

5th Australasian Housing Researchers' Conference



17-19 November 2010, University of Auckland, New Zealand

Increasing the social housing stock: What are the implications for key services supporting social housing tenants?*

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Keywords: Social housing; Support services; Housing affordability

* The authors would like to thank the Western Australian Council of Social Service (WACOSS) for funding the research reported in this paper. The findings and views expressed in this paper, however, are the authors' and should not be attributed to WACOSS. The authors would also like to acknowledge an anonymous referee for the helpful suggestions made in relation to this paper.

Introduction

Western Australia (WA) has been experiencing a significant decline in housing affordability in its private housing market over the past few years. Tables 1 and 2 describe the extreme price growth of the last 5 years with house prices rising, on average, around 15% per annum. The median price in the Perth metropolitan area rose from around \$350,000 in 2005 to just under \$500,000 at the beginning of 2010. This price growth has taken homeownership out of the reach of many West Australians, even those on median incomes in an increasing number of locations. Those on low incomes that cannot afford to purchase are forced into the private rental market. This increases demand within the rental sector pushing up rents and increasing incidences of rental stress.

Table 1: Median House Prices, Growth and Affordability, Sub-regional Centres

Sub-regional centre	March 2010 median house price	Annualised 5-year price growth	Price: income ratio based on Perth metro household income	Household income required for purchase (35% housing cost burden, 20% deposit)
Armadale/Serpentine	\$351,000	19.5%	4.71	\$64,114
Bassendean/Bayswater	\$470,750	13.8%	6.32	\$86,057
Belmont	\$447,500	14.3%	6.01	\$81,600
Canning	\$474,000	14.5%	6.36	\$86,400
Cockburn	\$458,000	16.2%	6.15	\$83,657
Fremantle	\$690,000	14.9%	9.26	\$125,829
Gosnells	\$350,000	17.2%	4.70	\$63,771
Hills	\$449,501	16.5%	6.03	\$81,943
Joondalup North	\$525,000	13.3%	7.05	\$95,657
Joondalup South	\$510,000	13.8%	6.85	\$92,914
Melville	\$680,000	13.0%	9.13	\$124,114
Perth City	\$818,000	16.1%	10.98	\$149,143
Rockingham/Kwinana	\$365,000	16.6%	4.90	\$66,514
South Perth/Vic Park	\$655,000	13.9%	8.79	\$119,657
Stirling East	\$439,500	13.0%	5.90	\$80,229
Stirling West	\$710,000	13.9%	9.53	\$129,600
Swan	\$392,400	16.8%	5.27	\$71,657
Vincent/Stirling SE	\$790,000	15.2%	10.60	\$144,000
Wanneroo North East	\$450,000	16.3%	6.04	\$82,286
Wanneroo North West	\$417,500	15.7%	5.60	\$76,114
Wanneroo South	\$432,000	18.5%	5.80	\$78,857
Western Suburbs	\$1,300,000	17.0%	17.45	\$237,257

Source: REIWA (2010) Housing Market Update

Table 2: Median House Prices, Growth and Affordability, Regional Centres

Regional centre	March median price	2010 house price	Annualised year growth	5 price	Multiple of income required for purchase
Albany	\$392,000		12.7%		5.41
Augusta/Margaret River	\$555,250		7.4%		7.53
Broome	\$684,000		12.2%		8.01
Bunbury	\$361,750		11.5%		4.63
Busselton	\$455,000		8.7%		5.99
Carnarvon	\$275,000		21.1%		3.71
Denmark	\$382,000		12.7%		6.75
Esperance	\$375,000		15.2%		5.04
Geraldton-Greenough	\$416,000		19.4%		5.27
Kalgoorlie-Boulder	\$350,000		14.9%		2.96
Karratha	\$800,000		24.3%		5.05
Mandurah	\$400,000		9.3%		5.61
Port Hedland	\$685,000		21.6%		4.84

Source: Authors' calculations from the REIWA Market Update (March 2010)

Declining affordability in both the owner-occupied and private rental market has led to an increase in the social housing waiting list. The waiting list for social housing in WA is now round 24,000 with many on the list having to wait for at least 2 years, much longer in areas of higher demand, to secure a property. Social housing can now only hope to house those most in need, even with an increase in social housing stock following on from the government's nation building stimulus package. A low income alone is not going to get a household on the priority social housing waiting list.

The priority housing waiting list has increased dramatically from 382 applications at the end of June 2006 to 3,161 by the end of May 2009 (SHTF, 2009). Although the waiting list has grown significantly the stock of social housing has been stable at around 35,000 units since 1998 (SHTF, 2009). The stock is expected to grow to 40,000 units by 2011/12 which will help ease some of the demand. However, Department of Housing projections suggest a waiting list of over 60,000 households in 2020 (SHTF, 2009). These projections led the Social Housing Task Force, set up by the WA Government to examine housing affordability in WA, to recommend an aspirational target of 20,000 additional social housing units by 2020 to address the chronic housing shortage.

Linked to social housing units and the tenants that access such housing are a range of support services that assists with the maintenance of high needs tenants and provide adequate support to help tenants with the potential to achieve self-sufficiency to exit the social housing system and move on to less subsidised accommodation. There are five key services linked to social housing:

- Disability and mental health services;
- Aged care services;
- Support for adult victims of violence or abuse;
- Youth support;
- Housing support.

In fact, the SHTF report makes the following recommendations that directly address the need to meet the demand for support services by social housing tenants (SHTF, 2009, p. v):

Recommendation 19: The Minister for Housing and Works to recognise government subsidies will always be needed to sustain the housing and support needs of households on long-term low fixed incomes and/or with complex needs;

Recommendation 25: The Minister for Housing and Works commits to adequately funding support services for people in the social housing system to assist in sustaining tenancies and in moving people through the affordable housing continuum.

A rapid and substantial increase in the social housing stock as the government rolls out an expansion strategy to achieve 20,000 additional social housing units by 2020 will place pressure on these key support services and therefore have a considerable the impact on organisations that offer supporting services to such tenants. Such organisations are integral to social housing offering support for groups such as the aged, people with disabilities and victims of violence. Support is also necessary to allow tenants to overcome the barriers preventing movement through the housing continuum, i.e. out of social housing and into market housing when household circumstances improve. High need cohorts, such as the aged and people with disabilities, will require appropriate support to maintain their wellbeing and sustain their tenancies. Those with potential to exit social housing, such as working age people without disabilities, will require other forms of support targeted intensively at the achievement of self-sufficiency that will enable them to leave social housing. Support service providers must plan how they are going to meet the increased demand for support services from limited resources under an expansion of social housing stock.

This paper discusses the funding implications for those services required to support the additional 30,000-40,000 tenants to be housed within the proposed 20,000 dwellings. Without increased funding, existing organisations would be placed under enormous pressure when dealing with the increased demand for services. This paper describes the results of a modelling exercise designed to estimate the additional funding requirements generated by a variety of services vital in supporting tenants within social housing.

The demand for support services: data and projection method

This section discusses the data and method employed to project the growth in demand for and increase cost of support services under a social housing expansion strategy of 20,000 additional units by year 2020.

The projected *growth in demand* is a function of the:

- additional number of tenants housed in the 20,000 units in year 2020; and
- level of access to support services among tenants in year 2020.

The projected level of access to support services in year 2020 is multiplied by the projected additional number of tenants due to an expansion of the housing stock by 20,000 units calculating the *growth in demand* for support services in 2020 attributable to an expansion of the housing stock:

$\text{Growth in demand for support services by 2020} = \text{Additional number of tenants in 2020} \times \text{incidence of access to support services by tenants in 2020}$

The projections of the *real increase in cost* incurred by support services as the social housing stock expands are then estimated by multiplying the projected growth in demand by the current average cost per client of support services:

$\text{Real increase in cost of support services by 2020} = \text{Growth in demand for support services by 2020} \times \text{current average cost per client of support services}$

Expenditure on services often control for the effects of inflation so that the cost estimates represent the real costs associated with the provision of services; see for example the Productivity Commission's report on government services (SCRGSP 2009). Hence, the projected increase in cost in this paper is presented in real terms, i.e. in 2009 dollar values.

Data Collection

We distributed questionnaires to 15 support service providers to obtain information on their current cost of providing support services upon which the cost projections could be based. Questionnaires

were administered in early May 2009, and providers were given 3 weeks to return the questionnaires. Among the 15 providers, 10 were able to provide cost and client details that enable estimation of cost per client upon which cost projections could be made. The questionnaire collected data on:

- Details of support service providers, e.g. as key service provided, regions of coverage etc.
- Profile of current clients, e.g. number of clients who are female, aged, have disabilities etc.
- Average annual costs and external funding received in the last financial year.

As reported in table 3 below, the providers represent a wide range of support service types, including services to assist in the areas of disability and mental health, aged care, youth support, support for victims of violence or abuse and housing support (housing advocacy, tenancy advice, tenancy management etc.). Half of the providers were based in the Perth metropolitan region, with 4 covering the regional areas and 1 providing services in both metropolitan and regional areas. The providers also vary in size, from providers assisting 15 to over 1,000 clients, and employing a minimum of 5 workers to a maximum of 200 workers. The average age of clients range from 16 to 75 years, and the duration of support for clients range from 3 months to 4 years.

Table 3: Summary Data from Support Service Providers, May 2009

Data item description	Statistics
<i>Key support services provided^a (number)</i>	
Disability and mental health	2
Aged care	2
Youth support	3
Support for victims of violence or abuse	3
Housing support	3
<i>Area of coverage (number)</i>	
Perth metro only	5
Regional only	4
Both Perth metro and regional	1
<i>Number of clients (number)</i>	
Average	326
Minimum	15
Maximum	1,226
<i>Profile of clients (% of clients)</i>	
Females	71.5%
Have dependent children	22.1%
Aged	28.2%
Have a disability	16.0%
Aboriginal / from cultural and linguistically diverse background	23.9%
Not employed	47.9%
Have addiction problems	19.0%
<i>Age range of adult clients (years)</i>	
	16-75 years
<i>Support service staff (number)</i>	
Average	44
Minimum	5
Maximum	200
Ratio of full-time to part-time workers	2:1
<i>Duration of support</i>	
	3 months to 4 years

Source: Data collected from 10 support service providers in May 2009

Note:

- Some providers offer more than one service. In this table, they are groups according to the *key* type of service provided. Data was collected from 12 providers, but two of the providers provide more than one key type of service. Hence, these providers are counted in more than one service category.

The cost and funding estimates reported by providers formed the basis of the cost projections. As reported in table 4, the average annual support cost per client range from \$2,300 to \$5,000 depending on the key type of service provided.

Table 4: Average Annual Support Cost per Client, by Key Service Type, May 2009, \$

Key service type ^a	Average annual support cost per client (\$)	Number
Disability and mental health	\$4,611	2
Aged care	\$2,278	2
Youth support	\$3,085	3
Support for victims of violence or abuse	\$4,999	3
Housing support	\$3,603	3

Source: Authors' calculations based on data collected from 10 support service providers in May 2009

Note:

a. See note to table 3.

Projected level of access to support services

The projected level of access to each particular service type is sensitive to the growth in the key population subgroup accessing the service type e.g. the incidence of access to aged care services would be primarily driven by the growth in the number of the aged, while the incidence of access to youth support services is primarily dependent on the growth in the number of youths over time. The incidence of access is projected separately for the five key service types.

Disability and mental health services

The incidence of access to disability and mental health services in year 2020 depends strongly on the expected trend in the disability rate between now and 2020. According to Australian Bureau of Statistics (ABS) estimates, the age-specific disability rate has remained relatively stable over time (ABS, 2004a). In conducting projections of care expenditure, the Productivity Commission (2005) have projected future levels in care expenditure assumptions of a modest reduction in age-specific disability rate and no change in this disability rate. However, the overall disability rate would still be expected to rise in the future. This is due to the trend of population ageing. The number of older persons in the WA population will increase at a faster rate than the number of younger persons.¹ Older persons are far more likely to have a disability than younger persons.

The total number of people with disabilities in 2003 was estimated to be 406,700. Given constant age-specific disability rates over time, as a result of population ageing the overall number of people with disabilities in WA is projected to rise to 625,400 (see table 5, column E). Expressed as a proportion of the population, the overall disability rate in WA is projected to be 23% in 2020 (625,400 people with disabilities as a proportion of 2.7 million persons in the WA population in 2020 – see last row in table below).

¹ For example, based on ABS population projections of WA, the number of persons aged 0-14 years will increase by around one-third over its 2003 level (from 398,300 in 2003 to 517,200 in 2020), but the number of persons aged 85 years or over will double or increased by around 100% over its 2003 level.

Table 5: Age-specific Disability Rate and Number People with Disabilities in WA in 2003, and Projected Number People with Disabilities in WA in 2020^a

Age band (years)	2003 age-specific disability rate (%) [A]	2003 population ('000) [B]	Number of people with disabilities in 2003 ('000) [C] = [A] x [B]	Projected 2020 population ('000) [D]	Number of people with disabilities in 2020 ('000) [E] = [A] x [D]
0–14	9.2%	398.3	36.6	517.2	47.6
15–24	9.3%	282	26.2	338.2	31.5
25–34	14.6%	280.7	41.0	379.7	55.4
35–44	15.0%	299.2	44.9	380.9	57.1
45–54	23.4%	275.5	64.5	360.5	84.4
55–64	35.4%	194.0	68.7	316.6	112.1
65–69	43.3%	66.5	28.8	132.0	57.2
70–74	52.3%	55.7	29.1	112.3	58.7
75–79	56.1%	45.3	25.4	76.6	43.0
80–84	68.1%	30.6	20.8	52.1	35.5
85 +	84.1%	24.5	20.6	51.1	43.0
Total		1952.2	406.7	2717.1	625.4

Source: Authors' calculations from ABS (2004a; 2004b; 2008)

Note:

- a. The 2003 estimates are actual reported estimates, while the 2020 estimates are projected estimates based on the ABS's series B assumptions that reflect current trends in fertility, life expectancy at birth, and net migration.

Based on ABS estimates on the number of people with disabilities receiving assistance from formal providers, the incidence of access to disability and mental health services in 2003 in WA is estimated to be 34.8% of the number of people with disabilities. Assuming that the incidence of access to disability and mental health support services among people with disabilities remains constant at 34.8% over time, the incidence of access to these support services expressed as a percentage of the population is:

$$\% \text{ of population with a disability in 2020} \times \text{incidence of access to disability support services in 2020} \\ = 23.0\% \times 34.8\% = 8.0\% \text{ of the population in 2020}$$

Aged care services

The ABS 2003 Disability, Ageing and Carers Survey provides data on persons aged 60 years or over residing at home who are receiving assistance from formal providers. The Productivity Commission (2005) focuses on the 80 years or over age group, but also looks at the 65 years or over age group when analysing and projecting trends in aged care costs. In this study the incidence of access to aged care services in year 2020 is assumed to depend on changes in the number of those aged 60 years or over (henceforth 'older' persons). As shown in Table 6 below, older persons will make up a larger proportion of the population by year 2020. For example, in 2003, those aged 60-64 years comprised 4.2% of the population; by 2020 the projected proportion made up by this age group will be 5.5%. Similar increases can be observed in other older age groups. Overall, the proportion of the population that is made up of older persons will increase from 15.7% to 20.7% in 2020.

Table 6: Number of Persons Aged 60 Years or Over, 2003 and 2020^a

Age band (years)	2003		2020	
	Population ('000)	% of population	Population ('000)	% of population
60-64	82.6	4.2%	150.5	5.5%
65-69	66.5	3.4%	123	4.5%
70-74	55.7	2.9%	112.3	4.1%
75-79	45.3	2.3%	76.6	2.8%
80-84	30.6	1.6%	52.1	1.9%
85+	24.5	1.3%	51.1	1.9%
Older persons (60+)	305.2	15.7%	565.6	20.7%

Source: Authors' calculations from ABS (2004b; 2008)

Note:

- a. The 2003 estimates are actual reported estimates; the 2020 estimates are projected based on the ABS's series B assumptions that reflect current trends in fertility, life expectancy at birth, and net migration.

According to ABS estimates, the proportion of older people who were residing at home and receiving assistance from formal providers was 19.2% in 2003. Assuming that the incidence of access to aged care support services among older persons remains constant at 19% over time, the incidence of access to aged care support services expressed as a percentage of the population is:

$\begin{aligned} & \% \text{ of population who are older in 2020} \times \text{incidence of access to support services by older persons in} \\ & \text{2020} \\ & = 20.7\% \times 19.2\% = 4.0\% \text{ of the population in 2020} \end{aligned}$

Support for adult victims of violence or abuse

The incidence of access to support services for violence or abuse victims in year 2020 depends strongly on the expected trend in the change in the number of people suffering from violence or abuse. The ABS (2006a) has published estimates of the numbers of males and females aged 18 year or over suffering from violence in their 2005 Personal Safety Survey. The definition of 'violence or abuse' in this analysis is restricted to sexual violence experienced by both males and females, and physical violence experienced by women only. Physical violence is defined as any incident of physical assault, attempt or threat (ABS, 2006a). As shown in Table 7 below, 4.3% of women experienced physical violence in 2005. Overall, 39,200 females in WA experienced either physical and/or sexual violence in 2005, representing 5.3% of females in the WA population. The number of males experiencing violence is smaller at 12,600 or 1.6% of males in the population.

Using ABS population projection data (2006b, 2008), we project the numbers of adult violence or abuse victims in WA in the year 2020. We assume that the proportion of victims of violence remains constant by gender over time. The ABS (2006a) reported that 5.3% of women in Australia experienced violence in 2005. The number of victims of violence is hence projected to grow from 52,700 to 72,300 between 2005 and 2020. In percentage terms, this represents 3.5% of the population in both 2005 and 2020.

Table 73: Number and Proportion that are Victims of Violence in WA, by Gender and Type of Violence, 2005

Type of violence	Males		Females		All persons	
	Number ('000)	% of male population	Number ('000)	% of female population	Number ('000)	% of population
Physical violence	n.a.	n.a.	32.0	4.3%	32.0	4.3%
Sexual violence	12.6	1.6%	12.3	1.7%	24.9	1.6%
Total violence	12.6	1.6%	39.2	5.3%	51.8	3.4%

Source: ABS (2006a)

However, not all violence or abuse victims report incidences of violence or abuse, or make use of support services. For example, the rate of reporting to police by victims is low. According to 2005 ABS estimates, only 20.2% of female violence victims reported the incident to the police (ABS, 2006a). Older estimates for 1996 indicate that rate of reporting of violence to the police was 18.6%; similarly the proportion seeking assistance from support services such as a counsellor, doctor, or crises services was only 17.6% (Lorner, 2004). Based on this data, it is reasonable to assume that the incidence of access among victims to support services is approximately 20%, the incidence of access to services that support violence or abuse victims, expressed as a proportion of the population, is projected to be:

$\begin{aligned} & \% \text{ of violence or abuse victims in 2020} \times \text{incidence of access to support services by victims in 2020} \\ & = 3.5\% \times 20\% = 0.7\% \text{ of the population in 2020} \end{aligned}$

Youth support services

Changes in the incidence of usage of youth support services will be primarily dependent on population trends among the youths, defined as persons aged 15-24 years in this analysis. With a rapid rate of population ageing and falling fertility rates, it is not surprising that the proportion of the population made up of youths will decline to 12.4% in 2020.

The 2007 National Social Housing Survey (NSHS, 2007) reports that the incidence of requirement for support is lower for youths than for other age groups. The NSHS (2007) estimates the incidence of requirement for support to be around 8% for those aged 15-19 years. Assuming an incidence of access to support services of 8% over time, the incidence of access to youth support services expressed as a percentage of the population is:

$\begin{aligned} & \% \text{ of population who are youths in 2020} \times \text{incidence of access to support services by youths in 2020} \\ & = 12.4\% \times 8.0\% = 1.0\% \text{ of the population in 2020} \end{aligned}$
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Housing support services

The 2007 NSHS reports that the incidence of access to housing support services such as advice and referral services *among tenants requiring support* was 16% in 2007. Overall 13% of tenants requiring support were assisted by service providers in 2007.² Hence, the average rate of access to a service that provides housing support *and* is offered by service providers (instead of informal assistance) is estimated to be 2% (16% x 13%). Given the lack of information on incidence of housing support by age group etc, the incidence of support is calculated as 2% and is assumed to be equal across all age groups over time. *Readers should note that cost projection estimates of housing support services are strongly tied to the assumption of a 2% rate of access derived using aggregated data.*

The cost to support services: 2020

While there is a possibility that the expansion strategy may broaden the socio-economic profile of tenants, we assume that the incidence of need for support services will at least remain the same as for the general population for various reasons. First, using WA public housing administrative data tracking persons who entered the wait list between 1999 and 2005, researchers have found that the proportion of applicants who were priority applicants has increased over time (Dockery et al, 2008b). As applicants are only placed on the priority list if they are able to demonstrate urgent housing need, this finding indicates that the currently unmet demand for public housing is increasingly coming from those with demonstrable need for support services. This need may in fact be amplified across the population in the future due to population ageing, recent evidence that increasing numbers of older home owners are falling out of home ownership and making transitions onto housing assistance in

² An equal proportion received support from informal sources, such as family and friends.

older age (Wood et al 2010), as well as the noticeable rise in the numbers of homeless persons in Australia in recent years (SHTF, 2009).

It could be further argued that an expansion of the social housing stock will ensure that more people will enjoy benefits of residence in social housing, such as ontological security, improvements in ability to afford housing etc. Hence, the expansion strategy may result in a reduction of need for support services. However, it is important to note here the literature examining the impacts of social housing on tenants' wellbeing have thus far arrived at mixed findings. For example, tenants have reported a lack of access to information technology or transport, stigmatisation and experience of social problems due to residence in disadvantaged locations, and poor access to job opportunities (Kelly et al, 2005; Hulse and Saugeres, 2008). Studies have also found that the public housing rent formula blunts work incentives (Dockery et al 2008a).

Hence, projections of the increase in demand for support services are carried out under three sets of alternative assumptions regarding the levels of the incidence of access to support services by tenants (IS_T) in 2020 relative to the incidence of access to support services by the general population (IS_P):

- $IS_T = IS_P$ (low incidence of access by tenants);
- $IS_T = 1.25*IS_P$, that is, the incidence of access by tenants is 1.25 times, or 25% higher, than the population incidence of access (medium incidence of access by tenants);
- $IS_T = 1.5*IS_P$, that is, the incidence of access by tenants is 1.5 times, or 50% higher than the population incidence of access (high incidence of access by tenants).

Based on the reasons outlined at the beginning of this section, the projection that offers lower bound estimates assumes that the incidence of need for support services by social housing tenants will *at least remain the same as for the general population*. The incidences of access to support services under the three sets of assumptions are reported in Table 8 below.

Table 8: Incidence of Access to Support Services by Social Housing Tenants under Three Sets of Alternative Assumptions, by Support Service Type

Incidence of access by tenants (%)	Disability and mental health	Aged care	Support for violence or abuse victims	Youth support	Housing support
Low: $IS_T = IS_P$	8.0%	4.0%	0.7%	1.0%	2.0
Medium: $IS_T = 1.25*IS_P$	10.0%	5.0%	0.9%	1.3%	2.3%
High: $IS_T = 1.5*IS_P$	12.0%	6.0%	1.1%	1.5%	3.0%

Estimates are also dependent on assumptions regarding the average household size in year 2020. The estimated number of additional tenants would be:

- 40,000 assuming a constant average household size of 2 persons over the next ten years or so (upper bound estimates);
- 30,000 assuming a decline in average household size 1.5 persons over the next ten years or so (lower bound estimates).

Hence, the projections for each type of support service are conducted over six scenarios:

- Scenario A: $IS_P = IS_T$, average household size = 2 persons;
- Scenario B: $IS_P = 1.25*IS_T$, average household size = 2 persons;
- Scenario C: $IS_P = 1.5*IS_T$, average household size = 2 persons;
- Scenario D: $IS_P = IS_T$, average household size = 1.5 persons;
- Scenario E: $IS_P = 1.25*IS_T$, average household size = 1.5 persons;
- Scenario F: $IS_P = 1.5*IS_T$, average household size = 1.5 persons.

Projections of the growth in demand for each support service type are applied to the estimates of current cost per client provided by the 10 service providers to project *real* expenditure attributed to an increase in the social housing stock. The projected increase in expenditure is reported in Table 9 below. The increase in expenditure is firstly reported in 2009 dollars, that is assuming no inflation over the period till 2020, and secondly reported assuming that prices grow at an annual rate that reflects the long-run Consumer Price Index growth rate over the last ten years.

Depending on the average household size and whether the incidence of access to support services is low, medium or high, the increase in expenditure in 2009 dollars experienced by each key service type in our sample is as follows:

- Disability and mental health services: between \$11.1 million and \$22.1 million;
- Aged care services: between \$2.7 million and \$5.5 million;
- Support for victims of violence or abuse: between \$0.6 million and \$1.4 million;
- Youth support: between \$1.5 million and \$3 million;
- Housing support: between \$2.2 million and \$4.3 million.

The increase in expenditure is projected to be lowest for support services that assist victims of violence or abuse, and highest for disability and mental health services. The current average annual cost per client estimates indicates that costs incurred by disability and mental health services are relatively high compared to other services.

Table 9: Projected Growth in Demand for and Cost of Support Services Attributable to an Increase in the Social Housing of 20,000 Units by 2020 under Alternative Scenarios, by Support Service Type

Scenario	Disability and mental health	Aged care	Support for violence or abuse victims	Youth support	Housing support
<i>Current average annual cost per client (\$)</i>	\$4,611	\$2,278	\$3,085	\$4,999	\$3,603
<i>Growth in demand (number of tenants)</i>					
A	3,200	1,600	280	400	800
B	4,000	2,000	360	520	920
C	4,800	2,400	440	600	1,200
D	2,400	1,200	210	300	600
E	3,000	1,500	270	390	690
F	3,600	1,800	330	450	900
<i>Increase in real expenditure by 2020 (\$)</i>					
A	14,755,200	3,644,800	863,800	1,999,600	2,882,400
B	18,444,000	4,556,000	1,110,600	2,599,480	3,314,760
C	22,132,800	5,467,200	1,357,400	2,999,400	4,323,600
D	11,066,400	2,733,600	647,850	1,499,700	2,161,800
E	13,833,000	3,417,000	832,950	1,949,610	2,486,070
F	16,599,600	4,100,400	1,018,050	2,249,550	3,242,700

Source: Authors' calculations using cost projection methodology and data collected from 10 support service providers in May 2009

Conclusion

The demand for social housing will continue to grow as housing affordability continues to decline in WA. The SHTF recommendation for 20,000 new social housing units by 2020 would address some of the additional demand. Increasing the number of social housing units places additional pressures on the services that support social housing tenants. Social housing tenants often have complex needs, including disability, mental health problems and emotional problems caused by experiences of

violence or abuse. These services must be funded properly in order to ensure they are able to support the needs of social housing tenants.

The additional funding required to fund support services is estimated to be:

- Disability and mental health services: between \$11.1 million and \$22.1 million;
- Aged care services: between \$2.7 million and \$5.5 million;
- Support for victims of violence or abuse: between \$0.6 million and \$1.4 million;
- Youth support: between \$1.5 million and \$3 million;
- Housing support: between \$2.2 million and \$4.3 million.

The real increase in expenditure is projected to be lowest for support services that assist victims of violence or abuse, and highest for disability and mental health services. This variance is to be expected given the population of tenants with disability or mental health problems far exceeds the population of violence or abuse victims who access services. The current average annual cost per client estimates also indicates that costs incurred by disability and mental health services are relatively high compared to other services.

It should be noted that the cost projections are based on certain informed assumptions (but assumptions nonetheless) regarding future population trends and future incidence of access to support services by social housing tenants. Any changes to the assumptions underlying the projections will alter the projected growth in demand and real expenditure associated with WA's proposed social housing stock expansion strategy. Furthermore, the cost projections are based on current cost data collected from 10 support service providers in WA. The providers represent a wide range of services, areas of coverage and size (in terms of number of clients and number of workers). However, the number of providers is not large enough to be sufficiently representative of all providers within the state of WA.

Notwithstanding the limitations of the projection method, the projection findings strongly indicate that the demand for support services and the cost of providing these services will increase under an expansion of the social housing stock. This is important from the perspectives of both support service providers and government. Support service providers must plan how they are going to meet the increased demand for support services from limited resources under an expansion of social housing stock. Governments contributed the majority (70.8%) of all funding of support services in 2005-06 (SCRGSP, 2009). If appropriate levels and forms of support are not available to meet the demand from an increased number of tenants, this will impose other costs upon government such as increased tenancy management costs and decreased rent revenue due to continued welfare reliance by tenants. It is therefore imperative that sufficient resources be devoted to helping support service providers meet the increased demand for their services that will accompany any expansion of the social housing stock.

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