



**Mental Health  
Carers NSW**

## **Submission to the Senate Economics Reference Committee Inquiry into Social Housing**

### **The Economic Case for Safe and Sustainable Housing for People with Disability**

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## About Mental Health Carers NSW (MHCN)

Mental Health Carers NSW (MHCN) is the peak body for carers of people who experience mental health challenges in NSW. MHCN is a community managed organisation that provides systemic advocacy, capacity development and education for the carers, family, friends, and kin of those experiencing mental health challenges across NSW.

In Australia, there are approximately 354,000 mental health carers who, each year, provide 186 million hours of unpaid support.<sup>1</sup> Due to the demands of their caring role, carers are at a high risk of developing mental health issues, as well as experiencing loneliness and social isolation. MHCN supports mental health carers and advocates for services and systems that support them in their caring role. MHCN ensures the voices of mental health carers in NSW, and the people they care for, are represented in policy and service reform processes. We work to uphold the rights of carers and consumers to equitable, accessible, and adequately funded mental health services.

MHCN empowers mental health carers to become champions for mental health reform and advocacy. We engage regularly with carers so they can inform our policy priorities and advocacy; for example, every month we convene the *Carers of Forensic and Corrections Patients Network* meetings, and peer led *Mental Health Carer Connection* meetings.

MHCN also provides the Disability Advocacy Futures Program. This program engages in systemic advocacy on behalf of those who experience psychosocial disability. In this role MHCN advocates to non-Health state government services under the Disability Advocacy Futures Program.

MHCN is funded by the NSW Ministry of Health and the NSW Department of Communities and Justice. We are a foundation member of Mental Health Carers Australia.

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## Scope of this Submission

Mental Health Carers NSW's submission considers the socio-economic benefits of investment in social housing and focuses on the needs of people with disability related to mental health diagnoses (psychosocial disability). Our submission makes a case for improved federal investment and ownership of social housing that is accessible for people with psychosocial disability in order to lower repeated expenditure. We highlight how investment in suitable housing can reduce the risk of preventable tenancy failures and homelessness, absorb broader housing stress, and alleviate pressure on other public services.

## Introduction

Australians with disability comprise a large cohort of the social housing system, and around two in five social housing households include at least one person with disability. However, they face a range of direct and indirect costs for goods, services, and housing and often pay a premium or wait years to access them. As such, Mental Health Carers NSW (MHCN) argues that sustained investing in social housing can create long lasting public assets as well as reduce the demand on health, justice, disability, and crisis services.

Our submission calls for improved and continued investment in new and upgraded social housing with stronger building standards. Building the right homes in the first place is a sensible use of public money. Houses should meet the Livable Housing Gold Standard and account for the needs of people with disability, including disabilities related to severe mental health (psychosocial disability). This means recognising that natural light, privacy, security, and access to transport, services, and community are what sustains a tenancy and reduces the risk of costly crisis responses.

Therefore, the economic value of a house should not be measured primarily by its upfront building costs. Lower housing expenditure shifts the costs to other public services. MHCN recommends that the government's investment should account for these transferred costs and measure them against the savings that a well-directed social housing policy can generate throughout the public sector. This can provide a stronger rationale to determine social housing's value for money.

To take advantage of these economic benefits, MHCN makes three practical recommendations:

1. **Sensible federal capital investment** in new and upgraded social housing for people with disability with occupancy targets for people with disability. Increased availability can address the housing shortage and create a public asset. This can reduce the costs associated with homelessness and housing insecurity.



2. **A gold standard for disability housing** that requires new and renovated social housing to meet the Liveable Housing standard and address the accessibility requirements of physical, sensory, cognitive, and psychosocial disability. If this is done properly, the government can reduce later costs generated by modifications and maintenance.
3. **Measure the cross-government value of social housing** by assessing the investment against its impact on government services.

Ultimately, social housing for people with disability must be considered as a socio-economic investment that will pay off over its lifetime. When people with disability live in houses built for their needs, our public money will be used to an even greater effect because the asset's value continues to grow.

## Recommendations

### Recommendation 1: Sustained Direct Capital Investment

**Summary:** The Australian Government provides capital investment for both new and improved social housing for people with disabilities.

**Why investment is needed:** The 1999 revision of the Commonwealth–State Housing Agreement (CSHA) narrowed the eligibility criteria of social housing to ‘greatest need’.<sup>i</sup> This residualisation of social housing means it is no longer affordable alternative tenure for a mix of working, lower-income, and income support Australians but seen more as a highly targeted welfare service.<sup>ii</sup>

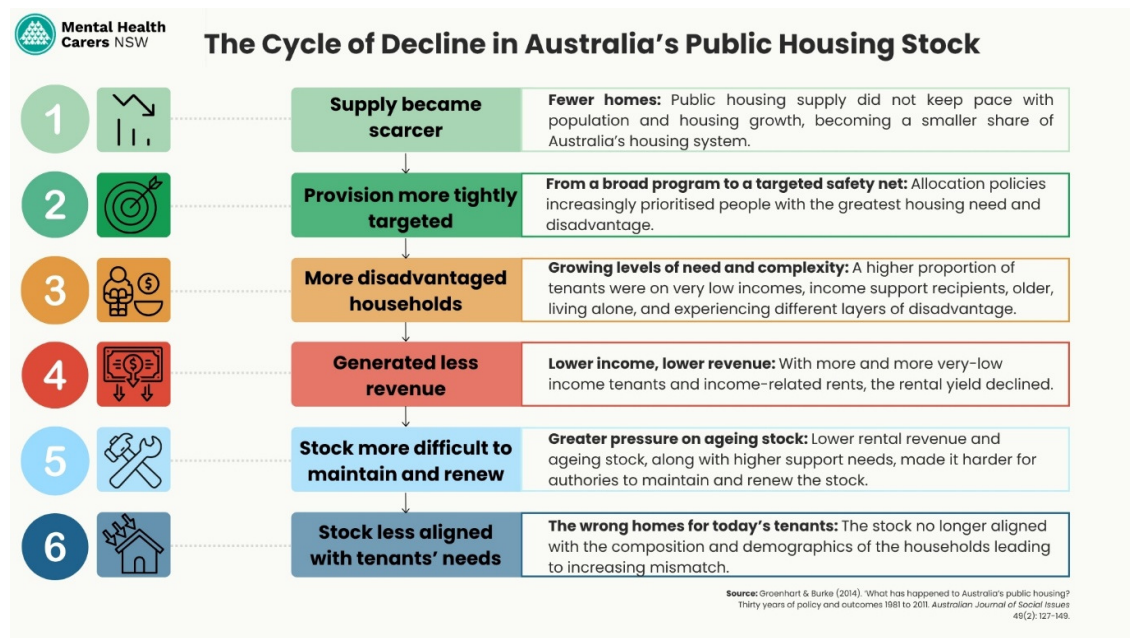
This is closely linked to the fact that public housing supply has failed to keep up with population and housing growth. According to the Australian Housing and Urban Research Institute’s (AHURI) 2026 social housing report, the percentage **of total social housing stock has fallen to just 3.9%.**<sup>iii</sup> This means that more vulnerable Australians are experiencing escalating levels of rental stress, poverty, homelessness, and displacement. While the Housing Australia Future Fund’s (HAFF)’s target is to deliver 20,000 new social housing units by mid-2029, this will not be enough meet the present national demand, with 71,000 households in NSW alone on the waitlist.

People with disability comprise a large population of Australia’s social housing system users. The Australian Institute of Health and Welfare (AIHW) reported that as of June 2024, around **38%** of the social housing households already included at least one person with a disability.<sup>iv</sup> On a brighter note, only **71%** of those households reported to the AIHW that their safety needs were being met in 2026.<sup>v</sup> This indicates **the quality of the accommodation is an important economic factor.**

However, while the HAFF legislation makes provisions for certain acute groups, people with disability have been overlooked. This means that developer and community housing providers (CHPs) have **no legal requirement to allocate dwellings to disabled applicants.** On top of this, because Specialist Disability Accommodation (SDA) funding is tied to NDIS participants and favours private investment, the market is experiencing a significant increase in unsuitable dwellings and geographic mismatches.

The fact is, if the housing stock is unsuitable, inaccessible, or unsafe, it will inevitably result in downstream pressure to other services and additional expenditure. For example, despite recent NSW government investment in pilot housing programs for people with psychosocial disability, people with this disability remain systematically excluded from long-term social housing and are at greater risk of homelessness and in need of crisis supports. Stronger housing quality and targeted access therefore improves the effectiveness of public investment.

The following table summarises the residualisation of social housing stock and its impacts:



**The socio-economic case:** Direct investment through lands, grants, or equity can allow the government to control the quality and location of its housing assets over time.<sup>vi</sup> The AHURI analysis of return-on-investment showed that **considerable government savings would be generated by providing long-term social housing**.<sup>vii</sup> Such an approach could also address the supply shortfalls that have led to waiting periods for social housing averaging around 25.2 months.<sup>viii</sup>

There is also the matter of private investment in SDA dwellings. Recent media coverage demonstrated that financialising the social housing sector has added costs to the needs-based infrastructure and resulted in improper, empty dwellings.<sup>ix</sup> It is an investor's natural inclination to purchase less expensive land to maximise returns, which means the location may not reflect the genuine service and community needs of the occupant.<sup>x</sup>

**In the absence of mission-driven construction and supply, the government will continue to see inefficiencies** in its stock, weakened tenancies, and increased costs to homelessness services, hospitals and emergency departments, crisis services, and disability services.<sup>xi</sup> In the end, a **supply-side approach** is more economical. It can permanently expand housing inventory and availability and can convert the initial expenditure into a sustainable and permanent public asset.<sup>xii</sup> This does not mean the government should simply build lots of units to match the current demand but **build proactively** and support contractors to **anticipate future needs** and demographic changes over the lifetime of the asset.

As for new builds, acquisitions, and any upgrades, they should **include disability-related targets, and report on them separately from the total dwelling numbers**. States and jurisdictions should be supported to demonstrate that their supply meets the *actual* accessibility requirements, include those of people with psychosocial or mental health-related disability.

## **Recommendation 2: Establish gold standard disability housing**

**Summary:** Funding for new social housing, purchases, and refurbishments should be made contingent on the ABCB/Livable Housing Gold Standard. This requirement is to ensure accessibility, suitability, safety, durability, and access to essential services.

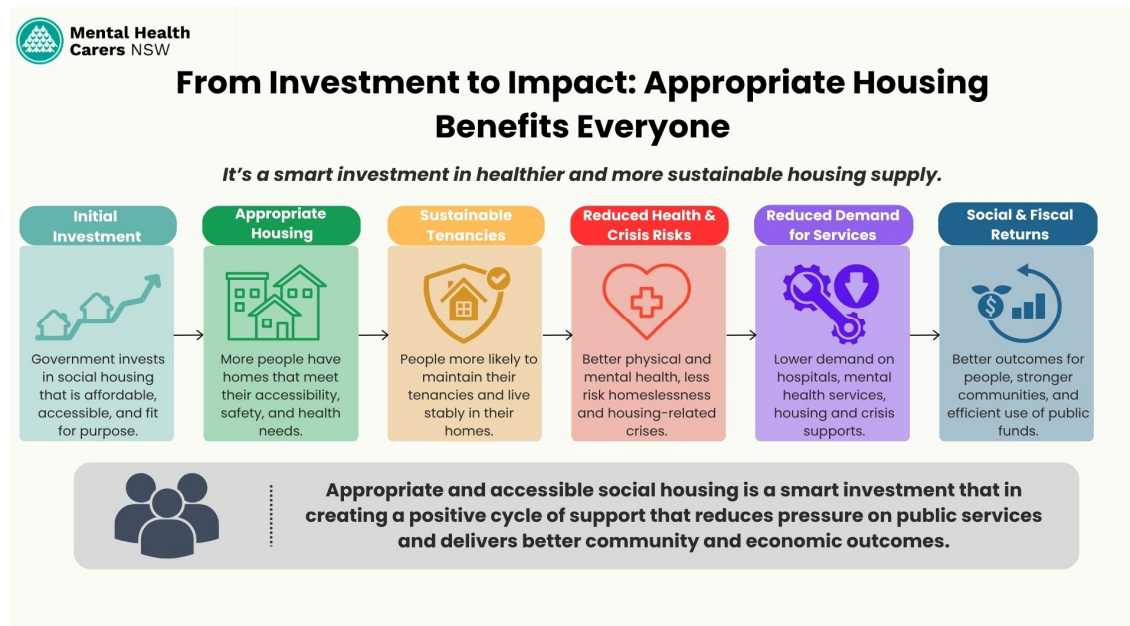
**Why we need a standard:** A property may tick the boxes for minimum access yet still leave the tenant vulnerable to risk, insecurity, and isolation.<sup>xiii</sup> These negatively impact the tenant's physical and mental health, which **increases service demand and undermine the tenancy**.<sup>xiv</sup> As the Disability Royal Commission (DRC) highlighted, what most people with disability want is to live in a safe and secure environment and have choice and control over where and with whom they live.<sup>xv</sup>

For people with psychosocial disability and mental health challenges, the design and location of a dwelling is a matter of psychological safety.<sup>xvi</sup> This involves secure accommodation with wraparound supports. Reasonable provisions such as **natural light, fresh air, privacy, manageable noise, security, and a safe location** are essential but unfortunately not the norm.<sup>xvii</sup> Nor are the proximity of mental health and disability supports, transport, shops, and community connections, which are vital for a tenant to get help before a situation turns into a crisis.<sup>xviii</sup> A proper support social housing model has to offer these essential safeguards.<sup>xix</sup>

**The socio-economic case:** It is internationally recognised that housing is a Social Determinant of Health (SDH).<sup>xx</sup> Ensuring higher disability standards and requirements prior to procurement and construction will be cheaper over time. It will **reduce reactive costs and labor** around modifying stock and dealing with vacancy periods.<sup>xxi</sup> When standards fall short, the government incurs higher costs in human services, justice, and health.<sup>xxii</sup>

These standards should include sensory, physical, cognitive, and psychosocial accessibility. Moreover, having a Livable Housing assessor verify future designs could help stabilise the social housing market by curbing private investment in unsuitable dwellings. There is also potential to lower NDIS Home Modification payouts if funds from the SDA standards are reserved for high-physical support modifications. Ultimately, directing federal funding into gold standard housing can guarantee legally that public money funds units that serve the tenants' actual needs.

The following table summarises this approach:



### Recommendation 3: Measure whole-of-government value

**Summary:** An assessment of the economic value of social housing that includes costs to health, justice, and disability support costs.

**Why this is needed:** Evaluations on cost-per-dwelling business cases tend to focus on the lowest upfront price, but this overlooks the reality of another government service carrying that cost. In effect, it treats social housing in isolation from the fact that its occupants are likely to be using several government services. The result is that a narrow focus on the outlay cost can make the entire social housing portfolio appear overpriced, even if the investment could be a net saver for the whole system.

**The socio-economic case:** While the Housing portfolio may technically save money by reducing social housing expenditure, it **offloads the systemic costs onto other departments**. For example, Justice will carry the cost of increased policing and legal interventions, and Health will carry the costs of emergency presentations.

By contrast, AHURI's research on the return of investment for social housing demonstrated that **avoided expenditure across health, justice, and welfare defrayed the net costs of social housing**.<sup>xxiii</sup> For example, the Housing First model prioritises social housing being near to integrated support and wrap-around services, with the goal to reduce crisis homelessness expenditure, law enforcement strain, and preventable ambulance callouts and acute admissions. As such, the return on investment can be offset by what is *not* spent on other services.



A proper measure of value requires the analysis of social return and cross-government financial offsets. When we weigh the capital outlay against its multi-department savings, social housing becomes not only more sustainable but also a useful and financially efficient resource.

## **Conclusion**

The Australian government's historical focus on upfront costs can provide a distorted view on social housing's true socio-economic worth. There is merit in a whole-of-government perspective which would see that good quality, sustainable, and well-sited social housing can lessen the need for expensive crisis interventions. This should include appropriate disability accessibility standards to recognise that appropriate housing supports tenancy sustainability. If the government were to factor in such avoided costs when looking at capital spending, the return on public investment becomes clearer.

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