Executive summary

The current social housing and Specialist Housing Services (SHS) systems are not able to meet the needs of young people facing the housing crisis in Australia. Over 9,000 young people presenting alone to SHS services in 2023 and needing medium term/transitional support were turned away.

The Foyer Foundation welcomes the $1 billion National Housing Infrastructure Facility directed to support crisis and transitional accommodation for youth experiencing homelessness (and women and children experiencing domestic violence) to help address this need.

The Foyer Foundation is calling on the Government to dedicate $184 million of these funds to build ten Youth Foyers. Youth Foyers, providing housing, education, employment and life skills support for young people aged 16-24 for up to two years, offer an effective, evidence-based solution to youth homelessness. To support investment in this evidence-based solution we call on the Government to ensure that NHIF:

- Is equitably shared across the jurisdictions, with consideration of the youth homelessness population numbers in each location, guaranteed for a 12-month period as proposed
- Funds crisis and transitional accommodation for youth aged 16 to 24 years who are experiencing domestic violence, or are experiencing, or at risk of homelessness, allowing for solutions that may support young people for up to two years
- Invests in evidence-based solutions, supported by a strong framework and process for ensuring outcomes, which break the cycle of disadvantage and deliver meaningful returns to government, rather than simply the lowest cost options
- Allows for applications based on 100% grant funding, with the option of supplementing with concessional loans, to ensure that youth housing proponents are not disadvantaged in the application process due to lack of Commonwealth Rental Assistance for young people
- Supports a broad range of housing options for young people. Youth Foyers are one solution to the youth housing crisis, suitable for some young people needing medium-term housing support and ready for education or employment. Youth Foyers must be part of a comprehensive and strong system of specialist homelessness services, that provides a stepping stone to independence.

"I know for a fact I would not be where I am today if it wasn't for my experience at a Foyer. So many young people deserve that opportunity to have a safe, stable home, somewhere you can call your community and just thrive." - Tyrah, former Foyer Central resident

"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 a space that was my own. And I didn't have to do it alone." – Ash, former Foyer resident

Introduction

Access to decent, secure and affordable housing is essential to Australia's future wellbeing and productivity. Nothing is more fundamental to the health and welfare of Australians than tackling this challenge for our nation, especially in relation to our young people.

Across Australia, there are up to 40,000 young people aged 15-24 who are homeless or at risk of homelessness. Young people experience homelessness more than any other age group, as a result of the housing affordability crisis and domestic and family violence.

Youth Foyers break the cycle of disadvantage by giving young people a safe place to live with support and mentoring to help them achieve long-term stability and independence.

The Youth Foyer Housing Solution

Youth Foyers offer an effective, evidence-based solution to youth homelessness delivered through place-based approaches throughout regional, remote and metropolitan communities.

Each Youth Foyer provides accommodation for approximately 40 young people aged 16 to 24 for up to two years in self-contained units with education, employment and training opportunities and other holistic supports to help them get their lives back on track. Each Foyer is managed by a Youth Service Provider in partnership with a Community Housing Provider (CHP).

There is strong evidence that Foyers work. Independent evaluation has found that more than 80 per cent of Youth Foyer residents exit into safe and stable housing, 65 percent gain secure and decent employment and Foyer residents are 60 per cent are less likely to be involved in the justice system. Every dollar invested by governments in a Youth Foyer generates $6 in benefits, with the Federal Government seeing taxation uplifts and welfare and health savings.[1]

There are 16 accredited Foyers across Australia, with 11 more being developed or preparing for accreditation. We have thirty-three communities wanting to build a Foyer right now in response to the urgent needs of young people, with 16 sites that can be shovel-ready in the next two years and a pipeline of more projects that will be ready for investment over the next five years.

About the Foyer Foundation and FoyerInvest Consortium

The Foyer Foundation is a national for-purpose organisation that unlocks thriving futures for young people experiencing or at risk of homelessness.

We are part 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 establish 50 Youth 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 Consortium includes 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

[1] Under One Roof: The Social and Economic Impact of Youth Foyers (2023). Commissioned by The Foyer Foundation and prepared by Accenture on behalf of FoyerInvest. FoyerFoundation_UnderOneRoof_FULLReport2023.pdf

Queensland) and Brisbane Youth Services. Many more organisations have contributed to our collective efforts over the past 12 months.

The Foyer Foundation ensures the integrity of the Foyer model is maintained through supporting a national Community of Practice, administering a National Accreditation Scheme to ensure each Foyer meets set quality standards that we know delivers outcomes and overseeing a National Outcomes Framework, against which accredited Foyers consistently report.

The Foyer Foundation puts young people at the heart of all we do, including through our flagship Youth Ambassador program, which creates opportunities for young people with lived experience of homelessness and Youth Foyers to have their voice heard and influence how the government responds to the youth housing crisis.

Response to 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?

The Foyer Foundation welcomes the $1 billion increase to the NHIF originally announced in 2023, now directed to support crisis and transitional accommodation for women and children experiencing domestic violence, and for youth experiencing homelessness. In particular, the provision of $700 million in grant funding under NHIF is critical to unlock youth housing supply given the lower rates of Youth Allowance and inability to qualify for Commonwealth Rental Assistance, which acts as a disincentive to invest in this type of housing.

Insufficient funding and supply of crisis, transitional and longer term housing means the Specialist Housing Services system is unable to meet the needs of young people experiencing or at risk of homelessness. Over 25,000 young people presented alone to SHS services in 2022-23 needing housing support, with almost 40% turned away (as high as almost 60% and 75% for those needing medium and long term housing support)[2]. While the needs of adults presenting to SHS services are unable to be met at similar rates, significant government investment through programs such as Housing Australia Future Fund (HAFF) will expand supply for these cohorts. Anecdotally, Community Housing Providers have repurposed potential Foyer sites to provide adult housing solutions, as a result of HAFF disincentivising youth housing provision.

Young people experiencing or at risk of homelessness need more than a roof over their head. They need education, employment and life skills support to get their lives back on track and go on to independent, thriving futures. Transitional housing, that includes these wrap-around services, and spaces to enable them to be delivered, is critical to supporting young people in their journey to independence and relieving the pressure on much needed crisis services.

To achieve the benefits of this targeting it is essential that the funding is used to support projects that have a strong evidence base on the outcomes achieved for young people. Youth Foyers are one such model, with independent analysis showing a strong return on investment based on the outcomes that young people achieve. Investing in the lowest cost youth housing options under NHIF would present a significant missed opportunity to tackle the youth housing crisis and break the cycle of disadvantage.

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[2]https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/data

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?

The Foyer Foundation supports the definition of 'youth' as young people aged 16-24. This is the age cohort that Youth Foyers support, given their unique support needs as they navigate the transition to adulthood.

Youth Foyers provide transitional accommodation with wrap-around support services for up to two years. It is important therefore that the definition in the Investment Mandate, currently described as "short-term" in Subsection 21A(4) is defined as up to two years to support evidenced-based solutions that transition young people to independence, like Foyers.

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 accommodation? Are there any other project proponents that should be considered?

Despite evidence that the Foyer model works, Foyers have been slow to scale in Australia. The Foyer movement began in France over 30 years ago. After spreading to the UK, the Foyer model grew, with up to 180 Foyers in the UK by 2000. Foyer began in Australia in 2001. After more than 20 years the number has grown to just 16 with 19 more on the way. Challenges in unlocking funding from Commonwealth and State and Territory Governments at scale, have slowed the growth of this model.

We have thirty-three communities wanting to build a Foyer right now in response to the urgent needs of young people, with 16 shovel-ready sites and a pipeline of more than 17 projects that will be ready for investment over the next five years. These sites are proposed by partnerships of different CHP and service providers.

This level of demand and range of CHPs presents a challenge in applying to NHIF for an aggregated investment in Foyers. I.e. the SPV with CHP would require ten CHPs to enter a partnership with a Foyer Foundation owned SPV. While this could allow the Foyer Foundation to play a critical role in quality assurance and model integrity, it adds considerable complexity.

We understand that options are limited to amend the Investment Mandate to allow for other project proponents, which could allow for a solution to this challenge.

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?

Grant funding is crucial to scaling the Foyer model, with the higher costs of delivering youth housing and relatively lower revenue streams to support it acting as a disincentive to invest in this type of housing under concessional loans. While some Foyer sites may seek to combine grant funding and concessional loans, we do not support a requirement to do this.

Many proposed Foyer sites are however making a co-contribution to the cost of establishing a Foyer. Some have secured donated land, others are repurposing existing assets, and some will leverage philanthropic support.

It is also important to note that investment in this evidenced-based model delivers a strong return to the government. A conservative estimate of the current lifetime cost of a young person eligible for but who misses out on appropriate medium-term housing support such as Youth Foyers is $371,783.[3] Investment in 10 Youth Foyers would see approximately 3000 young people supported over a 10 year period, saving Governments over $1.1bn in reduced welfare cost, high taxation revenue and avoided health and justice costs. Approximately half of this saving accrues to the Federal Government.

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?

The Foyer Foundation supports the time limit for state and territory funding allocations. The community demand for Youth Foyers is both urgent and outstrips available funding to boost supply to meet demand. We believe the time limit will incentivise project proponents to move at pace to meet the urgent needs of young people and avoid unnecessary delay in investing in creating thriving futures. It is however essential that any decisions to allocate or reallocate funds do not undermine the focus on investing in quality projects that deliver outcomes, or create any investment uncertainty for project proponents.

The Foyer Foundation is making this submission on behalf of FoyerInvest Consortium members as per below:.

[3] Accenture, 2022.