EXECUTIVE SUMMARY

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The changing geography of homelessness in Australia (2001–21) and its structural drivers

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Key terms used in this report

Homelessness
This report relies on the ABS statistical definition of homelessness, which emphasises the absence of 'home' in homelessness (ABS 2012c). In applying their definition to the Census, the ABS enumerate six operational groups or presentations of homelessness that are summed to create total homelessness: people sleeping rough, people staying in specialist homelessness service (SHS) accommodation, people staying temporarily with friends or family (couch surfing), people staying in boarding houses, people in temporary lodging such as hotels and people living in severely crowded dwellings.

Rate of homelessness per 10,000 persons
This measure reflects the number of people enumerated as homeless in an area, divided by the total population of that area and multiplied by 10,000. It measures the prevalence of homelessness relative to population size.

National share of homelessness
This measure is calculated by dividing the number of people enumerated as homeless in a given area by the total number of people enumerated as homeless in Australia. It is a measure of where most homelessness is located nationally.

Private rental
Housing in which the household pays rent to a real estate agent or private landlord (related or not) who does not live in the property (Reynolds, Parkinson et al. 2024).

Q1 households
Quintile 1 households (Q1) are those households with incomes in the lowest 20 per cent of the national gross (unequivalised) household income distribution (bottom quintile). In 2021, the maximum household income for a Q1 household was $737 per week. The vast majority of people experiencing or at risk of homelessness will be in this income group.

R1 dwellings
Private rental dwellings that are affordable to households on very low incomes (Q1). Affordability is calculated by taking the maximum income for a Q1 household and taking 30 per cent of this income as affordable rent for this group. The measure is conservative because it uses the maximum income for the quintile. The maximum affordable rent for very low-income households in 2021 was $220 per week.

NSARH
The net supply of affordable rental housing is a measure of the supply of affordable rental housing relative to demand from low-income households in an area. It is calculated by subtracting the number of low-income households (Q1) from the number of private rental dwellings that are affordable to them at 30 per cent of their income (R1 dwellings).

SA3 spatial unit
Statistical Area Level 3s (SA3s) are part of the ABS statistical geography standard and are designed to coincide with areas of economic, social and transport activity (ABS 2018c). SA3s in urban areas and are based on areas serviced by large transport or commercial hubs. In regional areas, SA3s reflect the area including and surrounding regional cities. In remote areas, SA3s are larger and reflect areas with similar social characteristics or areas that have a distinct identity. In 2021, there were 351 SA3s with an average population of 76,000 people but ranging up to nearly 300,000 people. We excluded SA3s from our analysis that had populations under 100 or were special purpose – for example, those indicating shipping and migratory zones.

SHS capacity
We use two measures of SHS capacity in the report. Accommodation capacity reflects the number of people who can be accommodated by an SHS in a financial year in a given area, while support capacity indicates the number of people who can be supported (with or without accommodation) by an SHS in a financial year in a given area.

Executive summary

Key points

- Most people experiencing homelessness are in Australia's capital cities. Homelessness is becoming more urbanised over time but also less spatially concentrated.

- Homelessness rates have continued to decline in remote areas, though they remain 10 times above the national average in the Northern Territory.

- People experiencing homelessness are more likely to move (change address) over the 12 months prior to the Census than low-income renters and all Australians. However, when they move they largely remain within their Statistical Area Level 3 (SA3) or greater capital city/balance of state area.

- There is a mismatch between where people experiencing homelessness are located and specialist homelessness service (SHS) capacity – both in terms of accommodation and support capacity. This mismatch occurs in the context of persistent unmet demand for assistance.

- A higher percentage of SHS clients are returning for assistance and are deemed homeless upon presentation in areas with less affordable rental housing (R1 stock) relative to demand.

- To provide housing to clients who accessed an SHS in 2021–22, we estimate that around 158,000 one- to two-bedroom dwellings and 25,000 three-or-more-bedroom dwellings are needed nationally. This estimate is for one financial year only with a similar volume needed year on year.

- In greater capital city regions, an increase in affordable private rental housing by 1,000 dwellings will reduce homelessness rates in those regions by around 10 per cent.

- **Homelessness will be significantly reduced in balance of state areas by increasing supplies of both affordable private rental and social housing dwellings, with the latter being particularly important in remote areas.**

- **Demographic profiles of regions are important predictors of homelessness across area types. This is likely because they are indicators of the size of the local population who are homeless or at risk of homelessness.**

Effective homelessness policy requires evidence about broader structural processes driving aggregate rates of homelessness, such as rising inequality, poverty, supplies of affordable rental housing, labour markets and area-level demographics.

Homelessness is unevenly distributed across locations, with different drivers in urban, regional and remote areas. A more detailed understanding of the changing geography of homelessness is required to ensure effective place-based policies to respond to and end homelessness.

This project addresses the overarching policy questions: What structural factors are important in driving short- and longer-term changes in the incidence and geography of homelessness over the period 2001–21? To what extent is the location of specialist homelessness services and affordable rental housing adequate to respond to this changing geography?

These broad policy questions are answered through the following three research questions:

RQ1: How does the incidence of homelessness vary within and between regions, states and territories over time? Moreover:

    a. Is homelessness becoming more or less spatially concentrated?

    b. Is the composition of the homeless population (in terms of operational groups and demographics) changing over time across regions, states and territories?

    c. What proportion of people experiencing homelessness move across SA3 boundaries and how does this compare to other groups?

RQ2: Where are people experiencing homelessness located in relation to specialist homelessness services and affordable rental housing (both private and public)?

RQ3 What role do structural factors such as supplies of affordable private rental housing, demographics, labour markets, poverty and inequality play in shaping differences in rates of homelessness across Australia?

Key findings

How does the incidence of homelessness vary within and between regions, states and territories over time?

Homelessness was and remains a stubborn problem in Australia, with little movement in the national rate of homelessness over time. In 2001, homelessness rates were 50.8 per 10,000 persons and in 2021 they were 48.19 per 10,000 persons. However, there have been significant shifts between and within states and territories.

In 2021, the Northern Territory retained its position as the state/territory with the highest rate of homelessness despite substantial decreases in homelessness over the previous two decades. In 2001, rates of homelessness were almost 32 times the national average there, while in 2021 they decreased to around 21 times the national average. Both Western Australia and the Northern Territory experienced a decline in the share of homelessness in balance of state areas that may be attributable to previous policies to increase the supply of housing in remote areas. These changes are consistent across the five Census periods.

In general, homelessness rates have continued to decline in remote areas, remained relatively stable in greater capital city areas and climbed in regional areas.

Victoria's share of national homelessness has increased well above increases in its share of the national population, rising from 19 per cent in 2001 to 25 per cent in 2021. This increase has been driven by a steady increase in the share of homelessness in Greater Melbourne.

There has been a marked decrease in the percentage of people experiencing homelessness who are First Nations, most likely due to the provision of additional housing in remote communities. In contrast, there has been a marked increase in the percentage of people experiencing homelessness who are born overseas, a group known to be prone to severe crowding in greater capital city areas.

Using data on place of usual residence one year before the Census, we found that people experiencing homelessness are more likely to change address over the 12 months prior to the Census than low-income renters and other Australians more broadly. However, like low-income renters, this group typically remains within their SA3 or greater capital city/balance of state area. Our results provide assurance that point-in-time estimates are a meaningful way to explore the geography of homelessness.

Are services well placed to intervene?

In the context of an under-resourced SHS sector that is chronically unable to meet demand, we investigated the alignment between homelessness and SHS capacity. We found that one-third of SHS capacity (both support places and accommodation places) would need to shift across SA3 boundaries to match the distribution of homelessness across the nation (based on 2021–22 data). This represents a mild improvement from 2016–17. This mismatch is most severe in New South Wales and the Northern Territory and least severe in Tasmania.

Conditions in local private rental markets influence the effectiveness of SHSs. A higher percentage of SHS clients are deemed homeless upon presentation, and are returning for assistance over time in areas with lower levels of affordable rental housing relative to demand from households with the lowest incomes (households with gross incomes in the lowest quintile of the national distribution, 'Q1 households').

In order to provide housing to clients who accessed SHSs in 2021–22, we estimate that around 158,000 one- to two-bedroom dwellings and 25,000 three-or-more-bedroom dwellings are needed nationally. This estimate is for one financial year only with a similar volume needed year on year.

What role do structural factors such as supplies of affordable private rental housing, demographics, labour markets, poverty and inequality play in shaping differences in rates of homelessness across Australia?

Both descriptively and in our modelling work, we found that homelessness is higher in areas with a poorer supply of low-cost rentals (i.e. stock that rents for no more than 30% of the upper threshold of the Q1 household income segment, 'R1 stock') relative to local demand from households with very low (Q1) incomes. An increase in affordable private rental housing by 1,000 dwellings in greater capital city SA3s will reduce homelessness rates in those regions by around 10 per cent.

We also found that homelessness is higher in areas with smaller supplies of social housing. This is the case particularly in balance of state areas. Given the allocation policies used for social housing it is difficult to identify region specific effects. However, we are confident that an increase in social housing in a state/territory will significantly reduce homelessness rates within that state/territory.

Modelling also revealed that the demographic profiles of regions are important predictors of homelessness across area types. Areas with more men, more First Nations people and more people speaking a language other than English have higher rates of homelessness, as do areas with more one-parent households and group-household types. We hypothesise that demographic factors are important in our models because they reflect the size of the local population who are experiencing or at-risk of homelessness.

Policy development options

Responding to homelessness

Our investigation of mobility among people experiencing homelessness highlights the importance of place-based policies and interventions for homelessness. Point-in-time homelessness counts will be useful in informing this approach.

The mismatch between homelessness and SHS service capacity must be understood in the context of persistent unmet demand for assistance. Additional capacity is needed in some areas, particularly balance of state areas, and our results inform where additional service capacity might be located.

Local supplies of private rental housing affordable to households with the lowest incomes impact the efficacy of the SHS response. This is likely due to both a lack of affordable private rental supply precipitating entries into homelessness and a lack of exit options preventing its resolution. In addressing homelessness, policy makers must consider both adequate SHS capacity and adequate exit options from homelessness. However, affordable rental housing must be available and affordable to those in the lowest-income quintile.

Affordable rental housing is critical to addressing homelessness

Providing additional affordable rental stock will be effective in reducing homelessness. Increasing the supply of private rental sector (PRS) stock affordable to Q1 households by 1,000 dwellings in greater capital city regions will see reductions in homelessness rates in those regions by around 10 per cent.

The importance of improvements to local supplies of affordable PRS stock and public housing are underscored by our finding that most people experiencing homelessness move within their local region or greater capital city/balance of state area.

The low incomes of people experiencing homelessness make a market-based housing response particularly challenging. The upper threshold for affordable rental housing for Q1 PRS households is just $220 per week. To reduce homelessness, affordable rental housing must be provided at or below this price point. It is also important to ensure that this stock is available to Q1 households and they are not displaced by higher-income households.

Increasing the supply of housing that is affordable to this group requires increasing supply and also increasing their purchasing power in the market. Increases to income support payments and Commonwealth Rent Assistance (CRA) as well as the expansion of CRA to other payment types will also be of assistance (Davidson, Bradbury et al. 2023; Liu, Valentine et al. 2023).

Increasing the supply of affordable rental housing in outer regional and remote areas requires direct investment by governments in the form of social housing. Because access to social housing is determined centrally within states/territories, improvements in the supply of social housing are likely to reduce homelessness across that state/territory. The local benefits should be evident through reduced returns to homelessness. Dedicated effort is required to boost the supply of R1 PRS stock and social housing, to help prevent homelessness and ensure timely exits from homelessness and SHS support when it occurs.

Demographic factors suggest particular groups for targeted assistance and reflect who is most at risk of homelessness

A number of demographic factors were important predictors of homelessness across area types. While the number of men and group households is likely related to the measurement of homelessness in the Census, other demographic markers, such as speaking a language other than English and being in a sole-parent household, are suggestive of groups in need of dedicated assistance and intervention.

There is a clear over-representation of First Nations people in the homeless population, reflecting cumulative experiences of poverty and intergenerational trauma brought about by Australia's history of colonisation and dispossession (Aboriginal Housing Victoria [AHV] 2020) as well as cultural kinship practices around shared living. In addition to improving service responses for First Nations people (see e.g. Samms 2022), continued investment in quality housing and infrastructure in remote communities is vital. Our modelling suggests that such housing will be effective in reducing homelessness.

Broader processes driving socio-spatial inequality are concentrating those at risk of homelessness into areas with more disadvantage, lower rents and lower incomes over time along with low-cost PRS stock. These areas take on particular demographic profiles reflecting the larger population at risk. Concentrations of homelessness occur when people at risk then transition into homelessness in these regions. Building on the literature and our findings, we hypothesise that transitions into homelessness will be higher, and durations of homelessness longer, in areas with a greater shortage of PRS affordable to Q1 relative to local demand. SHSs will have more difficulty resolving people's homelessness in these areas and those experiencing homelessness will find it harder to sustain exits.

Data improvements and future research

Improvements to existing data are needed to enhance the evidence available to inform policy to address and prevent homelessness. In suggesting these improvements, we acknowledge the expertise, hard work and dedication of staff at both the Australian Bureau of Statistics (ABS) and Australian Institute of Health and Welfare (AIHW).

The homelessness estimates produced by the ABS could be improved by including indicators for place of usual residence on the Census short form. This would enable cursory examination of the mobility of people sleeping rough. Further improvements to the collection of information on the relationship between people in households that are sleeping rough, severely crowded households and where people are staying temporarily with friends and family would be useful to assist in understanding the housing response required for this group. We acknowledge, however, that changes to the Census are costly and require detailed technical planning and expertise.

The Specialist Homelessness Services Collection (SHSC) could also be improved in relation household-level information. A unique household identifier would allow a count of households by household type/size that would support more robust estimations of the volume and type of housing required to address homelessness. Such information could also shed light on the impact of homelessness on household and family relationships. However, we note that this would be a substantial piece of work for the AIHW.

Given the significant cost and effort in changing existing collections, linked data may be useful to address some of these issues if an indicator of homelessness or SHSC data could be included. For example, the Person Level Integrated Data Asset auspiced by the ABS combines data across a range of government departments and collections including health, income, taxation, education, income support and demographics.

In conclusion

Our findings strongly emphasise the importance of rental housing (both private rental and social) that is affordable (and available) to Q1 households in addressing homelessness. The very low incomes of Q1 households make housing for this group a considerable challenge. Increasing their incomes through measures such as increasing income support payments and CRA must be considered along with increasing the supply of rental housing targeted at this group. These issues must be a focus of the Australian Government's forthcoming National Housing and Homelessness Plan and broader policies moving forward to address and end homelessness.

This study

This research relied on an updated panel dataset developed by the authors on two earlier AHURI projects, Wood, Batterham et al. (2014; 2015) and Parkinson, Batterham et al. (2019), which comprises data from the ABS Census of Population and Housing, the ABS homelessness estimates, and the AIHW SHSC. We enhanced the data series by including updated and expanded data from the SHSC and data on movement across SA3 areas.

Our work draws on two key measures of homelessness: the rate per 10,000 persons and national share for each area, and how these have changed over a 20-year period. The rate of homelessness per 10,000 persons measures the prevalence of homelessness relative to population size, while the share of national homelessness indicates where most homelessness is located. Detailed descriptive analysis, GIS choropleth mapping and spatial modelling are used to explore the changing geography of homelessness and its relationship to SHS capacity and supplies of affordable rental housing. We present national models as well as separate models for capital cities and balance of state areas.