

HOUSING JUSTICE: FUND HOMELESSNESS SERVICES

Recommendation: The next NSW Government should invest an additional \$152 million per annum recurrent in specialist homelessness service delivery to meet existing and future demand, bringing total investment to \$410 million per annum.

THE ISSUE

People who are homeless in NSW are not getting the support they need to be safe, housed and well. It is estimated that more than 40,000 people are homeless in NSW, and that number has been growing rapidly over the past decade.¹ People experiencing homelessness are among the most socially and economically disadvantaged in our society.²

Homelessness can have devastating effects. Homelessness affects people's mental and physical health, their ability to participate economically and socially in the community and their security and safety.³ The cost of homelessness increases the longer a person remains homeless, with associated accommodation, health and justice system costs. Research has shown that providing a person with permanent supportive housing is more cost-effective than a person remaining chronically homeless.⁴

Demand for homelessness services has surged as more people enter or become at risk-of entering homelessness. This is largely due to the protracted housing crisis and lack of social and affordable housing, compounded by the more recent impacts of the pandemic and multiple natural disasters. Consequently, homelessness service providers are having to turn away thousands of vulnerable people in need of essential support each year.

NSW Specialist Homelessness Services (SHS) are unable to meet the increasing demand for support nor the complexity of client need due to a lack of funding for over successive years. SHS providers assist people who are homeless or at risk of homelessness through person-centred and integrated supports, including accommodation, referrals and support services. They help people to maintain their tenancies, have a safe place to sleep in times of crisis, and secure long-term housing while addressing their underlying needs, including health, legal, financial, employment, education, relationship and social/behavioural issues.

NSW is by far the state with the most acute issue of unmet need for homelessness services. Unmet need has tripled in less than a decade. Nearly half (48 per cent) of people seeking homelessness support in 2020-21 did not get it, up from 16 per cent in 2013-14.⁵ This means nearly 34,000 people missed out on

¹ Australian Bureau of Statistics. (2016). *Census of Population and Housing: Estimating Homelessness*. ABS;

<https://www.abs.gov.au/statistics/people/housing/census-population-and-housing-estimating-homelessness/latest-release>;

Equity Economics (2020), *A Wave of Disadvantage Across NSW: Impact of the Covid-19 Recession*, A Report Prepared for the New South Wales Council of Social Service, Sydney. <https://www.ncoss.org.au/policy-advocacy/policy-research-publications/a-wave-of-disadvantage-across-nsw-impact-of-the-covid-19-recession/>

² Australian Institute of Health and Welfare (2021) *Australia's welfare 2021: Homelessness and Homelessness Services*,

<https://www.aihw.gov.au/reports/australias-welfare/homelessness-and-homelessness-services>

³ The Productivity Commission (2022) *In need of repair: The National Housing and Homelessness Agreement*, Study report, Australian Government, 26.

<https://www.pc.gov.au/inquiries/completed/housing-homelessness/report/housing-homelessness.pdf>

⁴ Parsell C., Petersen M., and Culhane D., 'Cost Offsets of Supportive Housing: Evidence for Social Work', *The British Journal of Social Work*, Volume 47, Issue 5, July 2017, Pages 1534–1553.

⁵ Australian Institute of Health and Welfare (2021) *Specialist homelessness services annual report 2020–21*, AIHW, Australian Government, accessed 27 September 2022

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essential services, including one in three women and children escaping family violence.⁶ And these figures do not capture those people in need of homelessness support who did not seek it out, estimated to be around two-thirds of people experiencing homelessness.⁷

At the same time, SHS providers are seeing a growth in people with very complex needs who require more intensive support. As social housing is prioritised for those deemed the greatest priority, SHS providers are increasingly supporting tenants with multiple, complex needs. This means providing additional support, increased early intervention, brokerage, and long-term case coordination to link to NDIS or other specialist supports to keep a person housed.

These demand pressures are pushing SHS providers to operate well above their funded capacity. While demand has spiralled in the last decade, there has been no real growth in SHS funding to account for growth in demand since the program was reformed in 2014.

THE SOLUTION

Although commonly thought of as an intractable problem, homelessness is not inevitable, and it can be addressed. NSW Government emergency provisions for rough sleepers during COVID and investment in the Together Home program demonstrated that we can effectively tackle homelessness in NSW with decisive action and adequate funding for person-centred, integrated supports.

To enable services to better meet growing unmet need in the community, the homelessness peak body, Homelessness NSW, recommends that baseline funding for SHS providers is increased from \$258.8m per annum⁸ to \$410m per annum on a recurrent basis.⁹ This funding would also allow providers to better manage risks and costs incurred due to increased data collection and reporting requirements, increased responsibility for service deliverables, and more onerous contract terms with no guarantee of annual indexation or growth funding.

In addition to increased funding, commissioning five-year contracts for SHS providers would provide certainty and better enable innovative service delivery within the sector than current three-year service agreements.

The NSW government must also address the housing crisis to tackle the root cause of homelessness. As the Productivity Commission recently acknowledged, “The main cause of homelessness is not being able to afford a place in which to live.”¹⁰ The Society calls on the NSW Government to substantially boost social and affordable housing supply and to set fair limits on rent increases so that everyone in NSW can have a stable, healthy and affordable place to call home.

⁶ The Salvation Army (2022) *Social Justice Stocktake – Taking Stock of Our Communities in NSW*,

https://www.salvationarmy.org.au/subscribe/sites/auesalvos/files/social-justice-2022/NSW_TSASocialJusticeStocktake.pdf

⁷ Australian Institute of Health and Welfare (2021) *Specialist homelessness services annual report 2020–21, Unmet demand for specialist homelessness services*, AIHW, Australian Government, accessed 27 September 2022

⁸ The Productivity Commission (2021) *Report on Government Services 2021*, Part G, 19 Homelessness services,

<https://www.pc.gov.au/research/ongoing/report-on-government-services/2021/housing-and-homelessness/homelessness-services> Table 19A.16

⁹ Modelling by the peak body, Homelessness NSW, has calculated that an \$152m additional investment is required based on the following assumptions: Additional 70% investment required (30% over capacity + 40% unmet demand in the system) on base funding of \$258m equals an additional \$181m investment. SHS providers will be able to create efficiencies through innovative service delivery as a result of 5 year contracting. Applying an efficiency dividend of 6.5% (applying productivity gain of 1.3% per contract year, well above current productivity increases cited by the Productivity Commission) to the total new base funding of \$439m (\$258m + \$181m) is \$29m. Therefore, the new total base funding would be \$410 million.

¹⁰ The Productivity Commission (2022) *In need of repair: The National Housing and Homelessness Agreement*, Study report, Australian Government, 26.

<https://www.pc.gov.au/inquiries/completed/housing-homelessness/report/housing-homelessness.pdf>

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FACTS

- 37,715 people who were homeless in NSW on Census night in 2016, up 37% from 2011.¹¹
- SHS providers support over 70,580 people experiencing homelessness each year,¹² despite only being funded to assist 58,000 clients.¹³
- SHS providers support around 27-30 per cent more clients than they are funded to assist.¹⁴
- Half of all people seeking homelessness support in 2020-21 did not get it, up from 16 per cent in 2013-14.¹⁵
- Research suggests that of those who had experienced homelessness in the last 10 years, approximately 67% did not seek assistance.^{16,17}
- Of the 125 people who were homeless at intake to the St Vincent de Paul Housing SAHF program, almost all (98%) were supported to sustain their tenancies for 12 months or longer.

HOW NSW COMPARES

NSW investment in homelessness services equates to \$43 per day of support per client.¹⁸ This is the second lowest per day spend of any Australian jurisdiction. In comparison, Victoria spent \$52 per person per support day in 2021-22.¹⁹

Read our full NSW 2023 Election Statement and recommendations at: <https://bit.ly/VinniesHousingJustice>

¹¹ Australian Bureau of Statistics. (2016). *Census of Population and Housing: Estimating Homelessness*. ABS.

<https://www.abs.gov.au/statistics/people/housing/census-population-and-housing-estimating-homelessness/latest-release>.

¹² Australian Institute of Health and Welfare (2021) *Specialist homelessness services annual report 2020–21*, AIHW, Australian Government, accessed 27 September 2022

¹³ Ibid

¹⁴ Ibid

¹⁵ Australian Institute of Health and Welfare (2021) *Specialist homelessness services annual report 2020–21*, AIHW, Australian Government, accessed 27 September 2022

¹⁶ ABS (Australian Bureau of Statistics) 2014. *General Social Survey: Summary Results, Australia, 2014*. ABS Cat. no. 4159.0. Canberra: ABS

¹⁷ Australian Institute of Health and Welfare (2021) *Specialist homelessness services annual report 2020–21*, AIHW, Australian Government, accessed 20 May 2022

¹⁸ The Productivity Commission (2023) *Report on Government Services 2023*, Part G, 19 Homelessness services,

¹⁹ Ibid