

# **Yfoundations submission on the \$1 Billion Increase to the National Housing Infrastructure Facility**

## **About Yfoundations**

Yfoundations is the peak body for youth homelessness in NSW. For over 40 years, Yfoundations has served as the NSW peak body representing and advocating for children and young people at risk of and experiencing homelessness, and the services that support them. Our members and board comprise highly experienced youth specialist homelessness service (SHS) providers who have direct knowledge of and experience with the issues homeless young people face.

Yfoundations is one of only two peak bodies that specialise in child and youth homelessness in Australia. At the National level, in April each year we lead the Youth Homelessness Matters Day campaign. An ongoing focus of the campaign is to call on the Australian Government to lead the development of a standalone National Child and Youth Homelessness Plan. The resourcing and provision of appropriate housing models for children and young people at risk of and experiencing homelessness, including crisis and transitional housing must be viewed as a core component of a National Child and Youth Homelessness Plan.

## EXECUTIVE SUMMARY

Yfoundations strongly supports the roll-out of additional funding under the National Housing Infrastructure Facility (NHIF) for crisis and transitional accommodation targeted to young people at risk of and experiencing homelessness.

The chronic under-funding of the specialist homelessness services (SHS) sector and resulting 50% turn away rate and limited access to transitional accommodation for young people seeking assistance from the sector, point to the need for substantial new investment in this area.

Yfoundations has long called for national leadership on the development of a standalone National Child and Youth Homelessness and Housing Plan that has as its core objective, ending child and youth homelessness in this country. There is significant potential for the NHIF to begin the process of reversing the shortfall in crisis and transitional accommodation as an essential component of a national standalone plan.

To help inform effective utilisation of the new funding under the NHIF, this submission provides detailed background information about youth homelessness and the challenges to, and requirements of, providing crisis and transitional accommodation for this cohort. Each of the questions posed in the consultation document are then addressed and the following issues and recommendations identified:

- Whilst there is clear merit in targeting additional funding for crisis and transitional accommodation for young people, it is recommended that investment decisions are informed by analysis of where there is greatest need for these products in each State and Territory. As State and Territory Governments are responsible for funding homelessness services, the roll out of this funding should be undertaken collaboratively between the different levels of government and with the specialist homelessness sector.
- The definitions provided in the *Housing Australia Investment Mandate Amendment (2024 Measures No. 2) Direction 2024* need to account for the different roles played by crisis and transitional accommodation, including the length of time they are provided for, and that support provision is an essential component of both models when provided to young people.
- The need to ensure that the support component of crisis and transitional accommodation for young people is included in proposals for this funding should be reflected in the list of eligible project proponents.
- The nature and cost of crisis and transitional accommodation provision for young people means that it does not usually generate a sufficient surplus to enable housing providers to bring an equity or debt finance contribution to new projects. To ensure that NHIF funding is available to organisations best placed to deliver these services to young people in their communities, it is recommended that the grant component of

the Fund be prioritised for projects targeted to young people at risk of and experiencing homelessness.

- In recognition of the ongoing cost of crisis and transitional accommodation for young people it is essential that the NHIF funding is rolled out in collaboration with State and Territory government agencies that are responsible for the ongoing resourcing of homelessness services in their jurisdictions.

## **BACKGROUND**

### **The need for crisis and transitional housing accommodation for youth**

The prevalence of child and youth homelessness in Australia remains unacceptably high.

Of the 122,494 people experiencing homelessness on Census night in 2021, 38% were under 24 years of age and 23% were aged 12-24 years. The number of young people identifying as homeless increased by 2,500 between the 2016 and 2021 Census.

Due to a range of limitations in the current data collection mechanisms, the level of child and youth homeless is under-represented by the statistics. It is generally recognised that Census estimates are likely to under-represent the extent of youth homelessness, as some couch surfers report their usual address as the place they are staying that night. There is a disjunct in the definitions and age groupings in key data sets including the ABS Census and AIHW Specialist Homelessness Services data collections that diminishes the capacity of the combined data set to measure child and youth homelessness in its totality.

Across Australia in 2022/23 around 38,300 children and young people aged 15 - 24 years presented on their own to a specialist homelessness service, representing 14% of the total population group that sought assistance that year.<sup>1</sup> Nearly half of the children and young people presenting alone to a Specialist Homelessness Service needing crisis accommodation did not receive it. 45% of the 38,300 children and young people presenting to specialist homelessness service in 2022/23 were seeking short-term or crisis accommodation. Only 49% of these children and young people were able to be provided with that service. Children and young people are being turned away because youth Specialist Homelessness Services are underfunded and overstretched and there is not an adequate supply of appropriate accommodation immediately available to respond.

Many young people become stuck in homelessness due to the lack of transitional and longer-term accommodation options. Of the young people presenting homelessness services in 2022/23 that were seeking medium term/transitional housing, only 25% were able to access such housing. Only 4.3% of those requiring long-term housing were able to be provided it.<sup>2</sup>

### **Defining 'children' and 'young people'**

Nationally, legally and at a policy level, children are defined as any person under 18 years old, with young people defined as any person 18-24 years old. However, at a state and territory government level, the definitions differ. For example, in NSW the *Children and Young People (Care and Protection) Act 1988 (NSW)* identifies 16 to 17 year olds as 'young people' not children.

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<sup>1</sup> Australian Institute of Health and Welfare (AIHW) (Feb 2024), *Homelessness and homelessness services*

<sup>2</sup> Ibid

Yfoundations believes that those between the ages of 16-18 years need responses that are relatively consistent with those between the ages of 12-15 years.

In terms of funding accommodation and housing products, we must be mindful that the United Nations Convention on the Rights of the Child - which Australia has ratified - defines a child as 'every human being below the age of eighteen years unless under the law applicable to the child, majority is attained earlier'.<sup>3</sup> In this context it is also important to recognise that the Australian Government and all States and Territories are signatories to the National Principles for Child Safe Organisations, Principle 8 of which requires that procurement policies ensure the safety of children and young people.

### **Domestic and family violence is a major driver of youth homelessness**

The lack of public discourse, service responses, and the absence of policy and funding to respond to DFV for unaccompanied children and young people only reinforces their belief that they are not victims/survivors.

Of the nearly 40,000 children and young people aged 15-24 years who presented alone to an SHS in 2021-22, DFV was the second highest main reason for presenting after housing crisis.<sup>4</sup> It is important to recognise here that this is the main reason only and generally children and young people have overlapping reasons for presenting. Over one in three of these children and young people identified they had experienced DFV, and that it was a vulnerability.

The AIHW data shows that 16% of unaccompanied young people identified DFV as the main reasons for seeking an SHS. However, the data doesn't tell the full story. This is also the case in NSW where youth SHSs have reported to Yfoundations that close to 80-90% of young people entering their services have experienced or are escaping DFV. Melbourne City Mission in Victoria has also reported that almost every single child and young person turning up to their refuges had experienced DFV in some way.

The exposure of children and young people to DFV is often seen as their experience witnessing violence from a male parent to female parent. However, the experience of young people experiencing DFV 'in their own right' as a victim survivor is often invisible to the DFV service system and the available support and responses. The impact of the trauma of these experiences can result in violent behaviour and responses from young people can also go unrecognised.<sup>5</sup>

This is clearly demonstrated by a situation that was recently described by one of Yfoundations' members. A 15-year-old with a one-year-old baby sought crisis

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<sup>3</sup> Refer Article 1 of United Nation Convention on the Rights of the Child <https://www.unicef.org/au/united-nations-convention-on-the-rights-of-the-child>

<sup>4</sup> AIHW 2022

<sup>5</sup> Corrie, T and Moore, S (2021). *Amplify: Turning up the volume on young people and family violence*, Research Report, Melbourne City Mission.

accommodation in their youth refuge because of DFV. However, they couldn't put her in the refuge because of the baby and they were unable to refer her to a women's refuge because of her age. The only option was to place her in a hotel and provide 24-hour support to ensure she and the baby were safe. Youth SHS are not funded anywhere near the required amount to provide these intensive responses but they do it because they know there is nowhere for a 15-year-old and her baby to go except for a violent home.

Children and young people who have experienced DFV are also not likely to seek out specifically funded DFV services. This is attributed to the lack of age appropriate services, not knowing about the adult services available, not being eligible for the adult services, and fear of the consequences and potential involvement of child protection services.<sup>6</sup> This results in children and young people staying with friends - i.e. couch surfing - to avoid conflict at home or presenting to an SHS service reporting a range of issues, such as mental health as opposed to DFV.

Dr Carmel Hobb's research, *Young, in love and in danger*, highlights that children and young people who are dependent on their abusive partners for housing and unable to live with family were unable to leave violent relationships. Without access to affordable housing options, they were facing homelessness and having to sleep rough. The combination of no family support, shortage of emergency housing, no or low incomes as they were not fully accessing Centrelink benefits, pushed them to remain in violent relationships.<sup>7</sup>

### **Young people require different housing solutions to adults**

The broad approach required to address child and youth homelessness must include a focus on, and investment in, a diverse range of housing models that respond to their differing needs and that focus on rapidly housing them safely with appropriate support. Support provision is an essential component of all housing models for children and young people.

Safety is the first priority when housing a child or young person. Then it's possible to focus on working with the child or young person to identify the best long-term housing solution they may seek to move to over time if required, appropriate to their age, level of development and capacity for independent living.

Often children and young people don't need long-term housing solutions. With time-limited housing and the right tailored support, they can move on to the right next step - whether that is returning to family or, for young people, moving into their own independent housing. However, given the inherent vulnerabilities of children and young people, this housing needs to be separate from housing for the adult homeless population.

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<sup>6</sup> Ibid

<sup>7</sup> Hobbs, C (2022). *Young, in love and in danger: Teen domestic violence and abuse in Tasmania*, Research Report, Anglicare Tasmania and Social Action and Research Centre.

A Housing First model - where allocating housing is the first response - combined with wrap around supports to assist the person to sustain their tenancy is a very effective adult homelessness response. However, this is not always the right response for young people.

For young people, we have well established youth specific housing models and support practice frameworks that work to set them up for independent living. We know these models work well where the housing provided is high quality and in the right location, and the support services are adequately funded to address the level and complexities of support required.

The right model at the initial point of being housed may be a short-term option with high levels of support, allowing for a transition to other forms of accommodation over time or a medium- to long-term option with lower levels of support. Responses should be focused on flexibility, so services are best able to respond to the individual needs of young people and ensure they are able to support a young person to have agency in setting and meeting their own housing goals.

The considerations for what type of model may be appropriate include:

- age
- level of development/ skills for independent living
- health and mental health status
- type and availability of support services
- income level and capacity to participate in employment
- longer-term housing and independent living aims.

### **Significant investment is required in youth specific supported housing models**

As part of its submissions in response to the National Housing and Homelessness Plan Issues Paper, Yfoundations estimates as a minimum, a national shortfall of at least 12,750 units for supported housing for young people experiencing homelessness. This was based on the number of young people who presented at a Specialist Homelessness Service in need of housing, who were not able to access a safe place to stay.<sup>8</sup>

To address this, an investment of \$4.5 billion<sup>9</sup> would be required to ensure a rapid housing response is available for homeless young people in need.

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<sup>8</sup> AIHW SHS Annual Report 2021-22 data identified that 8,516 young people presenting alone to an SHS seeking short-term or emergency accommodation were not housed immediately by that SHS service. While 1,924 were referred on to another service and 6,592 were not immediately housed or referred, we don't know what happened regarding their housing. If we assume they supported housing or an 18-month period to get them back on track, this equates to needed 12,774 additional rooms in shared accommodation or dwellings. Whilst this an imperfect estimate of demand levels, we know that other figures, such as young people couch surfing, are seriously under-reported.

<sup>9</sup> Assuming \$350K cost per new dwelling, assuming smaller studio dwellings to meet the needs of mostly single people and some shared accommodation models.



Whilst investments like the Australian Government's announcement of \$1 billion under the National Housing Infrastructure Facility for crisis and transitional accommodation for women and children escaping domestic violence, and for young people, are welcome they fall significantly short of the level of investment that is required.

### **Crisis accommodation**

Crisis accommodation in youth refuges is a critical component of the response to child and youth homelessness, aimed at providing a safe roof over the heads of children and young people that have become homeless and providing and connecting them to the supports they require to enable them to transition to longer-term housing suitable to their needs.

Youth specialist homelessness services are funded by the Australian and State and Territory Government's under the National Agreement on Social Housing and Homelessness to provide the support and to operate these services.

In NSW the buildings in which crisis accommodation is provided are often owned by the NSW Government and managed by community housing providers. Crisis accommodation by its nature is a high-cost housing product to manage. There are higher cleaning and repair costs due to the shorter tenure and turnover residents. The nature of the complexity of the residents can result in higher likelihood of property damage and additional costs. For this reason, in many cases in NSW the maintenance cost of youth refuges attracts ongoing funding from the Government.

### **Housing providers are disincentivised to house young people in social and affordable housing**

Young people experiencing homelessness and presenting for housing assistance at an SHS, community housing provider or public housing agency generally have no current form of income or are receiving the lowest statutory benefit payment from the Australian Government, i.e. Youth Allowance.

For young people, having no income or the lowest form of income, and very likely no savings, can act as a barrier or disincentive for mainstream community housing providers to house them for the following reasons:

- Operational policies/practice that do not allow for housing someone with a free rent period or alternatively do not offer a rent payback program when a person has no income. This also applies when a community housing provider requires an upfront rental bond and does not offer a payback scheme.

- Concern that the young person will not be able to sustain the tenancy because they do not have an income, even if it is only for a short period (being able to 'sustain a tenancy' is a key requirement for allocation to social housing).
- Operational policies/practices that aim to fill vacancies within the shortest timeframe and will not keep a vacancy free while a young person resolves their income status with Centrelink, even if they are the highest priority allocation.
- Income based social housing rents (25-30% of income plus 100% of any Commonwealth Rent Assistance payment) that are paid by young people are very low due to the nature of the low value of Youth Allowance payments. In most cases, the rent paid by a young person on Youth Allowance would not cover the operational costs of providing the housing (e.g. tenancy management, maintenance, insurance costs, etc.).
- Discount to market affordable housing rent setting (74.9% of 80% of market rent) is generally unaffordable to young people. The starting market rent is so high that a discount of 20% or 25% is not sufficient to generate rents affordable to young people on Youth Allowance, working in apprenticeships, or in the early stages of their career.

In addition, government housing programs that prioritise funding to community housing providers that leverage the highest level of equity or debt finance also act as a disincentive to housing young people. It is understandable why governments have been prioritising this approach for the last 15 years as it enables them to deliver more social and affordable housing for less money. However, as young people do not have sufficient incomes to generate an operating surplus in both social and affordable housing, they cannot be sustainably housed long term in this model by community housing providers without additional financial support to cover the required debt repayments.

### **Spotlight on transitional housing in NSW**

In NSW transitional housing is defined as 'interim accommodation (generally from three to eighteen months) for people who are experiencing homelessness or people who are at risk of homelessness'.<sup>10</sup>

It is a supported housing product with youth specialist homelessness services (Yfoundations primary member base) funded to provide support to young people throughout the period of their tenure to support them to manage a whole range of personal and health issues; and assist them to build their skills to manage a tenancy independently and transition to other long term housing options.

Youth transitional housing is generally owned by the NSW Government and managed by registered community housing providers.

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<sup>10</sup> NSW Community Housing Access Policy

In the circumstances where the manager of the Transitional Housing is not a specialist homelessness service, the service has the nomination rights to allocate eligible young people to vacant transitional housing properties.

The rent charged for youth transitional housing is generally 25% of income plus 100% of Commonwealth Rent Assistance.<sup>11</sup>

Because the income young people receive on Youth Allowance (the primary income for young people experiencing homelessness) is so low the rent paid for transitional housing is also low. This is a combination of the 25% of income calculation and also because the Commonwealth Rent Assistance payment received by a young person is not the maximum amount.<sup>12</sup>

For example:

A single young person on Youth Allowance paying 25% of their income plus 100% of CRA, would pay \$110 per week in rent which includes \$28 of CRA.

A rent model where a young person on Youth Allowance pays 30% of their income plus 100% of CRA, would pay \$202 per week in rent which includes \$104 of CRA (the maximum CRA amount).

Transitional housing by its nature is also a high-cost housing product to manage for two reasons: higher cleaning and repair costs due to the shorter tenure of each residency/tenancy turnover; greater number of more complex tenancies which can result in higher likelihood of property damage and additional costs. This can especially be the case for youth transitional housing, when young people are specifically learning the skills to live independently during their tenure.

The rental and operational costs for transitional housing do not usually generate a sufficient surplus (and in some circumstances it generates a deficit) to enable a housing provider to bring an equity or debt finance contribution to new transitional housing projects.

The only providers who could bring an equity or debt finance contribution to new transitional housing projects are those providers who have access to philanthropy at scale or can cross subsidise from other parts of their business.

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<sup>11</sup> NSW Community Housing Rent Policy

<sup>12</sup> To receive the maximum CRA, the tenant must be paying a rent of \$198 per week and rent based on 25% of current Youth Allowance does not meet that benchmark.

## CONSULTATION QUESTIONS

### **Question 1: What are the merits of targeting additional funding towards crisis and transitional accommodation as part of the broader mix of acute and social housing?**

Youth specific models of crisis and transitional housing are essential components of the diverse housing mix needed to respond to youth homelessness in Australia. As detailed above, the chronic underfunding of the specialist homelessness service system has resulted in 50% of the young people seeking crisis accommodation having to be turned away at a time when they are in major crisis and often at significant risk. The statistics also indicate that only 25% of young people in need of transitional housing are able to access it.

In this context, there are clear merits to targeting additional funding for these accommodation models for young people at risk of and experiencing homelessness. Given that domestic and family violence is a major driver of youth homelessness, Yfoundations strongly advocates that a significant proportion of the new funding being made available under the NHIF be dedicated to this cohort.

To ensure that this funding is used as effectively as possible it is critical that new crisis and transitional housing is established in the areas of greatest need. In NSW for example, Yfoundations is not aware of any analysis having been conducted of the geographical spread of need for transitional accommodation and the location of current transitional accommodation provision. Notwithstanding the desire to roll this new funding out in a timely manner, a process of planning to ensure its best use is strongly recommended.

This funding would most effectively be rolled out as part of a standalone National Child and Youth Homelessness and Housing Plan that Yfoundations has consistently called for as an essential first step in ending child and youth homelessness in Australia. Given the role of State and Territory Governments in funding crisis and transitional accommodation, and that a National Plan must be delivered collaboratively between all levels of Government and the specialist homelessness sector, there is an opportunity with this funding to model the kind of collaboration that is needed.

### **Question 2: Are the definitions for crisis and transitional accommodation in the draft investment Mandate amendments appropriate, and separately, are the definitions of the cohorts of women and children, and youth appropriate?**

It is of note that whilst the some of the consultation documentation refers to crisis and transitional 'accommodation', the definitions in the Exposure Draft of the *Housing Australia Investment Mandate Amendment (2024 Measures No. 2) Direction 2024* identify the target of investment as crisis and transitional 'housing'. There are arguments that accommodation provided on a crisis basis does involve the provision of a 'home' for people who are homeless and should not, therefore be construed as a form of 'housing'.

Whilst the difference between 'accommodation' and 'housing' is perhaps of less significance for the purposes of this Mandate, of greater significance is the reference to

both models as 'short-term' housing. As detailed above, transitional accommodation is referred to as interim (and sometimes medium-term) housing to distinguish it from crisis accommodation in the suite of housing products needed to address youth homelessness. For many young people a stay of 18 months in transitional housing with the support they require sets them on the course of a life free of homelessness.

The provision of support is perhaps the most fundamental component of both crisis and transitional accommodation. Neither model will be effective in assisting young people without proper investment in support provision and it is critical that this be recognised as part of this investment being made through the National Housing Infrastructure Facility.

Accordingly, it is recommended that the definition be amended as follows:

Crisis and transitional housing means short to *medium-term supported accommodation* and housing provided for .....

Whilst the definition of 'youth' as those aged between 16 and 24 is consistent with the language used in some jurisdictions and service systems, and assists with distinguishing between the target cohorts for this funding, it is important to also acknowledge the legal recognition of 16 and 17 year olds as 'children'. It is critical that projects providing crisis and transitional accommodation and housing to this age group meet the minimum standards and requirements of 'child safe organisations' and are funded accordingly.

**Question 3: Is the existing list of eligible project proponents for NHIF (Critical infrastructure) and NHIF (Social and Affordable Housing) appropriate for the expansion of the NHIF for crisis and transitional housing? Are there any other project proponents that should be considered?**

In considering eligible proponents it is essential to recognise that support provision is a critical component of crisis and transitional accommodation for young people. Whilst in NSW, community housing providers are responsible for the operation of the accommodation component of these facilities, specialist homelessness services that are not necessarily community housing providers, supply the support in, and daily operation of, crisis accommodation services and some transitional housing.

Project proponents must be required to demonstrate how the support component of projects funded under the NHIF for youth will be provided. Where proponents are not support providers there should be a requirement that they demonstrate partnerships with youth specialist homelessness services.

Given that the way crisis and transitional accommodation is funded and provided may differ between jurisdictions it is also important to ensure that the list of eligible project proponents does not prevent existing providers of these models from being funded under the NHIF.

It is important that the NHIF does not impose requirements on existing service providers to partner with community housing providers when it is unnecessary and would only add a level of complexity. There are excellent examples of youth housing models that have achieved outstanding results for young people that are not operated by registered housing providers. For example, Kids Under Cover<sup>13</sup>, which provides stable and durable studio homes for young people on available land or on the property of their family or carer.

**Question 4: How could project proponents use this funding mix, and how could project finance be structured to draw on both grants and concessional loans?**

As detailed above, due to the limited incomes of young people and the operational costs of these supported accommodation models, crisis and transitional accommodation provision does not generate a sufficient surplus (and in some circumstances it generates a deficit) to enable a housing provider to bring an equity or debt finance contribution to new projects.

It is important to ensure that funding for youth projects under the NHIF is accessible to smaller organisations that are well placed to provide crisis and transitional accommodation in their local communities, however, do not have access to philanthropy at scale or can cross subsidise from other parts of their business.

Accordingly, Yfoundations recommends that the grant component of this NHIF funding be prioritised for projects targeted to youth at risk of and experiencing homelessness.

**Question 5: What impacts would a time limit for state and territory funding allocations have on project proponents or projects that would come forth for the funding? What are the benefits and unintended adverse consequences?**

Whilst the 12-month limit on state and territory guarantees of funding allocations may have unintended consequences on the potential of this funding to be directed to areas of greatest need, of more significant concern is the 'one-off' nature of the grants and loans to be made available for these projects.

As detailed above, the essential requirement of support provision, the costs of operating crisis and transitional accommodation models and the income status of young people who are at risk of and experiencing homelessness, are critical factors that must be taken into account. The fact that specialist homelessness services require recurrent funding under the *National Agreement on Social Housing and Homelessness* to operate crisis refuges and the challenges of operating transitional accommodation for youth on a cost neutral basis, point to the potential of ongoing funding requirements for the operation of some projects funded under the NHIF.

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<sup>13</sup> <https://www.kuc.org.au/our-programs/studio-program/>

To ensure that youth crisis and transitional accommodation projects funded under the Fund continue to provide the service they are designed to provide, it is essential that this funding is rolled-out in collaboration with state and territory instrumentalities responsible for funding homelessness services.