

NSW Homelessness Strategy 2025-2035

**Fact Sheet #2 - Why is change needed?**

November 2024

# Introduction

NSW is facing a housing and homelessness crisis. This document explains why we need to change the way we address homelessness in NSW, and what will happen if we do not.

## Homelessness in NSW

* Over the past 10 years, the number of people experiencing homelessness in NSW has increased by 27 per cent to 35,011**[[1]](#endnote-2)**. The 2021 Census found increases in homelessness for young people (up 11 per cent) and Aboriginal people (up 14 per cent).

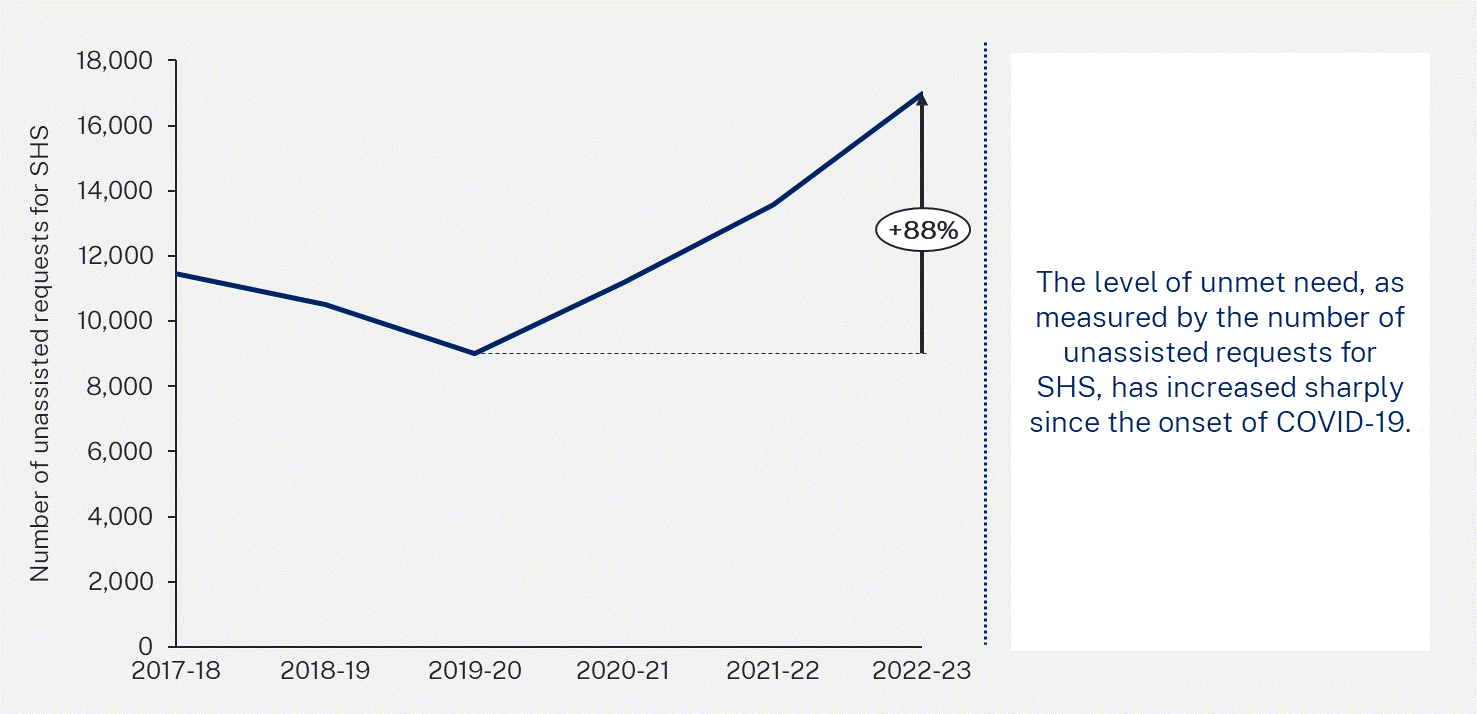
Figure 1: Estimated number of people experiencing homelessness in NSW over time[[2]](#endnote-3)

* **However, the scale of homelessness is far greater than shown in the Census data[[3]](#endnote-4).** More than 68,000 people were assisted by Specialist Homelessness Services (SHS) in NSW in 2022-23. SHS data for 2022/23 shows huge increases in need for homelessness services by older people (up 87 per cent), people escaping domestic violence (up 47 per cent) and people with disability (up 33 per cent)**[[4]](#endnote-5)**. Homelessness is a result of a combination of structural and individual factors. Structural drivers create an environment where homelessness can happen. They include housing availability and affordability, economic and employment opportunities, high cost-of-living, gender inequality and discrimination.
* In this environment, individuals who experience trigger events can be more at risk of homelessness. Trigger events include family breakdown, health or mental health issues, trauma, substance addiction, financial difficulty, gambling, social isolation or contact with institutions such as the justice or child protection system. Domestic and family violence is the single biggest cause of homelessness in Australia.
* People who experience disadvantage, access barriers and discrimination are also more at likely to experience homelessness, including older women, young people, Aboriginal people, people with disability, and the LGBTQI+ community.
* In NSW, more people are finding themselves at risk of or experiencing homelessness, and the face of homelessness is changing. More families are becoming homeless, and 18 per cent of people who present to homelessness services are working[[5]](#endnote-6).
* Homelessness has significant and lasting impacts on individuals and families. Homelessness leads to poor health, trauma, violence, higher rates of mental illness, lower educational outcomes for children and young people, future employment problems, more frequent use of health, justice, and welfare services and lower quality of life[[6]](#endnote-7).
* There is also a concerning intergenerational impact. Almost half of all people that experience homelessness have parents who also experienced homelessness[[7]](#endnote-8). Even more concerning is evidence that homelessness contributes to premature death, with a recent investigation finding people in Australia experiencing homelessness are dying at an average age of 44 years[[8]](#endnote-9).
* For some people, homelessness is a one-off event. Other people will cycle in and out, unable to find and keep housing[[9]](#endnote-10). Three in five people (63 per cent) who accessed a SHS in Australia in 2022/23 had accessed one previously in the past 10 years. At the end of their support period 34 per cent of clients were still homeless[[10]](#endnote-11).
* Just as people’s pathways into homelessness vary, so do their pathways out. Some find long term stability by reconnecting with family or friends. Some find new housing, a new job, or connect with benefits and exit homelessness on their own. Others need more intensive support over a longer period to access appropriate, stable housing and maintain it.
* People experiencing homelessness have unique histories and circumstances. This requires a diversity of housing and service responses to effectively end homelessness[[11]](#endnote-12).

## The NSW homelessness system is unable to meet demand

* With more people experiencing or at risk of homelessness, the NSW homelessness service system is under significant strain.
* In the last 12 months, the proportion of SHS clients with unmet needs increased from 20 per cent to 24 per cent[[12]](#endnote-13). This unmet need is most acute for accommodation services.[[13]](#endnote-14) However, there is also significant unmet need for advice and support services. SHS providers were unable to meet the need of 46 per cent of clients seeking disability services, 45 per cent of clients seeking drug and alcohol assistance, and 41 per cent of clients seeking mental health services[[14]](#endnote-15).
* There are also people who go to SHS for help but are unassisted.[[15]](#endnote-16) This unmet demand has grown sharply since COVID-19 began and has continued at 88 per cent higher than pre-COVID levels.

Figure 2: Unmet need measured by the number of unassisted SHS requests.



* **The data above is about people who present to SHS. Many people at risk of or experiencing homelessness have not gone to an SHS. There are approximately 680,000 people (8.5 per cent of the NSW population) who are considered ‘at risk’ of experiencing homelessness due to low income, vulnerability to discrimination, low social resources and supports, needing support to access or maintain a living situation, and a tight housing market context[[16]](#endnote-17). Despite the need for assistance, many of these people do not seek or receive help at all.**
* **Ongoing cost of living and housing costs will likely result in more people experiencing or being at risk of homelessness. Income support payments have not kept up with the cost of living and 58 per cent of low-income private renters are in housing stress[[17]](#endnote-18). People that are living in poverty and on low incomes are struggling with spiralling costs and a very tough housing market. Vacancy rates have dropped as low as one per** cent and nearly 20 per cent of low-income households are spending over 50 per cent of their income on housing costs[[18]](#endnote-19).
* Within the last decade, the cost to deliver homelessness services in NSW has been growing at a higher rate than funding growth due to inflation, raising award wages and other factors, resulting in less assistance available right when demand is growing.
* Exit options have been diminishing with historic underinvestment in social housing. The estimated shortfall for social housing dwellings in NSW is over 220,000 when accounting for households that are not on waiting lists but are experiencing housing stress, and those that have had their waiting list status suspended in the last 12 months[[19]](#endnote-20).
* Some of this shortfall will be addressed with the $6.6 billion *Building Homes for NSW program*, announced as part of the 2024/25 NSW Budget. This funding will directly build 8,400 new social homes, upgrade 33,500 public and Aboriginal homes, improve maintenance of public housing and boost homelessness support services.
* Easy access to appropriate and affordable housing stock is often key to service providers achieving funded program outcomes[[20]](#endnote-21) however service providers are increasingly challenged in accessing affordable housing for clients. With both social housing and the homelessness service system unable to meet demand, some people are left with no support.

## Some people are more likely to experience homelessness

* Anyone can be at risk of or experience homelessness, but we know that some people are more likely to experience it than others, and some face additional challenges accessing support.
* **For more** information see **Factsheet #1 – Respecting Diversity of Homeless Experiences**.

## Homelessness takes a huge toll on people

* The longer a person experiences homelessness, the more complex their issues become and the more likely it is that the experience will become chronic. This in turn increases the level of support required for a person to realise their full potential and successfully exit homelessness. A summary of common outcomes for individuals experiencing homelessness is outlined in **Figure 3** on page 4.
* Experiences of homelessness contribute to premature death. A 2024 Guardian investigation of 600 homelessness deaths in Australia found that the average age of death was 44 years old. This is supported by research findings by Home2Health (Perth), Macquarie University (Sydney), and St Vincent’s Hospital (Melbourne). A 2019 report by the Council to Homelessness Persons (Victoria) also found that people experiencing homelessness had a ‘three-to-seven-fold chance of dying prematurely’[[21]](#endnote-22).
* Suicide, violence, substance abuse and chronic ill-health are understood to be causes of premature and preventable deaths of people experiencing homelessness. A 2023 Macquarie University study examined deaths of 2498 people who attended a psychiatric clinic from three Sydney homelessness hostels. It found 13 per cent of people died in the follow up period, with an average age of 50.7 years. Of these, causes of death included drug overdose, suicide, injuries, ‘natural causes’ and cases where the cause of death was unknown[[22]](#endnote-23).
* Unlike the United Kingdom, and parts of the United States and Canada, no Australian states or territories count homelessness deaths and there is no mandatory reporting system. With the scale of the issue and causal factors not fully known, prevention and early intervention programs cannot be targeted effectively.

Figure 3 | Individual-level costs and drivers of homelessness

Individual level costs and drivers of homelessness include:
-Poor health outcomes
- Justice interactions
- Trauma and lower quality of life
- Intergenerational Homelessness
- Low education attainment and income

## Homelessness is expensive for the NSW Government

* Homelessness not only has a significant negative effect on individuals, but it also leads to substantial social and economic costs.
* The total cost to the NSW Government of someone experiencing homelessness is seven times more than a person not experiencing homelessness ($23,100 compared to $3,300 per annum). This is largely due to health and justice costs[[23]](#endnote-24).

Table 1| Comparative cost of homelessness to the Health and Justice Systems of the NSW Government[[24]](#endnote-25)

|  |  |  |
| --- | --- | --- |
| Sector | Person experiencing homelessness ($’000, FY24) | Person not experiencing homelessness ($’000, FY24) |
| NSW Justice | 10.4 | 1.0 |
| NSW Health | 12.7 | 2.3 |
| Total NSW system cost (excluding housing) | 23.1 | 3.3 |

* However, the cost of homelessness can be even higher for the 5 per cent of people who are most at risk of sleeping rough. This group has hugely elevated service use across health, justice and housing. Their average annual cost to the NSW government is $142,800 ($FY24) per person with most of these costs borne by health and justice services[[25]](#endnote-26).
* The main justice services costs relate to increased contact with police due to being victim of assault or robbery, and spending nights in remand, detention, or prison. The main health system costs relate to higher utilisation of high-cost mental health, alcohol and other drug (AOD) services and ambulance services.
* The cost of homelessness to the healthcare system is higher for some groups, for example:
  + the healthcare costs of a young person experiencing homelessness are 4.8 times higher than for a young person experiencing long-term unemployment but who is stably housed[[26]](#endnote-27).
  + $1.47 is spent on healthcare per Aboriginal person for every $1.00 spent per non-Indigenous person. This costs further compounds for Aboriginal people experiencing homelessness[[27]](#endnote-28).
* The total additional costs to the NSW Government to accommodate people experiencing homelessness is approximately $458 million ($FY24) per annum[[28]](#endnote-29). This includes the cost of temporary and crisis accommodation and other services.

## Lessons from the previous NSW Homelessness Strategy

* The NSW Homelessness Strategy 2018-2023 had a limited short-term impact on homelessness across NSW. While some programs were adequate as a temporary response, particularly during the COVID-19 crisis, the Strategy overall was not sufficiently funded, which constrained its reach to people in need and locations throughout NSW[[29]](#endnote-30).
* A key criticism of the previous Strategy was the focus on crisis intervention, highlighting the critical importance of longer-term solutions and greater focus on prevention and early intervention measures[[30]](#endnote-31). Many of the existing programs were not suitable for the distinct needs and contexts of NSW’s diverse communities, including Aboriginal people and young people who are disproportionately represented and experience a far greater risk of homelessness.
* The NSW Auditor General recommended the following opportunities for improvement[[31]](#endnote-32):
* **Data and evidence (recommendation 1 and 6):** Regularly collect client outcomes data and feedback to continuously improve responses to homelessness. Use available evidence to determine and advise on a suitable approach to meet the demand and unmet need for homelessness supports.
* **Governance (recommendation 3):** Establish and sustain governance arrangements that enables sector-wide, lived experience and Aboriginal participation in decision making on homelessness policy.
* **Aboriginal partnerships and capacity building (recommendation 4):** Work in partnership with Aboriginal stakeholders and communities to ensure homelessness responses meet the needs of Aboriginal people vulnerable to homelessness. Build the capacity and resourcing of the Aboriginal Community Controlled Sector to deliver homelessness services.

## System-level transformation is required

* No-one holds all the levers to end homelessness. The causes and responses cut across all NSW Government departments, all levels of government, and the non-government sector.
* People’s experiences of homelessness are unique. We need a connected and integrated system so supports can be tailored to people’s individual needs and circumstances and achieve long term, stable housing outcomes.
* People can fall between the cracks and between services. We need an integrated service system so people move seamlessly between services and housing tenures. This means the first service a person accesses provides an assisted pathway to all services that meet their needs – out of homelessness, when exiting custody, recovering from a natural disaster, maintaining a tenancy, or living independently with the right supports at the right time.
* Government responses to homelessness in other countries demonstrate that homelessness can be prevented and reduced to ‘functional zero’, that is, where people who become homelessness are quickly supported out of homelessness. Homelessness in NSW can be reduced towards ‘functional zero’, but existing systems and programs will require major reform[[32]](#endnote-33).
* Evidence suggests that, in the UK and elsewhere, the struggle for stable housing both shapes and is shaped by numerous factors such as financial stability, housing market dynamics, access to health care and involvement with the care system. To drive lasting change, we need to take a bird’s-eye view of homelessness that considers the bigger picture of its drivers and root causes. A new approach is required which views homelessness as a complex and adaptive system[[33]](#endnote-34).

## What needs to change

Through Australian and international research and evaluations, the NSW Government and homelessness sector has developed an understanding of best practice approaches.

| **We know that:** | **But under the current system:** | **The evidence tells us we need to:** |
| --- | --- | --- |
| Prevention is best practice and cost effective | …services are focused on crisis support | * Build on prevention and early intervention. approaches e.g., screening, information. * Involve mainstream agencies involved in early identification and referral. * Focus on sustaining tenancies to help people maintain their current housing situation, if appropriate. * Support people exiting government services into appropriate housing. |
| Every community in NSW is different | …services are predominantly generic, centralised and don’t address local needs | * Shift to local service planning, design and delivery. * Build local ability including Aboriginal Controlled Community Organisations, to meet local needs. |
| Different groups have unique needs and we have some tailored solutions that work | …we do not meet people’s changing needs across the lifespan  …support is not localised, tailored, culturally safe | * Embed and scale what’s working. * Provide supports across accommodation models. * Have a range of housing options available. * Coordinate Commonwealth disability and aged care supports with housing options. * Improve responses for young people. |
| When people are homeless, they need fast, easy access to housing and the right supports | …the system is complicated to navigate and disconnected  …people must tell their story multiple times  …there is a chronic shortage of long-term housing and private rental | * Develop clear, well-known entry and access pathways. * Strengthen triage with consistent contact/case manager/co-ordinator depending on complexity of needs. |
| People need individualised, joined-up services at the right time | …services are designed as programs, not around people | * Adopt ‘Housing First’ and ‘Person-centred’ approaches. * Implement flexible funding and contracting. * Develop coordinated networks for integrated responses. |
| Some form of crisis support will always be needed as an important safety net | …short-term responses are the standard method for managing homelessness long term  …some can worsen experiences of trauma and entrench cycles of homelessness | * High quality crisis/short term models that transition people quickly into stable options with support. * Phase out hotel and congregate models and scale Housing First. * Adequate supply of safe, diverse, affordable housing. |
| Outcomes for individuals need to be sustained over time | …we cannot tell if we are getting sustainable outcomes from current data  ….funding for sustained outcomes is piecemeal, not systemic | * Data collection linked to outcomes framework. * Commonwealth-State funding arrangements based on sustained outcomes. * Improved access to linked and longitudinal data. |
| Change depends on client-centred quality services | …there are no systemic drivers for quality | * Embed Outcomes Framework and accreditation; localised approaches. * Rigorous program evaluation and continual improvement. * Services designed by and with people with lived experience. |

1. Australian Bureau of Statistics, Estimating Homelessness, 2011-2021, 2023. [↑](#endnote-ref-2)
2. Australian Bureau of Statistics, Estimating Homelessness, 2011-2021, 2023. [↑](#endnote-ref-3)
3. Reasons include and are not limited to:

   The Census was taken during the COVID-19 pandemic and impacted by government emergency responses.

   The Census uses various characteristics to inform an estimate of homelessness, rather than counting the number of people experiencing homelessness.

   Some population groups are underestimated in the homelessness estimates, including young people, Aboriginal people and people experiencing domestic and family violence. [↑](#endnote-ref-4)
4. Australian Institute of Health and Welfare, Specialist Homelessness Services Annual Report 2022-23, 2023. [↑](#endnote-ref-5)
5. Australian Institute of Health and Welfare (AIHW) Specialist Homelessness Services annual report data tables 2022-23, Table Clients.19 Clients aged 15 or over, by labour force status, and by state and territory. [↑](#endnote-ref-6)
6. Zaretzky, K. and Flatau, P., (2015) The cost effectiveness of Australian tenancy support programs for formerly homeless people, AHURI Final Report No.252. Melbourne: Australian Housing and Urban Research Institute Limited, <https://www.ahuri.edu.au/research/final-reports/252> [↑](#endnote-ref-7)
7. Flatau, P., Conroy, E., Spooner, C., Eardley, T., and Forbes, C. (2013) Lifetime and intergenerational experiences of homelessness in Australia, AHURI Final Report No. 200, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/final-reports/200> [↑](#endnote-ref-8)
8. The Guardian, ‘NSW contemplates mandatory coronial reporting of homelessness deaths as part of policy rethink’ 21 February 2024 <https://www.theguardian.com/australia-news/2024/feb/21/nsw-mandatory-coronial-reporting-of-homelessness-deaths-policy> [↑](#endnote-ref-9)
9. Zaretzky, K. and Flatau, P., (2015) The cost effectiveness of Australian tenancy support programs for formerly homeless people, AHURI Final Report No.252. Melbourne: Australian Housing and Urban Research Institute Limited, <https://www.ahuri.edu.au/research/final-reports/252> [↑](#endnote-ref-10)
10. Australian Institute of Health and Welfare. (2024). Specialist homelessness services annual report 2022–23. Retrieved from <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report> [↑](#endnote-ref-11)
11. Flatau, P., Lester, L., Seivwright, A., Teal, R., Dobrovic, J., Vallesi, S., Hartley, C. and Callis, Z. (2021). Ending homelessness in Australia: An evidence and policy deep dive. Bulletin 1: Ending homelessness in Australia: Understanding homelessness; taking action. Perth: Centre for Social Impact, The University of Western Australia. [↑](#endnote-ref-12)
12. Australian Institute of Health and Welfare, Specialist Homelessness Services Annual Report 2022-23 https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-services-and-outcomes [↑](#endnote-ref-13)
13. The Australian Institute of Health and Welfare, Specialist Homelessness Services Annual Report 2022-23 notes: “Unmet need is recorded when and SHS client has some, but not all, their identified needs for services met. Agencies can also refer clients to another service for assistance. See <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/unmet-demand-shs> [↑](#endnote-ref-14)
14. Australian Institute of Health and Welfare, Specialist Homelessness Services Annual Report 2022-23 https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-services-and-outcomes [↑](#endnote-ref-15)
15. The Australian Institute of Health and Welfare, Specialist Homelessness Services Annual Report 2022-23 notes that ‘unassisted requests for assistance’ were people who approaches agencies who were unable to be offered any assistance or who did not receive all the services they required client’s unmet need for services. See <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/unmet-demand-shs> [↑](#endnote-ref-16)
16. Batterham, D., Nygaard, C., Reynolds, M. and de Vries, J., Estimating the population at-risk of homelessness in small areas, AHURI Final Report No. 370, Australian Housing and Urban Research Institute Limited, Melbourne,2021 [https://www.ahuri.edu.au/research/finalreports/370, doi: 10.18408/ahuri5123501](https://www.ahuri.edu.au/research/finalreports/370,%20doi:%2010.18408/ahuri5123501). [↑](#endnote-ref-17)
17. Australian Bureau of Statistics, Housing Occupancy Costs, Australia, 2019-20, 2022. [↑](#endnote-ref-18)
18. Australian Bureau of Statistics, Housing Occupancy Costs, Australia, 2019-20, 2022. [↑](#endnote-ref-19)
19. Community Housing Industry Association NSW, Minns Government’s first budget tells most vulnerable NSW families to just keep waiting, 2023. [↑](#endnote-ref-20)
20. UNSW Social Policy Research Centre, Evaluation of the Home and Healthy Program, 2023. [↑](#endnote-ref-21)
21. The Guardian, ‘NSW contemplates mandatory coronial reporting of homelessness deaths as part of policy rethink’ 21 February 2024 <https://www.theguardian.com/australia-news/2024/feb/21/nsw-mandatory-coronial-reporting-of-homelessness-deaths-policy> [↑](#endnote-ref-22)
22. Woodman L, Staples L, Karin E, Solterbeck K, Burns N, Mitchell R, Nielssen O. Rates and causes of mortality among the homeless in Sydney. Australas Psychiatry. 2023 Aug;31(4):469-474. doi: 10.1177/10398562231176734. Epub 2023 May 21. PMID: 37210640. <https://pubmed.ncbi.nlm.nih.gov/37210640/> [↑](#endnote-ref-23)
23. The health and justice system costs presented are a weighted average of the three separate data sources – Mackenzie et al. (2016), Flatau and Zaretzky (2013), and Fry (2021). [↑](#endnote-ref-24)
24. The health and justice system costs presented are a weighted average of the three separate data sources – Mackenzie et al. (2016), Flatau and Zaretzky (2013), and Fry (2021). [↑](#endnote-ref-25)
25. Pathways to Homelessness, final report, NSW Department of Communities and Justice, 2021. (Figures were adjusted for inflation) [↑](#endnote-ref-26)
26. MacKenzie et al., The cost of youth homelessness in Australia, 2016.

    Note: Long-term unemployment is used as a more reliable counterfactual for young people experiencing homelessness to account for the range of complex needs that may also be present. [↑](#endnote-ref-27)
27. Australian Institute of Health and Welfare, The Health and Welfare of Australia’s Aboriginal and Torres Strait Islander Peoples, 2015. [↑](#endnote-ref-28)
28. Housing offset cost was taken from Pathways to Homelessness, Final Report, NSW Department of Communities and Justice, 2021, adjusted for inflation and multiplied by the number of people experiencing homelessness (36,700). [↑](#endnote-ref-29)
29. Audit Office of New South Wales, Responses to homelessness, 2021. [↑](#endnote-ref-30)
30. Mission Australia, NSW Responses to Homelessness Audit 2021, [↑](#endnote-ref-31)
31. Audit Office of New South Wales, Responses to homelessness, 2021 [↑](#endnote-ref-32)
32. Department for Levelling Up, Housing & Communities, Ending Rough Sleeping for Good, 2022. [↑](#endnote-ref-33)
33. The Centre for Homelessness Impact (2020) The SHARE Framework, https://assets.website-files.com/5d7f84f3a3db0809b43d2dec/5e4515966e788a7f6fce9c93\_SHARE\_report\_Feb13.pdf [↑](#endnote-ref-34)