectives and aspirations. Choose to either self-manage a direct payment, or choose a service provider. Transfer funding from one provider to another at will. Review plan as goals or needs change.	Choose housing provider with which to place application (including option of integrated waitlists in some jurisdictions). Select geographic preference. Decline tenancy offer. Apply for transfer. Request specific housing elements (e.g. accessibility features).	Choose to manage payment as ‘cash’ or transfer payment directly to landlord.
Constraints on choice	Funding approved only for supports deemed as ‘reasonable and necessary’ by the NDIS planner. Limits on the size of most funding packages.	‘Take it or leave it’ offer. Penalties on declining an offer. Offer ‘lottery’—being offered the first vacancy to become available when reaching their turn, regardless of its suitability to individual needs and preferences.	Affordable housing options in private rental market highly constrained for RA recipients.

Applying the NDIS individualised approach in the housing assistance system would see applicants offered a funding package that is arguably equivalent to an RA payment—but one that is based on individualised rather than standardised flat rates. Participants in the scheme would be able to use their funding to pay rent (or even home purchase) in either the private market or social housing.

The viability and effectiveness of such an approach is limited by two major constraints. Firstly, the NDIS has been designed and resourced to guarantee funding for approved individualised plans, as such avoiding the crisis-driven allocation of scarce resources that undermines individual choice in housing assistance. Secondly, the NDIA has significant control over the cost of disability support services, hence greater confidence in the viability and effectiveness of individualised funding packages. In contrast, housing assistance providers have no control over costs of private rental, limiting the effectiveness of demand-side subsidies.

Nevertheless, the assessment of all funding entitlements by a single agency is one feature of the NDIS that could potentially be adapted to promote the individualisation of housing assistance in Australia. Authorising a single body to undertake a comprehensive assessment for all housing assistance schemes could improve consistency and expertise in assessment across all housing assistance programs. An example of such an approach is the Toronto Housing Connection program that manages a centralised waiting list for a range of housing assistance programs. Housing Connections is a government-funded arms-length agency, operating independently but following allocation rules determined by the City of Toronto. This ensures more equitable and consistent access to housing assistance programs. By focusing on its expertise in assessment and referral, the agency has achieved greater efficiencies through technological and service design innovations (e.g. automated self-service options). The agency has also initiated pilots to enhance individual choice for applicants (Housing Connections 2015).

Other features of the NDIS that could potentially be applied in housing assistance are: the consideration of individual goals, objectives and aspirations across various aspects of life (e.g. housing, employment and education); assessment of reasonable and necessary support needs in relation to these goals; and assessment of available informal supports. Such an approach in assessment for housing assistance could potentially encourage more detailed discussions about trade-offs applicants are willing and able to make in order to achieve their ultimate goals, as well as improved alignment of housing assistance with other objectives such as participation in paid employment and inclusion in community networks.

5 Issues for policy development and future research

- For some households, an early intervention approach is required to provide an individualised package of appropriate housing and support.
 - There are arguments for developing a more collective voice about housing products and service design; for example, with regard to housing design and management issues.
 - Government investment will be required to contribute to the supply of affordable housing for very-low-income households and towards ongoing support services. Extending demand-side assistance has the potential to provide greater individualisation in areas of housing assistance but must be accompanied by strategies to mitigate the effects for vulnerable people.
 - Demand-side strategies will not work without attending to the well-evidenced shortage of affordable and suitable supply for very-low-income households. Government must have a major role in investing in this sector, as the market has not produced supply at the price and of the type required.
 - Promoting diversity in types of housing provider should enable innovation in housing products, management and services that has not been possible in a government monopoly model. However, fit-for-purpose regulation is required, along with an evidence-based assessment of the outcomes.
 - There is a need to develop ways of delivering greater customisation of housing management and services that connects them more effectively with innovations in other areas of social policy, such as aged care and disability services, with due attention to the protection of those who are most vulnerable.
 - Means of enabling service users to have a more collective voice can be developed to improve housing assistance design and implementation, as in other sectors such as aged care and disability services.
 - There is scope for more experimentation and evaluation of innovative means of moving towards individualisation. The views of customers/clients/citizens should be an important part of this process.
-

In this closing chapter we consider the policy options and future research issues that arise from the investigation. As we have discussed in this Final Report, the Australian and state and territory governments have engaged in a suite of activities to extend housing assistance options for low-income households. These programs include interventions such as: rental assistance; home ownership support subsidies; transfer of public housing stock to the community sector; and extending client services through funding streams such as the National Partnership Agreement on Homelessness, CDC (for older Australians) and the NDIS.

A summary of these options and the benefits and risks are set out in Table 3 below.

Table 3: Assessment of options to promote choice in housing programs and assistance

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

Source: Adapted from Jacobs et al. 2015: 61.

5.1 Establishing a simplified income support system

Policy-makers are keen to establish a simplified income support system where possible, to reduce expenditure over the long term (Reference Group on Welfare Reform 2015). This noted, the task of determining the appropriate subsidy to account for the housing component remains a difficult one, because housing markets vary greatly across Australia and the rents charged by private landlords are determined by market factors. Any subsidy also needs to account for the fact that most household income and expenditure is subject to variation when employment status changes or to meet one-off costs such as bills or health related charges. Any attempt by government to integrate a housing cost supplement within an overall income support system would need to account for these variations in personal circumstances and housing markets.

Alternatively, an adjustment for any change in financial circumstances could be achieved through an additional stand-alone housing payment processed by the state and territory governments. This option would make it possible to factor in any 'one-off' housing expenditures incurred; for example, home adaptations to meet older people's housing needs. It is often assumed that providing financial assistance to low-income households will eventuate in an increase in supply. However, this consequence has proved elusive, as many of the submissions to the Senate Economic References Committee's 2015 *Inquiry into affordable housing* made clear.

Detailed research has tracked the shortage of private rental housing that is affordable to very-low-income households (defined as those in the bottom income quintile) over four censuses between 1996 and 2011 (see Hulse et al. 2015). The findings are stark: the market simply does not supply affordable rental housing for this group. There was a shortage of 187,000 affordable dwellings for low-income households in 2011 and, once occupancy by higher income households in this stock is taken into account, the shortage was 271,000 affordable and available dwellings (Hulse et al. 2014).

This shortage must be addressed if packages which combine demand subsidies and more customised support services are to be effective. Some of the options that have been proposed to boost the supply of affordable housing include shared equity schemes and a new financing mechanism to attract institutional investment into affordable housing, involving the establishment of a financial intermediary (an affordable housing finance corporation) and a government guarantee (Lawson et al. 2014). These proposals have been provided to the Australian Government for consideration.

As expressed by one senior government official interviewed for this Inquiry:

I just would want to re-emphasise that point, which is no matter how effective demand-side solutions are they will not be as effective as supply-side solutions. I think there's so much evidence to support that. And I think housing assistance is an example of that, which is essentially you're ameliorating the consequences of supply-side failures. And the issue about the chronic and growing shortage of affordable housing nationally is going to overwhelm any demand-side issues if we don't really get serious about the supply issues.

5.2 Client-focused services

Whilst supply-side measures are required to increase the number of affordable dwellings for low-income and vulnerable households, there are steps that welfare and housing agencies can take to better respond to the needs of individuals. Homeless service providers confirmed that finding a home may not suffice in the long-term unless support is provided to help a client maintain their tenancy. Homeless service practitioners have been imaginative in devising ways to assist individuals to secure employment and training options. Customised packages of

support that are managed by caseworkers attentive to clients' needs have proved an effective way to stabilise an individual's problems. Services that facilitate choice are a marked improvement over one-size-fits-all approaches.

There are good reasons to enable households to access housing assistance and support through early intervention and preventive responses. Indeed, early intervention and prevention were identified as key to housing assistance success by a number of stakeholders we interviewed. An Indigenous expert commented:

You bring in the support around people. You build that sense of agency. If you've got something working in a more flexible way, and it's going to cost money these things aren't free. But you can individualise and customise what you package around an individual at various points.

While a housing services/homelessness expert said:

You provide early interventions into the systems, so up-front investments into that person's case early on—whether it's welfare dependence or something else—then you can improve social outcomes down the line. I'm not sure that we can get housing to a point where people in Treasury or people who are holding the purse strings can actually see that early money in housing, and if it's client-centric, can actually result in longer term savings.

Where possible, it is valuable to work closely with clients to inform service design and delivery alongside individualised forms of assistance. There is considerable scope to extend the participation of clients and to work alongside them as co-producers of services. A more systematic approach that includes resources set aside for training to assist clients who wish to be become involved would make a useful start. Other avenues to progress co-production would be to invite clients on to interview panels for new staff appointments and to recruit new staff with experience of being a recipient of services.

5.3 Government investment in housing assistance

Any move to individualised housing assistance will clearly require government investment. As Australia's population ages, there is a larger proportion of people with disabilities. It is clear that many low-income households will continue to be reliant on housing and support services (e.g. disability support, mental health support). Evidence both within Australia and from abroad suggests that private-sector providers are not able to meet the high costs of providing good-quality services to these households and also make a profit.

For the reasons we have outlined above, one of the most pressing challenges for Australian housing policy-makers is to convince federal and state and territory treasury departments to invest sufficient funds to stem the decline in the number of affordable housing units available for renting. Without sufficient funds, the aim of boosting supply will remain nothing more than an aspiration or declaration of intent. Some of the proposals that have been put forward are contained in the housing inquiry report published by the Senate Economic References Committee (2015). These options include: the offering of bonds by the Australian government to raise funds for community housing agencies; shared equity schemes that are ring-fenced for first-time buyers to part-purchase a property; and a new affordable finance institution (similar to the UK's Housing Corporation) to lend funds to community housing agencies for new building programs. In our view, these options will not achieve the desired goal unless the government provides resources.

It is apparent too, that the policies to address the shortage of housing supply should be part of a wider reform process that takes account of taxation and fiscal policy (see Hulse 2014). Though

no action has yet been taken, there has been considerable media interest in the longstanding tax advantages that benefit rental investors and superannuation fund-holders. Any proposed tax reform will inevitably meet with resistance from powerful lobbyists and interest groups, so it is unclear at this juncture whether any major reform will be pursued in the short term.

This noted, there are a number of piecemeal or incremental innovations that can be pursued which can lead to improved outcomes in terms of service delivery. We have made reference to these in preceding chapters and they encompass: an allocation policy (along the lines of the NDIS reform); customised packages of assistance to the homeless; and co-production and participation practices as a spur to more sensitised service delivery. The National Partnership Agreement on Homelessness (NPAH) has provided the funding stream for many of the most progressive programs. Schemes such as the UK's Homelessness Change program and the US's Common Ground initiative offer Australian policy-makers models to deliver these forms of assistance.

5.4 Competition as a guiding principle for reform

Finally, we return to the vexed issue of competition and its utility as a guiding principle to drive improvements in both the supply of housing and service delivery. Whilst competition amongst service providers can have beneficial effects in terms of efficiency and reducing costs, there are substantive risks too. Evidence from both Australia and overseas highlights the considerable costs in establishing a regulative regime to oversee multiple providers of welfare services (Travers et al. 2011). There is also the risk, as is becoming apparent in the roll-out of the NDIS, that agencies' resources are expended on niche marketing and branding activities in order to distinguish their product from other providers.

Policy-makers intent on pursuing individualisation should be cognisant of the risks of elevating the twin objectives of market extension and profit. Over the long term, the pursuit of these objectives can engender a myopic approach to service delivery in which other agencies are seen as threats rather than as collaborators. The pursuit of these objectives may also encourage staff to focus on short-term performance goals and processes which can be more easily quantified, rather than attend to the relational aspects of care. This is not to suggest that competition does not have a role to play in efficient and diverse service provision, rather that it falls short as a guiding principle for a viable housing reform agenda.

As for the future, housing agencies will achieve the best outcomes in terms of service delivery if they can adopt a pragmatic rather than ideologically driven market agenda. Welfare services which attend to the intrinsic factors that motivate staff to commit time and energy in providing services are more likely to achieve their objectives than those that prioritise short-term profit-maximising rationalities. The extension of choice is a desirable objective for housing agencies, but the route to achieve it should be broad-based and experimental. There is much to be gained for organisations adopting a more experimental approach to service delivery, in which new approaches are piloted and then evaluated. This would of course require a significant reorientation in the way that services are delivered, but there are some grounds for being optimistic that housing organisations in Australia have the guile and ambition to attempt this.

5.5 Alternative pathways to individualised housing services

The extension of choice can be achieved in ways other than through competition and the market. Any policies to extend choice will need, of course, to take account of the reforms mooted by the government's Reference Group on Welfare Reform (2015); amongst the proposals put forward by the group is a simplified support system that encourages participation in the workforce. Other proposals put forward include targeting training for long-term

unemployed and social strategies to target disadvantaged households. In Project A (Jacobs et al. 2015) we made explicit our concern that an overt emphasis on demand-side assistance through programs such as first-time home owner grants and rental assistance do not necessarily reduce the costs of housing provision for low-income households, since landlords, real estate agencies and developers may put up the prices accordingly. While housing allowances may extend the purchasing capacity of recipients, there is nothing to prevent landlords or developers pushing up the rent or value of the home for sale. As Hulse (2014) argued, there is no evidence that demand-side subsidies have led to any significant increase in the supply of accommodation for low-income households.

5.5.1 Stock transfer and the diversity of the social and private rental housing sector

Another option for policy-makers to extend choice is through stock transfer of public housing units to community housing agencies, to enable diversity in providers and types of provision, management and links with support services. The previous Australian Government set a target that the community housing sector manage up to 35 per cent of all social housing stock by 2014 (Pawson and Wiesel 2014), although this has not yet been achieved (except in Tasmania). Both state government departments responsible for social housing and community housing agencies have supported the stock transfer process. The appeal of a stock transfer for the community-housing sector is that rent levels can be set to capture rental assistance (an option not available to public housing landlords, who have direct funding instead under the National Affordable Housing Agreement). The advantages of transfer could include sensitive redevelopment to meet contemporary needs and much-needed innovation in providing more appropriate housing products and housing management regimes. We have also alluded to the high costs that might eventuate from large-scale stock transfer, on account of the regulatory mechanism required to ensure compliance in areas such as property standards, rent-setting and tenant support. It is important to also draw attention to the limited tenant consultation that has accompanied stock transfer in Australia compared to the UK, where tenants have a collective veto (via a ballot) to reject the transfer of their estate to a new landlord (Pawson and Wiesel 2014). Another mechanism is to encourage landlords to offer differential rents (depending on the length of tenancy). So, for example, tenants who sign up for a long-term lease might be able to secure a reduced rent. Similar options are available in Germany and have proved successful for both landlords and tenants.

5.5.2 The NDIS as a model for future service delivery

We have discussed the benefits of the NDIS and CDC as prototypes for housing organisations to extend choice. Clearly there are advantages that can benefit individual consumers of services, but we should also be conversant with the attendant risks for organisations delivering services in accordance with this model. Our research identified that some staff working in the aged care sector have struggled with meeting the complex support needs that come to the fore when a variety of service packages are established for clients. Both the research literature and our interviews with staff provided us with the evidence to argue that partnership arrangements between clients and agencies are more effective than other forms of delivery. Whether clients support these assessments could be the topic of future research.

5.6 Future research

Whilst this report has raised issues about the efficacy of choice and competition as a guiding principle for housing assistance, there remain considerable gaps in knowledge about the long-term impact of individualised forms of housing and other welfare assistance both for clients but also for wider society. Other gaps in knowledge include: the way different policies generate

unintended consequences or impede other policy priorities in areas such as taxation policy and policy integration; changes over time, particularly the potential for deterioration or reduction in the quality of housing assistance products and services; how well all households in need of housing assistance might be supported within a choice-based model; and, of course, how to best undertake an evidence-based assessment of the ongoing benefits and costs to households and governments associated with a more individualised system of housing assistance provision. Finally, any future assessment of individualised models of housing assistance needs to elicit the views of people who may well be both consumers in markets (or quasi markets) and clients of services.

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