

Policy paper:

HOUSING CHALLENGES FOR SINGLE PERSON HOUSEHOLDS

January 2024

Executive Summary

In 2023 CHIA Vic commissioned the Unison Housing Research Lab to investigate the issues and costs involved in providing housing for single person households by the community housing sector in Victoria.

The project, *Housing Challenges for Single Person Households*, focussed on three areas:

1. A study of Victorian Housing Register (VHR) data to give insights into current and future demand for singles housing,
2. The challenges these households experience in sustaining tenancies and the existing initiatives that address these challenges, and
3. A study of Unison Housing (Unison)¹ tenancy management data to analyse the specific costs of providing singles housing relative to other groups.

The findings show that the crisis of housing singles stems from inadequate income support, constraints this imposes on project viability when building new singles housing, and the lack of appropriately funded and targeted tenancy supports to help singles maintain their housing.

Key findings

- In 2020-21, half of the Victorians who sought assistance from homelessness services whilst actively experiencing homelessness were single.²
- Between June 2021 and June 2022, singles joined the VHR waitlist at a rate of almost two new applications for every client who was housed (5,666 vs 3,104).³
- In comparison, about 1.5 new applications were received from non-single households each time one was housed (3,748 vs 2,462).⁴
- Two in five (40%) single-person households receive lower income supports like JobSeeker, compared to fewer than one in five (19%) for families and couples.⁵
- Single households are generally in higher need, with nine in ten new applications (89%) on the Priority Access list at June 2023 being single households.⁶
- From June 2021 to April 2023, community housing organisations (CHOs) allocated 61.1 per cent (1,130) of their properties to single people. Over the same period, public housing allocated 52.8 per cent (2,327) of their properties to single people.⁷
- The average weekly rent charged by Unison for a single household was \$157.50, compared to \$199.70 for couples, \$208.30 for singles with children, and \$220.60 for couples with children.
- Between 2014 and 2019, three quarters of singles who exited from Unison tenancies did so within 18 months of their tenancy beginning – this was 16 per cent higher than non-singles.

Recommendations

1. In developing the National Housing and Homelessness Plan, the Commonwealth must consider the impact that low levels of income support payments have on the social housing system and raise these payments to adequate levels. JobSeeker should be raised to \$78 per day to be in line with the Age Pension. Alternatively, single households on JobSeeker could be given an additional \$60 per week in Commonwealth Rent Assistance (CRA).
2. Government funding models should reflect the cost difference in providing housing to single people, and ensure that higher subsidies are paid to cover these costs.
3. In some cases different housing models and built-forms are required for housing singles with high support needs, such as congregate supported housing models. The relative need for these types of projects should be identified and specific grant and operational funding made available for their construction and ongoing delivery.
4. The Victorian Government should review all its tenancy support programs with a focus on how to better support sustainment of single tenancies. This should include an evaluation of the *From Homelessness to a Home* program on the basis of its ability to provide better tenancy support for singles with other acute disadvantages.

Background

As of June 2023 there were 47,661 single-person households waiting for social housing in Victoria. This is 85.4 per cent of the total 55,822 applications (excluding transfer applications) on the VHR.⁸ Demand from single person households is likely to remain high as shifts in Australian demographics have seen single-person households rise from 18 per cent of all households to 26 per cent today.⁹ Given this large, unmet demand for social housing from single people, CHIA Vic commissioned the Unison Housing Research Lab¹⁰ to investigate the issues and costs involved in providing singles housing to help the community housing sector and governments meet this challenge.

The project, *Housing Singles Successfully*, focussed on three areas: (1) a study of VHR data to give insights into current and future demand for singles housing, (2) the challenges that these households experience in sustaining tenancies and existing initiatives that address them, and (3) a study of Unison's tenancy management data to analyse the specific costs of providing singles housing relative to other groups.

The findings show that the crisis of housing singles stems from inadequate income support, constraints this imposes on project viability when building new singles housing, and the lack of appropriately funded and targeted tenancy supports to help singles maintain their housing.

Demand for singles social housing

Not only did singles make up well over half of those waiting for social housing at June 2022 (58.7 per cent), in the 12 months prior they were coming onto the VHR at a much greater rate than all other groups.¹¹ They were also leaving the VHR through allocations into social housing at a slower rate relative to their inflows than all other groups, due to the social housing stock types available, indicating that the number of single people stuck on housing waiting lists is only going to increase in coming years.¹²

Soaring rents and low household incomes for single people are combining to squeeze them out of private rentals, and increasing their desperate need for social housing. Victoria's median weekly rent is at record highs – increasing by 14.3 per cent, up to \$500, from September 2022 to September 2023¹³; however, in 2021 the median weekly income for individuals was \$803 compared with \$2,126 for families.¹⁴

Between June 2021 and April 2023, over half of all allocations from the VHR were made to single households, with the community housing sector making 61.2 per cent of their allocations to single person households.¹⁵ But with only 29 per cent of Homes Victoria's stock being one-bedroom housing,¹⁶ the social housing system can only work so hard to provide adequate housing for single people. To build single person social housing units at the level that's needed to meet the large and growing demand, systemic constraints within current funding models need to be addressed.

Barriers to building enough housing for single people

Single person households have, unsurprisingly, lower incomes than other household types, and are increasingly priced out of the rental market. The same income disparity is seen in the data of those waiting for social housing. Forty per cent of single applicants were on lower forms of income support payments such as JobSeeker, while just 19 per cent of family and couple applicants received these lower payments. Conversely, 54 per cent of singles are on relatively higher payments such as the Age or Disability Pension, but this number is 71 per cent for families and couples.¹⁷ Across all payment types, single person households had lower incomes than other groups, despite being in similar, if not worse, housing circumstances.

Modelling commissioned by CHIA Vic into the impact of different income support payments on the viability of new construction projects found that small changes to the income-mix of renters has a measurable impact on

rental revenue.¹⁸ Increasing the proportion of those on JobSeeker from one-third to one-half of the renters (with the balance receiving the Age or Disability Pension) reduces the rental revenue these developments would take in by \$450 per week, or around \$23,400 per year for a project with 50 units. This reduces the amount of debt finance that CHOs can raise, increasing the level of subsidy required. Given that singles are more likely than families and couples to be on JobSeeker, the inadequate rates of JobSeeker make it more challenging to provide housing for singles at the volume needed. Building costs for one-bedroom units are only marginally less expensive than for two-bedroom units given that both require more-or-less the same amenities, such as one kitchen, one bathroom, etc.¹⁹ This means that organisations must build at a similar cost for both cohorts but receive substantially less income with which to repay development costs when housing single people.

This modelling is supported by analysis of Unison's tenancy data, which found that the average weekly rent charged to single-person households was \$157.50, compared with \$208.30 for single parents/guardians with children, \$199.70 for couples without children, and \$220.60 for couples with children.²⁰ Providing housing for single people leads to less revenue, due to lower household incomes. These lower incomes are not only the product of there being fewer individual incomes contributing, but also of the fact that singles are more likely to be on inadequate income support payments such as JobSeeker.

Raising the JobSeeker rate is an immediate and efficient way that the Commonwealth could ease the structural barriers that are blocking the construction of more social housing for single people. Increasing income support payments for those on JobSeeker to \$78 per day would go some way to ensuring that these payments can cover the cost of securing shelter. Alternatively, raising CRA payments by an additional \$60 per week for single households on JobSeeker could also address this gap.

Building more two-or-more-bedroom homes in social housing developments is another way to generate higher revenues that can then subsidise an increased level of singles housing. However, with singles already the largest category of applicants on the VHR this can't be done without further misaligning social housing stock to demand.

In the absence of a JobSeeker rate which reflects the cost of providing an adequate standard of living, including housing costs, governments need to review current funding models for social housing and provide greater grant amounts for singles housing in recognition of the higher subsidy required to build and operate it.

Tenancy support for single households

Single households are more likely to experience disadvantages that make tenancy sustainment more difficult, such as being on lower incomes, having lower levels of education, and having more limited social networks. This results in these tenancies being at greater risk of breaking down and leading to 'unfavourable exits'.²¹

As well as single households paying lower rents, Unison's tenancy data reveals they are also likely to generate greater asset management costs for their rental provider, particularly those related to unexpected maintenance required once properties had been vacated. The average weekly cost of these property services was between \$65.30 and \$82.50 for couples, groups and families, whereas for single households it was \$133.40.²²

Victoria's programs of tenancy support for social housing renters are limited and appear to lack sufficient focus on the challenges in providing housing for singles.²³ More importantly, there has been limited evaluation of the outcomes of existing support programs with a view to developing and improving them, both for single and other households.

The Victorian Government's *From Homelessness to a Home* program, implemented in response to the COVID-19 pandemic, is a program of direct intervention in housing provision and tenancy support based on Housing First principles. It offers the perfect opportunity to undertake this sort of evaluation to inform future program development. Given the high representation of singles in the group this program targeted, it will have key lessons for how we can better meet the support needs of single households with complex needs. Other social housing

tenancy support programs, namely Tenancy Plus, Support for High-Risk Tenancies and Aboriginal Tenancies at Risk, should also be evaluated including a particular focus on how single households can be better supported.

Conclusion

The singles housing crisis is largely due to their lower incomes relative to multi-person households, and as rents continue to rise more singles are finding themselves in need of social housing. Whilst the social housing system is allocating housing to singles on a needs basis, the current stock profile is incapable of meeting this growing demand.

In an income-based rent system like social housing the lower incomes of singles means they pay lower rents. With no additional subsidy for single-person homes under current settings, the community housing sector would need to build an immense number of larger-household homes to cross-subsidise enough singles housing to meet demand. Doing so would only increase the mismatch between the current social housing stock profile and the increasing need for one-bedroom homes.

Instead, there needs to be an increase to JobSeeker rates (which singles are more likely to be recipients of than groups and families) to raise the incomes of single households and improve the operating model for singles housing. When setting social housing growth targets, governments must factor in the difference in income profiles and how this impacts the subsidies required to build housing for single people.

Finally, better understanding and funding of tenancy supports that singles require is needed to ensure that tenancies can be successfully sustained, improving outcomes for single people as well as other groups of renters.

Recommendations

1. In developing the National Housing and Homelessness Plan, the Commonwealth must consider the impact that low levels of income support payments have on the social housing system and raise these payments to adequate levels. JobSeeker should be raised to \$78 per day to be in line with the Age Pension. Alternatively, single households on JobSeeker could be given an additional \$60 per week in CRA.
2. Government funding models should reflect the cost difference in providing housing to single people and ensure that higher subsidies are paid to cover these costs.
3. In some cases different housing models and built-forms are required for housing singles with high support needs, such as congregate supported housing models. The relative need for these types of projects should be identified and specific grant and operational funding made available for their construction and ongoing delivery.
4. The Victorian Government should review all its tenancy support programs with a focus on how to better support sustainment of single tenancies. This should include an evaluation of the *From Homelessness to a Home* program on the basis of its ability to provide better tenancy support for singles with other acute disadvantages.

References

- ¹ Unison Housing is a not-for-profit community housing organisation that manages over 2,700 social, transitional and affordable housing units. They are also a large provider of services to people who are experiencing or are at risk of homelessness in Melbourne’s inner west.
- ² Guy Johnson and Rosanna Scutella, *Supporting Social Housing Tenants: Issues and Interventions* (Melbourne: Unison Housing Research Lab, 2024), 5.
- ³ Godwin Kavaarpuo and Guy Johnson, *Demand for Social Housing: Characteristics of Households on the Victorian Housing Register* (Melbourne: Unison Housing Research Lab, 2024), 8.
- ⁴ Kavaarpuo and Johnson, 8.
- ⁵ Kavaarpuo and Johnson, 11.
- ⁶ <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr>.
- ⁷ Kavaarpuo and Johnson, *Demand for Social Housing*, 14.
- ⁸ <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr#household-types-on-the-vhr>.
- ⁹ <https://aifs.gov.au/media/households-shrink-more-people-living-alone#:~:text=More%20than%20one%20in%20four,in%20household%20size%20since%202000>.
- ¹⁰ The Unison Housing Research Lab is a collaboration between Unison Housing and RMIT University that is jointly funded to undertake policy research and practice relevant research. Unison Housing is a not-for-profit community housing organisation that manages over 2,700 social, transitional and affordable housing units. They are also a large provider of services to people who are experiencing or are at risk of homelessness in Melbourne’s inner west.
- ¹¹ Kavaarpuo and Johnson, *Demand for Social Housing*, 8.
- ¹² Kavaarpuo and Johnson, 8. Note that all but 12 of the 5,565 VHR exits in this time were from allocations into social housing.
- ¹³ <https://www.dffh.vic.gov.au/homes-victoria-rental-report-september-quarter-2023-word>, 4.
- ¹⁴ <https://www.abs.gov.au/articles/snapshot-vic-2021>.
- ¹⁵ Kavaarpuo and Johnson, *Demand for Social Housing*, 14.
- ¹⁶ <https://www.dffh.vic.gov.au/social-housing-and-homelessness-additional-service-delivery-data-2022-23-word>, Table 61.
- ¹⁷ Kavaarpuo and Johnson, *Demand for Social Housing*. Note the maximum rate accessible on both of these payments is the same.
- ¹⁸ This modelling was commissioned as part of development of CHIA Vic’s upcoming 10-Year Sectorwide Roadmap and has not yet been made public.
- ¹⁹ Rosanna Scutella and Guy Johnson, *Assessing the Costs of Providing Social Housing to Singles: A Case Study* (Melbourne: Unison Housing Research Lab, 2024), 5.
- ²⁰ Scutella and Johnson, 12. For a full description of the method and approach used to calculate this data, see section 2.2 *Method*, 9-11.
- ²¹ ‘Unfavourable exits’ was defined as renters leaving properties due to problems within their tenancy, e.g. eviction, rather than because of moving to a permanent housing opportunity elsewhere. For a discussion of this term see Johnson and Scutella, *Supporting Social Housing Tenants*, 10.
- ²² Scutella and Johnson, *Assessing the Costs of Providing Social Housing to Singles*, 12.
- ²³ Johnson and Scutella, *Supporting Social Housing Tenants*, 18–20.