

# The economic benefits of providing public housing and support to formerly homeless people

**PROVIDING ACCESS TO STABLE HOUSING AND SUPPORT TO MAINTAIN A TENANCY IS EFFECTIVE IN REDUCING THE USE OF HEALTH CARE SERVICES AMONG PEOPLE WHO WERE FORMERLY HOMELESS, AND YIELDS POTENTIAL COST SAVINGS TO GOVERNMENT.**

## KEY POINTS

- National Partnership Agreement on Homelessness (NPAH) funded programs, which aim to help homeless clients access and maintain social housing, or assist those at risk of homelessness maintain existing tenancies, are found to be broadly successful in achieving these aims.
- NPAH-funded programs across Australia exhibited tenancy sustainability rates of between 80.9 per cent and 92.3 per cent (depending on the program and year under examination). With an average cost of eviction estimated at \$8,814 per eviction event, each eviction avoided represents a major saving for government.
- Program success was attributed to well-developed relationships between support workers and clients, and 'wrap-around' flexible support.
- Program effectiveness was constrained by lack of available or suitable housing, and long waiting lists for access to programs, especially for mental health support.
- An in-depth analysis of formerly homeless people entering public housing through NPAH programs and priority access waitlist channels in Western Australia

*This bulletin is based on research conducted by **Professor Paul Flatau, Dr Lisa Wood, Dr Kaylene Zaretsky, Dr Sarah Foster, Ms Shannen Vallesi and Ms Darja Miscenko** at the AHURI Research Centre—The University of Western Australia. The research examined the impact of programs providing social housing with support for people experiencing homelessness under the National Partnership Agreement on Homelessness (NPAH).*

(WA) found significant reductions in health service use following entry into public housing. After entering a public housing tenancy, the use of health services fell significantly.

- Across all formerly homeless people entering public housing, a saving of \$16.4 million or \$4,846 per person per year was estimated in the year following entry into public housing.
- However, the cost savings were even greater for those who accessed public housing through tenancy support programs funded under the NPAH in the year following entry to public housing. The cost saving was \$13.1million or \$13,273 per person, suggesting that the tenancy support programs yield additional benefits. The largest saving was evident in the NPAH mental health program (\$84,135). A decrease in the proportion of people staying overnight in hospital and accessing intensive psychiatric care as well as reductions in length of stay drove health service cost reductions.

## CONTEXT

The NPAH was introduced in 2009 as part of an increased focus on addressing homelessness in Australia. Programs introduced under the NPAH emphasised the goal of breaking the cycle of homelessness through early intervention and prevention programs and by strengthening the provision of services aimed at supporting homeless clients' ability to access and sustain housing.

The NPAH programs covered in the national study included programs supporting homeless people to access/maintain a social housing tenancy, street-to-home or Common Ground support for rough sleepers; support for existing social housing tenants to maintain an 'at risk' tenancy, and supported accommodation for young people using a Youth Foyer model. The focus of this study was to quantify the savings in government health expenditure associated with these programs.

The focus of the WA linked health and housing study was NPAH programs providing access to public housing for formerly homeless people and supporting clients on entry to housing.

## RESEARCH METHOD

The study comprised three main parts:

1. An examination of NPAH homelessness programs operating in 2011–13 across Australia designed to estimate the benefits to government of preventing homelessness. This involved utilising national client data from the Australian Institute of Health and Welfare Special Homelessness Services Collection (covering 36,209 clients), as well as data collected through a survey of government departments and housing agencies responsible for administering the program. Program cost information was available for 35 homelessness programs funded under the NPAH.
2. An innovative data linkage of WA person-level health service system records with person-level public housing tenancy records. The analysis focused on five homelessness programs, tracking 983 tenancy support program clients and 2,400 priority housing (homelessness) tenants before and following entry into public housing, analysing the links between housing and support with health outcomes and lower housing costs.
3. A survey of current WA Department of Housing tenants in NPAH funded tenancy support programs or housed via a priority housing (homelessness) route (n=277). Along with questions on client demographics, and homelessness history, the survey asked clients about the support they received pre- and post-housing tenancy, their confidence in maintaining their tenancy and self-reported health status and health service use.

## KEY FINDINGS

### ***Supported tenancy programs are effective in securing access to public housing and preventing eviction***

NPAH funded tenancy support programs across Australia were successful in housing clients and preventing eviction among people who were homeless or at risk of homelessness. At

commencement of program support, 33.7 per cent were homeless, but this reduced to 2.1 per cent at the close of support. The average cost of eviction was estimated at \$8,814 per eviction event, and so each eviction avoided represents a major saving for government.

***The cost of tenancy support programs varies by program type, intensity and duration***

The cost of tenancy support programs during 2011–13 across all program types in Australia was estimated at \$23/day of support, with a mean cost of \$4,260 per support period and a median cost of \$3,492 per support period. However, the cost varied significantly across programs reflecting the intensity and duration of support.

***Enablers and barriers to NPAH program success both reflect the role that all sectors need to play in curbing homelessness***

Well-developed relationships, ‘wrap-around’ flexible support (e.g. support is client focused and flexible enough to allow clients to move forward at their own pace), availability of brokerage funds and the use of housing as a ‘platform’ for delivery for other social and human services were the main factors cited as contributing to the success of NPAH funded tenancy support programs.

The primary limitations of program success were identified as lack of suitable public and community housing; long waiting lists for mainstream services, particularly mental health services; financial and budgeting services; and staff shortages in the agency delivering the program.

***Data linkage evidence in WA shows that the provision of public housing significantly reduces health service use (both in terms of proportion of people using services and frequency/duration of use)***

Significant reductions were observed pre- and post-entry into public housing, in the percentage of NPAH tenancy support program clients accessing an Emergency Department, Intensive Care Unit (ICU), psychiatric or mental health service, staying overnight in a hospital, or having a prescription for opioid dependence. There was no significant change for hospital-in-the-home services.

There was no apparent reduction in the frequency of visits to emergency departments. However, there were reductions in the *duration of time* spent in ICU and overnight in hospital, in psychiatric care units or with a mental health service provider. A reduction in the *mean number* of prescriptions for opioid dependence was also observed. The only increases in service usage were with hospital-in-the-home services and mental health service use for those entering public housing via the priority wait list channel for homeless people.

The WA linked data analysis confirms the importance of helping people to sustain public housing tenancies: tenancy duration of one year or more was positively associated with reductions in the proportion of people accessing all seven health services.

***There are direct calculable government health care cost savings associated with reduced health service use following public housing entry***

The change in use across health care services examined from entry to public housing resulted in a combined cost saving of \$16,394,449 or \$4,846 per person per year, across all people in the sample for a single year. When priority housing (homelessness) tenants are excluded from the analysis and only those supported by an NPAH tenancy support program are looked at, the change per person is a much higher \$13,273 per person per year. This large cost offset relates predominantly to the Health Service Worker Mental Health program, where the offsets amounted to \$84,135 per person per year.

***The survey of a sample of tenants reveals the value of personal support through the program and other sources, resulting in confidence in maintaining tenancies***

The role of support provided by NPAH tenancy support programs was evident in tenant survey data, but it was also apparent that support from other various programs is also highly valued by those tenants who accessed priority public housing due to homelessness. Tenant confidence to maintain their tenancy was high, with 85 per

cent of individuals who entered through a NPAH funded program indicating that they were *very confident* or *confident* in maintaining their tenancy.

## POLICY IMPLICATIONS

The NPAH tenancy support programs reviewed in this study have been successful in enabling homeless people to access housing, sustain that housing, reduce eviction and significantly reduce homelessness. Such programs have also been successful in sustaining at risk social housing tenancies and preventing eviction. As such, these programs are avoiding both the cost of homelessness itself and the high costs of eviction.

On the whole, the recurrent costs of NPAH programs that support clients to access and sustain public and community housing are relatively low. Given the demonstrated cost-effectiveness of such programs, the evidence presented in this study is supportive of the continued application of these programs in Australia. The evidence also points to the benefits of capital investment in the social housing stock. While a lack of public and community dwellings remains a limitation to the ability of programs to house clients, the high proportion of tenancies sustained across all types of NPAH programs is indicative of their success.

This research finds that the provision of stable public housing for people experiencing or at risk of homelessness results in reduced health service use (both in terms of the number of people and the frequency and duration of use), and associated cost savings to the health system and public purse. Savings are

greater for those with support. Providing stable housing with support should be a first priority to improving not only housing outcomes, but health outcomes and consequently reducing health care costs. This is particularly the case for individuals who experience mental health issues.

The findings support the role of public housing as a foundation for non-shelter outcomes and, in particular, health outcomes. They also point to the importance of continued support for highly vulnerable entrants to public housing, particularly for those with a history of severe and persistent mental illness who are either homeless or at risk of homelessness.

Specifically, the study provides an evidence base for the continuation of programs funded through the NPAH, focused on the provision of housing with support. It also shows the value of linked health and housing data in policy-relevant research and impact evaluations and provides a basis for future Australian studies in this area.

## FURTHER INFORMATION

This bulletin is based on AHURI Project 82028, *The cost effectiveness of sustaining tenancies of formerly homeless clients with high needs*.

Reports from this project can be found on the AHURI website: [www.ahuri.edu.au](http://www.ahuri.edu.au) or by contacting AHURI Limited on +61 3 9660 2300.

[ahuri.edu.au](http://ahuri.edu.au)



ADDRESS Level 1, 114 Flinders Street Melbourne Victoria 3000 TELEPHONE +61 3 9660 2300  
EMAIL [information@ahuri.edu.au](mailto:information@ahuri.edu.au) WEB [www.ahuri.edu.au](http://www.ahuri.edu.au)

**ACKNOWLEDGMENTS** This material was produced with funding from the Australian Government and state and territory governments. AHURI Limited gratefully acknowledges the financial and other support it has received from these governments, without which this work would not have been possible.

**DISCLAIMER** The opinions in this report reflect the views of the authors and do not necessarily reflect those of AHURI Limited, its Board or its funding organisations. No responsibility is accepted by AHURI Limited, its Board or funders for the accuracy or omission of any statement, opinion, advice or information in this publication.