Counting the costs of homelessness

Using a cost lens to inform inter-disciplinary models of care

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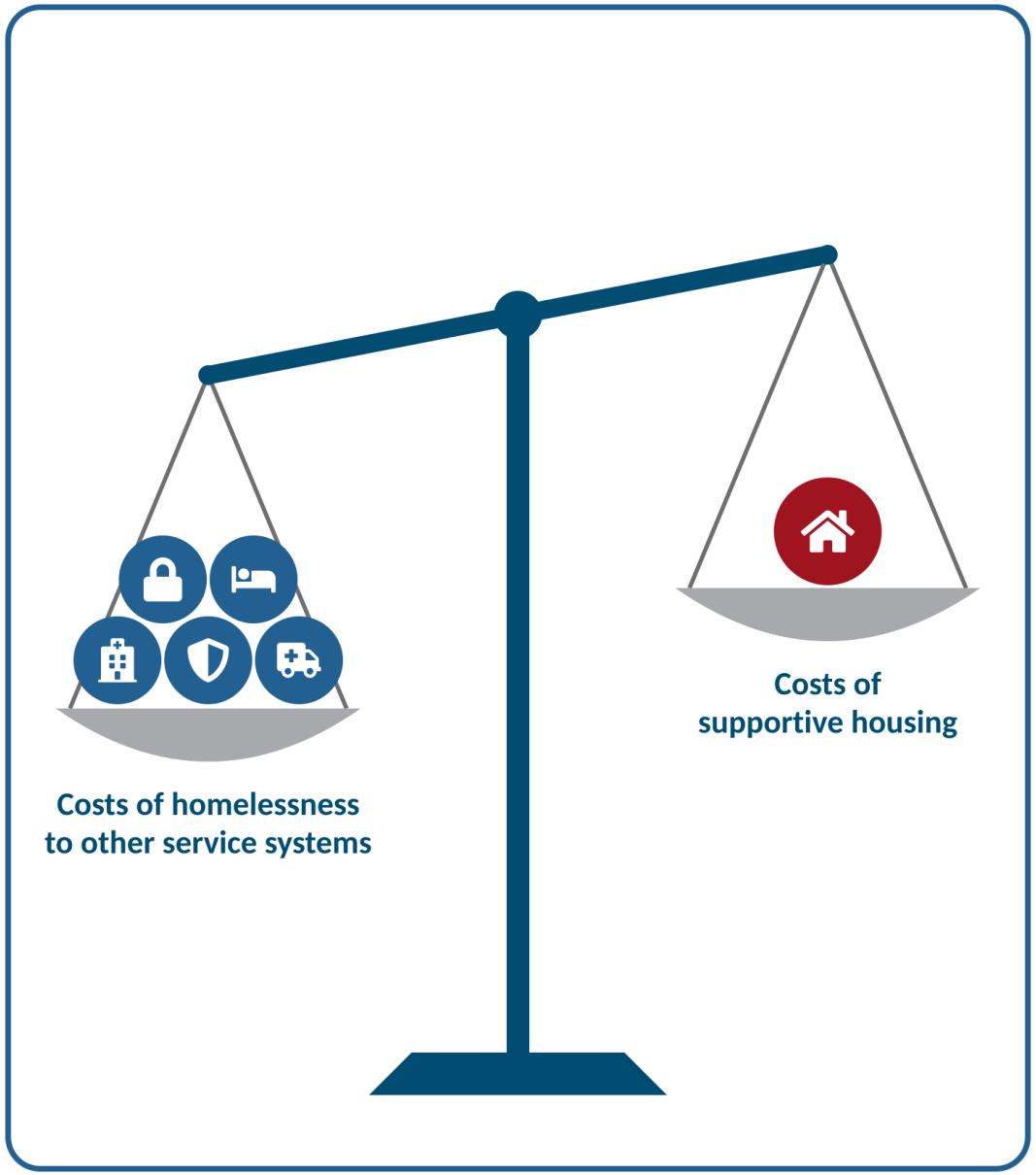
03

Informing models of care

How can we make better use of avoided cost frameworks to inform cross-sectoral models of care?

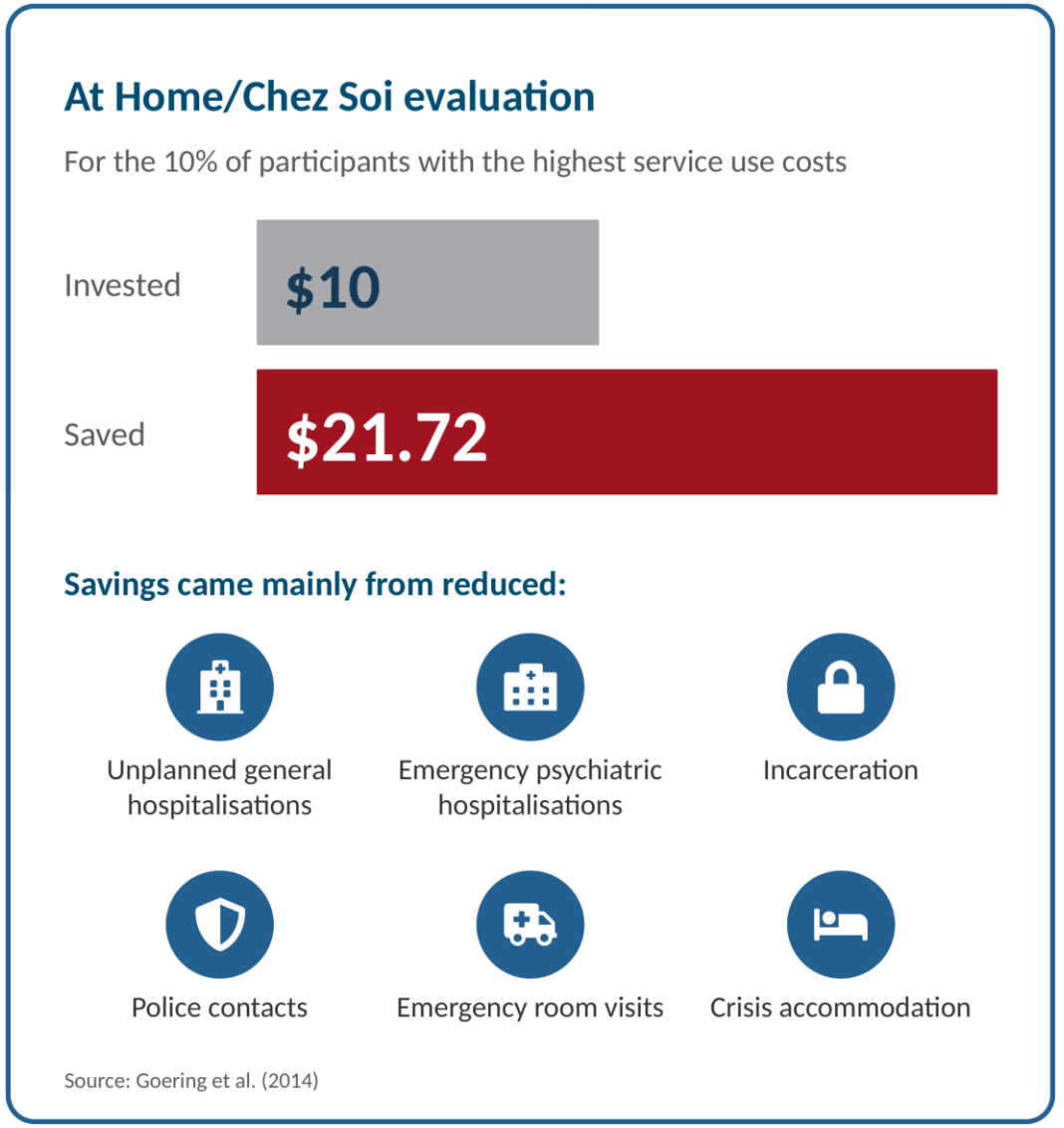
What are avoided costs and why do we measure them?

- Funding bodies increasingly expect CBA/CEAs of supportive housing and other homelessness support programs
- Policymakers/advocates use ‘avoided costs’ or ‘cost offsets’ to justify the provision of supportive housing
- Draws on the idea that homelessness and housing insecurity may generate a greater financial cost to governments and the wider community than the costs associated with supportive housing



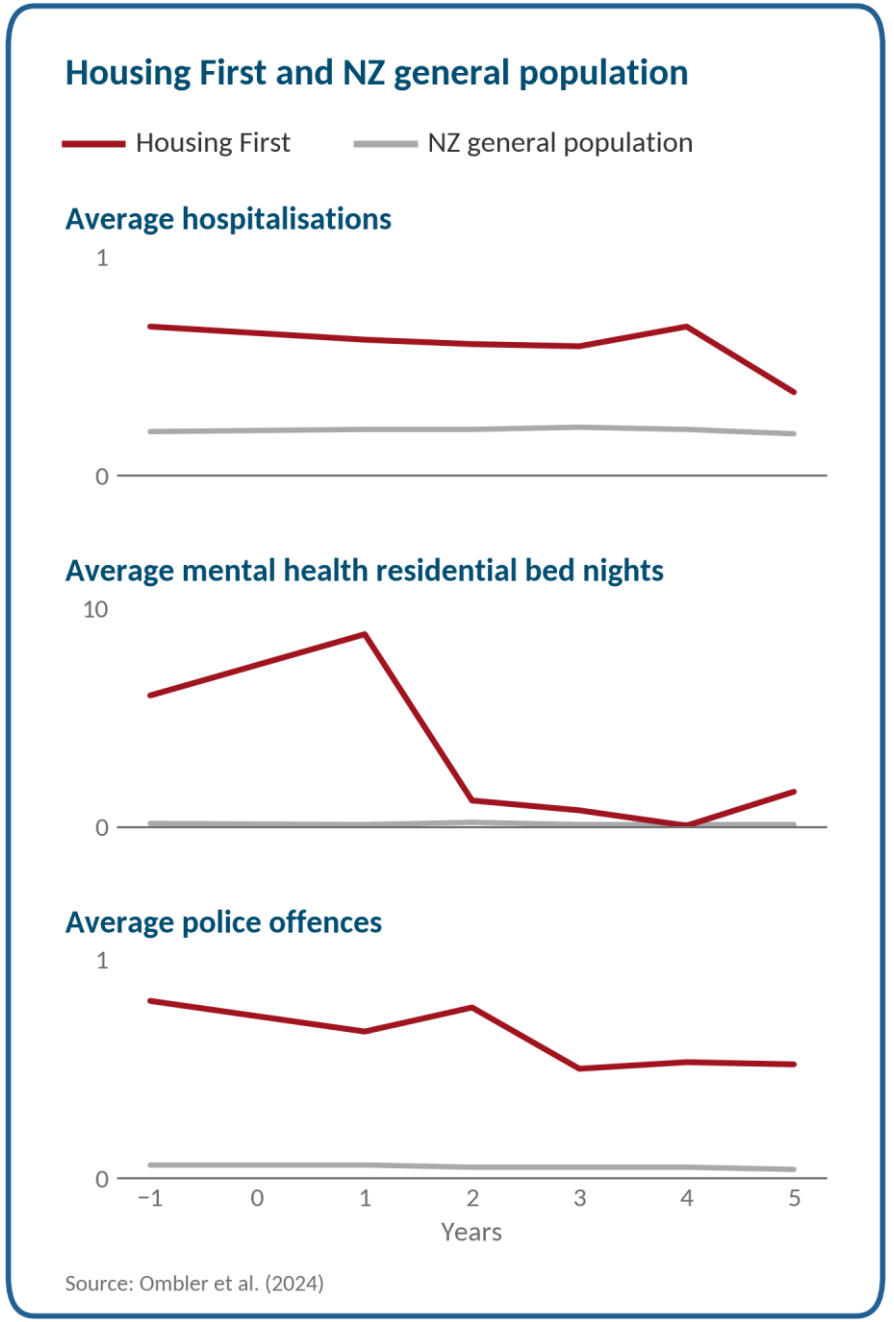
International evidence, but few conclusive Australian studies…

- In the US, measuring avoided costs has served as a powerful demonstration of the efficiency of Housing First over ‘staircase’ models
- Some studies have found that housing individuals with high and complex needs ‘pays for itself’
- However, the evidence base in Australia is still emerging and no credible studies find housing costs are completely offset by savings elsewhere



Large savings only accrue for very high needs cohorts over long periods

- At Home/Chez Soi: average saving of $9.60 for every $10 invested for general high needs participants; average saving of $3.42:$10 invested for moderate-needs participants.
- Savings are a medium-to-long term prospect; costs may increase after an intervention
- Funding premised on unrealistic expectations of cost savings is susceptible to being withdrawn



Data gaps and 'hidden' costs weaken avoided cost estimates

- Methodology influences estimates (e.g. choice of comparison group; survey-based vs linked data)
- Costs borne by individuals/communities are ‘hidden’ from gov datasets
- Cost lens often misrepresents the experience of Aboriginal communities, especially in remote areas
- Any economic case for housing investment should be considered alongside the benefits that cannot be counted



Aputula, ~317km south of Alice Springs

Measuring avoided costs can help inform cross-sector models of care

- Ultimately, the level of fiscal savings should not be used as the primary justification for housing investment
- The real value of measuring potential savings across government systems is as a **diagnostic tool**, revealing areas where coordinated investment can deliver better outcomes
- Identifying the pressure points where homelessness intersects with health, justice, and other government services builds a compelling case for policy coordination and cross-sector collaboration

Katherine Individual Support Program (KISP)

Model of care

Cross-sectoral case management for frequent ED attenders at Katherine Hospital, bringing together housing and support workers, hospital staff, community health orgs, AoD

91% Aboriginal

64% experiencing homelessness

Data collection

Identification using hospital records; client survey with attending doctor and Aboriginal Liaison Officer; linked with hospital and primary health care records

$517k aggregate health system savings at 6 months

1.8 → 3.8 primary care contacts per month within 10 months of KISP

Source: Quilty et al. (2019) | Funded by NT Department of Health under the National Partnership on Northern Territory Remote Aboriginal Investment

Challenges and opportunities for systems change

- Developing inter-disciplinary models of funding and care requires careful consideration of **how** a public service is funded, **who** is being supported, **what costs** are counted, and over **what timeframe**
- The current funding environment is siloed and generally not set up for joint commissioning
- Avoided cost research can help build the case by:

1. Identifying service duplication across government service systems
2. highlighting pathways for cross-sector collaboration, particularly the role for mainstream services in mitigating and addressing homelessness
3. Guiding the strategic reallocation of public resources between housing, health, justice and other government service systems

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