

The effectiveness and cost-effectiveness of homelessness prevention and assistance programs

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Acronyms

| | |
|--------|---|
| ABS | Australian Bureau of Statistics |
| AHURI | Australian Housing and Urban Research Institute |
| AIHW | Australian Institute of Health and Welfare |
| CAP | Crisis Accommodation Program |
| COAG | Council of Australian Governments |
| CRA | Commonwealth Rent Assistance |
| CSHA | Commonwealth State Housing Agreement |
| DCD | Department for Community Development (Western Australia) |
| DHW | Department of Housing and Works (Western Australia) |
| FaCSIA | Family and Community Services and Indigenous Affairs (Commonwealth Department) |
| HOME | Household Organisational Management Expenses (HOME) Advice program |
| NDCA | National Data Collection Agency |
| NSW | New South Wales |
| NT | Northern Territory |
| Qld | Queensland |
| SA | South Australia |
| SAAP | Supported Accommodation Assistance Program |
| SHAP | Supported Housing Assistance Program |
| TASS | Transitional Accommodation Assistance Scheme |
| Vic | Victoria |
| WA | Western Australia |

EXECUTIVE SUMMARY

This Positioning Paper describes the research design for a study on the effectiveness and cost-effectiveness of homelessness prevention and support programs operating in Western Australia. It also provides the reader with a brief review of the relevant literature and of the policy context which informs the study. The Final Report will present the findings of the research and outline the policy implications which flow from those findings.

The study involves extensive collaboration between researchers, community service organisations and program administrators. Against this background, an additional aim of the Positioning Paper is to describe the nature of this collaborative research approach and to explain how such an approach provides benefits to participating agencies, program administrators and to researchers alike.

The 'effectiveness' of a homelessness prevention or support program refers to the extent to which the program in question achieves better outcomes for its clients. In an ideal world, the effectiveness of a homelessness prevention and support program would be assessed as the difference between outcomes achieved by clients on the program relative to those that would have been attained had the client not received support under the relevant program. However, data limitations in the homelessness field typically preclude the estimation of such differential effects and so, instead, the effectiveness of homelessness programs is typically measured on a before- and after-intervention basis.

The 'cost-effectiveness' of a homelessness prevention or support program compares the differential outcomes from a program with the differential cost of providing the service. Importantly, costs should be estimated net of any savings achieved elsewhere as a result of the program being in place. Savings, or cost offsets, occur when homelessness prevention and assistance programs lower outlays in non-homelessness related areas. Homelessness programs may improve the health, financial security, employment and accommodation outcomes of clients. This, in turn, may result in decreased utilisation of homelessness prevention and support services in the future, reduced utilisation of hospital and justice services, lower income support payments and higher revenue from increased income tax payments. In short, it is a fallacy to assume that the counterfactual, the non-intervention case, is costless. It costs money not to provide support to the homeless. Another way of putting this is that there are likely to be considerable costs attached to homelessness.

This study represents one of the first major attempts at a comprehensive economic evaluation of homelessness prevention and support services in Australia.

The aims of this project are to:

- Provide a mapping of the programs that exist in Western Australia designed to prevent homelessness, support those who are homeless and assist people in making a transition to independent living;
- Determine the outcomes which accrue to those assisted in areas such as housing/shelter, income support, primary health, mental health, substance abuse, social relationship/functioning, justice, labour market, education and training outcomes and the overall quality of life when they receive support under homelessness prevention, support and transition programs compared with those outcomes that may have occurred had support not been provided;
- Examine the link between access to homelessness programs, outcomes achieved under those programs and the utilisation of non-homelessness-based government services;

- Determine the unit and aggregate costs of providing homelessness programs and estimate the whole-of-government budgetary savings generated elsewhere as a result of improved outcomes arising from the provision of support to those in need;
- Evaluate the overall cost-effectiveness of homelessness prevention, support and transition programs measured as the incremental outcomes achieved by homeless people and those at imminent risk of becoming homeless when they receive support as against the *net* budgetary cost of these programs (i.e., accounting for the whole-of-government budgetary savings achieved elsewhere when support is provided); and
- Develop a blueprint for further research into the cost-effectiveness of homelessness prevention, support and transition services in Australia.

The programs covered by the project's primary data gathering exercises include the main support programs for those who might otherwise be without shelter or those escaping domestic violence—the Supported Accommodation Assistance Program (SAAP) and the Crisis Accommodation Program (CAP)—and a range of homelessness prevention programs in Western Australia funded by the Western Australian Government. The latter comprise:

- the Community Transitional Accommodation and Support Service (TASS) and the Community Re-entry Coordination Service (Re-entry Link) program designed to assist prisoners re-enter into the community on release; and,
- the Supported Housing Assistance Program (SHAP) and Private Rental Support and Advocacy Program, designed to assist public and private tenants maintain their tenancies; and,

The study is restricted to services operating in Perth and the South-West and the Southern regions of Western Australia.

Evidence in relation to the effectiveness and cost-effectiveness of homelessness prevention and support programs in this study centres on a survey of clients in these programs undertaken as part of the current project. The *Client Survey* covers a number of areas including client socio-demographic background, history of homelessness, their needs and outcomes over a one-year period. The *Client Survey* is complemented by a program of semi-structured interviews with clients, case workers and agency managers. The study will also draw on existing administrative program data sets to assess the effectiveness of relevant programs.

The *Client Survey* has been developed over a long period of discussion with agencies and program administrators delivering services to homeless people and those at risk of homelessness in Perth, the South-West and Southern regions. The *Client Survey* includes questions relating to the client's:

- Socio-demographic status (age, gender, education, labour force status, English language difficulties, Aboriginal and Torres Strait Islander status);
- Current accommodation circumstances and housing/homelessness histories;
- Presenting reasons for support;
- Current and past utilisation of services;
- Mental and physical health experiences;
- Services provided by agencies in respect of the current support period; and,
- Status with respect to a range of indicators specific to individual homelessness prevention and assistance programs.

The *Client Survey* also includes a detailed needs and support assessment sheet which has been significantly modified from the SAAP Measurement Form (see Thomson Goodall Associates Pty Ltd, 2004). A *Supplementary Questionnaire* seeks direct client responses to questions relating to their satisfaction with life across a range of dimensions, their support systems, their views as to how the service has assisted them and their past recent utilisation of a range of health and justice services. The latter information will be used as part of an assessment of indicative cost offsets (see chapter 6 below). The *Supplementary Questionnaire* also includes the World Health Organisation's quality of life survey *WHOQoL-BREF Australian Version (May 2000)*.

The structure of the *Client Survey* enables an assessment to be made of the outcomes achieved by the client in the *immediate* term (the change from the pre-support position to the support position), the *short term* (outcomes achieved over three months), the support period term (outcomes achieved by exit) and the *medium term* (over a twelve month period).

A multi-dimensional approach to the measurement of client outcomes is adopted in the study. Client outcomes in the *Client Survey* include:

- Changes in a client's status across a range of dimensions including labour force, income, income source, education and training, housing type quality and circumstances;
- Changes in resource use measured in terms of level of support required during the support period;
- Changes in the level of capability to manage circumstances and needs;
- Changes in self-assessed satisfaction with various dimensions of life, quality of life and improvements in ability to manage circumstances as a result of program participation; and,
- Changes in the utilisation of non-homelessness services such as health and justice services.

The study is concerned both with the effectiveness of homelessness prevention and support programs and their cost-effectiveness. The latter requires an analysis of costs. Our approach to the estimation of costs is as follows. From a range of sources we gather service unit cost information. This data is then linked to quantitative survey data on the utilisation of services, allowing the cost of providing services to different categories of clients to be estimated. Program cost is defined to include a computed market value for resources such as volunteer labour and other in-kind services. Costs are estimated net of cost offsets which occur when program participation results in reduced use of other government services. Finally, net costs (costs net of savings) are set against the benefits which accrue to clients and to society as a result of participation on the program to determine the cost-effectiveness of homelessness prevention and support programs.

A bottom-up approach is adopted to estimate program cost per client for a range of client categories. This approach requires identification of resources utilized by each category of client and associated costs. Data on the cost of providing programs, funding and cost drivers are to be collected from the 2005-2006 financial reports of agencies. Quantitative survey data includes information on prevalence of use of other government services, such as health and justice services. This information, in conjunction with general population use of services and unit costs for relevant services, is used to estimate cost offsets. Both the marginal cost and average cost per client is estimated. Average cost per client is inclusive of centralized agency

costs and program overheads; where overheads are allocated using relevant cost drivers.

Benefits that accrue from provision of support are determined from the quantitative survey data, qualitative analysis and discussion with agencies operating in the homelessness support sector and in areas such as health and justice. Where possible the dollar value of benefits such as improved employment outcomes will be estimated from current literature. Contingent valuation techniques will be used to place a tentative dollar value on benefits that cannot be otherwise allocated a market linked dollar value. Benefits that accrue over a period greater than one year are estimated in 2005-2006 dollars and discounted to reflect the social rate of time preference.

The analysis incorporates a number of assumptions. Where possible these assumptions are based on previous literature. However, data availability problems and the lack of readily determined market values means that estimates reflect a large element of judgement. Sensitivity analysis is used to determine how sensitive the conclusions are to these assumptions.

The study's research design recognises that a quantitative analysis of service outcomes cannot fully capture all forms of outcomes achieved by clients nor convey the varied ways life histories, life circumstances and life events intervene to affect client outcomes and the cost of providing and not providing support. A quantitative analysis also does not readily highlight the dynamics surrounding the role of agencies and agency staff in affecting change. Qualitative interviews with service providers and clients of homelessness prevention and support programs will provide the project with data on sensitive and complex issues that are not easily obtained through structured questionnaires or existing data sources.

The qualitative component of this research will draw on participants from different backgrounds and with different needs. Participants will be interviewed using a homeless life history framework to order and categorise the data. As a method for inquiry, a life history format can help to overcome some of the problems associated with the collection of retrospective data, such as recall bias. This is used in projects where there is an interest in the timing and sequencing of specific events within a respondent's life and where the accuracy of a respondent's recollections is important.

The baseline interview will occur at the start of the support period. The homeless life history, in the form of a grid, will be used to cross-reference the timing of respondents' life changes with changes in their circumstances. While interviews will be sufficiently structured to ensure that systematic and comparable information can be gathered, they will also enable respondents to represent, in their own words, their experiences of events and services aimed at assisting them.

There will be two follow-up interviews mirroring the sequence of the quantitative surveys. The follow-up interviews will have a similar format to the initial interview, but will request recall over short time periods thereby enabling a closer focus on the differential short term affect of services on desired outcomes and how this varies across different groups of homeless people. A picture should therefore emerge of the different pathways into homelessness, crisis or risk of homelessness, how previous life experiences structure current outcomes and what happens in terms of outcomes when different levels and types of services are provided and when events intervene to affect the client's circumstances.

CHAPTER 1 INTRODUCTION

1.1 Introduction

This Positioning Paper describes the research design for a study on the effectiveness and cost-effectiveness of homelessness prevention and support programs operating in Western Australia. It also provides the reader with a brief review of the relevant literature and of the policy context which informs the study. The Final Report will present the findings of the research and outline the policy implications which flow from those findings.

The study involves extensive collaboration between researchers, community service organisations and program administrators. Against this background, an additional aim of the Positioning Paper is to describe the nature of this collaborative research approach and to explain how such an approach provides benefits to participating agencies, program administrators and to researchers alike.

The 'effectiveness' of a homelessness prevention or support program is best understood as the difference the relevant program and the agencies that provide support to clients, make to the lives of clients. In an ideal world, the effectiveness of the program would be measured as the difference in outcomes achieved by those who receive services from homelessness prevention or support programs over and above the outcomes that might have arisen had those same clients not received support. It is important to emphasise at the outset, however, that there are significant difficulties in obtaining robust differential outcomes data of this kind in any field but particularly in the homelessness area.

The 'cost-effectiveness' of a program is the differential outcome of the program relative to the differential cost of providing the service. Importantly, costs should be estimated net of any savings achieved elsewhere as a result of the program being in place. Savings, or cost offsets, occur when homelessness prevention and assistance programs lower outlays in non-homelessness related areas. Homelessness programs may improve the health, financial security, employment and accommodation outcomes of clients. This, in turn, may result in decreased utilisation of homelessness prevention and support services in the future, reduced utilisation of hospital and justice services, lower income support payments and higher revenue from increased income tax payments. In short, it is a fallacy to assume that the counterfactual non-intervention case is costless. It costs money *not* to provide support to the homeless.

The study represents an important first attempt at an economic evaluation of a suite of homelessness prevention and support services in Australia. The homelessness prevention programs that are the subject of the present study largely grew out of the WA Homelessness Strategy, implemented in 2002. The present project will provide a detailed evidence-based assessment of the following programs:

- The Supported Housing Assistance Program (SHAP), whose primary goal is to provide tenant support services to those in public housing at risk of eviction; and the Private Rental Support and Advocacy Program which does likewise in terms of the private rental market; and,
- Institutional transitional support programs targeting prisoners exiting jail; namely, the Transitional Accommodation and Support Service (TASS) and the Community Re-Entry Coordination Support Services (Re-entry Link) programs administered by the Department of Corrective Services.

In terms of homelessness support programs, the study covers the Supported Accommodation Assistance Program (SAAP), a joint Australian Government/State/Territory initiative, which represents the key homelessness support program operating in Australia. A recent research and policy focus of the Supported Accommodation Assistance Program, has been on developing more effective client outcomes and needs indicators and the further enhancement of the evidence base in relation to the effectiveness and cost-effectiveness of SAAP. The present project will add considerably to our knowledge of these issues.

Working closely with agencies providing support to those who are homeless and at risk of homelessness, the study will gather primary research evidence on client outcomes, the costs of providing assistance to those clients and the potential cost savings in other government programs that arise from the provision of support. A retrospective-prospective methodology is adopted to the gathering of client data.¹ In this approach, data is captured on the background, needs and history of the client shortly after she or he enters a service. For case-managed clients, progress through the support period and beyond is assessed at discrete intervals over a 12-month period. In addition to gathering and analysing primary research data, the study will also utilise existing administrative data sources to assess the impact that programs/services have on client outcomes and levels of government service utilisation. However, administrative data sources in the homelessness prevention and support programs typically provide only a snapshot of the outcomes achieved by clients of programs and this is a primary reason why we are concerned with gathering our own primary research data.

1.2 Issues and Complexities

It is a relatively straightforward thing to conceptualise what a cost-effectiveness study is attempting to do; namely, to arrive at estimates of the differential outcomes of programs per dollar spent net of cost-offsets. It is another thing altogether to implement a robust cost-effectiveness study. This is particularly true of the homelessness prevention and support sector (see Berry et al. 2003 and Pinkney and Ewing 2006 for reviews of the literature). While homelessness programs are reasonably well-served by administrative databases in Australia, data collection systems, which allow for a robust assessment of a broad range of client outcomes relative to costs of delivering services, simply do not exist. The lack of available data is, of course, the main reason for the absence of cost-effectiveness studies in the homelessness prevention and support areas.

The implementation of a cost-effectiveness study in the homelessness area is made more difficult as a result of major measurement, ethical and policy-related issues that confront researchers in the homelessness field. An important aim of the Positioning Paper is to set out how we address these issues and consider how they impinge on the design of a research program aimed at determining the cost-effectiveness of homelessness programs.

The conceptual and methodological difficulties in undertaking a cost-effectiveness study of homelessness prevention and support programs begin with the contested definition of homelessness. Chamberlain and Mackenzie (1992) provide a three-tiered definition of homelessness, which has been used widely in research and policy domains and has provided a framework for counting the number of homeless people using Census data. Chamberlain and Mackenzie's (1992) three-tiered definition of

¹ See Berney and Blane (1997) and Blane (1996) for a discussion of the use and veracity of recall and retrospective data.

homelessness is centred on a social or cultural norm-based reference point—homelessness exists when a ‘minimum community standard’ of housing is not achieved. For Chamberlain and Mackenzie, that minimum community standard is a room to sleep in, a room to live in, personal bathroom facilities and an element of security of tenure.² On this basis, Chamberlain and Mackenzie (1992) distinguish between the following three tiers of homelessness:

- Primary homelessness, people without conventional accommodation covering people ‘living on the streets’, in parks or in deserted or improvised buildings, cars, trains carriages and the like.
- Secondary homelessness, people residing in or moving between various forms of temporary accommodation including emergency and refuge accommodation, those residing temporarily with others (including relatives) because they have no place of their own and those using boarding houses on a short-term basis. All those in supported accommodation under the Supported Accommodation Assistance Program (SAAP) are counted as residing in secondary homelessness in the Australian Census Analytic Program (see Chamberlain and Mackenzie 2003a).
- Tertiary homelessness, people living in private boarding houses on a long-term basis without their own bathrooms, kitchen or security of tenure.

In addition to the three-tiered definition of homelessness, Chamberlain and Mackenzie (1992) also refer to a further category of homelessness, the ‘marginally housed’. The marginally housed are defined as those who live in housing situations close to the minimum standard. Estimates of the marginally housed are rarely provided in the Australian context other than in respect to the Indigenous community housing sector where specially designed surveys have enabled a greater understanding of the number of households in substandard accommodation.

More recently, Chamberlain and Johnson (2001) have argued that homelessness is a concept, like poverty, having absolute and relative dimensions. In practical terms, the absolute/relative homelessness distinction is operationally little different to the three-tiered framework. Indeed, absolute homelessness equates to primary homelessness. Relative homelessness refers to the case where people do not live in accommodation that meets the cultural conventions and expectations of the relevant community. Relative homelessness can then be interpreted as covering all three tiers of homelessness together possibly incorporating the marginal housing category as well.³

The Chamberlain and Mackenzie approach to defining homelessness takes as its starting point a tenure/accommodation definition based on a ‘minimum community standard’ of housing. However, it cannot capture (nor can any definition, for that matter), the complexity of the homelessness experiences of different groups of people, in particular, women with children and Indigenous Australians with, or without, children. Watson (2000) argues that definitions of homelessness are gendered so that women’s needs are marginalised, making women’s homelessness more hidden. Hidden homelessness is also referred to as ‘housed homelessness’ by Tomas and Dittmar (1995 n.p.); Nunan and Johns (1996, p. 27), cited in Chung (2001 p. 16) and Tosi (2001 p. 164). It refers to situations where women’s housing places

² Culturally recognised exceptions to this norm, specified by Chamberlain and Mackenzie (1992), include seminaries, jails and student halls of residence.

³ In the 2006 Census Analytic Program, relative homelessness is, in fact, being operationalised to cover secondary and tertiary homelessness rather than all three tiers of homelessness; an interpretation that runs counter to that applied in the poverty literature in respect to relative poverty.

them at risk because of domestic and family violence. This occurs when women, and particularly those with children, remain in relationships that are violent and abusive rather than risk primary or other forms of homelessness. These relationships may occur within the home or be enacted within other accommodation types such as hostels, boarding houses, homelessness service agencies or on the street.

In terms of Indigenous homelessness, Keys Young (1998, p.4) argue that Indigenous people have a cultural sense of home that includes obligations to extended family and attitudes toward ownership, possessions and disposal of income. They may not see themselves as homeless if they maintain cultural connections to land and family in spite of the fact of being in 'primary homelessness' (Commonwealth of Australia 2001, p. 41).⁴ On the other hand, homelessness can mean separation from traditional land or from family even when shelter is available. In addition, Indigenous people experience much higher rates of overcrowding than non-Indigenous people and are more likely to live in dwellings (particularly in discrete Indigenous communities) that are inadequate due to their need for major structural repairs and absence of connections to essential services such as water, electricity and sewerage (AIHW, 2005a). Overcrowding and inadequate dwelling structures are components of a wider notion of relative homelessness not covered by the three-tiered definition of homelessness. However, they sit comfortably within a broader reading of homelessness that incorporates the concept of marginal housing.

The contested nature of the definition of homelessness provides the first major issue that a study on the effectiveness and cost-effectiveness of homelessness assistance and prevention programs must deal with. A second major issue is the problematic nature of client outcomes measurement. The position adopted in this study is that the effectiveness of programs cannot be measured in terms of a single client indicator such as housing status. Rather, a set of indicators are relevant. The range of potential client outcomes examined in this study include: changes in status across a range of items (e.g., labour force, income etc.); changes in program resource use (less return use of services over time); changes in the capability of the client to resolve or manage their need; changes in self-assessed satisfaction with various dimensions of life and changes in the utilisation of other services. The complexity of the social, personal and community situations of homeless people and those at risk of homelessness makes the assessment and interpretation of client outcomes particularly difficult and the use of simple single outcome measures (much used in cost-effectiveness studies in the health field) close to meaningless.

Complexity in outcomes measurement arises in part from co-morbidity. A single extreme need (often referred to as 'high needs') also creates complexity. Co-morbidity, the presence of two or more 'diseases', is often experienced by homeless people. Intellectual disability, mental illness, drug and alcohol abuse and other health problems, sometimes resulting from and generally interacting with poverty and lack of self care may, and often do, coexist. Homeless people can present with complex, interacting and challenging behaviours, such as aggression or violence to self and others and may be unwilling to accept services because they are worried about forming relationships with people, especially those in positions of power. We should not underestimate how difficult it is for service providers to gain the trust of clients who present with co-morbidity, a history of trauma as a result of sexual abuse, family violence, war injuries or street violence. They regularly present with fragmented

⁴ Cooper and Morris (2005) indicate that, among Aboriginal women involved in their study who were homeless according to the Chamberlain and Mackenzie definition, many did not identify themselves as such. Nor were they accepted as being homeless by agencies and were not provided with any specific long-term housing services. This hidden dimension of homelessness just added to the invisibility of the Aboriginal women involved.

stories, evasive behaviour, fear and emotional distress. Sometimes they are unable to speak.

Establishing a working relationship is essential before any sustainable outcomes can be achieved by the client. This is often difficult with someone exhibiting complex needs. As a result, real advances may be being made by services, but not show up in any quantitative measure for a long period of time. Indeed, it may be possible that long-term beneficial impacts will only accrue over a number of occasions of support. Hence, studies that focus on measuring outcomes over a discrete period of time cannot fully capture the impact of services of client outcomes. It is important to this project and to the agencies participating in it, that an assessment of outcomes takes these complications of outcomes measurement into account as far as possible.

There also exist a range of practical issues involved in outcomes measurement that need to be recognized when contextualizing the findings of a cost-effectiveness study. One important issue is that client outcomes must be assessed against the history and needs of the person receiving support. Client outcomes cannot be considered in isolation from a person's past history and needs. However, information on the condition of the client prior to receiving support is not always available. In light of this, our study design includes a significant retrospective component that attempts to capture the pathways followed by a client into a given support period. This includes measures of the history of homelessness, use of crisis accommodation services and domestic violence. Nevertheless, it is not possible to fully capture the history of the client and the impact that support has had on the client, as the client's recollection or telling of their history may be partial and selective.

Another complexity that must be addressed in any study of the effectiveness and cost-effectiveness of homelessness prevention and support programs is the question of the time period over which outcomes are measured. Outcomes may be measured during or at the exit point of the support period. Alternatively, they can be measured at some point after the support period has been completed. An assessment of outcomes following the completion of a support period is, however, a difficult matter, as clients no longer have a formal relationship with the supporting agency and may be difficult to track down.

Another client measurement issue concerns the possible problematic interpretation of service utilisation data. Take the case of the utilisation of health services. When a client, who was previously sleeping rough, is provided with supported accommodation, their utilisation of emergency and other related health services may decline as a result of their more stable, secure and safe accommodation. The declining utilisation of these types of health services is a good partial indicator of the success of the provision of the service. However, in another context, the provision of additional mental and physical health services, to meet previously unmet health needs, is what is required. The good outcome in this case is *increased*, rather than decreased, health service utilisation. Distinguishing between these cases in practice can be a very difficult matter. In short, the estimation and interpretation of outcomes and costs is not an unproblematic process.

1.3 Objectives

The primary objective of this study is to estimate the extent to which the provision of services to homeless people and those at imminent risk of becoming homeless produces improved outcomes for those who are assisted and, in so doing, lowers program outlays in other areas. As a result, the project aims to shed light on the net budgetary cost of achieving better outcomes for homeless people and those at imminent risk of becoming homeless. The proposed study, therefore, aims to provide

evidence on both the overall effectiveness (outcomes achieved by those assisted) and the cost-effectiveness (outcomes relative to dollars spent) of programs designed to support those who are at risk of becoming homeless and those who are homeless.

More specifically, the aims of this project are to:

- Provide a mapping of the programs that exist in Western Australia designed to prevent homelessness, support those who are homeless and assist people in making a transition to independent living;
- Determine the outcomes which accrue to those assisted in areas such as housing/shelter, income support, primary health, mental health, substance abuse, social relationship/functioning, justice, labour market, education and training outcomes and their overall quality of life when they receive support under homelessness prevention, support and transition programs compared with those outcomes that may have occurred had support not been provided;
- Examine the link between access to homeless programs, outcomes achieved under those programs and the utilisation of non-homelessness-based government services;
- Determine the unit and aggregate costs of providing homelessness programs and estimate the whole-of-government budgetary savings generated elsewhere (i.e., in non-homelessness-based programs) as a result of improved outcomes arising from the provision of homelessness programs;
- Evaluate the overall cost-effectiveness of homelessness prevention, support and transition programs measured as the incremental outcomes achieved by homeless people and those at imminent risk of becoming homeless when they receive support as against the *net* budgetary cost of these programs (i.e., accounting for the whole-of-government budgetary savings achieved elsewhere when support is provided); and,
- Develop a blueprint for further research into the cost-effectiveness of homelessness prevention, support and transition services in Australia.

In extensive reviews of existing economic studies of homelessness programs, Berry et al. (2003) and Ewing and Pinkney (2006) highlight the relative paucity of Australian studies on the individual, government and social costs and benefits of Australian homelessness policies. The present study helps to fill this gap in the literature. A strong research evidence base provides an important foundation for sound policy and the development of good service delivery models. It is here that the present project will have its greatest long-term impact.

The study will provide research evidence in relation to the core State/Commonwealth response to homelessness provided through the Supported Accommodation Assistance Program (SAAP) and the Crisis Accommodation Program (CAP). It will also provide research evidence in relation to Western Australia's Homelessness Strategy. The WA Homelessness Strategy, launched in 2002, represented a targeted response to homelessness focussed on the development of a range of new programs designed to prevent homelessness (e.g., tenant support programs in the private rental market, support programs for prisoners); enhance options for by-pass of crisis and transitional accommodation services; augment the SAAP sector in terms of support for children; and, add to the stock of available public housing units. An important aim of the present research is to enrich our understanding of the client outcomes achieved in these programs relative to the net costs incurred in providing these services.

The study's geographical scope is restricted to the metropolitan, south-west and southern regions of Western Australia.

1.4 Research Questions

The following research questions are addressed in the study:

- **Research Question 1 (RQ1):** What are the Federal and State government and agency-based programs and services that assist homeless people in WA and those at risk of homelessness in achieving better and more sustainable housing solutions? Who delivers these services? How are these services funded, provided and managed? What is the geographical location of these services? What are the target populations of these services? How many households and individuals do these programs serve? What are the per-unit costs to government and to non-government agencies of providing homelessness programs (i.e., what is the cost of providing a 'unit' of service)?⁵ How many units of service are provided each year in each program and to whom? What are the government budgetary costs of providing programs and services to homeless people and those at risk of becoming homeless?
- **Research Question 2 (RQ2):** What are the housing/shelter, income support, primary health, mental health, substance abuse, social relationship/functioning, justice, labour market and education and training and quality of life outcomes for clients of homelessness prevention and support programs and what are the same outcomes for those (eligible) people *not* receiving support in a homelessness program (where known)?
- **Research Question 3 (RQ3):** To what extent do homeless people and those at risk of becoming homeless utilise government services in non-homelessness prevention, support and transition areas (e.g., housing, health, justice, policing and income support)? What is the pattern of service utilisation for different target groups and populations? What is the pattern of service utilisation when support is provided and when it is not available?
- **Research Question 4 (RQ4):** What are the estimated whole-of-government incremental budgetary impacts of providing and not providing homelessness-based programs? (The whole-of-government incremental budgetary impacts include additional expenditures incurred in non-homelessness-based programs in housing, health, justice, policing, income support, the labour market, and in education and training.)
- **Research Question 5 (RQ5):** How cost effective are homelessness prevention and support programs? Does the cost-effectiveness of homelessness programs vary across different programs and sub-groups within the homeless and at-risk of homelessness populations?

1.5 Outcomes from the Research

Homelessness is a priority issue for non-government organisations that are, in the main, the key agencies who directly deliver support to clients in homelessness prevention and support programs. Federal and State Governments have also placed increased focus on the issue of homelessness. A recent emphasis at both the Commonwealth and State levels is on the development of co-ordinated responses to homelessness and on the implementation of early intervention programs and prevention programs. This is evident in both the National Homelessness Strategy and the Western Australian State Homelessness Strategy.

⁵ A unit of service will vary according to the service. It may be an hour of service with a case manager, or a single admission to emergency, and so on.

Despite the increased emphasis on homelessness in recent years and the development of policies and programs to meet problems of homelessness, gaps exist in terms of the evidence base in a number of areas. These include client outcomes, the distribution of costs across clients with differing needs and the whole-of-government service utilisation patterns of those assisted (and not assisted) and the consequent budgetary implications of these service utilisation patterns. Furthermore, while a number of large-scale evaluations in the homelessness area (particularly in terms of the cycle of SAAP evaluations) have been undertaken, these evaluations have not been based on standard economic evaluation techniques such as cost-benefit or cost-effectiveness analysis.⁶

No Australian study, to our knowledge, attempts an economic evaluation of an array of homelessness prevention and support programs. Hence, a study such as the present one provides critical input into the further development of the evidence base on the effectiveness and cost effectiveness of homelessness programs.

Significant progress has been made in recent years in administrative reporting systems, particularly in respect to the SAAP National Data Collection Agency (NDCA) framework, but also in Western Australia over the last year in respect to new data collection systems implemented with regard to the homelessness prevention programs that are the subject of this study. However, there is a limit to the amount of data that on-going administrative data systems can capture without imposing unreasonable burdens on both agencies and their clients. There is, therefore, an important role for research studies in providing evidence on client outcomes and costs which will supplement existing government and service provider data reporting systems and in so doing provide an important contribution to current homelessness information systems.

Australian and State/Territory governments together with community service organisations are presently attempting to develop measures of outcomes achieved by those assisted, the needs of clients and of the costs of providing (and not providing) support to those who are, or at risk of becoming, homeless. This project represents an important contribution to this national effort. At the micro level, the findings that will be presented in this study together with the needs assessment and outcomes tools used in the study will assist agencies better understand the needs, background and outcomes of their clients. As such, agencies will be in a much better position to provide the right targeted services to their clients.

The project will provide community service agencies, peak bodies representing homelessness agencies and Australian and State/Territory governments with evidence on the whole-of-government budgetary costs of providing, and not providing, homelessness prevention, support and transition programs. It will also provide evidence on the outcomes achieved by clients of programs. On the basis of a stronger evidence base, Australian and State/Territory governments will be able to better understand the overall effectiveness, including cost-effectiveness of programs designed to assist homeless people and those at risk of homelessness.

Our analysis will highlight areas that require further policy development and resourcing by Australian and State/Territory governments and target groups that could be more effectively assisted by current programs.

⁶ We use the term cost-benefit analysis here loosely to cover the suite of economic evaluations which assess the benefits and costs of a program relative to an alternative. These include methodologies such as cost-effectiveness analysis, cost-utility analysis and cost-benefit analysis itself. We specifically exclude cost-minimisation analysis from consideration. The cost-minimisation method is inappropriate when outcomes differ in the program and comparator cases. See Drummond, O'Brien, Stoddart and Torrance (1997) for further details. We shall, at various points, continue to utilise the term cost-benefit analysis as a general umbrella term for studies applying a formal economic evaluation methodology.

Finally, the project will assist Commonwealth and State/Territory bodies with developing the research agenda with respect to the further development of research into the effectiveness and cost-effectiveness of programs to assist homeless people and those at risk of becoming homeless.

1.6 Structure of the Report

The structure of the report is as follows. Chapter 2 contains an overview of the relevant literature and the economic evaluation framework. In Chapter 3, we describe the policy and program context of the present study. Measuring the cost-effectiveness of programs requires quantification of both the costs of program delivery and benefits accruing from program participation. The project's cost-effectiveness methodology is set out in Chapter 4 of the Positioning Paper.

The Positioning Paper includes three appendixes, which describe the research design of the study in greater detail. Appendix 1 provides details of the study's *Client Survey*, which we will use to gather information on the background of clients in programs, client's needs and the outcomes they achieve over the support period and beyond.

Appendix 2 details the study's approach to gathering cost data for the study and to combining the cost and outcomes data in an overall cost-effectiveness framework. From a range of sources, we gather unit cost data, which is linked to the quantitative survey data, allowing the cost of providing services to different categories of clients to be assessed against the resultant benefits, which accrue to these clients and to society. The project's focus is on the direct cost and benefits of homelessness prevention and support programs. In this project, program cost includes a computed market value for resources such as volunteer labour and other in-kind services, and program cost is net of cost offsets when program participation results in reduced use of other government services.

As evident from the discussion in section 1.2 above, the use of quantitative measures of client outcomes can be problematic. The study, therefore, places considerable importance on the use of a qualitative design framework, involving interviews with both project participants, service providers and program administrators to enrich our understanding of outcomes achieved by clients. A particular focus in the qualitative component of the research is on the pathways into and out of homelessness as well as their experience of homelessness. Our qualitative framework is set out in Appendix 3 of the study.

CHAPTER 2: REVIEW OF THE LITERATURE

2.1 Introduction

This chapter provides a review of the literature relevant to the study's aims and research design. It has four specific objectives. First, to provide a brief introduction to the ways in which homelessness has been conceptualised and to outline how different perspectives on what is meant by the term 'homelessness' impact on the design of the present project. Second, to detail what we know about the underlying causes and explanations of homelessness. Third, to understand the different methods adopted when undertaking an economic evaluation of homelessness prevention and support programs. We also consider in this context the current state of knowledge of the impact that homelessness and the provision of homelessness support services has on the utilisation of hospital, justice and other services and so on the costs that might be avoided when support for those in need is provided. The final aim of the chapter is to identify approaches used to measure client outcomes and to discuss issues surrounding the appropriate measurement of client outcomes in the homelessness prevention and support services area.

The review has drawn on a broad range of research on homelessness, cost effectiveness in the homelessness sector and measures of client outcomes. It builds on the systematic review of findings in the AHURI Final Report (Berry et al. 2003) *Counting the Costs of Homelessness: A Systematic Review of Cost Effectiveness and Cost Benefit Studies of Homelessness* and more recently, Pinkney and Ewing's (2006) overview of economic evaluation studies *Costs and Pathways of Homelessness: Developing Policy-relevant Economic Analyses for the Australian Homelessness Service Sector*.

The literature search encompassed the following databases: Proquest, Swetsnet, Expanded Academic Index, PsychInfo, Science Direct, MEDline, CINAHL and CINCH. The search terms used included: homelessness; homeless people; homeless families; homeless women; homeless services; home; homelessness sector; housing; marginal housing; homelessness and poverty; homelessness and crime; homelessness and mental illness; homelessness and substance abuse; homeless persons and Indigenous people; homeless services and costs; homelessness and cost effectiveness; homelessness and cost/benefit studies; homeless persons and needs assessment; homeless persons and outcomes measurement.

2.2 The Concept of Homelessness

2.2.1 Definitions

The starting point for any study on homelessness is a determination of what is meant by the term 'homelessness'. In the present case, a definition of homelessness sets the boundary line between programs that will be the subject of analysis and those that are out of scope. However, there is no settled definition of homelessness and the debate surrounding the definition of homelessness remains 'a perennial issue' (Berry et al. 2003, p. 14). One practical example of how different definitions of homelessness can influence our understanding of the prevalence of homelessness is given by the very large range of estimates of the prevalence of homelessness provided by the United Nations Centre for Human Settlement (UNCHS 1997, p. 60). The UNCHS estimates reveal that, on a global level, the number of homeless people

is estimated to range anywhere from 100 million to one billion, depending on how homelessness is defined.⁷

The classical notion of homelessness is the absence of any shelter, or 'rooflessness'. The rooflessness interpretation of homelessness is consistent with what has been termed 'absolute homelessness', or 'primary homelessness' in Chamberlain and Mackenzie's (1992) (2003a) three-tiered classification of homelessness discussed previously in the Introduction. However, policy makers and those delivering services are not simply concerned with providing shelter for those who have no roof over their head. They are also concerned with *relative* homelessness, which exists when individuals do not have access to housing that allows them to "live according to the conventions and expectations of a particular culture" (Chamberlain and Mackenzie 1999, p. 43) and with preventing a transition into homelessness. In terms of the former, what constitutes housing that is below the minimum level will always be open to different interpretations as is evident in a comparison of the definitions of homelessness used by Chamberlain and Mackenzie (1992, 2003a), Memmott, Long and Chambers (2003) in their analysis of Indigenous homelessness and the SAAP legislative definition of homelessness. They all utilize a relative definition of homelessness but define homelessness differently.

As noted in the Introduction to this study, Chamberlain and Mackenzie (1992) refer to the following three tiers of homelessness:

- Primary homelessness, people without conventional accommodation.
- Secondary homelessness, those in temporary accommodation including emergency and refuge accommodation, those residing temporarily with others (including relatives) and those using boarding houses on a short-term basis.
- Tertiary homelessness, people living in private boarding houses on a long-term basis without their own bathrooms, kitchen or security of tenure.

The Chamberlain and Mackenzie definition has proved invaluable in the context of obtaining estimates of the extent of homelessness in Australia. The reason for this is that the three-tier definition is based solely on tenure/accommodation type characteristics and can be operationalised within the context of the Census.

The applicability of the three-tier definition of homelessness to all cultural circumstances has been challenged by a number of researchers (see for example Robinson 2003, Casey 2002, Cooper and Morris 2003, Memmott, Long and Chambers 2003a). Some have critiqued the assumption that a single minimum community standard can be used for all groups of Australians and have pointed to the failure of this definition to take into account subjective assessments of what counts as a 'home' (Pinkney and Ewing, 2006, p.190). As will be discussed in greater detail in the following section, this has led to those concerned with Indigenous homelessness proposing alternative or supplementary classifications of homelessness.

In contrast to Chamberlain and Mackenzie's definition of homelessness, the SAAP legislative definition of homelessness goes beyond a strict accommodation/tenure status characterisation of homelessness. Under the SAAP legislation, a person is homeless if they do not have access to 'safe, secure and adequate accommodation'. A person would be understood to be in this situation:

- If they are without shelter;

⁷ The UNCHS definition includes refugees and 'displaced' persons.

- If the only housing they have access to damages or is likely to damage their health, or threatens their safety, including domestic violence;
- If the housing marginalises them through failing to provide access to adequate personal amenities;
- If the housing does not provide the economic and social supports that a 'home' would be expected to provide;
- If the housing places them in circumstances which threaten or adversely affect the adequacy, safety, security and affordability of that housing; and/or,
- If they have no security of tenure.

For the purposes of the SAAP legislation, a person is also considered homeless if they are living in accommodation provided by a SAAP agency or any other form of emergency accommodation, such as transitional or refuge housing.

The SAAP definition of homelessness encompasses a broader set of possible homelessness states than that provided by the three-tier definition of homelessness. First, it takes into account the physical conditions of the home in which a person is living. Regardless of the tenure category, those in housing which is potentially damaging to their health or does not provide access to adequate personal amenities are considered homeless. Second, the SAAP definition refers to the absence of security of tenure as a basis of considering someone homeless. The three tier-definition accounts for insecurity of tenure but does so only in terms of specific cases (e.g., those residing temporarily with others, those in boarding and lodging houses on a short-term basis). Third, the SAAP definition accounts for an economic basis for homelessness referring to affordability problems and the absence of economic supports. Fourth, the SAAP definition incorporates a notion of personal safety. Importantly, the SAAP definition highlights the critical role of domestic violence in generating homelessness, particularly for women and children.⁸

The difficulties involved in defining homelessness reflect the complexity of the issues and life experiences of those affected. Any definition implies a sense of closure, and the work of researchers on Indigenous homelessness reminds us of the need to engage with the dynamism involved in any contested concept.

2.2.2 Indigenous Homelessness

The complex causes of Indigenous homelessness are embedded in Australia's colonial history, the displacement of Indigenous people from their land and the successive policies and practices of previous governments and religious missions. This history together with continued discrimination against Indigenous people makes the causes of, and the solutions to, Indigenous homelessness in Australia extremely complex (Walker, Ballard and Taylor 2002, p. 10, Keys Young 1998). Indigenous people are significantly over-represented among the homeless population, however homelessness is defined.⁹

At the time of the Australian 2001 Census Indigenous people represented less than 2 per cent of the Australian population, but represented 9 per cent of the homeless population. A significant proportion of the participants in the current study will be Indigenous Australians. In developing the research design for this study, it has been important to take into account the fact that not only are Indigenous Australians vastly

⁸ Bartholomew (1999, cited in Pinkney and Ewing 2006) argues that residential instability should be incorporated into the SAAP definition of homelessness.

⁹ See Chamberlain and Mackenzie (2003, p. 27) for a discussion on the incidence of Indigenous homelessness at the time of the 2001 Census.

over-represented among the homeless population, but that patterns of homelessness in the Indigenous population are also different to the non-Indigenous population. Among Indigenous people, the prevalence of 'couch surfing' and staying with family and friends is greater than among non-Indigenous people. Extended family and kinship networks provide Indigenous people with temporary accommodation where they would otherwise be in absolute homelessness.¹⁰

Indeed, it has been well documented by researchers such as Memmott, Long and Chambers (2003) and Keys Young (1998) that prevailing definitions of homelessness do not capture all dimensions of homelessness experienced by Indigenous persons. Their work provides alternative frameworks for understanding homelessness among Indigenous people. Keys Young identifies five types of homelessness:

- Spiritual forms of homelessness, which relate to separation from traditional land or family.
- Overcrowding, a hidden form of homelessness which impacts disproportionately on Indigenous people.
- Relocation and transient homelessness, which results in temporary, intermittent and often cyclical patterns of homelessness due to transient and mobile lifestyles.
- Escaping an unsafe or unstable home for safety or survival.
- Lack of access to any stable shelter, accommodation or housing (Keys Young 1998: iv-v).

It is difficult to measure the prevalence of spiritual forms of homelessness but this is a fundamental aspect of Indigenous people's current and historic experiences of homelessness. Addressing this aspect of homelessness is also integral to long-term solutions to Indigenous homelessness.

Overcrowding is an important aspect of hidden homeless among Indigenous persons (Memmott and Fantin 2001). Indigenous Australians are much more likely to live in overcrowded conditions than non-Indigenous Australians, particularly in rural and remote areas with one in every three houses being overcrowded in the Indigenous Community Housing sector (AIHW 2005a). Overcrowding takes a toll on Indigenous people and their families (Keys Young, 1998, xix). While overcrowding may result from cultural norms of accommodating relatives and friends, it puts extra strain on all parties involved, particularly where families are stretched spatially and financially (Berry et al. 2001, Keys Young, 1998 p. iv). Severe overcrowding is an important aspect of, and contributor to, homelessness among Indigenous people (Paulson 1999, AIHW 2005). However, estimates of homelessness typically do not include estimates of overcrowding.¹¹

Memmott, Long and Chambers (2003) have developed descriptive categorisations of the types of homelessness most likely to affect Indigenous people. The three main non-exclusive categories they refer to are:

- Public place dwellers: Living in a mix of public or semi-public places e.g., parks, churches, verandahs, carparks, car sales yards (under cars), beaches, drains, riverbanks, vacant lots, dilapidated buildings.

¹⁰ In this context, see Cooper and Morris (2003).

¹¹ The WA Homelessness Strategy performance indicators include overcrowding. Trends in these indicators are monitored over time.

- Those at risk of homelessness: Four subcategories are distinguished: a) insecure housing b) substandard housing c) overcrowded housing and d) the 'dysfunctionally' mobile.
- Spiritually homeless people: A state arising from either (a) separation from traditional land, (b) separation from family and kinship networks, or (c) a crisis of personal identity wherein one's understanding or knowledge of how one relates to country, family and Aboriginal identity systems is confused.

An important Western Australian contribution to an understanding of Indigenous homelessness is the Gordon Inquiry Report. The Gordon Inquiry, headed by Magistrate Sue Gordon, was appointed in January 2002 to inquire into reports of child abuse and family violence in Aboriginal communities. The Report noted that debts to public housing authorities represented a major factor in Indigenous people's on-going homelessness and that 'debt in general was a significant contributor to the homelessness of Aboriginal people' (Gordon et al. 2002, p. 194). It also identified family violence as being a significant factor contributing to homelessness for Indigenous people. Cooper and Morris (2003) found that, within some Indigenous communities, barriers existed to disclosing family violence resulting from shame, a wish to maintain relationships, a desire to keep partners away from jail and a lack of access to culturally appropriate services. The Aboriginal and Torres Strait Islander Task Force on Violence (Aboriginal and Torres Strait Islander Studies Unit 2000, p. 16) noted participants in their research felt that family violence "was very prevalent and had been 'institutionalised' in Indigenous communities across generations" (p.26). Discrimination in the private rental market has also been identified as an important factor contributing to Indigenous homelessness (Keys Young xlviii).

The Centrecare WA *National Family Homelessness Project* study of Indigenous families experiencing homelessness in Perth represents the most extensive empirical examination of homelessness among Indigenous families in Western Australia (or nationally for that matter). Roberts and Burgess (2004) and Burgess and Roberts (2003) found that a major proximate cause of homelessness among the participant families (as identified by the families themselves) was abandonment of properties following domestic violence and leaving the family home as a result of conflict with other family members. Other major proximate causes of homelessness included financial hardship, evictions due to anti-social behaviour notifications and the inability to maintain tenancies following deaths in families. A majority of the 61 participant families in the study were not aware of support services to assist families or indicated that that they found services were always full. An important finding of the study was that, as a consequence of support provided through the project, 55 of the 61 participant families were housed at the end of the project.

2.3 Understanding Homelessness: Causes and Explanations

2.3.1 Individual Vs Structural Explanations

Recent research around the issue of homelessness has focussed on the respective roles of structural and individual factors in contributing to homelessness. Adopting an either/or approach, where homelessness is caused by individual factors or by structural factors, is overly simplistic because a clear analytic distinction cannot be made between structure and agency (Williams 1999; Neale 1997). Further, it assumes a clear division between structural and individual agency determinants, which is problematic. Nevertheless, much of the relevant literature does in fact focus on either structural or individual causal explanations and we shall follow this approach in our presentation of the explanations of homelessness.

Structural explanations of homelessness locate the reasons for homelessness 'beyond the individual, in the wider social and economic factors' (Neale 1997, p. 49) such as poor labour market, housing and social policy outcomes and settings that contribute to homelessness (Weitzman, Knickman and Shinn 1990; Elliot and Krivo 1991; Fopp 1992; Shinn and Weitzman 1994; Main 1998; Shinn, Weitzman, Stojanovic and Knickman 1998; Fitzpatrick, Kemp and Klinker 2000, Adkins et al. 2003). In contrast, the individual or micro explanation for homelessness is predicated on the view that homelessness is the product of a particular 'pathology' of the homeless person.¹² The individual agency framework emphasises what is termed the 'impaired function' of the individual, often resulting from substance misuse and/or mental illness which can lead to disaffiliation from society, family and friends, and identification with the culture of homelessness (Sosin et al. 1988; Grisby et al. 1990; Zlotnick et al. 1999). A number of authors have extended this view in order to develop objective indicators of disaffiliation and so attempt to measure the likelihood of individuals exiting from homelessness. These indicators include mental and substance use disorders, the extent and perception of support from family and friends, use of social services and treatment for addiction (Zlotnick, Tam and Robertson 2003). For Clapman (2003, p. 119), this approach is associated with policy directives that stress the distinction between 'deserving' and 'undeserving' behaviour, thus shaping the type of intervention adopted.

If both structural and individual agency determinants matter, either taken on their own are problematic and limiting. The structural approach does not adequately explain the fact that only a small proportion of people who are unemployed or have very low incomes or who are otherwise disadvantaged become homeless, and glosses over the specifics of the homelessness experience for individual homeless people (May 2000, p. 614). The individual agency approach, on the other hand, can be criticised when it disregards the impact of structural determinants such as welfare and labour market reform, deinstitutionalisation and housing costs, and therefore potentially depoliticises and pathologises homelessness, rendering causes and solutions a personal responsibility (Snow and Anderson 1994). Recent work by Williams (1999) invites researchers to consider a 'new paradigm' in their approach to the welfare area. Specifically, they advocate a framework that simultaneously incorporates structural and individual methodologies and analytic structures. Research that emphasises 'pathways' into and out of homelessness provides one way of bringing individual and structural explanations of homelessness together.

2.3.2 Homelessness Pathways

The 'pathways' approach to homelessness emphasises the interdependency of structural and individual factors, and the interaction between structural factors and major life events over the life course. The homeless pathway approach can be defined following Anderson and Tulloch (2000), as 'the route of an individual or household into homelessness, their experience of homelessness and their route out of homelessness into secure housing' (Anderson and Tulloch 2000, p. 11). It highlights the fact that homelessness is a dynamic experience; people move in and out of homelessness. A person's present experience of homelessness is dependent on their life history including their own history of homelessness (Blasi 1990; Sosin et al. 1990; Chamberlain and Mackenzie 1992; Piliavin et al. 1993; Piliavin, Wright, Mare and Westerfelt 1996; Chamberlain and Mackenzie 1998; May 2000; Auerswald and Eyre 2002; Chamberlain and Johnson 2002). Importantly for costing and

¹² An early example of such an approach is Bahr and Caplow (1973) who emphasised the factors in mens specific lives that contributed to them living on 'skid row'.

evaluation studies, the pathways approach also suggests that different subgroups among the homeless population have 'different service use patterns, and are consequently likely to incur different costs and respond differently to and require different interventions' (Mars et al. cited in Pinkney and Ewing, 2006, p.100).

A vast literature has developed on the relationship between homelessness and various 'disabilities' and 'risk factors'. Pathways studies develop this research by taking a life course perspective, which attempts to determine antecedents for adult disabilities and homelessness risk factors. For example, in a study on risk factors of homelessness in the United States, Susser, Moore and Link (1993) develop a model of causal pathways that focuses on the relationship between demographic risks, health disorders and disruptive experiences in childhood and beyond. Other US studies have examined how negative childhood experiences increase the probability of individuals engaging in adult behaviour that increases their risk of homelessness (Koegel, Melamid and Burnam 1995; Herman, Susser, Struening and Link 1997). Leaving state care, leaving prison and leaving family violence have all been identified as transitions that put individuals at significant risk of experiencing homelessness (Pinkney and Ewing, 2006, pp. 273-300). We review studies of the homelessness pathways of different sub-groups of the population including young people and older men below.

Pinkney and Ewing (2006) suggest that the 'pathways' approach provides a basis for costing and economic evaluation analyses. Pathways studies focused on costing issues exhibit the following three interrelated features:

- They identify costs by tracing the activities and experiences of homeless or at risk individuals and families;
- They quantify costs by linking these instances to unit costs;
- They trace the accumulation of these cost instances over time (quoted from Pinkney and Ewing, 2006, p.101).

The quantification of costs via the linking of instances of service utilisation outcomes to unit costs is also a feature of the present study. However, the present study accepts the traditional economic approach that outcomes matter equally together with costs and as such, an economic pathways approach should be applied equally to outcomes as to costs. This is the approach taken in the present study.

Pathways approaches to costing may involve the pathways of actual individuals (the empirical approach) or pathways modelled from representative case studies and findings (the simulation approach). Using an empirical approach, as in the present study, highlights the heterogeneity evident in the specific pathways followed by individuals. The adoption of an empirical approach also reveals how forms of intervention and assistance, together with outcomes achieved because of support services, differ across and within specific groups and cohorts depending on a broad range of factors ranging from geographical location to the cultural background of the person/family experiencing homelessness. The important contribution made by cost effectiveness studies adopting a homelessness pathways approach is that it is possible to focus on how outcomes, costs and cost offsets differ depending on the pathways followed by the client prior to a given support period.

The Pathways of Young People in and out of Homelessness

A number of recent studies have taken a pathways perspective on young people and homelessness. An early study in this genre in Australia was the 1992 pilot project, by the then Department of Social Security, on the accessibility of the homeless allowance to young people (Jordon 1995). This study provided information on the

income, mobility, health, accommodation of young homeless people and the assistance they received. In their twelve month follow up of participants, the authors found that a very low proportion of study participants were established in stable employment or education.

Chamberlain and MacKenzie's work over a ten-year period (Chamberlain and MacKenzie 1994, 1998; 2003; 2004) is recognized as being important in developing conceptual models of youth pathways into, and out of, homelessness. Chamberlain and Mackenzie (2003) identify different phases of youth homelessness and the transitions and triggers associated with these pathways. Importantly for the present study, they found that these different phases in the homeless 'career' of young people require different types of early intervention, and have different cost and effectiveness implications. Young people can be 'at risk' of homelessness due to a number of factors such as family conflict, family breakdown (Cockett and Tripp 1995; Chamberlain and Mackenzie 1998), attitudes toward school, lack of employment opportunities, current and future expectations, and substance use (Mallett, Edwards, Keys, Myers and Rosenthal 2003).

Chamberlain and MacKenzie (2003) identify early intervention strategies while a young person is still at school as being the most important point for successful early intervention. Following a permanent break from the home, the young person may become involved in the homeless subculture and identify with that culture, which can lead to chronic homelessness. They suggest that once a young person leaves school and becomes chronically homeless it is very difficult to implement successful interventions and that interventions at this point will need to be much more intensive than interventions at an earlier point in an individual's homelessness career. While many young people who experience homelessness may not follow this linear path, it does provide the basis for identifying those points in time when forms of intervention could be effective in interrupting the process of homelessness.

The on-going *Project i* study represents the most ambitious Australian project taking a pathways approach to youth homelessness. It involves a long-term study of homeless young people in Melbourne and Los Angeles based on participants aged between 12 and 20 years of age who have recently become homeless. One-off surveys were conducted with over 500 participants and two-year surveys with a further 165 newly homeless persons. Project i explores the "social and contextual factors that influence young people's pathways in and out of homelessness, including their family relationships, friendship and support networks, experiences with services, housing history, sexual experiences, drug and alcohol use" (Rossiter et al. 2003, p.1).¹³

Homelessness and Older People

The pathways of older people into and out of homelessness are also an area of research interest. Crane et al. (2005) have recently published a study of newly homeless older people in selected urban areas of the United States, England, and Australia (Melbourne). Through interviews with 122 newly homeless older people in each country they found that the majority of participants experienced their first episode of homelessness relatively late in life. The most common immediate antecedents to homelessness among interviewees in Melbourne was housing being sold, converted or needing repair (28 per cent), disputes with the landlord, cotenants, or neighbours (27 per cent) and difficulties paying rent or mortgage (26 per cent).

¹³ A large number of studies have recently been completed in the Project i research program and a list of these papers are available at: <http://www.kcwh.unimelb.edu.au/projecti/research/research.html>.

Around 40 per cent of respondents reported that gambling problems had been an instrumental factor in their homelessness although it had not been the antecedent cause. Males are more likely to report alcohol and gambling problems than women (Lipmann et al. 2004, p. 40). It is noticeable that the reported adverse impact of gambling is considerably higher than that found in SAAP national data collections of reasons contributing to homelessness. Financial difficulties leading to relationship breakdown together with poor management skills, and mental health and addiction problems were also frequently reported as contributing factors. Crane et al. (2005) concluded that homelessness in later life was the result of subjects' lack of skills and resources to cope with changes and stresses in later life. The study highlighted the policy implications of the absence of services or resources available to help people in need (p. s158) (see also Wilson 1995; Keigher 1992; Crane 1999; Crane and Warnes 2001). Importantly for this study, the authors found a high incidence of use of emergency health services among the homeless population thus implying a high cost to homelessness. They found that 45 per cent of respondents used the local hospital as their main source of medical assistance (Lipmann et al. 2004, p. 35).

Children and Homelessness

The effects of homelessness on children's health have recently been the focus of a number of studies (Mihaly 1991; Walker 1993; Allard et al. 1995, Conway 1988; Miller and Lin 1988; Hu et al. 1989; Brooks and Patel 1995). Further studies have highlighted the fact that homelessness can cause delayed development compared to the general population, especially in terms of language, reading and motor skills (Bassuk and Rosenberg 1990; Fox et al. 1990; Rescorla et al. 1991; Finkelstein and Parker 1993). Children living in emergency shelters with their parents have particularly high rates of depression, behavioural problems or severe academic delay. There are also a number of Australian studies on the effects of homelessness on children. One of the most widely cited study is that of Hanover Welfare Services and the Royal Children's Hospital in Melbourne (Efron et al., 1996). This cross sectional study aimed to determine the harm to children's health, development and well being resulting from homelessness defined as transience with occasional nights without safe or secure shelter. Based on a random sample of 51 children from 31 families using Hanover's services the study found that:

- The children involved experienced a range of physical health problems significantly higher than the general population, such as asthma, ear infections, eczema and accidents;
- 50 per cent of school age children had social or academic competency scores in the clinical or border-line range; and,
- Over 33 per cent experienced behavioural problems within the clinical range requiring treatment (Horn and Cooke, 2001, p.2).

Following from this initial study, Hanover conducted a longitudinal study with 42 families exiting SAAP services and interviewed them every 6 months for two years. The aim of this project was to understand the pathways out of homelessness for families and in particular to determine (Horn and Cooke, 2001, p.3):

- Barriers to stable and secure housing (including access and discrimination);
- Decisions about housing location and the links to job opportunities;
- Extent of housing mobility after crisis;
- Development of community links and personal support networks;
- Longer term impact on child development and family wellbeing.

The results from the first interview provided detailed information on the type of housing support the families had received and were currently receiving, their employment status, their income, their support networks and child development outcomes. As with the earlier study, this later project also found, based on parental reports, that the children had developmental problems. The findings from these existing studies suggest the effects of homelessness on children are long-term and, as such, indicate that the costs to society of episodes of homelessness are equally long-term and significant. What these studies cannot tell us is how effective existing services are in reducing these long-term costs.

Mental Health and Homelessness

Numerous international and Australian studies have examined the role mental illness plays as a factor contributing to the initial onset of homelessness and to its perpetuation or reoccurrence. The evidence suggests that people with mental illness are overrepresented in the homeless population (Susser, Moore and Link 1993; Koegal, Burnam and Farr 1988; Sullivan, Burnman and Koegal 2000; Folsam and Jeste 2002). However, Sullivan et al. (2000) highlight the fact that while mental illness and homelessness are interrelated, the causal connections are not always clear. Some people become homeless before the onset of mental illness; this group of people is most likely to suffer from depression. Those people who become homeless after the onset of symptoms, according to Sullivan et al. (2000), are more likely to suffer from schizophrenia or bipolar disorder.¹⁴ The evidence from the Sullivan et al. (2000) study also suggested that different types of intervention were required to prevent homelessness among people experiencing mental illness and to support those with mental illness who are homeless.

While much of the focus of the mental health and homelessness literature focuses on mental health conditions as a cause of homelessness, a number of studies have highlighted the consequences for homeless people of mental health conditions. Slade et al. (1999, p. 268) point to problems experienced by those with mental health conditions accessing income support payments while Robinson (2001) refers to the impacts of a shortage of acute hospital beds, difficulties arising from the strict criteria applied for hospitalisation and the absence of adequate mental health facilities in the community. Further studies have pointed to the problems experienced by those with dual diagnosis; those experiencing both a mental health disorder and substance abuse problems (Lezak and Edgar 1996; Herman and Neil 1988; Parker, Limbers and McKeon 2002). This group of people, if left untreated, can often display disruptive behaviour, and have high rates of suicide, arrest and violence (Robinson 2003).¹⁵

Homelessness following Incarceration

Two prisoner re-entry programs operating in WA are being examined as part of this study. Existing research on the housing difficulties faced by those exiting prison and the success of current programs to help this group are pertinent to this study. Baldry et al.'s (2002) national and international literature review of prisoner re-entry outcomes indicated that, while housing is integral to successful transition into life

¹⁴ Herrman et al.'s (1992) retrospective-based study of homeless people found that, for 85 per cent of the individuals studied, the onset of homelessness was preceded by one or more mood, psychotic or substance-use disorders.

¹⁵ The April 2003 edition of *Parity* contains a number of articles addressing the issue of deinstitutionalization and homelessness.

outside the prison, little research had been undertaken in this area. The study suggested that housing options need to be developed prior to release and that a key to potential success was co-ordination between government and non-government agencies in supporting people leaving prison.

In a subsequent longitudinal study of the homeless pathways of ex-prisoners, Baldry et al. (2003) found that half the sample was highly transient, meaning they were typically 'couch surfing' before moving onto the street and sometimes into hostels. The majority of transient participants (59 per cent) were reincarcerated within 9 months. Indigenous women had particular difficulties finding housing. Dutreix (2003) examined the accommodation options available to women exiting prison in South Australia. This study found that many women did not have access to information about support services and it was difficult for women to access emergency, transitional and supported accommodation because it was often not available to them given their circumstances.

2.4 Homelessness and Economic Analysis

2.4.1 Definitions and Distinctions

The objective of this study is to estimate the extent to which services for homeless people or those at risk of homelessness produce improved outcomes across a range of domains and to measure the net costs of providing services to the homeless and those at risk of homelessness. Economic evaluations provide a framework for bringing together information on the costs and outcomes or benefits of programs or services, and assessing those costs and benefits against comparator programs or services, or against the no intervention case. Well-established and robust economic evaluations can inform the decision-making process concerning the appropriate level and allocation of resources to the program in question (e.g., does the program of interest improve outcomes at a low enough additional cost; should the program be expanded?). However, the early stages of development of economic evaluation in Australia suggest that such final-end uses remain a little way off and await development over time.

Four formal economic evaluation frameworks are utilised in the pure and applied research arena. These are:

- Cost-minimisation Analysis;
- Cost-effectiveness Analysis;
- Cost-utility Analysis; and
- Cost-benefit Analysis.

In cost-minimisation analysis, a given service or homelessness program is compared with an alternative on the grounds of costs alone. The homelessness program that produces the lowest cost is the preferred program. Cost-minimisation analysis is deficient as an economic evaluation tool because it ignores outcomes. However, the cost-minimisation framework can be appropriate when services or programs that are being compared are known to have roughly equal outcomes.

The most widely used economic evaluation framework, particularly in the health area, is cost-effectiveness analysis (CEA). Under cost-effectiveness analysis, the costs and outcomes of a given homelessness program are compared with the costs and outcome effects of (an) alternative program(s), or with the null case of no

intervention. The so-called cost-effectiveness ratio gives the incremental costs of providing the program in question per unit of incremental benefit.

Under cost-utility analysis, the costs and Quality Adjusted Life Year (QALYs or 'utility') outcomes of a program are compared with the costs and QALY outcomes of (an) alternative comparator program(s). The so-called cost-utility ratio gives the incremental costs of providing the program in question per unit of incremental QALY benefit. The key benefit of a cost-utility analysis is that it combines disparate outcomes into one single composite measure.

The cost-benefit approach has a similar aim. Here, dollar values (the common measure) are given to both the costs and benefits of a given program, and the present value of the stream of discounted net benefits of the program is estimated and compared with similar estimates of alternative expenditure programs. There are a number of ways in which we may derive dollar values of benefits, including by way of people's willingness to pay (contingent valuation) for the benefits derived from the program. In both the cost-utility and cost-benefit approaches, a range of problematic assumptions have to be made to achieve commensurability across disparate outcomes. The difficulties in assigning dollar values to many of the social outcomes experienced by individuals means that a comprehensive benefit-cost analysis is rarely seen in the social policy field.

Further discussion of the methodological issues involved in an economic evaluation of homelessness prevention and support programs is contained in the following chapter and in the Cost Analysis Appendix to the Positioning Paper.

2.4.2 Economic Evaluation Studies

There is no tradition of cost-benefit analysis in the field of homelessness research in Australia (Pinkney and Ewing, 2006, p. 17). Indeed, very few international comprehensive economic evaluation analyses have been undertaken and much of what is accepted as economic evaluation represents cost analysis rather than cost-effectiveness or cost-benefit analysis. At a normative level, Pinkney and Ewing even question the usefulness of attempting to develop a single 'balance sheet of costs and benefits'. They suggest that debate on cost benefit analysis in the homelessness field is polarized; with some arguing that cost-benefit analysis would provide the basis for political and policy decision making in the homelessness area while others dismiss, on ethical and practical grounds any considered role for economic evaluation in the homelessness field. They themselves argue that while cost-benefit analysis is good in theory it is difficult to implement in practice and therefore that researchers should also consider a less ambitious focus on other types of economic analysis that can be useful as part of a range of decision making tools (Pinkney and Ewing 2006, p. 16-20). They argue for the benefits of a narrower economic evaluation analysis focussed on costs and a homelessness pathways approach sited with particular service environments (Pinkney and Ewing 2005, p. 14). The approach taken in the present study lies more within the traditional economics perspective; namely that economic evaluation entails both an analysis of outcomes and resources (costs) and a focus on one element at the expense of another can only result in an incomplete 'take' on the situation.

Pinkney and Ewing (2006) and Berry et al. (2003) provide comprehensive reviews of existing studies. Therefore, the following represents only a brief review of some of the most important findings from existing studies relevant to the current project. One important study from the US is that of Culhane et al. (2002), who assessed the impact on service costs of supported housing for homeless people with severe mental illness. The study focused on the costs associated with shelter use, mental

health services, medical care and criminal justice. By tracking people across multiple domains typically accessed by homeless people with severe mental illness, this study provides a more 'comprehensive assessment of the cost of homelessness from which to estimate savings' (p. 111). The study found that, when placed in supported housing, people with severe mental illness experience substantial reductions in service use, thus reducing incurred costs thereby demonstrating that supported housing is a viable, cost-effective option for some homeless people with severe mental illness (Culhane et al. 2002, p. 137). The Culhane study did not include all direct and indirect service costs used by homeless people such as outreach services, soup kitchens, drop-in centres, some federal programs and non-profit programs. Nor did it take into account the often hidden costs, such as costs to victims of crime, court costs, police costs and the social costs of accommodating homeless people in public spaces. These social costs are difficult to assess and count. On the benefits side of the equation, Culhane et al.'s (2002) study did not measure the potential benefits of supported housing for this group of people, which include the possibility of improved quality of life, paid employment, improved environment and the value of reduced homelessness.

Another study that has examined the costs associated with two alternative housing conditions for people who are mentally ill and have been homeless is Dickey et al.'s (1997) study of 112 clients in Massachusetts assigned to two different housing situations. In this study, each client was tracked for 18 months in order to collect service use data and costs. The study found that housing costs were significantly higher for one group than the other because they were in accommodation that employed specialised staff to promote independence and living skills with a view to reducing staff contact. Treatment and case management costs, however, did not vary between house types. While the study found that a more specialised housing option is costly, it also found that irrespective of which housing arrangement people were in, those who remained housed incurred lower treatment costs than those not currently in stable housing.¹⁶

The work of Eberle et al. (2001a, 2001b) provides another example of a cost-based study into homelessness. This study analysed the cost of homelessness in British Columbia, Canada in relation to health care, social services and criminal justice. This small study selected 15 individuals—10 currently homeless and 5 housed but previously homeless—to ascertain the extent of their service use in the past year, based on their recall. Cost estimates were developed in relation to health care, criminal justice and social services. The study found that the homeless individuals cost, on average, 33 per cent more than the housed individuals in the study – \$24,000 compared to \$18,000. The major cost in the homeless sample was criminal justice (average \$11,000 in one year), while for the housed sample social services were higher than for those who were homeless (average \$9,000) (Eberle et al. 2001a, p. 2).

Salit et al. (1988) examined the length of stays and the reasons for hospitalisation among homeless people, and compared these to other low-income people in New York City. The study, which made adjustments for differences in the rates of substance abuse, mental illness, and other clinical and demographic characteristics, found that homeless people on average stayed in hospital 36 per cent longer than non-homeless people. The costs of the additional days per person averaged \$4,094 for psychiatric patients, \$3,370 for patients with AIDS and \$2,414 for all other types of patients.

¹⁶ For similar studies in this area see Rosenheck 2000 and Gulcar et al. 2003.

It has been widely established that those in primary homelessness access emergency departments at higher rates than the general public (Mandelberg et al. 2000; Okin et al. 2000; Kushel et al. 2001).¹⁷ Providing supported accommodation for those in primary homelessness may significantly reduce these costs. In a study that examined the factors associated with emergency department use among homeless people, Kushel et al. (2002) found the predisposing factors that contributed to emergency department use included unstable housing, victimisation, arrests, physical and mental illness, and substance misuse (Kushel et al. 2002, p. 778). Kushel et al. (2002) found that of the 2,578 adults they interviewed who accessed homeless shelters and food lines which they interviewed, 40.4 per cent had one or more emergency department encounters during the year and 7.9 per cent showed high rates of use (more than three visits), with this group accounting for 54.5 per cent of all visits. Those with greater use were typically younger, female, had less stable housing, poor health status and an involvement in crime and substance misuse (Kushel et al. 2002, p. 782). Although a cost-benefit analysis approach was not used, the study demonstrates that homeless people can significantly increase the demands upon emergency departments and that homelessness significantly increases the costs of running these departments. A recent study of administrative data from the 500 most frequent presenters in an inner city Melbourne emergency department also found inappropriate emergency use by homeless persons (Dent et al. 2003). They found that homeless persons (those with no fixed address) accounted for only 5.6 per cent of all Emergency Department patients. However 40.9 per cent of presentations by frequent presenters represented potentially inappropriate use and could have been diverted to a GP.

Examples of Australian economic evaluation studies relevant to the homelessness field include the Burdekin Report (1989) which attempted to provide a determination of the economic costs of child and youth homelessness in Australia; Dixon (1993) which focused attention on the economic consequences of not addressing homelessness; and, Pinkney and Ewing (1997) who provided a cost-based analysis of youth homelessness in terms of early school leaving and lost economic output.

2.5 Outcomes measurement and homelessness services

The measurement of client program outcomes is a fundamental part of any cost-effectiveness or cost-benefit analysis because the effectiveness of a program depends on the outcomes achieved by clients. Client outcomes refer to the benefits or changes individual experience during, or as a consequence of participating in the relevant program. As suggested by Baulderstone and Talbot (2004) in their *Outcomes Measurement in SAAP-funded Services* study:

An outcome is a change or an absence of change in an identified state. Additionally, this change or absence of change is the intended or unanticipated result of an action or set of actions carried out by a program (Baulderstone and Talbot, 2004, p. 3).

Baulderstone and Talbot (2004), quoting the work of Rapp and Poertner (1993), classify client outcomes in the following terms:

- Changes in client affect, e.g., increased self-esteem, reduced depression.
- Changes in client knowledge, e.g., increased knowledge of appropriate disciplinary responses in stages of child development, an understanding of the cycle of domestic violence.

¹⁷ At a more telling level, it has been estimated that homeless people die at a rate three to four times higher than the general public (Alstrom et al. 1975; Babidge et al. 2001; Hibbs et al. 1994; Hwang et al. 1997).

- Changes in client behaviour, e.g., demonstrating budgeting or cooking skills, reduction in substance use.
- Changes in client status, e.g., change from unemployed to employed, illiterate to literate.
- Changes in the client/system's environment, e.g., a service successfully undertaken.

We utilise the above framework in the design of our homelessness program client outcomes measures. It is clear from an examination of the above list, that rather than a single client outcome measure, a bundle of client outcomes exist.

Outcomes are to be distinguished from what are termed 'outputs' in the program logic language. Outputs refer to forms of support provided to the client. The measurement of outputs is relatively straightforward. The measurement of client outcomes is, however, a much more difficult and problematic thing. First, client outcomes should be measured controlling for other effects so that it is the independent effect of the program which is being measured, and not the combined effect of the program and other non-program elements. This separation of program and non-program effects, however, is not possible on the basis of existing administrative data sets. Second, an attempt should be made to assess the longer term, post-exit outcomes of clients rather than simply client outcomes during or on exit from the agency. However, this requires an ability/right to track clients over time, which can be problematic (Culhane et al., 1999). Third, client outcomes should be judged against the needs and histories of individual clients. In other words, outcomes should be measured on a needs adjusted basis, a particularly difficult task. We return to these themes again when we set out the methodology of the current study. Fourth, as pointed out by Poertner (2000, p. 270) there may well be a divergence between the outcomes that clients are working towards and those that case workers are attempting to achieve. Poertner (2000, p. 270) also points to the high cost of designing data collections and actually collecting outcome-based information from clients.

We have focussed to this point here on client outcomes, but it is possible to think of outcomes at the system or program level and at the agency level (Patton 1997; Weiss 1998; Crook et al. 2005). At the program level, outcomes include demonstrated cost savings across systems, reduction of barriers to access, networking among community organisations and aggregation of client level outcomes (Crook et al. 2005, p. 387).

2.6 Conclusion

This review of the literature has situated the definition of homelessness utilized within this study within the competing, and highly contested, definitions of homelessness utilized within the homelessness field. It has provided an overview of international and Australian studies that have utilized a pathways approach to understanding the causes of homelessness and service outcome and current research on outcomes measurement in the homelessness field. This has provided an overview of the current state of knowledge about outcomes for different groups of homeless people and alternative approaches to measuring outcomes in this area. This research has been instrumental in the development of the data collection instruments for this project (see subsequent chapters).

Finally, this review has provided a brief overview of the literature on homelessness and economic analysis, and the key terms utilized within this literature. This has situated the current study within the range of current economic approaches to outcomes and costs. Greater detail on the approach to costing utilized in this study

and the relevant research literature will be provided in the following chapters and appendixes on the project methodology and the estimation of program costs.

CHAPTER 3: THE POLICY AND PROGRAM CONTEXT

3.1 Introduction

In this chapter, we provide an overview of the operation of those homelessness prevention and support programs which are the subject of investigation of this study and the policy and evaluation environment within which they sit.

The programs which are the focus of attention in this study fall into two main categories: (1) homelessness prevention programs funded by the Western Australian Government and either implemented, or extended, as part of the WA Homelessness Strategy introduced in May 2002; and, (2) the Supported Accommodation Assistance Program (SAAP) and its capital-funding component, the Crisis Accommodation Program (CAP).

In terms of homelessness prevention programs we focus on programs designed to assist prisoners re-enter the community on release and those aimed at assisting private and public renters in a vulnerable position maintain their tenancies and thereby avoid homelessness. Section 4.2 provides an overview of the WA Homelessness Strategy and those programs that formed an integral part of it.

The second Section 4.3 considers the main support programs for those who might otherwise be without shelter or those escaping domestic violence; namely, the Supported Accommodation Assistance Program (SAAP) and its capital-funding component, the Crisis Accommodation Program (CAP).

3.2 The WA Homelessness Strategy and State-based Homelessness Prevention Programs

The WA *State Homelessness Strategy*, launched in May 2002, allocated \$32 million over four years to homelessness programs in Western Australia. Initiatives included:

- The building of new public housing (representing around one-third of the total allocation),
- Private and public tenant support programs (\$7 million),
- Services and accommodation support for people with mental illness (\$3.8 million),
- Additional SAAP support for homeless children (\$3.5 million),
- Programs assisting young people exit long-term care (\$2.4 million),
- New programs designed to assist prisoners re-entering the community (\$1.4 million), and
- A number of measures designed to provide financial counselling services and assist people directly into stable accommodation in the private rental market in the main.

The WA Homelessness Strategy focussed on two main areas; the introduction and, in some cases, the further expansion of homelessness prevention programs; and an increase in the supply of affordable housing options through an increase in the stock of social housing. The focus on homelessness prevention programs mirrors the tenor of the State Homelessness Taskforce Report *Addressing Homelessness in Western Australia*, on which the Government subsequently made its decisions concerning the Homelessness Strategy. The Taskforce proposed a 'shift in focus from crisis

accommodation and support to support to assist people in keeping their home as the most effective way to address homelessness' (State Homelessness Taskforce 2002 p. 3).

The four-year WA Homelessness Strategy has now come to an end. However, individual programs that comprise the Strategy are almost certainly going to continue and, in some cases, may even be expanded. The current study, therefore, provides an opportunity to undertake an evaluation of the effectiveness and cost-effectiveness of a set of programs as they are operating at the end of the four-year cycle. As a research-based evaluation, the study provides an opportunity to utilise a much richer source of client outcomes and cost information than that available in existing administrative data sets.

The homelessness prevention programs that will be the subject of further investigation in this study include:

- The Supported Housing Assistance Program (SHAP), which provides tenant support services to those in public housing at risk of eviction; and the Private Rental Support and Advocacy Program which does likewise in terms of the private rental market; and,
- Transitional support programs for prisoners exiting jail: the Transitional Accommodation and Support Service (TASS) and the Community Re-Entry Coordination Support Services programs administered by the Department of Corrective Services.

In the above programs, service delivery is undertaken wholly or largely by community service organisations. Such organisations may supplement government funding with their own resources to increase the range and extent of services supplied to clients. The study also considers the role of the Independent Living Program designed to enable people with severe and persistent mental illness to live independently in the community.

In addition to the above programs, a number of other WA state-based programs provide support to those who are homeless or at risk of homelessness and in many cases are linked to the programs that are of particular interest in the project, but the operation of these programs will not be directly examined in this study. These programs include:

- Referral services such as the DCD Crisis Care Unit, the Homeless Helpline administered by the Department of Housing and Works (DHW), the Salvation Army's crisis line and Wesley *Homelink* which assists people who are newly homeless or about to become homeless locate and access accommodation in the private rental market;
- Existing mental health and drug and alcohol programs and new programs being implemented as part of WA's Mental Health Strategy and the Drug and Alcohol Strategy and targeted at those who are homeless or at risk of becoming homeless (e.g., the Community Supported Residential Units and Supported Accommodation program);
- Additional State-based funding to Homeswest, over and above that available under the CSHA, to provide additional rental properties for homeless people and those with special needs housing;
- Financial counselling services to assist people with debt and housing-related financial issues;
- Emergency relief services;

- Additional State-based funding for SAAP support services such as the Support for Children in SAAP program and other programs to provide support to those who are in immediate crisis but cannot access SAAP services because of capacity constraints such as the Department for Community Development's (DCD) Family Crisis Program;
- Intensive case management projects administered by the Department for Community Development and the Department of Housing and Works and targeted to high needs families (e.g., the Family Intensive Case Management Trial) and those sleeping rough (e.g., the City Park Project).

3.2.1 Prisoner Re-entry Programs

The Community *Transitional Accommodation and Support Services* (TASS) program provides transitional accommodation and support to a number of clients with a high risk of returning to custody. The number of clients able to access support under the TASS program is set by the following:

- The number of houses available to the program across the State;
- Funding for support services to accommodated clients; and,
- The ability to attract service providers within some country regions.

Contractors from non-government agencies provide re-entry support and mentoring services to referred offenders around accommodation provided by the Department of Housing and Works (DHW). The Department of Corrective Services (DoC) undertakes management of the program and management of service agreements with the contracted agencies. The Department of Housing and Works undertakes property and tenancy management and maintenance of the housing allocated. The fixed-term lease for the rental property is taken out in the client's name and clients are subject to the standard Homeswest tenancy agreement.

Support services provided (as currently measured in administrative data sources) include the provision of information, advocacy, counselling, parole support, family support, life skills development, transport, referral for community resources, transport and employment/training support. The program aims to help clients transition into stable accommodation and establish appropriate networks to assist with their integration back into the community. Support is provided between one and three months before and six months after leaving prison by eight non-Government community support agencies across the State. Three of these agencies are in the Perth metropolitan area.

TASS has operated in Perth and the South West, the Great Southern, and Mid-West areas since July 2003 and in the Kimberley and Eastern Goldfields regions since the end of 2005.

The total service funding for this initiative is \$449,942 per year. During 2005, 77 clients accessed TASS; 51.4 per cent of those clients were Indigenous and 48.6 per cent non-Indigenous. The program is constrained by the available supply of dwellings and is relatively small with only 9 houses for women in the metropolitan area and 10 for men and this determines the usage by these groups. Of all clients who were supported under the TASS program during 2005, 27.3 returned to prison with a subsequent sentence. While not directly comparable, the current recidivism rate for WA, measured as the number of prisoners who returned to prison with a new correctional sanction within two years, was 40.6 per cent.

The *Community Re-entry Coordination Service (Re-entry Link)* provides support to prisoners and their families and assists offenders in their re-entry back into the

community. Contact is totally voluntary on the part of offenders and their families. Support is provided for up to three months before leaving prison and six months after leaving prison by eight non-Government community support agencies across the State.

The nature of engagement is through a case management framework to assess the offender's needs, to discuss and implement appropriate exit plans and to address those needs through referral and advocacy on behalf of the offender. The service offers support for a period of six months after release. Services assist clients with a range of issues including finding accommodation; mental health issues; general health issues, drug treatment and counselling; family relationships; and education, training and employment opportunities and options.

The Re-entry Link program was established in the South West and Great Southern regions in October 2003 and progressively in the metropolitan, Mid West, Goldfields, Kimberley and Pilbara areas during 2004. In 2005, 810 clients throughout Western Australia accessed the program as casual clients (i.e., they were not case managed) and of those clients, almost three quarters were male. Formal clients are case managed clients and may be supported under the Re-entry Link program for a period of up to three months pre-release and six months post-release. During 2005, 876 clients accessed the Re-entry Link program as formal clients and of these 21.8 per cent returned to prison.

3.2.2 *Tenant Support Programs*

There are two main tenant support programs in Western Australia. The first is the Supported Housing Assistance Program (SHAP), which has operated since 1991 in the public housing sector and the second, is a private tenant support program (Private Rental Support and Advocacy Program). The operation of the former program was expanded as a result of the WA Homelessness Strategy while the latter program was introduced as part of the Strategy.

The Supported Housing Assistance Program (SHAP) in Western Australia is an early intervention strategy, whose primary goal is to assist Homeswest tenants at risk of eviction to sustain their tenancy. SHAP services are provided by non-Government agencies on the basis of Department of Housing and Works funding. Participation in the SHAP program is with consent of the client. However, participation is sometimes a condition of a tenancy where a prior poor tenancy history exists, which may involve debts, property standards and anti-social behaviour.

SHAP addresses a wide range of issues which impact on the ability of a tenant to maintain housing. Its objectives are to assist families and individuals to maintain their tenancy, ensure that tenants are meeting their overall obligations and responsibilities in accordance with their tenancy agreement, develop their links to community resources and other services, and increase their knowledge, skills to maintain stable accommodation. Clients may be referred to other agencies for assistance. SHAP services may include assistance with improving housekeeping skills, budgeting, and dealing with domestic violence, child abuse, drug and alcohol problems and mental illness.

SHAP has operated in the metropolitan area since 1991 and as a result of the *State Homelessness Strategy*, funding doubled in 2002 to expand SHAP to a number of country areas. In addition to its prime goal of maintaining a public housing tenancy, the SHAP program was also augmented in the *WA Homelessness Strategy* to include supported housing assistance for those referred by Homeswest from its *Homeless Helpline*. This sub-component of the program is concerned with moving those from primary, secondary and tertiary homelessness with complex needs

(revolving around mental health, substance abuse and social disconnectedness problems) together with a long-term history of both homelessness and social housing and private rental tenancy access problems difficulties to long-term secure housing. With constraints applying in terms of the availability of Department of Housing and Works accommodation, the SHAP Homeless Helpline program seeks to find housing in the private rental market or in low-demand government housing stock such as Main Roads housing stock.

The SHAP program also includes a number of specific headleasing arrangements in respect to tenants with a particularly poor tenancy history where the Department of Housing and Works headleases property to agencies who then manage the property on behalf of the Department. The agency charged with headleasing the property either provides support directly to tenants or works with another agency in providing support to the tenancy.

Private Rental Support and Advocacy services provide assistance to people having difficulty in maintaining tenancies in the private sector. Referrals are made via real estate agencies, the Department of Housing and Works who administer a bond assistance program in the private rental sector and the Department for Community Development which funds and administers the *Private Rental Support and Advocacy* program.

As with all programs examined in this study, services provided to agencies are structured around the needs of the individual tenant or family. Tenants who are supported under the program are case managed. Case managers work with tenants before debts or other tenancy management issues become unmanageable or the eviction process begins. With the tenants' consent, the case manager liaises with landlords and property managers to address the tenancy management problem/s until the tenancy is stabilised. Support may also be provided to people who have recently been homeless and have been identified as requiring ongoing support to maintain their new accommodation.

The first of seven *Private Rental Support and Advocacy* services began operating in November 2003 with the final service commencing in March 2004. Three services have been established in the metropolitan area, and three in the regional areas of Geraldton, Peel and Busselton. A metropolitan-based service to assist people from culturally and linguistically diverse (CALD) backgrounds is also funded.

The Department for Community Development provides over \$1 million dollars per year in funding for the program (indexed to keep up with inflation). From its inception in November 2003 to 30 June 2005, 835 households have been assisted. Program administrative data indicate that in the six months between January and June 2005, 10 per cent of clients were Indigenous and a further 10 per cent were CaLD; however, for 43 per cent of the clients, ethnicity was unknown.

The Homeless Helpline and Wesley Homelink are two key State Homelessness Strategy initiatives providing assistance to people in an accommodation crisis. Between July 2004 and June 2005, over 1,300 people contacted the Homeless Helpline in Western Australia. Through Wesley Homelink, the Department for Community Development provides \$250,000 in funds to Wesley Mission Perth to fast-track people who are newly homeless or about to become homeless into alternative accommodation.

3.2.3 *Independent Living Program*

The Independent Living Program (ILP) provides housing support to enable people with severe and persistent mental illness to live independently in the community. The

ILP is a joint initiative between the Department of Housing and Works and the Department of Health. The services provided through the ILP include landlord support, which involves property and tenancy management; disability support in the areas of personal care, budgeting and other daily living skills; and clinical support, provided through the Public Mental Health Services. Access to the ILP is strictly through referrals from Mental Health Services, General Practitioners, Private Psychiatrists or other health professionals.

Since the ILP began in 1995, over 540 properties have been provided under this program.

An expansion of the ILP is currently proceeding under the Mental Health Strategy 2004-07, which involves the expansion of statewide non-clinical psychosocial/disability support services to assist people to live in their own homes and the construction of 120 housing units for the Independent Living Program. \$1 million was provided in 2005-06 and a further \$1 million in 2006-07.

3.3 Supported Accommodation Assistance Program

At the centre of Australia's response to homelessness and, therefore, fundamental to the current project is the Supported Accommodation Assistance Program (SAAP) and the Crisis Accommodation Program (CAP). SAAP is a joint Commonwealth/State Government program governed by a Commonwealth-State Multilateral Agreement (the SAAP V Multilateral Agreement) while CAP is funded under a similar joint initiative, the Commonwealth State Housing Agreement (CSHA). These two programs represent the key homelessness support programs in Australia; the former in terms of recurrent funding for services and the latter in regard to capital funding for accommodation.

In Western Australia, the joint Commonwealth/State *Supported Accommodation Assistance Program* (SAAP) is administered by the Department for Community Development. In 2006-07, \$30.4 million in recurrent funding will be provided to 129 not-for profit agencies providing a range of SAAP services in WA. These services comprise crisis and temporary accommodation and support for homeless single adults, families and young people; refuges and outreach support services for women with or without children who are victims of domestic violence; support and counselling for young people at risk; and other services including meals and other social support programs administered in Day Centres. Capital funding for accommodation services is provided by the Department for Housing and Works through the Crisis Accommodation Program (CAP).

SAAP was established in 1985 when a number of Commonwealth/State funded programs were brought together. At any one time, SAAP provides supported accommodation to around 700 to 800 people (excluding children) in Western Australia and support without accommodation to a further 700 to 800 people.

The main SAAP sectors include:

- Youth based services—over 30 different services across WA, one third of which are in country areas;
- Women's refuge programs for women and children escaping domestic violence—accounting for around 40 per cent of all SAAP services;
- Services for single men and women; and,
- Family-based services.

In the 2006-07 budget, the WA State Government injected additional funds into the SAAP sector. The extra spending comprised a 10 per cent increase in funding on the State component of SAAP (\$5 million over four years); \$1.5 million increased indexation on the State component of funding and an additional \$5.4 million to meet a shortfall in the Australian Government's funding under the SAAP V Multilateral Agreement. An additional \$1.5 million was allocated to the establishment of a women's refuge in the outer northern suburbs of Perth.

There has been an increasing emphasis on enhancing the evidence base on the effectiveness and cost-effectiveness of SAAP-based services. This has been reflected in the commissioning of reports providing reviews of the relevant economic literature (Berry et al. 2003; Pinkney and Ewing 2006) and studies concerned with enhancing the measurement of client outcomes and client needs (Thomson Goodall Associates Pty Ltd 2003; and Baulderstone and Talbot, 2004). The relevance of this study is in the development of a cost-effectiveness framework, which builds on the existing foundations developed in these studies and more fundamentally in producing relevant estimates of the effectiveness and cost-effectiveness of SAAP-based services.

CHAPTER 4: METHODOLOGY

4.1 Introduction

This study builds on the systematic review findings and research design recommendations of the AHURI Final Report (Berry et al., 2003) *Counting the Cost of Homelessness: A Systematic Review of Cost Effectiveness and Cost Benefit Studies of Homelessness*. As noted by Berry et al. (2003) there are significant methodological challenges associated with undertaking a rigorous cost-benefit analysis of homelessness programs. These challenges arise principally from the difficulties of obtaining robust data on the differential costs and benefits of providing homelessness prevention, support and transition programs.

Recent Australian studies have produced significant improvements in our knowledge of the pathways into and out of homelessness and the life experiences of those who are homeless, most notably in collaborative academic/service provider research such as the Project i studies of youth homelessness in Melbourne. There remains, however, the task of obtaining robust evidence on the effectiveness of homelessness prevention and support programs and of implementing a robust economic evaluation framework in which outcomes and cost data are jointly assessed to determine the cost-effectiveness of such programs. As indicated in our literature review (see chapter 2), not only is there a dearth of economic evaluations of homelessness prevention and support programs, but there exists some questioning of the usefulness of a cost-effectiveness approach in the Australian literature. However, the fact that significant progress can be made in this area is evident from the overseas literature where a number of studies have been published containing robust cost-effectiveness analyses of homelessness programs (see, for example, Weinstein and Clower 2000, University of Pennsylvania 2002, Rosenheck and Seibyl 1998).

The research design developed in the present project incorporates a range of separate analyses each focussed on developing our understanding of the effectiveness and cost-effectiveness of homelessness prevention and support programs. One such analysis involves the interrogation of homelessness prevention administrative data to assess whether those accessing programs, such as tenant support programs in public housing, achieve better outcomes than those not accessing programs. The most important component of our research design, however, involves the application of a *Client Survey* among those in homelessness prevention and support programs. Findings from the *Client Survey* will provide a richer understanding of client outcomes, of the costs of providing services to clients of different need backgrounds and possible cost offsets to providing assistance to clients. Appendix 1 to the Positioning Paper provides an overview of the *Client Survey*.

Our discussion of the research design of the project begins with an overview of the limitations and constraints of the proposed research.

4.2 Limitations and Constraints of the Proposed Research

It is generally accepted that a large randomised controlled trial provides the richest source of potential research evidence on outcomes achieved and service utilisation levels experienced by homeless people. Under such a research design, homeless people and those at risk of becoming homeless would be randomly assigned to homelessness prevention, support and transition programs and to a 'non-treatment'

control case. Participants would be surveyed in respect to their outcomes and levels of service utilisation over a long period of time. In the ideal (research) world, participant records obtained from a survey of homeless people would be matched to administrative program data on the utilisation of services in terms of housing assistance, health, justice, education and training and the labour market and to service provider records.

A trial of the sort envisaged takes a long period of time, must be very well planned, involves a very high cost and can be problematic from an ethical perspective: A decision to randomly allocate people to the treatment and non-treatment cases being seen as potentially acting against a service agency mission to serve all in need.¹⁸ Moreover, privacy restrictions may limit the extent to which researchers are able to match survey records to administrative records on service utilisation. The budget and timeframe projected for this study together with privacy and ethical concerns prevent the adoption of such a design. However, irrespective of these limitations, it is important that more ambitious 'gold standard'-like projects are only undertaken after the initial groundwork is completed in terms of projects such as the present one. One aim of the present project is to develop a blueprint for how the research agenda into the cost-effectiveness of homelessness programs can be extended once the knowledge from the present project is generated.

While this project does not propose to adopt a randomised control trial research design, it can exploit the fact that a quasi-natural experiment structure exists in terms of the provision of homelessness prevention, support and transition services. A quasi-natural experiment situation arises in the provision of homelessness services because constraints on program budgets and service provider resources mean that not all homeless people or those at risk of becoming homeless may receive assistance. Waiting lists and unmet demand is evident through the homelessness program chain. There are waiting lists for SHAP for example as there is for SAAP/CAP services. Not all prisoners on release elect to enter the TASS and Re-entry Link programs. These naturally arising differences in the levels and forms of support for homeless people or those at imminent risk of homelessness, will be exploited, where the relevant administrative data already exist, to assess the impact of a program intervention relative to the non-intervention case. The project will be very clear in highlighting sample selection problems that may exist arising from the adoption of a quasi-natural experiment design and the potential difficulties involved. For example, those on waiting lists, while eligible for support, may be judged less in need of support than those who are provided with support. Alternatively, those assisted may be provided with support because they are judged as being more likely to be successful on the program and so gain greater benefits from the program.

4.3 The Conceptual Framework

An unfortunate misconception is that economic evaluation studies are concerned with analysing the costs involved in delivering programs and the question of the use to which resources are being put. However, an economic evaluation is more than just that as economics is ultimately about ends and means. In the present context, ends refer to client outcomes and means to the resources applied to programs to assist clients. The present study sits squarely within this broader perspective of what an economic evaluation is concerned with. Our approach emphasizes both sides of the

¹⁸ Service providers recognise that they work in a constrained environment and cannot serve all in need. Hence, some people receive support while others do not. However, to take a *decision* to *randomly* allocate some in need to a program and not others is an altogether different issue(s) and introduces significant ethical concerns.

economic ledger, namely outcomes and resources. Indeed a fundamental objective of this study is to determine the extent to which homelessness programs produce improved outcomes for those who are assisted (the effectiveness issue) as this remains an area where there is simply insufficient Australian evidence.

There are two key research tasks in gathering and assessing information on client outcomes. The first involves conceptualising the ways client outcomes are generated so that we can better understand and measure those outcomes. The second involves developing an appropriate set of indicators to measure client outcomes.

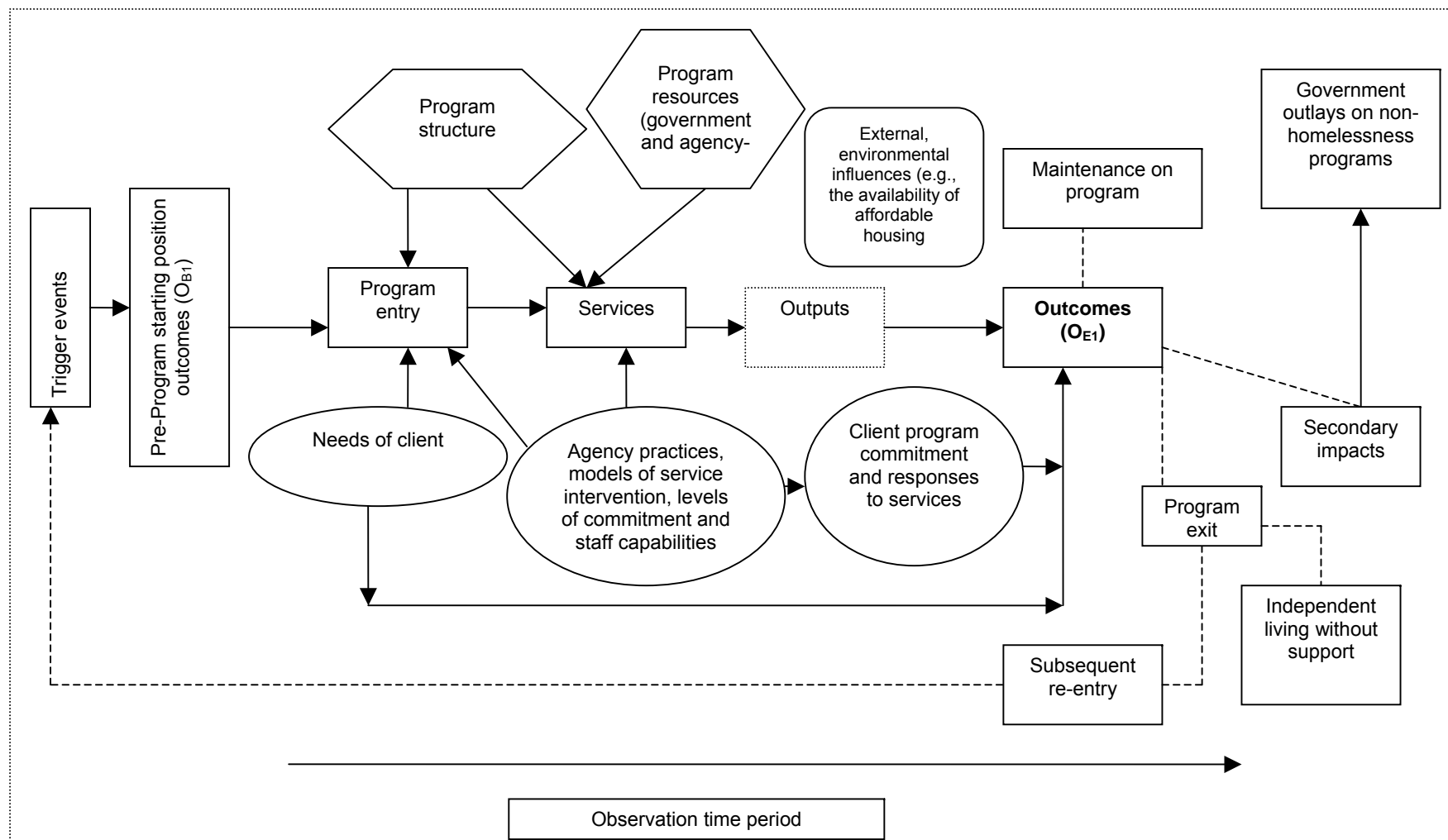
Client outcomes are the product of a number of factors including:

- The triggers or reasons that bring a person to a program—the proximate and long-term causes that generate entry into the program;
- A program's aims, its structure and its regulations governing client eligibility and service delivery;
- The level and type of resources provided by governments and agencies to the program;
- External, system-wide constraints such as those related to the availability of affordable housing exit points;
- The make-up of the client population; in particular the complexity and intensity of the needs of clients;
- Agency-level factors such as the mission of the agency, its model and points of focus in service delivery, its day-to-day practices and the level of staff commitment and staff capacity);
- The services provided to clients and the volume of those services (referred to as the outputs of the program); and
- Client commitment and response to the services provided by agencies.

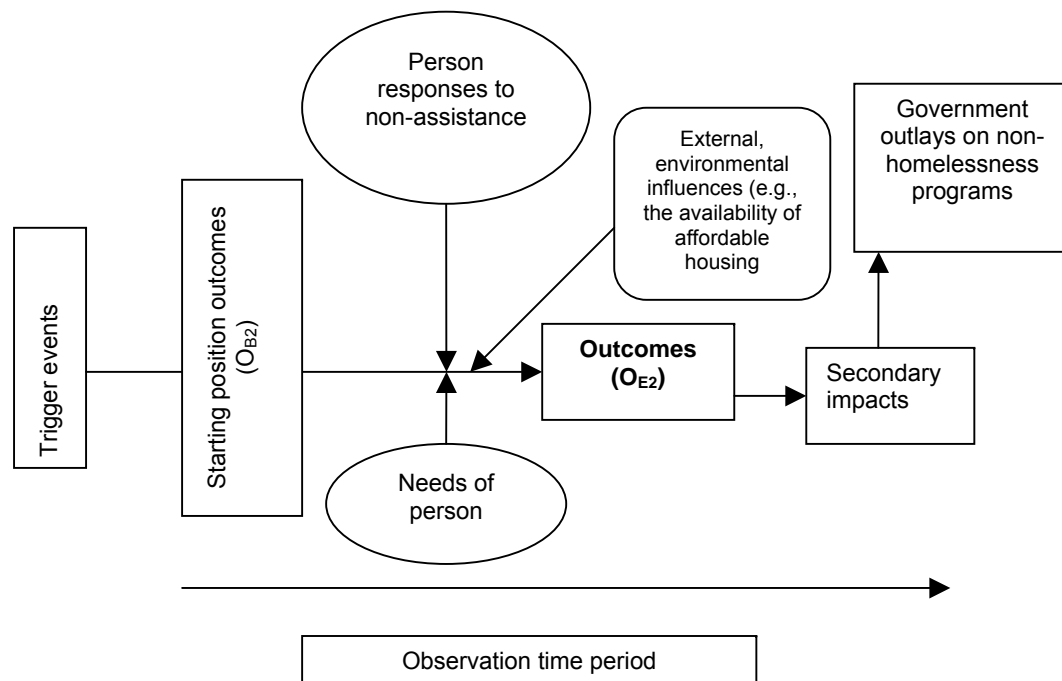
Figure 4.1 provides a simplified representation of how the various determinants of client outcomes fit together. The model presented is a general one in the sense that it applies regardless of the homelessness program in question, but is limited by the fact that it refers to a given period of time rather than covering the lifetime of the individual. It therefore misses some of the dynamics involved in the 'homelessness career'.

All programs that are being considered for the present study represent partnerships between government and agencies, incorporate client entry and exit criteria, deliver a range of services to clients and achieve a range of outcomes for their clients. However, each program has its own unique features. Differences between programs need to be recognised when it comes to the task of measuring outcomes and therefore assessing program effectiveness. Each program has its own client population, service delivery model and goals. Indeed, in some cases a given program may represent an aggregation of a set of sub-programs (such as in SAAP), with agencies following different practices. In short, this means that the survey instruments used in the study have both a general component applicable across all areas and specific components based around individual programs.

Figure 4.1: Outcomes and impacts of those who enter a homelessness program



Outcomes and impacts of those not receiving support in a homelessness program



One important immediate difference between programs is that some represent homelessness prevention programs (the client group are not homeless but are at potential risk of homelessness) while others represent homelessness support programs (the client is or would be homeless without support). The Supported Housing Assistance Program (SHAP), private rental tenancy support programs and the Independent Living Program (ILP) represent examples of the former while the Supported Accommodation Assistance Program (SAAP) is a good example of the latter. (Further detail about the programs that are the subject of the present study is provided in Chapter 3 of the Positioning Paper.)

Ideally, one would want to measure client outcomes on what is called an 'incremental' basis—i.e., measure the difference in outcomes achieved by those assisted over and above what would have occurred (for the same people) had the program not been in place. On this basis, the summary differential effectiveness of the homelessness program in the above model (Figure 4.1) is given by the difference in outcomes in the assist and non-assist cases or OE1-OE2 in Figure 1 averaged across all clients (assuming equal pre-program starting point positions).

It is, however, very difficult to obtain accurate estimates of differential outcomes. Such estimates require evidence on outcomes from randomised controlled trials or alternatively from the estimation of models based on longitudinal survey or administrative data containing detailed information on both those who are assisted and those who are not. The different outcomes of those on the program and those not on the program can then be evaluated controlling for confounding effects. It will generally not be possible for us to estimate differential outcomes in this project. However, it is possible that an analysis of existing Department of Housing and Works (DHW) administrative data in respect to the SHAP program and Department of Corrective Services Re-entry/TASS programs could be undertaken. The aim would be to compare measured outcomes in the administrative data for those assisted and those not assisted (but who would be eligible for assistance) controlling for client characteristics. The latter is important given that programs are generally targeted to those most in need.

In the general case, and in the absence of the availability of appropriate data, the impact of a homelessness program on client outcomes is given by OE1-OB1 in Figure 4.1. This measure is a *before* and *after* change measure of client outcomes.

When clients achieve improved outcomes as a result of being on a program certain indirect impacts or *consequences* are likely to follow. For example, when a homelessness program improves mental health, financial security, employment and accommodation outcomes for its clients, the utilisation of emergency hospital units and criminal justice services is likely to decline resulting in lower health and justice government outlays. Such indirect impacts should be costed and taken into account in an analysis of the cost-effectiveness of homelessness programs. This will be an important objective of the research. Nevertheless, getting at such effects is difficult. Analysis in the present project involves the use of retrospective questions of government service utilisation in a survey of clients and the use of evidence from a range of existing administrative sources. Appendixes 1 and 2 of the Positioning Paper provides a detailed outline of the *Client Survey* used to produce primary research evidence on service utilisation and the cost methodology employed.

4.4 Research Design

The study will proceed in four stages. These are set out below.

- Stage 1: Homelessness Program Mapping and a Review of the Literature

- Stage 2: Client Outcomes and Program Effectiveness
- Stage 3: The Net Cost of Homelessness Prevention and Support Programs
- Stage 4: The Cost-Effectiveness of Homelessness Prevention and Support Programs
- Stage 5: Policy and Research Implications

4.4.1 Stage One: Homelessness Program Mapping and Literature Review

The first stage of the research is largely descriptive involving an overview of Federal and State/Territory programs, including an outline of the WA Homelessness Strategy and progress to date with the implementation and monitoring of outcomes under the Strategy.

A number of key programs along the homelessness program chain have been targeted for detailed primary research analysis in this project. These include public and private rental tenancy support services; homelessness crisis and referral services; prisoner release programs; independent living programs for those low income people in need with psychiatric disabilities; and SAAP/CAP programs across the four key sectors of domestic violence and women's refuges, single men's and women's services, families and youth services.

Each program designated for in-depth analysis will be described in terms of the following dimensions:

- Level and sources of government and non-government funding and expenditure for that program;
- Government and non-government agencies involved in delivering services under the program;
- Target population;
- Geographical location of services provided;
- Number and type of households and individuals served by these programs;
- Number of units of support provided; and the cost of providing a 'unit' of support; and
- Current set of measured outcomes (i.e., benefits) achieved by those assisted where such data has been made available publicly through existing government reporting systems (e.g., SAAP National Data Collection Agency reports).

The mapping of homelessness prevention, support and transition programs answers **RQ1** of the project. (See Chapter 1 for a list of the study's research questions.) The Positioning Paper includes a partial mapping of current programs (see Chapter 4).

Chapter 2 of the Positioning Paper provides a review of the Australian and international literature and provides material relevant to **RQ2** and **RQ3**.

4.4.2 Stage 2: Client Outcomes and the Effectiveness of Homelessness Prevention and Support Programs

Stage 2 of the project involves the gathering of primary research evidence on client outcomes and cost, relevant secondary agency information and program administrative data on client outcomes. A special data collection instrument, the *Client Survey*, will be used to collect primary research evidence in relation to clients

of a program. For long-term case managed clients, the *Client Survey* will be conducted over a year of timed interviews. For short support period cases, a much shorter *Client Survey* will be adopted. In community centres, a one-off brief survey instrument will be used. Semi-structured interviews with clients and staff in relevant agencies will also be undertaken. Program-level administrative evidence on client outcomes will also be utilised. While administrative data sets provide only a snapshot of client outcomes, the advantage of program-level data is that it covers all clients within a program.

Agency-based Client Outcomes Data

Primary research data collection entails the following components:

- The implementation of a *Client Survey* at the agency level to obtain client status, needs, services provided and referrals, homelessness histories, previous and current utilisation of non-homelessness services data;
- Semi-structured interviews with personnel from selected service providers; and,
- Semi-structured interviews with a small sample of clients to provide rich case study evidence.

A large number of agencies (35 in all) in Perth and the South-West of WA have participated in the design of the study; around one half of these agencies are expected to agree to provide access to clients to be part of the *Client Survey*.

The *Client Survey* is an omnibus survey. It contains four streams:

- The *Main Survey* conducted with respect to case-managed clients with support periods of sufficient length to enable detailed needs assessments to be undertaken.
- The *Short Form Survey* conducted with respect to case-managed accommodation-based clients with a relatively short anticipated support periods.
- The *Day Centres Survey* conducted with respect to clients of SAAP Day Centres on a one-off basis.

In all three components, eligibility is based on clients aged 18 or over who are receiving assistance in Perth, the South-West and the Southern regions of Western Australia in one or more of the designated programs in the study:

- Supported Accommodation Assistance Program (SAAP)
- Community Transitional Accommodation and Support Service (TASS)
- Re-entry Link
- Supported Housing Assistance Program (SHAP)
- Private Rental Support and Advocacy Program
- Independent Living Program (ILP).

The *Main* and *Short Form* surveys contain questions relating to a client's socio-demographic status; current and past housing and homelessness histories; presenting reasons for support; current and past utilisation of health and justice services; mental and physical health status; and, the services and referrals provided by agencies in respect of the current support period. In the case of the *Main Survey*, a detailed needs and support assessment is undertaken. This instrument used for this assessment has been considerably modified from the SAAP Measurement Form (see Thomson Goodall Associates Pty Ltd, 2004).

The *Main* and *Short Form* surveys will be conducted on entry to support (but after a level of stabilisation has occurred); after three months; and after 12 months. For those in long support periods, an additional survey is conducted on exit from the service. The Day Centres Survey is a short survey that will be conducted on a one-off basis at community centres. The Day Centres Survey will not only provide information relevant to the effectiveness of the Centres but also insights into the experiences of those currently homeless and with long histories of homelessness.

The structure of the *Client Survey* enables assessment of the outcomes achieved by the client in the *immediate* term (the change from the pre-support position to the support position), the *short term* (outcomes achieved over three months), the support period term (outcomes achieved by exit) and the *medium term* (over a twelve month period).

A multi-dimensional, rather than single indicator, approach is taken to the measurement of client outcomes in the *Client Survey*. Client outcomes can be broken down into two broad categories; namely, those specific to a particular program and those that are general in nature applying across programs. An example of a specific program client outcomes indicator is the reduction in debt levels to housing authorities in the case of tenant support programs. Examples of general client outcomes are changes in labour force status or the capability to manage one's circumstances.

The following types of client outcomes can be measured on the basis of responses to questions included in the *Client Survey*:

- Changes in status (e.g., labour force, income, income source, education and training, housing type quality and circumstances);
- Changes in resource use (measured in terms of level of support required during the support period);
- Changes in the level of capability to manage circumstances and needs;
- Changes in self-assessed satisfaction with dimensions of life, quality of life and improvements in ability to manage circumstances as a result of program participation; and,
- Changes in the utilisation of other services.

Strict protocols will be followed in service provider data collection processes to ensure client confidentiality. Results will be presented in aggregate program-level form. Results for individual service providers will not be separately published in research reports.

The project's budget allows for the use, on a casual basis, of case workers and managers from the service provider community to assist in the gathering of client-based data. However, agencies involved in the project have indicated that they will provide much of their support for the project without cost reflecting a commitment to the aims and objectives of the research.

Appendix 1 provides a detailed overview of the *Client Survey* used in the present study. It is expected that around 200 clients will participate in the *Main* and *Short Form* surveys with a further 60 participating in the Day Centres survey.

In addition to using a quantitative instrument to gather information on client outcomes one-on-one semi-structured interviews will be conducted with a small number of clients. These interviews will be undertaken not only to enrich and assist in validating the primary data gathered from service providers, but to flesh out indicative outcomes and service utilisation histories of clients. Indicative case histories drawn from interviews with clients are a very rich data source and will give providers, readers and

policy analysts greater insights into the life experiences of homeless people, the outcomes they achieve and their utilisation of services. **Appendix 3** details the approach taken to the gathering of qualitative data.

Program-based Client Outcomes Data

The above client/agency data collection processes will be supplemented by analyses of administrative data held by government funding departments and bodies. While the administrative data is not as rich as that proposed in the *Client Survey* (a much narrower set of client indicators are used), the advantages of administrative data is the large volume of client outcomes and the fact that, for several programs, the data includes instances of both support and non-support. No attempt will be made to match records with agency-based records.

An example of how administrative data can be applied is the public housing tenant support program SHAP. The relevant housing authority, the Department of Housing and Works, holds information on all public housing renters including those on SHAP. Additional information, relating to outcomes for SHAP clients are also maintained and can be used to present client outcomes information on all SHAP clients. Furthermore, waiting lists exist for SHAP. It is therefore possible to compare the DHW measured outcomes (e.g., maintenance of a tenancy) achieved by those on the program with and the outcomes achieved by those who do not gain access to the program but are eligible. It is also possible to track, over time, the housing-related (at least public housing related) outcomes for those assisted by the program and those not assisted.

The collection of research evidence on client outcomes and the effectiveness of homelessness programs will provide answers in relation to **RQ2** and **RQ3**.

The project team has sought and obtained ethics clearance from the Murdoch University ethics committee in relation to the administration of surveys to clients and the gathering of information from clients. Clearances have also been received from the Department for Community Development and the Department of Corrections.

4.4.3 Stage 3: The Net Cost of Homelessness Prevention and Support Programs

There are two separate components involved in deriving estimates of the net cost of providing homelessness prevention and support services. The first is the determination of the cost of providing services to clients. The second is the potential savings to the budgets of other government programs that result from the provision of the relevant service.

In the present project, costs are defined as ‘benefits foregone by tying up resources in one particular use and so not having them available for alternative uses’ (Pinkney and Ewing, 2006). Therefore, in addition to dollar costs expended by the program, costs include the value of resources such as volunteer labour. Volunteer hours represents an opportunity cost because their time used could be used for other purposes, whether paid work, leisure activities or another volunteer activity (Pinkney and Ewing, 2006). An estimate of capital costs is also incorporated.

Data on the cost of providing programs, funding and cost drivers will be collected from agencies. It is envisaged that the latest financial reports available will be for the 2005–2006 financial year, therefore all dollar costs and benefits will be stated in 2005–2006 dollars. Benefits that accrue from provision of support will be determined from the quantitative *Client Survey* data, qualitative analysis and discussion with

agencies operating in the homelessness area and in areas such as health and justice.

The ability to make policy decisions based on cost and cost effectiveness analyses will be dependant on the level of cost aggregation. The aim of the research is to provide both total program costs and to estimate the cost per client for a variety of client types. Therefore, a bottom-up approach has been adopted to estimate unit costs. This approach requires identification of “the different resources tied up in the delivery of a service and assignment of a value to each. The sum of these values, linked appropriately to the unit of activity, is the unit cost of the service (Beecham 2000, 16). This unit cost data can then be directly linked with the quantitative survey data, allowing the cost of providing services to different categories of clients to be derived and assessed against the resultant benefits which accrue to these clients and to society. The relative cost effectiveness of programs can then be assessed.

To enhance the usefulness of costing information under different policy-making scenarios, a range of cost figures will be reported. For example, where a program has funding from government sources and public donations and volunteers work in the program, three cost figures would be reported:

- cost to government;
- total dollar cost inclusive of donations; and
- a total cost inclusive of an imputed value for volunteer labour.

The cost estimates reported in the study will be conditional on assumptions made during the analysis and the approach taken when addressing many of the above issues. Where possible these assumptions will be based on previous literature and will use methodology adopted in previous studies. However, inadequate data availability and lack of readily determined market values means that estimates will reflect a large element of judgement. Sensitivity analysis will be used to address this issue and to determine which factors cause conclusions to change.

The cost savings from reduced service utilisation have been found, in overseas studies, to substantially offset the cost of providing housing services (Culhane et al., 2002, and The Corporation for Supportive Housing, 2004). In some cases, however, a client who receives housing support may increase their service use if their knowledge of these services, and access to them, increases as a result of involvement in the housing support program. Increased service use can be a positive outcome in terms of improvement in quality of life, for example receipt of unemployment benefits providing an income or receiving appropriate health care. It is also possible that the use of educational and employment assistance services will increase, producing a positive outcome in terms of quality of life and/or an increase in earning capacity.

The whole of government budgetary savings generated in non-homelessness based programs as a result of improved outcomes arising from the provision of homelessness prevention programs are referred to as cost offsets. These revenues and cost-offsets represent a reduction in total Government funding requirements. Alternatively, in the case of program revenue, a program can increase service provision for a given level of funding availability. Therefore, the cost of program provision is defined to be the cost attributable to operating the homelessness prevention program net of revenue raised in the process of providing services and net of cost offsets. Cost offsets for programs which provide longer term housing solutions will be inclusive of any decrease in inappropriate usage of emergency crisis accommodation. Movement of clients with longer-term needs to an appropriate program decreases demands on higher cost crisis accommodation and increases the probability that those in need of crisis support will be able to access it.

To estimate the value of cost offsets, the unit costs of delivering services such as health and justice will be applied in conjunction with prevalence indicators of service utilisation in both the support and non-support case. Top down unit costs for a number of Government services are published in the SCRGSP Annual Report on Government Service Provision produced by the Productivity Commission.

Estimates of service utilisation will be made from information gained through the *Client Survey*, interviews with those who administer and deliver these services and from studies documenting the prevalence of service usage by those who are homeless.

The dollar value of cost offsets for each service will be estimated as:

$$\text{Unit cost of delivery} * (\text{non-support usage per annum} - \text{support usage per annum})$$

The estimation of non-homelessness program unit costs provides critical evidence in relation to answering **RQ4**.

Appendix 2 of the Positioning Paper provides a detailed outline of the costing methodology employed in the study.

4.4.4 Stage 4: The Cost-Effectiveness of Homelessness Prevention and Support Programs

Stage 4 of the study brings together the client outcomes findings from Stage 2 of the project with the client cost estimates provided in Stage 3 of the study. When client outcomes are measured in terms of a single indicator, a simple cost-effectiveness ratio can be evaluated—here the cost-effectiveness ratio measures the differential average outcome of the program for clients in terms of the indicator relative to the differential net cost of providing support to clients. In the present study, a broad range of client outcomes, however, will be estimated. Hence, in the present case, the study compares a bundle of differential client outcomes with the net cost of providing support to clients.

In the cost-benefit framework, an attempt is made to provide dollar values to these disparate client outcomes so that a single differential dollar benefit from support can be derived and compared with costs. It is beyond the scope of this study to undertake the type of research that would be necessary to obtain robust dollar value estimates for all types of client outcomes. However, where well-established techniques or estimates that link client outcomes to dollar benefits exist we shall utilise this to present dollar value estimates of benefits and hence present a cost-benefit ratio.

The derivation of estimates of the cost-effectiveness of homelessness prevention, support and transition programs is made easier by the project's coverage of the full continuum of homelessness programs (i.e., prevention, support and transition programs). For example, estimates of the cost-effectiveness of tenant based homelessness prevention programs rely heavily on outcomes and cost estimates derived from an analysis of SAAP/CAP programs in the sense that if a vulnerable tenancy is lost then the outcome can be homelessness and/or support in the SAAP sector.

The estimation of the cost-effectiveness of homelessness prevention, support and transition programs provides answers in relation to **RQ5**.

4.4.5 Stage 5: Policy and Research Implications

The final stage of the project involves a presentation of the policy implications of the study and a discussion of how the foundations established in the present project can be built on in the future in terms of a research program on the effectiveness and cost-effectiveness of homelessness prevention and support programs.

4.5 Research Partnerships

The research design of this study is founded on a collaborative partnership between researchers, government departments providing funding for programs and community service providers who deliver homelessness programs. As Berry et al. (2003) suggest, projects in the homelessness area that do not incorporate a role for community service providers are doomed to failure.

Prior to submitting the AHURI research grant application, a number of agencies were approached to provide input and comment on the proposed design of the project.¹⁹ Once the project received in-principle approval, a Project Advisory Group (PAG) was formed. Membership was drawn from government departments that provide the funding for relevant programs and from all community-based service providers in these programs who were interested in being directly involved in the research project. A secondment from the WA Department for Community Development and budget allocations made to non-government agencies to assist with the data gathering process further builds and resources this research partnership model. The PAG has met on seven occasions to this point further developing the design of the project and working through the structure and content of the *Client Survey*, the cost analysis and the qualitative research framework.

The project involves all the key agencies providing support in public and private tenancy support (SHAP and the Private Rental Support and Advocacy Program) and the prisoner re-entry programs (TASS and Re-entry Link).

The agencies on the PAG cover the larger community service agencies such as Anglicare, Centrecare, Mission Australia, Ruah, Salvation Army and Wesley Mission as well as smaller independent agencies such as St Bartholomew's House, PICYS and Stirling Women's Refuge.²⁰ The in-depth study of programs will be based around sites of support provided by these agencies. Data collected from agencies will be returned to them and joint analyses of the outcomes of the data collection process will be undertaken between researchers and agencies.

A public forum will be held at the end of the project at which the findings of the study will be presented.

¹⁹ We would like to thank those involved from these agencies, particularly from Anglicare and Centrecare, for their input into the research design of the project.

²⁰ The current list of agencies participating in the research project in one form or another includes 55 Central, Albany Worklink, Anglicare WA, ASWA Inc., Centrecare, Communicare, CROFT, Foundation Housing, Fremantle Community Youth Services, Fremantle, Great Southern Community Housing, Joondalup Youth Support Services (Inc), Koolkuna Women's Refuge, Mary Smith Refuge, Mission Australia, Moorditch Koolaak Housing Service, Mosaic Family Support Service, Multicultural Services Centre of WA, Orana, Outcare, Pat Thomas House, Patricia Giles Centre Inc., Perth Inner City Youth Service, Red Cross, Regional Counselling and Mentoring Services, Ruah Community Services, Salvation Army, South City Housing, St Bartholomew's House Inc, St Patrick's Community Support Centre, Starick Services Inc., Stirling Women's Refuge, Swan Emergency Accommodation Inc., Warren Blackwod Emergency Accommodation Service, Wesley Mission, Yahnging Aboriginal Corporation and Zonta House Womens Refuge.

CHAPTER 5: CONCLUSION

An important recent shift in the focus of policy, at both the state and national levels, has been on the implementation of programs designed to prevent homelessness as well as support those who would otherwise be homeless. In terms of the homelessness research agenda, there has been an increasing interest in undertaking research into the cost-effectiveness of homelessness programs. Several major surveys of the literature have recently been undertaken in this area, but significant gaps remain in terms of relevant Australian research evidence.

The present study connects to both of these policy and research interests. First, it considers both homelessness prevention and homelessness support programs. Second, the study is designed to provide, for the first time, research evidence on the effectiveness and cost-effectiveness of a set of such programs in the Western Australian context.

The study is timely. The four-year WA Homelessness Strategy has recently come to an end. The WA State Homelessness Strategy represents one of the most comprehensive and integrated responses to homelessness in Australia. A key feature of that strategy has been to develop a range of new programs in the homelessness prevention area (e.g., tenant support programs). This study will represent the first time that an in-depth analysis, using primary client-based evidence, has been undertaken of the effectiveness and cost-effectiveness of these programs.

The study will also provide research evidence in relation to the core State/Federal response to homelessness provided through the Supported Accommodation Assistance Program (SAAP) and the Crisis Accommodation Program (CAP) as it enters a new five year cycle.

Finally, the project will also enhance agency, client and program administrator understanding of the client-based experience of homelessness and of the support process, particularly in terms of the impacts of that support process on the lives of clients. This is the fundamental objective and represents a critical end-use value of the research.

APPENDIX 1: THE CLIENT SURVEY

A1.1 Introduction

The gathering of evidence in relation to the effectiveness and cost-effectiveness of homelessness prevention and support programs in this study centres on a quantitative survey covering a range of topic areas including client histories, status, services and outcomes together with interviews with clients, case workers and agency managers. In this appendix, we focus on the *Client Survey*, which is the instrument through which primary research evidence is collected with respect to client outcomes data while appendix 3 focuses on the qualitative component of the research.

In respect to case-managed clients of homelessness prevention and support programs, the quantitative component of the study involves the gathering of client information over three waves within a twelve-month time horizon (entry, 3 months, 12 months). An exit survey is also conducted. For those with a projected short support period (notionally less than 2-3 weeks), there is less information collected with respect to client needs and the exit wave is dropped. For those accessing day centres, client data will be gathered through a one-off short survey. The term *Client Survey* is used to cover all quantitative surveys being undertaken in the project.

A1.2 Ethical considerations

Ethics approval for the project has been provided by Murdoch University Ethics Committee. The proposal has also received approval from the Department of Corrective Services and the Department for Community Development.

Across all components of the *Client Survey* client consent, through the signing of a consent letter, is required. Clients are advised that information collected in the *Client Survey* will be used for research purposes only and that names and addresses will not be recorded on any *Client Survey* form or in subsequent data collections. The client may withdraw consent at any time and has the right to refuse any question or any particular piece of information is not included in the data collection. Agencies are advised that, if the completion of the *Client Survey* is expected to have a negative effect on the client, then the survey should not be completed.

A1.3 Sample Design, Eligibility and Structure

The *Client Survey* was developed over a long period of collaboration with agencies delivering services to homeless people and those at risk of homelessness. Regular meetings of the Project Advisory Group (PAG) were held at which the methodology of the project and the structure and content of survey forms were refined. At the beginning of the consultation process, a representative sample of agencies across the various programs was approached to be part of the development of the survey and subsequently to participate in the survey. A decision was subsequently made to broaden the scope of agencies participating in the survey and to invite all agencies in relevant programs in Perth, the South-West and the Southern region to become involved in the development of the project and to further participate in the Survey.

The PAG covers all agencies providing support to clients in the homelessness prevention programs that are in-scope programs for the purposes of the study. A majority of SAAP-based agencies which operate in the Perth, South-West and the

Southern region are also represented on the PAG with the exception of the youth SAAP sector. A research project is currently being undertaken in Western Australia in the Youth SAAP sector that covers issues relevant to youth homelessness and the pathways into and out of supported accommodation. This significantly limits the opportunities for agencies to participate in the present project. The study is an adult-based one, and as such only clients 18 and over can participate in the *Client Survey*. However, the Youth SAAP sector provides significant coverage of clients aged between 18 and 26 and so the absence of the majority of Youth SAAP sector limits the applicability of the results to the young adult cohort.

The breadth of coverage of agencies in the survey process across the variety of programs involved makes this study the largest undertaken of its type in Western Australia.

A1.4 Client survey

The ***Client Survey*** is divided into three streams. These are:

- The ***Main Survey*** conducted with respect to case-managed clients with support periods of sufficient length (around 3 weeks), to enable a detailed needs and support assessment to be undertaken. The *Main Survey* consists of three waves conducted within a twelve-month time horizon (entry, 3 months, 12 months) together with an exit wave.
- The ***Short Form Survey*** conducted with respect to case-managed accommodation-based clients in SAAP/CAP with relatively short support periods (less than three weeks). The *Short Form Survey* consists of three waves conducted within a twelve-month time horizon (entry, 3 months, 12 months). No exit wave is conducted.
- The ***Day Centres Survey*** conducted with respect to clients of SAAP Day Centres. The *Day Centres Survey* will be conducted on a one-off basis without follow-up.

In all three components, eligibility is based on clients aged 18 or over are receiving assistance in Perth, the South-West and the Southern regions of Western Australia in one or more of the following programs:

- Supported Accommodation Assistance Program (SAAP)
- Community Transitional Accommodation and Support Service (TASS)
- Re-entry Link
- Supported Housing Assistance Program (SHAP)
- Private Rental Support and Advocacy Program
- Independent Living Program (ILP).

The *Client Survey* is targeted on clients who have recently begun a support period rather than existing long-term clients. Such clients can be tracked through the support period and beyond. Furthermore, by focusing on this group, more accurate information is likely to be provided on the position of the client prior to the support period and the initial impact of the provision of the service than if surveys were conducted later in the support period. However, in low inflow, long support period based programs or components of programs, a sufficiently large sample will not be available unless clients are approached who have been in a support period for some time. Examples of such programs are SHAP and the family component of SAAP.

Agencies are requested to approach either all eligible clients or a random selection of clients.

The Main Client Survey comprises two parts:

- The Client Needs and Outcomes Form; and
- The Supplementary Questionnaire.

The *Client Needs and Outcomes Form* is completed as soon as possible following the start of the client's support period. Separate forms are completed for each consenting, case-managed adult (18 and over) in a presenting family unit. The *Client Needs and Outcomes Form* is completed by the case worker using information supplied by clients, case notes and assessments. Assistance to complete the *Client Needs and Outcomes Form* is available from the project's research staff who can survey clients directly with respect to questions that do not relate to case management issues.

The *Client Needs and Outcomes Form* includes questions relating to the client's:

- Socio-demographic status (age, gender, education, labour force status, English language difficulties, Aboriginal and Torres Strait Islander status);
- Current and past housing and homelessness histories;
- Presenting reasons for support;
- Current and past utilisation of services;
- Mental and physical health experiences;
- The services provided by agencies in respect of the current support period and referrals made; and,
- Status and background with respect to each in-scope homelessness prevention and assistance program.

The *Client Needs and Outcomes Form* also includes a detailed needs and support assessment sheet which has been modified from the SAAP Measurement Form (see Thomson Goodall Associates Pty Ltd, 2004). The needs and support assessment sheet includes a rating of a client's client needs/support status, ranging from 'Client is unable to manage, meet or resolve the need given their current circumstances and requires full agency support to help address the need' to 'Client able to manage, meet or resolve the existing need given current capabilities'. It also includes indicators on whether the agency has the resources to meet the need, whether clients adopt a contrary view of an assessment and whether they decide not to accept support for a specified need. Whether or not goals have been established for/with the client and the degree to which these goals are attained over time is also specified in the needs and support assessment sheet. As the client goes through the support period, further assessments are made in terms of each of the above indicators.

The *Client Needs and Outcomes Form* is completed at four points:

- on entry to support (after a level of stabilisation has occurred);
- after three months;
- after 12 months; and
- on exit.

The follow up of clients who have left support will be difficult. Clients are asked to provide contact points when consent is provided and are given a point of contact for the research team.

A Report will be published after the three month survey is completed and results assessed with a follow-up report published after the 12 month survey.

The second component of the *Main Client Survey* is the *Supplementary Questionnaire*. The *Supplementary Questionnaire* is focussed on gathering client views and responses to a range of items and can be completed in one of three ways:

- by the client alone;
- by the client, but with assistance from case managers/workers and/or members of the research team where required; and/or
- by case managers/workers and/or member of the research team reading out and explaining where required, questions and transcribing the client's responses on to the form.

The *Supplementary Questionnaire* is completed at each wave of the survey. The *Supplementary Questionnaire* seeks direct client responses to questions relating to their satisfaction with life across a range of dimensions, their support systems, their views as to how the service has assisted them, and the World Health Organisation's quality of life survey *WHOQoL-BREF Australian Version (May 2000)*. It also includes current and retrospective information of the utilisation of health and justice services by clients. This information on service utilisation will be used to estimate the level of cost offsets (see Appendix 2 below).

The *Short Form Survey* is an abbreviated form of the *Main Survey*. It includes all the questions included in the *Main Survey* but only a summary outline of the needs assessment of the *Main Survey* is undertaken.

The *Day Centres Survey* is a short survey that will be conducted on a one-off basis at community centres.

A1.5 Outcomes Measurement

The structure of the survey enables assessment of the outcomes achieved by the client in the *immediate* term (the change from the pre-support position to the support position), the *short term* (outcomes achieved over three months), the support period term (outcomes achieved by exit) and the *medium term* (over a twelve month period).

Outcomes are assessed on a multi-dimensional basis and include both program-specific outcomes and general outcomes relevant to all programs. The general outcomes measured include:

- Changes in status (e.g., labour force, income, income source, education and training, housing type quality and circumstances);
- Changes in resource use (measured in terms of level of support required during the support period);
- Changes in the level of capability to manage circumstances and needs;
- Changes in self-assessed satisfaction with dimensions of life, quality of life and improvements in ability to manage circumstances as a result of program participation; and,
- Changes in the utilisation of other services.

APPENDIX 2: ESTIMATION OF COSTS

A2.1 Introduction

In addition to the survey of individual clients, this project will also survey participating agencies to determine the cost structure of providing services and the cost drivers of support programs. It will also gather evidence on the role of agency provision of sources of cash and in-kind funding of service delivery. Our method for deriving rough estimates of cost offsets (savings achieved elsewhere from the provision of program support) involves the application of unit costs of delivering services in areas such as health and justice against prevalence indicators of service utilisation in the support and non-support case. We predict that it will not be possible to obtain complete information on likely cost offsets on this basis and therefore will utilise interviews with those administering and delivering services (such as law enforcement, justice, health) to obtain data that we cannot obtain through other sources.

Two of the aims of the research are to determine the cost of providing homelessness prevention programs and the cost effectiveness of these programs. The Steering Committee for the Review of Government Service Provision (SCRGSP) Annual Report on Government Services (2006) Part F, produced by the Productivity Commission, provides data on the cost of providing SAAP services. The unit cost analysis includes expenditure by service delivery providers but does not include administration costs borne by State Departments in administering services or capital costs. The Productivity Commission Report points out that although a lower unit cost is desirable, it may indicate lower service quality. All cost figures should be analysed with this issue in mind.

This study uses a broader definition of cost than is used by the Productivity Commission. Costs are defined as 'benefits foregone by tying up resources in one particular use and so not having them available for alternative uses' (Pinkney and Ewing, 2006). Therefore, in addition to dollar costs expended by the program, costs include the value of resources such as volunteer labour. Volunteer hours represents an opportunity cost because their time used could be used for other purposes, whether paid work, leisure activities or another volunteer activity (Pinkney and Ewing, 2006). An estimate of capital costs is also incorporated. As with the Productivity Commission definition of cost, the WA Government's cost of administering programs is not included. Cost of program delivery has not been defined to include service user and informal support costs. These include items such as cost incurred by clients to travel to the service provider, the cost of children changing schools or other costs borne by clients' families as a result of program participation. Collection of these costs is seen to be outside the scope of the research as such the reported cost of homelessness programs will represent a conservative estimate of the whole of community costs. However, it does allow focus on the direct cost and benefits of homelessness prevention programs and provides a basis for policy formation regarding funding of such programs. As it is difficult to identify and quantify the benefits of such a program to both clients' families and to the community, it is likely that reported and costed benefits will also be understated.

Data on the cost of providing programs, funding and cost drivers will be collected from the agencies. It is envisaged that the latest financial reports available will be for the 2005–2006 financial year, therefore all dollar costs and benefits will be stated in 2005-2006 dollars. Benefits that accrue from provision of support will be determined from the quantitative survey data, qualitative analysis and discussion with agencies

operating in the homelessness area and in areas such as health and justice. When assessing cost effectiveness, only a small portion of the benefits accruing from support can be allocated a market linked dollar value. To provide a complete measure of outcomes, other benefits which accrue to clients and society, such as decreased risk of crime, must be incorporated in the analysis. Where possible, a dollar value will be attributed.

The ability to make policy decisions based on cost and cost effectiveness information will be dependant on the level of cost aggregation. The aim of the research is to provide both total program costs and to estimate the cost per client for a variety of client types. Therefore, a bottom-up approach has been adopted to estimate unit costs. This approach requires identification of “the different resources tied up in the delivery of a service and assignment of a value to each. The sum of these values, linked appropriately to the unit of activity, is the unit cost of the service (Beecham 2000, 16). This unit cost data can then be incorporated with the quantitative survey data, allowing the cost of providing services to different categories of clients to be linked to the resultant benefits which accrue to these clients and to society. The relative cost effectiveness of programs can then be assessed.

Pinkney and Ewing (2006) state that their review of existing literature shows no obvious source of costing information which could be used to derive unit costs derived using a bottom up approach. The primary data collection to be undertaken as part of this research will represent a significant contribution to this literature and towards future research in this area. A number of issues must be considered when determining program cost. These include:

- putting a value on in-kind service delivery and volunteer labour;
- treatment of revenues that result from service provision;
- incorporation of whole of government budgetary savings generated in non-homelessness based programs as a result of improved outcomes arising from the provision of homelessness prevention programs. These savings are referred to as cost offsets;
- when a program operates as part of a suite of programs delivered by an agency, incorporation of centralised agency costs;
- segregation of agency and program costs between cost of providing support services and cost of providing accommodation services;
- method of distributing fixed and variable program and agency costs when determining the cost of service delivery per client;
- estimation of depreciation expense and the opportunity cost of capital invested in non-current fixed assets such as hostels and housing;
- attributing a value to benefits which accrue to the client and society, especially when benefits do not have a market determined value; and
- when determining and comparing costs and benefits for periods greater than one year, the appropriate discount rate utilised to estimate present value.

To enhance the usefulness of costing information under different policy making scenarios, a range of cost figures and cost effectiveness figures will be reported. For example, where a program has funding from government sources and public donations and volunteers work in the program, three cost figures would be reported:

- cost to government;
- total dollar cost inclusive of donations; and
- a total cost inclusive of an imputed value for volunteer labour.

The cost estimates reported in the study will be conditional on assumptions made during the analysis and the approach taken when addressing many of the above issues. Where possible these assumptions will be based on previous literature and use methodology adapted in previous studies. However, inadequate data availability and lack of readily determined market values means that estimates will reflect a large element of judgement. Sensitivity analysis will be used to address this issue and to determine which factors cause conclusions to change.

A2.2 Program Costs Inclusive of In-kind Service Delivery and Volunteers

Funding for homelessness prevention programs comes from a variety of sources such as government, from other operations within the organisation (cross-subsidisation) or from donations. Agency financial reports will be interrogated to determine the various sources of funding and how these funds are utilized to deliver the program; that is the cost structure of the program. In addition, many agencies rely on in-kind services and volunteers to assist in program delivery. As these are resources which could be employed to other uses they have an opportunity cost attached. Market wage rates will be used to attribute a dollar cost to these resources when determining the total cost of service delivery. In most instances an hourly rate for unskilled labour will be used. This rate will be calculated as the average of rates currently paid by agencies to unskilled workers, inclusive of on-costs such as superannuation. It is preferable to use market wages, as they incorporate market conditions which may cause the observed rate to differ from the award rate. When volunteers possess relevant skills, an appropriate skilled rate will be applied.

A2.3 Revenues and Cost Offsets

The cost of delivery can be defined as the gross cost attributable to running the program. However, many programs generate revenue in the process of providing services, for example, rent revenue. In addition, as a result of receiving housing support, the use of other Government services may change.

There is limited Australian data regarding change in service usage patterns. Berry et al. (2003) suggest that the impact on health, welfare, justice, education and employment assistance should be considered. US studies show that clients who receive housing support are, on average, less likely to utilise programs such as health, welfare and justice, than those who do not receive such support. The cost savings from reduced service use are found to substantially offset the cost of providing housing services (Culhane et al., 2002, and The Corporation for Supportive Housing, 2004).

In some cases, however, a client who receives housing support may increase their service use if their knowledge of these services, and access to them, increases as a result of involvement in the housing support program. Increased service use can be a positive outcome in terms of improvement in quality of life, for example receipt of unemployment benefits providing an income or receiving appropriate health care.

It is also possible that the use of educational and employment assistance services will increase, producing a positive outcome in terms of quality of life and/or an increase in earning capacity. The whole of government budgetary savings generated in non-homelessness based programs as a result of improved outcomes arising from the provision of homelessness prevention programs are referred to as cost offsets. These revenues and cost-offsets represent a reduction in total Government funding requirements. Alternatively, in the case of program revenue, a program can increase

service provision for a given level of funding availability. Therefore, the cost of program provision is defined to be the cost attributable to operating the homelessness prevention program net of revenue raised in the process of providing services and net of cost offsets. Cost offsets for programs which provide longer term housing solutions will be inclusive of any decrease in inappropriate usage of emergency crisis accommodation. Movement of clients with longer term needs to an appropriate program decreases demands on higher cost crisis accommodation and increases the probability that those in need of crisis support will be able to access it.

To estimate the value of cost offsets, the unit costs of delivering services such as health and justice will be applied in conjunction with prevalence indicators of service utilisation in both the support and non-support case. Top down unit costs for a number of Government services are published in the SCRGSP Annual Report on Government Service Provision produced by the Productivity Commission. When this cost data is for a period prior to 2004-2005, reported costs will be adjusted for inflation using the sector specific inflation rate where available, for example the health inflation reported by the AIHW, or using CPI. Although top-down unit costs are not ideal, Pinkney and Ewing (2006) indicate that they are the most likely source of such data for Australian researchers. Estimates of service utilisation will be made from information gained through the quantitative survey, interviews with those who administer and deliver these services and from studies documenting the prevalence of service usage by those who are homeless.

The dollar value of cost offsets for each service will be estimated as:

$$\text{Unit cost of delivery} * (\text{non-support usage per annum} - \text{support usage per annum})$$

For example, if the probability of a non-supported homeless person entering the justice system is 20 per cent within any year, whereas the probability is only 5 per cent if they were not homeless, then there is an additional 15 per cent chance that a homeless person will enter the justice system within a year. If the average cost per person entering the justice system is \$3,000, the estimated annual cost offset per person achieved by preventing homelessness is:

$$\$3000 * (20 \text{ per cent} - 5 \text{ per cent}) = \$450.$$

Where it is estimated that provision of support has an ongoing effect on prevalence of service usage beyond the twelve month period being directly considered, an estimate is made of the future years' cost differential. Raman and Inder (2005) refer to annual cost offsets inclusive of adjustment for future year's cost adjustments as average life outcomes. Future year estimates will be made in 2005-2006 dollars (i.e., no allowance for future inflation is made), consistent with program costs collected from the 2005-2006 financial year reports of agencies. The future cost-offset estimates will be discounted to reflect time-preference (see discussion below). The annual cost off-set plus the discounted future year's cost differentials will represent the total cost-offsets to be netted off against the annual cost incurred to operate programs which support clients at risk of homelessness.

These cost-offset estimates, comparing the support and non-support case, take as given the existing change in service usage prevalence when housing related support is provided. It is possible that given an increase in housing support services or a different mix of homeless support and/or other Government services the change in service usage prevalence would differ from that currently observed. Therefore, it is informative to consider the cost of non-housing related Government services used by those at risk of homelessness compared with the general population. This provides a measure of the total savings possible if homelessness was eliminated. This estimate

can be used to determine by how much life outcomes for those at risk of homelessness need to change for savings in non-housing related Government services to completely off-set the cost of providing support for these people.

A2.4 Calculation of Cost Offsets

The general method and main sources of data to be used when estimating service utilisation costs for non-housing related Government programs is provided below.

Sources such as the Australian Institute of Health and Welfare and SCRGSP Report on Government Services produced by the Productivity Commission provide data for the general population such as total per annum cost of service provided, service usage, service cost per person and cost per unit of service. Prevalence factors for service use by persons at risk of homelessness will primarily be determined from the quantitative survey data. Current literature will be utilised to supplement this information and to assess reasonableness of the data estimates.

The cost of service per person at risk of homelessness is calculated as:

$$\text{Cost of service per homeless person} = \text{cost per person general population} * (\text{service usage homeless population} / \text{service usage general population})$$

Where cost per person general population is not able to be sourced directly from the relevant report it is calculated, depending on the information available, as:

$$\begin{aligned} &\text{Cost per service unit} * \text{service units per person,} \\ &\text{Or} \\ &(\text{Total per annum cost of service} / \text{number of service units total}) * \\ &\text{service units per person.} \end{aligned}$$

This provides a cost per person per year. As the objective is to determine a whole of life cost savings which results from expenditure on homeless programs, a whole of life cost per homeless person is determined by extrapolating the annual cost. The quantitative survey data will be used to determine any relations which exist between age and prevalence of service usage. When no change in usage is observed the whole of life cost will be determined by multiplying the annual cost by an estimate of the average years of remaining life. When a relation is observed, the calculated whole of life cost will incorporate the changing service usage rate.

The primary benefits to government of improved employment outcomes are reduced payment of unemployment benefits, reduction of other benefits such as subsidisation of health care costs, emanating from improved employment outcomes and increased tax revenue. Income data at the beginning and end of the support period is collected as part of the quantitative survey for those at risk of homelessness. This will be combined with tax rates to determine the change in income tax revenue. To obtain an estimate of the change in contribution to taxation income over a person's working life, the per annum figures are multiplied by the relevant number of years.

Both the "SAAP National Data Collection Annual Report" and the "SCRGSP (2006), *Report on Government Services 2006*, Productivity Commission, Part F – Community Services" provide data relating to circumstances of clients at risk of homelessness prior to and after support, including factors such as accommodation, employment status and income levels.

Pinkney and Ewing (2006), Appendix B provides a review of studies examining prevalence of factors such as drug use, mental health issues and use of emergency services among homeless people. The review also includes studies detailing

outcome changes resulting from support in areas such as education and employment. These studies will be reviewed for relevant indicators of prevalence of service usage.

In addition, the following data sources are available.

SAAP services

Australian Institute of Health and Welfare (2006), *Demand for SAAP accommodation by homeless people 2003–2004* provides data relating to unmet demand for housing related services.

Health and mental health

Australian Institute of Health and Welfare (2006), *National public health expenditure report 2001-02 to 2003-04*, Health and Welfare Expenditure Series No 26.

Australian Institute of Health and Welfare (2005), *Australia's welfare 2005*

Australian Institute of Health and Welfare (2004), *Australia's health 2004*

Commonwealth Department of Health and Ageing (2004), National Hospital Cost Data Collection – Cost Report Round 7 (2002-2003)

SCRGSP (Steering Committee for the Review of Government Service Provision) (2006), *Report on Government Services 2006*, Productivity Commission, Canberra., Part E - Health

Western Australian health services research linked data base

Drug and Alcohol Services

Australian Institute of Health and Welfare (2004), *Australia's health 2004*

Australian Institute of Health and Welfare (2005), Alcohol and other drug treatment services in Australia 2003-04

Australian Institute of Health and Welfare (2005), Alcohol and other drug treatment services in Australia, findings from the National Minimum Data Set 2003-04

Psychogios, C. (2005), *Alcohol and other drug treatment services in Western Australia 2003-04*, National Minimum Data Set (AODTS-NMDS) for Western Australia

Police, justice system and corrective services

Australian Institute of Criminology (2006), *Australian crime: Facts and figure 2005*, Canberra.

Chisholm, J. (2001), *Benefit-cost analysis and crime prevention*, Trends and Issues In Crime and Criminal Justice no 147, Australian Institute of Criminology, Canberra

Mayhew, P. (2003), *Counting the costs of crime in Australia*, Trends and Issues In Crime and Criminal Justice no 247, Australian Institute of Criminology, Canberra.

Mukherjee, S., C. Carcach and K. Higgins (1997), *A statistical profile of crime in Australia*, Australia Institute of Criminology, Canberra.

SCRGSP (Steering Committee for the Review of Government Service Provision) (2006), *Report on Government Services 2006*, Productivity Commission, Canberra, Part C - Justice

Education

SCRGSP (Steering Committee for the Review of Government Service Provision) (2006), *Report on Government Services 2006*, Productivity Commission, Canberra, Part B – Education.

A2.5 Allocation of Agency Costs

Where a program operates on a stand alone basis, cost is the total costs incurred by the program. For many program providers, the organisational structure will consist of an overarching agency which manages a range of programs, each designed to meet the needs of a particular type of client. Agency level functions may include things such as central management, human resources and facilities management. They provide a centralised resource utilised by all programs operated by the agency. In this type of structure, the total cost incurred in program delivery includes both the costs directly incurred by the program and costs incurred at an agency level which can be attributed to operation of that program. Total cost of program delivery should be inclusive of these centralised costs.

Centralised agency costs should be allocated to individual programs based on the physical factors that drive the costs. Current agency cost allocation methods will be reviewed to determine whether they are consistent with cost drivers, if so currently reported program costs inclusive of centralised costs will be used for program costing purposes. If current methods are not consistent with cost drivers, for example if centralised costs are allocated equally between programs regardless of the quantity of centralised resources used by each program, then a cost allocation method consistent with cost drivers will be developed and agency costs re-allocated on that basis. This will result in an estimate of program cost which is not consistent with figures reported elsewhere, but which is more appropriate when determining both total program cost and cost per client.

A2.6 Estimation of the Cost of Support Services and Accommodation Services

Services provided can be divided into two broad categories of activity: support services and accommodation services. These categories are not necessarily distinct, but Pinkney and Ewing (2006) argue that they should initially be separated for unit cost estimation purposes, and then recombined to develop cost estimates for different combinations of service use. Costs related to property will depend on whether the agency owns the property outright, in which case an opportunity cost of invested capital should be considered (see below), whether the agency is purchasing the property and loan payments are made, whether the property is leased or whether a third party is financing the property, in which case the cost to the external party should be included. In addition, management and administration costs associated with operating the facility should be considered, such as tenancy management and maintenance. The other cost to consider here is payment of rent for private accommodation such as hotels, caravan parks and other forms of private accommodation.

Major costs for support services are wages, vehicle usage and overheads. Overheads may include centralised costs, as discussed above, in addition to overhead costs incurred by the program. Overhead costs are discussed in more detail below.

A2.7 Determining the Cost per Client

In addition to total cost of service delivery, the research aims to provide estimates of cost per client. Two main questions can be answered using this information:

- What is the total cost of providing support for a client (total average unit cost)?
- What is the cost of providing support for an additional client (marginal unit cost)?

The costs included will vary depending on the question to be answered. For decision making, relevant costs are those which will change as a result of the decision being made. Therefore, to answer these questions it is first necessary to determine which factors drive costs and the cost per unit of the cost driver. Discussion with agencies suggests that the main cost drivers are staff hours utilised, travel to meet with clients and, in some programs, brokerage to pay for services required by the client.

Cost types can be broadly categorised into fixed and variable:

- Fixed cost – total cost does not change with the number of clients
- Variable costs – total cost is directly proportional to the number of clients.

Most costs are actually neither totally fixed nor variable, but it is helpful to think about them in this manner when developing a cost model. A program's costs will be a mixture of those which are for practical purposes seen as fixed and independent of the number of clients, for example rent, those which are quasi-fixed or stepped, such as salary of full time staff where the number of full-time staff will change in response to a comparatively large and permanent change in client numbers, and those costs which vary directly with the level of activity, such as casual employee hours.

The cost to support each client will vary, depending upon each client's background and needs and how that affects the quantity of program resources utilised. The research aims to estimate both an average and marginal cost per client for a number of broad client categories. This will provide information which is of greater use than a generic average or generic marginal cost. In order to meet this aim, data will be collected in the quantitative survey on the main physical resources used in supporting clients. After consultation with service providers, the following data are to be collected:

- Hours spent to assist each client participating in the study, this includes staff working directly with the client's case and other staff who undertake activities to assist them. Hours for professional, administrative and other staff plus volunteers are collected separately;
- Any travel undertaken in relation to the case of clients participating in the study;
- Brokerage in relation to the case of each client participating in the study;
- Other services provided, such as meals;
- Nights spent in program provided accommodation; and
- Hours and kilometres travelled in relation to clients not participating in the study and when performing duties not directly related to clients, such as attending meetings and general administrative duties.

This data will be linked to the quantitative survey information. Program costs, exclusive of accommodation and vehicle costs, will be allocated to each broad category of client in proportion to employee/volunteer hours, accommodation expenditure will be allocated based on accommodation nights and, kilometres travelled will be used to allocate vehicle costs.

For each category of client, total average cost per client (TAC) will be calculated as:

$$\begin{aligned} \text{TAC} = & ((\text{fixed costs}/\text{total hours}) + \text{variable cost per hour}) \\ & * \text{hours per client} + (\text{accommodation costs}/\text{total nights}) \\ & * \text{nights per client} + (\text{vehicle cost}/\text{kms}) * \text{Kms per client} \\ & + \text{brokerage} \end{aligned}$$

Where: Fixed cost is per annum fixed cost, excluding vehicle costs and brokerage

Variable cost per hour excludes accommodation costs, vehicle costs and brokerage

Total hours is total per annum employee hours plus volunteer hours for the program

Hours per client is the average number of hours required to provide support for that category of client

Accommodation and vehicle cost are total per annum cost

Total costs and Kms are total per annum accommodation nights and kilometres, respectively, for the program

Nights per client and Kms per client are the average number accommodation nights and kilometres travelled, respectively, to support that category of client

Brokerage is the average cost of brokerage for that category of client.

As total fixed cost does not change with the number of clients, total average cost per client will vary with the number of clients. In contrast, marginal cost will usually be stable across a range of client numbers, as marginal cost will predominantly consist of variable costs and brokerage, where applicable.

A2.8 Depreciation and Opportunity Cost of Capital Invested in Fixed Assets

The cost to an agency of investment in non-current physical assets such as hostels and housing stock include depreciation expense and the opportunity cost of funds. To be consistent with definitions of these cost items as reported in the Report on Government Services, depreciation is defined as “an expense recognised systematically for the purpose of allocating the annual consumption of the amount of non-current asset used in providing a government service over its useful life” (SCRCSSP 2001, 3). The amount of depreciation expense will be determined by the capital value of the asset and the useful life attributed to the asset. In Western Australia, housing agencies value their housing stock at current market value and with a useful life of 50 years. Depreciation is also calculated on this basis (SCRCSSP 2001). Agency books of account will be examined to determine annual depreciation charges.

Opportunity cost is defined as “the return foregone from not using the funds to deliver other Government services, or to retire debt. ... The user cost of capital rate is applied to all non-current physical assets, less any capital charges and interest on borrowings already reported by the agency (to avoid double counting). The user rate

of capital is based on a weighted average of rates nominated by jurisdictions” (SCRCSSP 2001, 3). Opportunity cost of capital will be determined by applying the current user rate of capital for Western Australia, as specified in the Report on Government Services to the capital value of non-current fixed assets as reported by the agency.

A2.9 Determining the Dollar Value of Benefits

Benefits of providing housing support will consist of those benefits which accrue directly to clients, such as increased likelihood of employment and improved educational outcomes, and those benefits which accrue to society at large. The value of benefits which accrue to clients will be estimated using a similar manner to valuing cost offsets; quantitative survey data and previous research will be examined to determine the probability of different outcomes resulting from the support and non-support case. The difference in probabilities will then be applied to an estimate of financial benefits attributed to the change in outcome.

Benefits which accrue to society may include factors such as increased productivity at work, decreased absenteeism and reduced insurance premiums from a decrease in the prevalence of crime. Although a dollar value can be placed on these types of benefits, collection of this type of data is outside the scope of this research. In addition, not all benefits accruing to the client or those which accrue to society will be able to be assigned a market related dollar value. For example, if reduced homelessness results in an improvement in community amenities, reduced risk of public disease or increased quality of life due to a decrease in drug and alcohol abuse, it is important that these benefits be included in the analysis. Therefore, it is proposed that contingent valuation methods be used to assign a dollar value to identified outcomes which are not otherwise assigned a market value. Contingent valuation “uses survey methods to present respondents with hypothetical scenarios about the program or problem under evaluation. Respondents are required to think about the *contingency* of an actual market existing for the program ... and to reveal how much they would be willing to pay for such a program or benefit” (Drummond et al. 1997).

A2.10 Present Value and the Discount Rate

The quantitative survey is to be undertaken over a one year period. Where outcomes change as a result of support, benefits and costs may accrue over future periods. The value of these future benefits and costs will be estimated in terms of to-day’s dollars with no adjustment for changes in purchasing power; that is they will be estimated in real 2005-2006 dollars. When costs and benefits occur at different time periods it is also necessary to adjust for time preference. Time preference relates to the fact that ‘individually and as a society we prefer to have dollars or resources now as opposed to later because we can benefit from them in the interim’ (Drummond et al. 1997). Dollar cost and benefit streams are discounted to reflect the fact that future cash flows should not weigh as heavily in program decisions as cash flows which occur to-day. Therefore, the projected real dollar cash flows will be discounted using a real discount rate which reflects time preference. This methodology assumes that the same inflation rate is expected to exist in relation to costs, revenues and benefits and is equivalent to the inflation rate which is reflected in the expected nominal interest rate.

The choice of an appropriate real discount rate is subjective. Drummond et al. (1997) p. 72 states that there are two competing theoretical rates:

- the real rate of return (to society) foregone in the private sector. However, they do not suggest how this should be calculated. Theoretically it should represent the average real rate of return realised in the market for all asset classes, reflecting the average risk of private investment assets, or
- the rate demanded by society collectively to forego consumption to-day in order to have consumption tomorrow. This can be estimated empirically with reference to the real long-term Government bond rate, and assumes risk equal to the risk of long-term Government debt.

Drummond et al. (1997) then state that most studies in the health care literature use a standardised real discount rate of 3 per cent or 5 per cent. Raman and Inder (2005) do not discount future estimates of cash flows to reflect time preference, this is equivalent to a 0 per cent discount rate. An Access Economics (2004) study into the cost of domestic violence in Australia uses the long term government bond rate of 5.8 per cent as the nominal rate and deducts 2.5 per cent for inflation, to give a real discount rate of 3.3 per cent for future streams.

Applying the approach taken by Access Economics, the long term government bond rate in Australia ranged between 5 per cent and 5.76 per cent over the twelve months to March 2006. The Reserve Bank has a mandate to maintain an inflation rate within the 2 per cent to 3 per cent range over the economic cycle. Therefore an inflation rate of 2.5 per cent on average is assumed. This suggests a real long-term Government bond rate of between 2.5 per cent and 3.26 per cent is currently applicable. This range is inclusive of the 3 per cent used in many studies. Current observed rates are in the lower range of historically observed rates. If nominal rates are expected to increase into the future the discount rate should reflect this. Given the subjective nature of the discount rate and to improve comparability with other studies a sensitivity analysis will be undertaken, including rates of 0 per cent, 3 per cent and 5 per cent.

APPENDIX 3: THE QUALITATIVE ANALYSIS

A3.1 Introduction

The study's research design recognises that a quantitative analysis of service outcomes cannot fully capture all forms of outcomes achieved by clients nor convey the varied ways life histories, life circumstances and life events intervene to affect client outcomes. A quantitative analysis also does not readily highlight the dynamics surrounding the role of agencies and agency staff in affecting change. However, the qualitative interviews with service providers and clients of homelessness prevention and support programs will provide the project with data on sensitive and complex issues that are not easily obtained through structured questionnaires or existing data sources.

As the aim of the qualitative research is to provide context and depth to the quantitative data collection, the research team will adopt a framework influenced by symbolic interactionism and phenomenology. We have selected this approach for several reasons. First, because such an approach foregrounds the underlying mechanisms by which both objective reality and subjective reality combine to render life meaningful (Katz 1988; Moustakas 1994). In the context of this project, this will enable an exploration of the ways in which people who experience homelessness in its various stages construct their self image, the strategies they develop to create meaning in their lives and the ways in which each person reacts to and interprets their environment (see also Clark and Cornish 1985; Farrall and Bowling 1999; Shover 1996). Foregrounding these techniques will provide some ways in which to explore why it is that individuals exposed to the same environment, or those who demonstrate similar biological or psychological characteristics, respond to homelessness, or the risk of becoming homeless, in different ways.

Second, this framework acknowledges that inter-subjective reality is part of the process of inquiry (Schutz 1967). A symbolic interactionist–phenomenological framework recognises that any attempt to grasp the experience and meaning of another person always involves some form of interpretation. In short, this means that for researchers there is not a neutral position from which to report observations free from social, cultural and historical biases. In terms of this project, the quantitative component does not provide the means to capture the significance of the day-to-day experiences of people who are homeless, the experiences of services providers and agencies who attempt to provide service for people who are homeless and the relationship between these groups. Acknowledging the significance of inter-subjective reality provides the means to flesh out not only how homeless people interpret their lives but also how homeless people have their lives interpreted for them. This will allow for an exploration of some of the ways in which the manner, form and content of interpreting homelessness for all parties concerned might contribute to and or sustain the experience of being homeless and conversely how these experiences could reduce the possibility of further episodes of homelessness.

The qualitative component of this research will draw participants from different backgrounds and with different needs. Participants will be interviewed using a homeless life history framework to order and categorise the data. As a method for inquiry, a life history format can help to overcome some of the problems associated with the collection of retrospective data, such as recall bias. This is used in projects where there is an interest in the timing and sequencing of specific events within a respondent's life and where the accuracy of a respondent's recollections is important.

The baseline interview will occur at the start of the support period. The homeless life history in the form of a grid will be used to cross-reference the timing of respondents' life changes with changes in their circumstances. While interviews will be sufficiently structured to ensure that systematic and comparable information can be gathered, they will also enable respondents to represent, in their own words, their experiences of events and services aimed at assisting them.

There will be two follow-up interviews mirroring the sequence of the quantitative surveys. The follow-up interviews will have a similar format to the initial interview, but will request recall over short time periods thereby enabling a closer focus on the differential short term affect of services on desired outcomes and how this varies across different groups of homeless people. A picture should therefore emerge of the different pathways into homelessness, crisis or risk of homelessness, how previous life experiences structure current outcomes and what happens in terms of outcomes when different levels and types of services are provided and when events intervene to affect the client's circumstances.

A3.2 Client Interviews

The design of the qualitative research with clients is organized around the theoretical concepts of: needs, outcomes, effectiveness, voices, lives and experiences. The first three of these concepts closely mirror the concerns of the quantitative material while the latter three will only be captured through the qualitative research. From this it is clear that the aims of the qualitative research are threefold. First, it will capture data on needs, outcomes and effectiveness which cannot be easily captured within the quantitative data collection. Second, by focusing on 'lives', a picture of how factors over a long period interact to affect current outcomes will become evident. It will establish a distinct longer-term perspective on how temporality and relationality interact to produce particular outcomes. Third, by focusing on voices, lives and experiences the qualitative material will provide a contextual perspective to further understand what needs, outcomes and effectiveness mean for people who are homeless or at risk of becoming homeless. Previous qualitative studies (Tomas and Dittmar, 1995) have illustrated that homelessness may be a 'solution' for women and children facing violence within the home. In this case a return to 'stable' housing may result in lower costs to government but this may not necessarily indicate a positive outcome for the individuals involved. The qualitative research presents an opportunity to make similar discoveries which are important for contextualizing the quantitative data on outcomes. It will also provide opportunities for the notion of outcome to be explored and potentially unsettled in the context that not all outcomes are necessarily positive.

For the client interviews, the homelessness life history grid encapsulates within the one form two commonly utilized approaches within qualitative research: topical interviews and life-narratives (or life-history narratives). Both of these approaches fit well within symbolic interactionist-phenomenological theoretical framework. Our design involves selecting client 'cases' using a purposive (or maximum variation) sampling strategy (Patton, 1990) with the aim of including in the study a range in gender, age, cultural identification, disability status, and history of homelessness (including risk of), service type used (i.e. where the service user is accessing support), and outcomes. We have chosen characteristics which previous research indicates (as discussed in earlier in this paper) are most important in affecting outcomes and the ability of agencies to assist clients. Our aim is for the final sample of participants to represent a diverse range of needs, outcomes, lives and experiences rather than to have a representative random sample of clients.

Our approach to interviews will involve interviewing around pre-determined categories and themes. However, unlike standard topical interviews, there is a specific emphasis on the temporality of experience. Tomas and Dittmar's (1995) study of homeless women's housing histories used a housing chart as the basis for semi-structured interviews on experiences of homelessness. While the purpose of Tomas and Dittmar's study was to explore some of the ways in which housing and becoming homeless were viewed and understood by a group of homeless women, the housing history approach provides a systematic format to inquire into a range of issues that revolve around concepts of home, house and being homeless.

Drawing on the experience of Tomas and Dittmar, we will be exploring the housing history of the participants. The interview will utilize a conversational format, where individuals will be asked about the preceding factors that led to a period of homelessness, what sources of formal and informal assistance they sought, what assistance they received, their perception of the effectiveness of the assistance and the implications of support needs being met, only partly met, or not being met. We will also focus on current and projected support needs and perceptions of the effectiveness and outcomes of current supports. Semi-structured interviews provide a flexible and responsive way in which to capture participant's life stories, experiences and meanings. Open-ended questions accompanied by prompts for researchers will be used. The sequence of the questions may vary; dependent on the participant's chosen direction for the interview conversation (Bryman 2004 p. 113; Dudley, 2005 p. 164). Johnson (2000, p.105) argues that in-depth interviewing allows researchers to explore participant's issues, experiences and histories that are intimate and/or sensitive.

An important factor for the project is the protocol for recruitment of participants; that is, who will select the cases and how they will be selected. The overarching design in this research project involves contacting homeless people (or those at risk) through service providers. Therefore service providers will play a role in the selection and identification of clients to be interviewed. At the same time a selection problem exists: if service providers have sole responsibility for selecting participants some bias may be evident. In order to counter this we have developed a selection protocol which involves the following: Firstly, the decision about the specific characteristics we wish to capture in the participants has been agreed with the project advisory group (which includes representatives from service delivery agencies). To date, the research team has developed good ground support with agencies in order to achieve a diversity of outcomes (from positive to not so positive) and a range in the complexity of client's cases. Secondly, the specific details of the characteristics we are interested in will be clearly documented for the research team and service providers.

The interviews will be focused around specific themes and experiences. The homeless life history framework will be used to structure the interviews but the data will be primarily captured through audio-tape recording and transcription of the interviews.²¹ Prior to commencing each interview, the notion of 'informed consent' and the capacity to withdraw from interviews will be emphasised. This is in recognition of the potential vulnerability of participants who will be experiencing homelessness, and a myriad of other issues, which could be traumatic (i.e. domestic and family violence, histories of physical and sexual abuse, substance misuse, mental illness and other forms of psychological distress). Qualitative researchers will be exploring the language that participants use to describe their experiences of homelessness and use this language in the interviews. Prior to commencing the interview, researchers will explore support networks/people available to the

²¹ Only the research team and professional transcribers who have signed confidentiality agreements will have access to these tapes or complete transcripts.

participant to ensure that the person can access support if they are emotionally triggered as a result of the discussion. Interviews will be digitally recorded and participants will be offered the choice of an audio or written transcription of the interview. Researchers in the qualitative team are experienced in both practice and research with vulnerable people. Networks will be established for debriefing amongst researchers.

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