The economic case for a more effective response to youth homelessness

Authors: David MacKenzie, Paul Flatau, Adam Steen and Monica Thielking

Publisher: Australian Policy Online

28 April, 2016

This article argues that the Australian government needs to adopt a more sophisticated approach to addressing social problems such as homelessness, by investing in early intervention programs and more supportive social housing services.

3 pages

Creative Commons Attribution-Non Commercial 3.0 Australia

DOI: 10.4225/50/57214ABF702D9
THE ECONOMIC CASE FOR A MORE EFFECTIVE RESPONSE TO YOUTH HOMELESSNESS

Every year, some 41,000 young people aged between 15 and 24 years seek assistance from Specialist Homelessness Services agencies throughout Australia. With problems in housing affordability and the insecurities of the labour market for young people with low levels of education; deep-seated issues around violence in the home and weak family support networks; drug and alcohol harm and dependence issues; and high levels of psychological distress and personal and social isolation, youth homelessness has remained a social problem that has defied efforts to solve it. According to the Australian Bureau of Statistics, the Australian homeless population has not decreased over time.

The 2008 White Paper of the Rudd Government, *The Road Home*, signalled a renewed focus on early intervention and prevention policies in homelessness. For perhaps the first time, an Australian Government focussed attention on homelessness. Very important successes from the investment that flowed from the White Paper are evident, particularly in programs providing direct housing with support to targeted groups of people experiencing homelessness. Nevertheless, concerted, holistic early intervention programs for young people at risk of homelessness or experiencing homelessness remain to be fully supported and the investment is now drying up.

As a double dissolution election looms for early July, political debate in Federal Parliament has focused on issues of ‘budget repair’ and ‘expenditure savings’. There has been a renewed emphasis on ‘innovation’, without question a critical source of growth and productivity. However, there has been a lack of focus on social innovation and the benefits it can bring. Who would have thought that a part of the answer to difficult long-term budget issues as well as improved productivity and growth (never mind greater fairness and well-being) lies in strategic investment in innovative programs designed to reduce the number of young people who experience homelessness.

The *Cost of Youth Homelessness in Australia* research has determined that when young people become homeless it costs Australia an estimated $626 million per year just in health and justice service costs. This is more than the total spend on homelessness services for all age groups. The *Cost of Youth Homelessness in Australia* research surveyed over 300 homeless young people over three years between 2011 and 2015 to determine their use of health and justice services. The longitudinal survey asked some 180 questions of young people about their life experiences and their use of various services and it is the most ambitious data collection on youth homelessness attempted anywhere in the world. It turns out that homeless youth have more health problems and are far more likely to get caught up in the justice system than other young people in safe and secure housing or other disadvantaged young people, who are unemployed, but not homeless.

We know that unemployment costs individuals and society through lost output and poorer mental health outcomes and therefore greater use of health services than would otherwise be the case. Yet homelessness has not received the same focus. However, its costs are, per person, a multiple of the costs of unemployment. Homeless young people used on average nearly $15,000 per person per year more in health and justice services than unemployed youth in our study. This amounts to a demand driven cost to the economy and the community. The more that young people become homeless and stay homeless, the more
these costs escalate. And the mental health issues that develop or deepen through the experience of homelessness simply add to these costs. And on top of this, there is also the cost of supporting young people who are assisted by homelessness services.

In addition to health and justice costs, there is the significant personal cost for many young people of homelessness, particularly in terms of health and well-being and alarming rates of attempted suicide and self-harm. There are the direct personal costs of leaving school early. Early school leaving for many leads to long-term disadvantage and a much higher risk of becoming homeless at some time in their lives. Quite apart from the personal costs, there is a significant social cost in terms of Australia’s economic productivity, income support payments and income tax receipts.

The research has provided a strong case to government to adopt a more sophisticated approach to addressing social problems such as homelessness, by recognising that spending money on effective innovative responses is an investment which actually can achieve major cost savings in the medium to long-term. While infrastructure projects are supposed to be subjected to rigorous cost benefit analyses, social policy and programs are launched and then cut back without any serious examination of the economic advantages or disadvantages.

The findings on such high health and justice costs associated with homelessness should encourage government to invest in early intervention programs. Early intervention was highlighted in the 2008 White Paper, *The Road Home*, by the term ‘turning off the tap’. Unfortunately, despite widespread acceptance of early intervention in principle, the Rudd, Gillard, Rudd, Abbott and Turnbull Governments have done very little to build an early intervention capacity that would begin the reduce the flow of young people into homelessness. That clearly needs to change. Probably the most promising approach is the Community of Schools and Services (COSS) model being trialled in Victoria and New South Wales which involves population screening for risk and a more sophisticated and integrated support infrastructure in schools and at the local community level.

It is not always possible for young people to stay in the family home. A significant proportion of the young people in the study had left home due to family violence. Addressing family violence is critical to a long-term prevention of homelessness. That’s an important economic investment too. Where violence is not ending and creating harm, getting young people into safe and stable accommodation as quickly as possible is fundamental; not only good for them, but for society and the economy more generally. Again this carries with it a cost saving. The youth foyers in Australia and other foyer-like models provide a safe, supported environment while young people undertake education, training or employment. Such models are an important and welcome development, but they need an adequate sustainable funding model to be able to develop to scale. The supply of affordable housing is a national issue. What young people need is public and private investment in youth-specific and youth-appropriate social housing because the current mainstream social housing system takes in only a small proportion of young residents. We also need an expansion of innovative solutions around housing in the private rental market; real estate agencies geared to providing housing for the homeless are now operating successfully. That’s real social innovation for you. As are the scaled up social enterprises supporting young people experiencing homelessness to receive training and employment.
Homelessness in Australia has remained a bipartisan issue to which both sides of politics have contributed positively while at other times deserving brickbats for short-sighted and ill-thought measures. In an election year, is it too much to ask our political leaders on both sides of the house to act strategically to improve the national response to homelessness, which, if done well, will actually contribute to the budget bottom line.

28 April 2016

*The Cost of Youth Homelessness in Australia study was undertaken by Chief Investigators Associate Professor David MacKenzie of Swinburne University, Professor Paul Flatau of the University of Western Australia’s Centre for Social Impact, Professor Adam Steen of Charles Sturt University and Dr Monica Thielking of Swinburne University. The project was funded by the Australian Research Council in partnership with The Salvation Army, Mission Australia and Anglicare.*