



January 2024

## **FoyerInvest 2024–25 Budget Submission**

**A national solution that is evidence-based, scalable  
and breaks the cycle of youth homelessness.**

**Contact: Liz Cameron-Smith** CEO, The Foyer Foundation  
ceo@foyer.org.au | 0435 586 602

## Summary of budget submission

**The Foyer Foundation makes this joint submission on behalf of FoyerInvest, a national consortium of service providers, community housing providers, philanthropists, and impact investors seeking to grow the reach and impact of Youth Foyers.**

Together we aim to reach 50 Foyers by 2030 and provide more young Australians with the transformative opportunity of safe, supported accommodation with integrated education, training, employment and life skills support.

The FoyerInvest Consortium is asking the Federal Government to fund the construction of 10 forty-unit Youth Foyers to enable young people experiencing or at risk of homelessness to transition to independent, thriving futures.

### Our funding request includes:

- 1 Investment of \$184 million capital to construct 10 forty-unit Youth Foyers over the next three years.
- 2 Support FoyerInvest to partner with States in securing recurrent operational funding.
- 3 Participation in a cross-sectoral initiative to deliver payment-by-outcomes at scale.

### The FoyerInvest Consortium members endorsing this submission include:

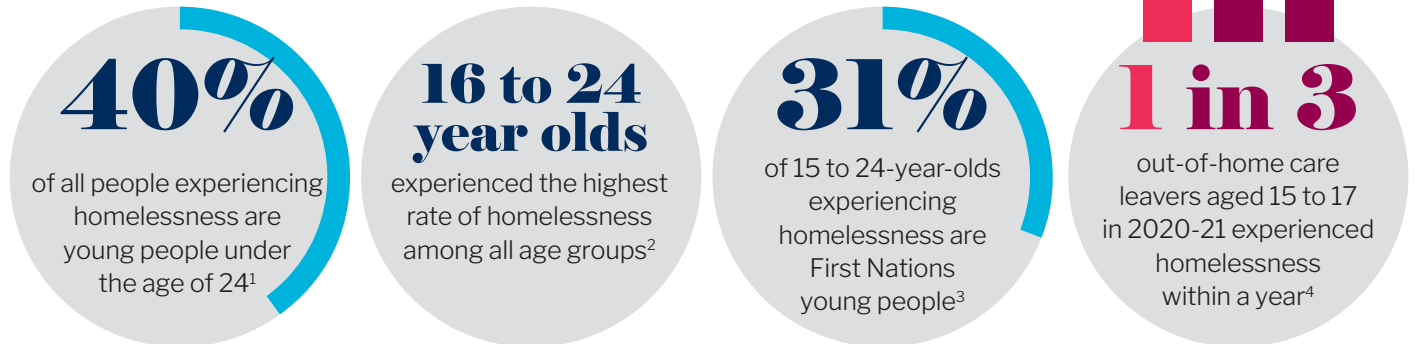
The Foyer Foundation, The Brotherhood of St. Laurence, Uniting NSW/ACT, Mission Australia, Wesley Mission Queensland, Launch Housing, Anglicare WA, For Purpose Investment Partners, Hand Heart Pocket, St John's Youth Service, Junction Australia, The Y (YMCA Queensland) and Brisbane Youth Services.



## Young people need more than a roof over their heads to thrive

Australia's housing and homelessness system is failing young people experiencing or at risk of homelessness. The current system is creating barriers to the integrated housing, education and employment support young people need to thrive.

### Alarminglly:



These outcomes have not improved in more than a decade because our current policies, systems and markets are designed for adults, not for the unique needs of young people facing homelessness.

The current specialist homelessness service system (SHS) prioritises short-term crisis accommodation when longer-term solutions are needed. While short-term services are critical for providing a roof over young people's heads in a crisis, they are not designed to transition young people towards employment, stable housing and self-sufficiency.



Three in five young people presenting alone for SHS services in 2021-2022 were repeat users, demonstrating that SHS interventions have not been sufficient, or sustained for long enough, to break the cycle of homelessness.<sup>5</sup>

For young people in this situation, "housing first" is not enough. To complete school and navigate the transition to further education and employment, young people also need education and employment support and access to mentoring relationships that build their capabilities to move beyond the welfare system towards an independent future. Preventing and breaking cycles of homelessness before adulthood should be a priority for the National Housing and Homelessness Plan.

Young people need stability in their lives while they go through this critical developmental stage. Stability can only be achieved through medium- to long-term safe and secure housing runways. However, only 25 per cent of young people who requested medium-term support or transitional housing received it, and just four per cent of young people who requested long-term support received it.<sup>6</sup>

Creating secure housing for young people requires an increased supply of social and affordable housing stock, and ring-fencing specific housing stock for young people who are unaccompanied by adults. Young people who are alone navigating housing needs during a national rental crisis should not be forced into competition with adults.

The Federal Government's Housing Australia Future Fund (HAFF) does not identify young people as a specific cohort. Servicing this cohort is a higher cost than other forms of social housing due to the requirement of wrap-around support. The market conditions are likely to create disincentives for investment in young people, even via HAFF, and we cannot rely on the private market to address this gap given it is a less profitable cohort.

1. Australian Bureau of Statistics 2021. Estimating Homelessness: Census

2. Australian Bureau of Statistics 2021. Estimating Homelessness: Census

3. Australian Institute of Health and Welfare: Specialist homelessness services annual report 2022-23

4. McDowall, J. J. 2020, Transitioning to Adulthood from Out-of-Home Care: Independence or Interdependence. CREATE Foundation.

5. Australian Institute of Health and Welfare: Specialist homelessness services annual report 2022-23.

6. *ibid.*

**Investing in young people includes taking responsibility for their housing needs.**

**The Federal Government needs to demonstrate the leadership and commitment to create equitable futures for all young Australians. This will ensure a thriving Australian society and economy for generations to come.**

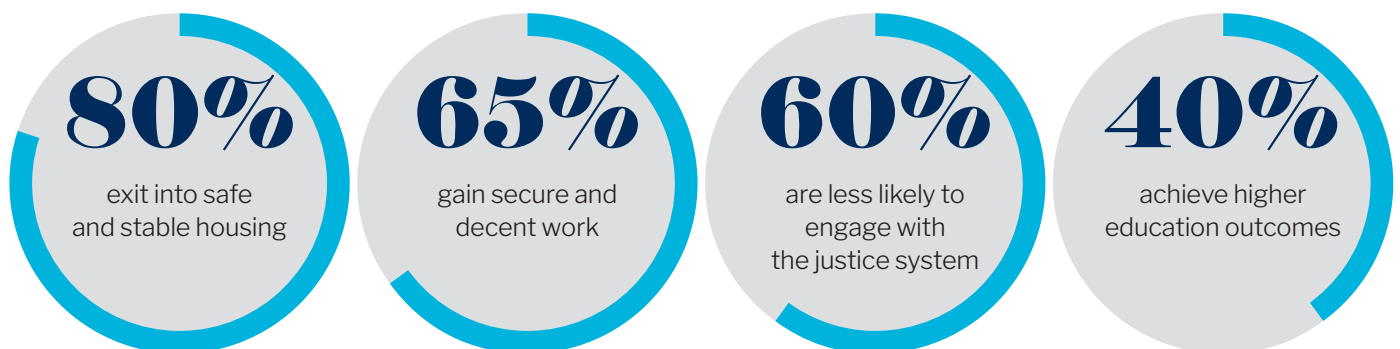
**10 Youth Foyers over 3 years**



**Youth Foyers – an investment-ready, evidence-based solution to youth homelessness**

A Youth Foyer is a scalable, evidence-based solution that prevents homelessness and provides pathways out of homelessness for 16 to 24-year-olds. Youth Foyers offer a safe home and community for approximately 40 young people to live in for up to two years, integrating education, employment and life skill support, all under one roof.

Within two years, young people have what they need to change their future trajectory: over 80 per cent transition to safe and stable housing, 65 per cent gain secure employment, and the majority report improvements in self-confidence and self-sufficiency.<sup>7</sup> Young people living in Youth Foyers are 60 per cent less likely to engage with the justice system than young people in SHS services.<sup>8</sup>



This data is reinforced by the stories and voices of young people who live or have lived in Youth Foyers.

7. Accenture Economic Insights, Under One Roof: The Social and Economic Impact of Youth Foyers, 2022.  
8. ibid.

**“Youth Foyers provide a unique experience for young people. It allowed me to learn how to be an adult. To have a home. To have space that was my own. And I didn’t feel like I had to do it alone.”**

– Ash, former resident of Port Adelaide Youth Foyer



Youth Foyers are delivered through place-based approaches in regional, remote and metropolitan communities across Australia. These approaches integrate strong partnerships with the local education and employment service providers with many Foyers being built on TAFE or TAFE adjacent land and adopting an Education-First service model.

Some Youth Foyers cater to young parents with babies, while others focus on specific cohorts such as those exiting the out-of-home care systems. This diversity contributes to a dynamic and context-specific suite of youth homelessness services that are tailored specifically for different places and communities across Australia. The common aim for anyone living in a Youth Foyer is independence and the opportunity to access education, employment and secure housing.

There are currently 16 accredited Youth Foyers with an additional 11 undergoing accreditation or under construction. Youth Foyers are delivered by a network of service providers across Australia, big and small. Many of these providers also deliver crisis accommodation, refuges, and other solutions in parallel with their Youth Foyers. This opens up pathways through the service system for young people — from the point of crisis through to independence.

## Economic benefits

Scaling to 50 Foyers by 2030 would unlock thriving futures for 20,000 young people over the next decade, generating \$2.9 billion in government savings in the same period.<sup>9</sup>

Independent analysis by Accenture Economic Insights found that every dollar invested by governments in a Youth Foyer generates an additional \$6 in benefits.

According to the *Under One Roof* report, Youth Foyer programs produce \$172,000 in savings to governments per person.<sup>10</sup> This saving can be attributed to reductions in housing, health, welfare, and justice costs throughout a young person’s life.

On average, 52 per cent of the benefits of Youth Foyers go to the State and 48 per cent to the Federal Government.<sup>11</sup> On a per-person basis, Youth Foyers create an average of \$84,000 in benefits for the Federal Government, via taxation uplifts, welfare and federal health savings. Youth Foyers also create \$89,000 in benefits for State Governments through avoided social housing, health and justice costs.<sup>12</sup>

In summary, there is a strong moral and economic case for investment in Youth Foyers.

9. Accenture, *Under One Roof: The Social and Economic Impact of Youth Foyers*, 2022.

10. Accenture, *Under One Roof: The Social and Economic Impact of Youth Foyers*, 2022.

11. *ibid.*

12. *ibid.*

**2024-25 Federal Budget recommendations**

► **Priority one – Investment of \$184 million capital to construct 10, forty-unit Youth Foyers over the next three years.**

**The Federal Government has the opportunity to rapidly scale Youth Foyers and break the cycle of homelessness and disadvantage for 16 to 24-year-olds.**

**FoyerInvest is asking the Federal Government to commit \$184 million in capital investment to construct 10 forty-unit Youth Foyers over the next three years.**

These estimated costs are based on the average cost to build a forty-unit Foyer at \$20 million. A two per cent project management fee is included for the Foyer Foundation (\$4 million over three years).

This investment will create 400 new homes on TAFE or TAFE adjacent land or land owned by other entities including state and local governments and non-profit organisations, dedicated to social and affordable housing in perpetuity. Unlike typical social housing investments, the infrastructure costs create benefits for more individuals over time as young people move through the Youth Foyer to independence at a self-determined length of stay.<sup>13</sup>

There is a strong pipeline of 30 plus Youth Foyer proposed projects across Australia, with 16 ready for investment immediately or within two years. This set of 16 includes sites with land committed; some sites have modest capital and operational funding required to activate these opportunities; some have councils and/or State and Territory Governments already committed or in negotiation.

**The 16 investment-ready Youth Foyer projects include:**

	Qld	NSW	Vic	SA	WA	NT
Ready for investment within two years	<ul style="list-style-type: none"> <li>- Cairns</li> <li>- Mango Hill</li> <li>- Hervey Bay</li> <li>- Caboolture</li> </ul>	<ul style="list-style-type: none"> <li>- Wyong</li> <li>- Penrith</li> <li>- Orange</li> <li>- Dubbo</li> <li>- Tweed Heads</li> </ul>	<ul style="list-style-type: none"> <li>- Inner Gippsland</li> <li>- Berwick</li> <li>- Lilydale</li> </ul>	<ul style="list-style-type: none"> <li>- Clovelly Park</li> </ul>	<ul style="list-style-type: none"> <li>- Albany - Great Southern</li> <li>- Broome</li> </ul>	<ul style="list-style-type: none"> <li>- Alice Springs</li> </ul>

There is also an additional pipeline of over 17 emerging Youth Foyer projects that will be ready for investment in two to six years, which would take us beyond 50 Foyers if all projects were fully funded. These communities include Nhulunbuy (NT), Bunbury and Busselton (WA), Brisbane (Qld.), Toowoomba (Qld.), Bendigo (Vic), Geelong (Vic), Glen Innes (NSW), Tamworth (NSW), The Hawkesbury (NSW), Bathurst (NSW) and more.

**The Federal Government’s \$184 million capital investment will leverage \$20 million from the private sector to construct 10 new Youth Foyers over three years.** The Foyer Foundation has committed to working with private investors to raise 10 per cent of the construction costs of this portfolio of 10 Youth Foyers. There is already investor appetite from a Queensland Foundation looking to cornerstone a Queensland social impact fund targeting youth homelessness, with the Youth Foyer model being their favoured vehicle.

The Foyer Foundation and FoyerInvest Consortium members look forward to working with the Federal Government to provide further detail and costing information to assist with selection of locations and decision-making.

13. Average stay is 1.2 years. Accenture, Under One Roof: The Social and Economic Impact of Youth Foyers, 2022

## **Investing in 10 Foyers as a portfolio enabled by the Foyer Foundation would also bring the Federal Government the following benefits:**

- National coherence to a place-based approach, with the Foyer Foundation as an intermediary organisation.
- Consistent measurement of outcomes across different service providers via the National Youth Foyer Outcomes Framework developed by the Foyer Foundation and The Brotherhood of St Laurence.
- Quality standards and consistency of practice through the national Youth Foyer Accreditation process, delivered by the Foyer Foundation, and a national Community of Practice for Youth Foyer service delivery teams.

### **► Priority two – Support FoyerInvest to partner with States in securing recurrent operational funding.**

#### **Youth Foyers deliver exceptional outcomes because they offer young people more than a roof over their heads: housing is integrated with education, employment and life skills supports that enable individuals to build the capabilities and confidence they need to transition to independent, thriving futures.**

The operational costs for 10 new Youth Foyers are \$20 million per annum for 10 years. These indicative costs include support services and youth rental subsidies, calculated at \$2 million per year per forty-unit Foyer. FoyerInvest is working with state and territory governments to secure this operational funding to further leverage the Federal Government's potential capital investment.

Each State Government would be responsible for commissioning service providers. The service providers would deliver a range of services including staffing, client brokerage, organisational costs, building operations, maintenance, tenancy management and electricity.

The Foyer Foundation and FoyerInvest are engaging with State and Territory governments with an interest in expanding the Youth Foyer portfolio in their jurisdictions. We are seeking the Federal Government's capital support and will collaborate with State and Territory governments to secure continuous operational funding for Youth Foyers.

### **► Priority three – Participation in a cross-sectoral initiative to deliver payment-by-outcomes at scale.**

#### **Youth Foyers present an opportunity for the Federal Government, philanthropy and private investors to work together to deliver payment-by-outcomes commissioning at scale. Until now, payment-by-outcomes contracts have not surpassed \$10 million in Australia. Youth Foyers are uniquely placed to lift payment-by-outcomes commissioning above this threshold with:**

- An existing network of 16 service providers currently delivering Accredited Youth Foyers.
- A strong pipeline of over 30 new Youth Foyer projects nationally.
- A robust evidence base.
- A nationally consistent outcomes framework based on a tried and tested theory of change that can provide trigger points for outcomes payments.

This opportunity aligns with the Federal Government's Outcomes Fund.

Foyer Foundation has established a payment-by-outcomes innovation lab for two years using data from existing Youth Foyers to define the potential payment triggers, confirm the risk appetites of funders and service providers, and build the capability for payment-by-outcomes commissioning at scale.

The estimated cost for the payment-by-outcomes innovation lab will be \$4 million over three years which will be secured from philanthropic organisations. We are inviting the Federal Government to be a participant and learning partner in this project as we develop data-informed insights about how to deliver payment-by-outcomes commissioning at scale.

## Conclusion

Scaling to 50 Foyers by 2030 will unlock life-changing outcomes for 20,000 young people over the next decade, generating \$2.9 billion in government savings in this period. We invite the Federal Government to commit to the next phase of scaling this evidence-based solution and show leadership and commitment to addressing youth homelessness by:

- Investment of \$184 million capital to construct 10 forty-unit Youth Foyers over the next three years.
- Support FoyerInvest to partner with States in securing recurrent operational funding.
- Participation in a cross-sectoral initiative to deliver payment-by-outcomes at scale.

These commitments will ensure more young people can access the benefits of secure housing, employment services, education support, and connection to the community through the Youth Foyer solution.

## Supporting material

For additional information and in-depth insights into the Youth Foyer approach:

- Accenture: Under One Roof Report the Social and Economic Impact of Youth Foyers, 2022.
- Brotherhood of St Laurence: Education First Youth Foyer Outcomes Evaluation, 2019.
- KPMG: Economic Evaluation of Education First Youth Foyers, 2019.



Image: Foyer Oxford, Leederville, Western Australia