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Youth Housing in Australia

Its impact on young peoples' employment and education outcomes, and the economic case for investment

Evidence review

30 January 2026

About this report

This paper has been prepared by Social Ventures Australia (SVA) Consulting. SVA Consulting was engaged by Melbourne City Mission (MCM) in a fee for service advisory capacity to undertake the work in early 2026.

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Acknowledgement of Country

Social Ventures Australia acknowledges and pays respect to the past and present traditional custodians and elders of this country on which we work.

'After the Rains' by Richard Seden for Saltwater People, 2025.

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Purpose of this paper

This paper synthesises evidence supporting the economic productivity case for youth housing investment, to support government decision making. It examines the impact of medium to long term youth housing and support models, in particular.

It has been informed by a review of research, evaluations, reports and public data. It focuses strictly on housing, education and employment outcomes due to their direct link to productivity. Consequently, the report only profiles youth housing models with quantitative evaluations of these metrics. Broader social impacts, while significant, are outside this scope.

1. Key insights

An overview of key insights identified in this paper are outlined below, together with the implications for policy makers.

- **The context.** Youth homelessness is a persistent challenge affecting ~40,000 young Australians (aged 12-24) annually, disproportionately impacting girls and young women (65%) and First Nations peoples (33%). There are complex drivers, amplified by systemic failures that leave young people with few viable housing options. Homelessness severs economic participation. 72% of at-risk youth are disengaged from education, and unemployment sits at ~84% (vs 10% general youth).
- **Evidence of impact.** Specialised youth housing models are distinct from adult services, addressing unique developmental needs of young people. The models profiled in this report achieved economic participation outcomes significantly higher than baseline data. Results are compared to the outcomes of crisis responses delivered by Specialist Homelessness Services (SHS)[i]. Over 70% of program participants secured a pathway into stable housing (vs 27% baseline). Participant engagement in education ranged from 41-77% for the profiled programs (vs 28% baseline), and employment outcomes ranged from 36-70% (more than double the 16% baseline). Secure housing and supports were noted in program evaluations as critical precursors to these gains. These results do not diminish the essential role of the SHS system, but rather highlight the promise of these complementary, specialised models.
- **Productivity benefits of investment.** Youth homelessness hinders productivity and imposes significant avoidable costs, including $626 million p.a. in health and justice expenses (Swinburne, 2016 dollars). Educational disengagement adds further strain, costing **$315 million p.a.** for early school leavers, and **$470 million p.a.** for those disconnected from work or study (Mitchell Institute, 2014 dollars). Conversely, SGS Economics and Planning (2024) found that **every $1 invested** in youth housing **delivers $2.6 in community benefits** over 30 years. This aligns with the Productivity Commissions 2025 five pillars inquiries - by reducing Australia's rising service costs and improving workforce participation.
- **Implications.** Strong evidence confirms that youth housing delivered with wrap-around supports, acts as a productivity enabler, delivering high returns by lifting education and employment outcomes. While the profiled evidence is robust, gaps remain. Future investment must include rigorous longitudinal evaluation to ensure governments can continuously learn and refine 'what works' to maximise outcomes for at-risk youth.

[i] The AIHW SHS data is the broadest available dataset on outcomes for young people accessing homelessness support in Australia. However, this comparison has limitations. The SHS dataset aggregates outcomes across the entire service system — which is predominantly oriented toward crisis response and short-term support — whereas the models profiled in this report are specialised, medium-to-long-term housing interventions. Consequently, this data compares the average system-wide outcome against the results of specific, intensive youth housing models. This report acknowledges the critical role of SHS services and notes that outcome differences reflect distinct service models, rather than a critique of providers operating within a system under significant pressure.

2. The context

Youth homelessness is a persistent challenge, with the housing assistance system overwhelmed and inadequate to address the need

Young people experience homelessness at disproportionately high rates, placing pressure on an already stretched support and assistance housing system.

- **High prevalence.** Young people (aged 12 to 24) were nearly a quarter (23%) of all people experiencing homelessness in the 2021 ABS Census (~122,500 individuals)[1]. Since 2016, youth homelessness rates have remained stubborn, with only a minor decrease from 73 people to 71 people per 10,000 in 2021[2].
- **System demand.** In 2024-25, around 40,500 young people (aged 12 to 24) presented alone to Specialist Homelessness Services (SHS)[3]. Over half (57% or 6,200) of those aged 12–17 and two-thirds (69% or 20,400) of those aged 18–24 needed accommodation-related assistance[4].
- **Vulnerable cohorts.** Of those young people presenting to SHS, over one-third (33%) identified as First Nations, and two-thirds (65%) were women and girls[5]. Almost 1 in 3 (30%) young people leaving out-of-home care experience homelessness within their first year after leaving care[6].
- **System overwhelm.** In 2024-25, less than 3% of public housing tenants had a young person (aged 15-24) as lead tenant, despite being 14% of those presenting alone to SHS[7]. Further, in 2024-25, of the 17,500 young people identified as having medium-term and transitional housing needs, only 23.6% had housing provided. Those with long-term housing needs had even less success, with only 3.1% of the 18,900 young people receiving housing[8].

An estimated

~40,500

young people (aged 12-24) are experiencing homelessness

Structural housing factors play a significant role in amplifying the crisis

Youth homelessness is driven by complex factors distinct from the adult experience, shaped by young people's developmental stage and limited economic independence. While individual triggers such as family breakdown, domestic violence, and the housing crisis are common[9], these are amplified by systemic failures in an adult-centric system that leave young people with few viable housing options once homelessness occurs. These include:

- **The 'youth housing penalty'.** Income-based rent settings create a structural disincentive for housing providers to provide housing to young people[10]. Because youth incomes (e.g. Youth allowance) are lower than adult pensions, they generate significantly less rental revenue. This discourages the allocation of social housing to young people despite their acute need.
- **Systemic funding misalignment.** Housing and support systems operate in silos, creating barriers to supply. Initiatives like the Housing Australia Future Fund and Big Housing Build increase housing supply, but do not fund the support services required to sustain tenancies for some cohorts. Compounding this, youth support funding often lacks the flexibility and intensity required to sustain high-complexity tenancies. Without joined-up packages of housing and support, providers are disincentivised from developing projects for high-needs youth[11].
- **Housing supply constraints.** The chronic shortage of affordable housing has intensified competition, increasing reliance on temporary responses[12]. Young people face a double disadvantage in the private rental market, competing against adults while possessing lower incomes and limited rental histories.

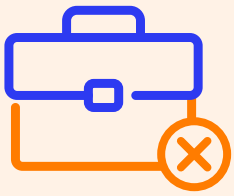
- **A crisis-focused response.** Young people are remaining in crisis or transitional accommodation for extensive periods due to a lack of exit options[13]. This creates system blockages and exposes young people to environments that are not designed to support their developmental transition to adulthood – and can lead to entrenched homelessness[14].
- **The care to homelessness pipeline.** The transition from out-of-home care is a pathway into homelessness. A study of care leavers in Victoria found that more than half (54%) experienced homelessness within 4 years of leaving out-of-home care[15]. This transition to independence remains a period of significant vulnerability, with inadequate transition planning, limited access to affordable housing, and insufficient post-care support.
- **Geographic disadvantage.** Systemic inequalities are amplified in regional and remote communities, where 'thin markets' create severe support gaps. Young people face housing shortages alongside a scarcity of mental health, education, and employment services. This lack of social infrastructure, compounded by limited transport, isolates young people from opportunity.

Experiencing homelessness during formative years can have lasting effects on young people, severing links to the economic participation that is essential for independence

Youth homelessness entrenches disadvantage and increases the likelihood of long-term social and economic exclusion. The impact on education is stark: in 2024-25, only 28.2% of young people (12-24) accessing SHS alone were enrolled in education[16], compared to 67% of the general youth population at the last census[17]. Research has found that two thirds (69%) of young people at-risk of homelessness had not completed secondary school to Year 12. They are among the minority of young Australians (about 25% overall) who leave secondary school early[18]. Research by the Mitchell Institute warns that those who leave school early and fail to re-engage by their mid-20s are unlikely to recover their educational attainment[19]. This exclusion extends to the workforce, where housing instability makes sustained employment nearly impossible. Homeless youth face an unemployment rate of 84%[20], compared to just 10% in the general youth population[21].

72%
of at-risk young people are not engaged in education

Critically, youth homelessness is rarely short-lived without intervention. Evidence shows that early experiences of homelessness substantially increase the likelihood of chronic homelessness in adulthood. SHS data indicates that only 27% of young people experiencing homelessness presenting alone[22] exit into positive housing outcomes[ii], demonstrating how difficult it is to break this cycle once it begins[23]. These patterns of disadvantage limit the capacity for young people to re-engage in the community, making early investment essential not only to resolve an immediate housing crisis, but to prevent long-term reliance on state support.



84%
are unemployed

VS

10%
in general youth population

[ii] Homelessness defined as no shelter, short-term temporary accommodation or couch-surfing/in a house with no tenure. Positive housing outcomes defined as public/community housing and private rentals/housing (renter, rent free or owner)

3. The distinct role of youth housing

Medium to long term housing with tailored support provides the stability for young people to break the trajectory into chronic homelessness and have a positive transition to adulthood

Young people experiencing homelessness require access to stable housing, combined with sustained, developmental support to disrupt pathways into chronic homelessness. Without this integration, they are more likely to cycle between crisis accommodation and homelessness[24], entrenching disadvantage, remaining excluded from economic participation and increasing long-term costs to government (costs which are outlined later in this report). Youth housing differs from general social housing or temporary shelter – while the physical builds may often be similar, the service model is distinct. It is designed to meet the unique developmental needs of young people, providing the "wrap-around" scaffolding required to support a positive transition to adulthood and independent living[25]. This stability is the critical precursor for re-engaging with education and employment.

Despite this need, Australia lacks a clearly articulated, youth-specific housing framework and service system. While other sectors – such as justice, mental health and employment – have established dedicated youth streams, housing policy remains largely adult-oriented. Young people are frequently expected to fit within mainstream responses that do not account for their specific developmental and economic needs[26]. This stands in contrast to international approaches, such as Canada's *Housing First for Youth* approach[27]. In the absence of system-level policy, bespoke youth housing programs have emerged organically to fill the gap. While this has driven innovation, the lack of a coordinated strategy has resulted in a fragmented landscape with inconsistent pathways and unequal success.

The spectrum of complexity among young people experiencing homelessness requires a range of youth housing responses

Young people present with varying levels of need, shaped by experiences of trauma, family violence, out of home care, and disrupted education. While some young people are ready to engage in education and employment when provided with stable housing and support, others require more intensive, longer-duration assistance[28]. Like patterns observed in adult homelessness, there is also a cohort with such complex needs that transitions to employment, education, or independent living may not be realistic in the short to medium term, however, this does not diminish their right to safe and stable housing.

Accordingly, youth housing is not a single solution, but an ecosystem of models calibrated to different levels of need and stages of transition. This includes:

- Crisis and shorter-term responses – For young people in acute need, crisis accommodation acts as an essential frontline safety net. It provides immediate stabilisation and manages urgent risks, serving as a critical gateway to the longer-term housing options described below and explored in this report.
- For those ready to engage in education or employment, models like Youth Foyers embed education or employment support and conditions as central components of the tenancy.
- For young people with medium to high needs, Housing First for Youth principles drive initiatives like the Zero Project (Ruah Community Services), or the Youth Housing Initiative (Melbourne City Mission), which provide rapid rehousing with individualised supports.
- Other essential responses include supported living models (e.g. Lighthouse Foundation's Model of Care), transitioning programs for care-leavers (e.g. Premier's Youth Initiative or Extended Care Program), and modular housing initiatives (e.g. Village 21, Junction Tiny Homes Campus or Kids Under Cover), that combine semi-independent living with case management and support.

This diversity ensures that whether a young person requires intensive therapeutic care or simply a launchpad into the rental market, the system can respond effectively to their specific trajectory.

4. Emerging evidence of impact from youth housing models

There is a growing body of evidence seeking to understand the impact of youth housing models in Australia

The current evidence base, while not yet extensive in volume, is robust in its findings. The limited number of broad-scale studies reflects the nature of the sector, which is characterised by a small number of medium-long term youth housing programs, several pilot programs, and discontinuous funding that often hinders rigorous, longitudinal evaluations. Despite these constraints, the models profiled in this section provide quantitative data demonstrating their impact across housing, education and employment outcome domains. A list of these programs is below, and further detail on their characteristics is outlined in Appendix A.

While not profiled in this report, we note that there is also a growing evidence base for Housing First models generally (including for adult populations), that complements the findings profiled in this section.[29]

Program (provider)	Provider	State/Territory
Youth Foyers and Education Youth First (EYF) Foyers	Various	Models with relevant data to this research are based in NSW, VIC, WA, SA, QLD and TAS
Youth Housing Initiative	Melbourne City Mission	VIC
Model of Care	The Lighthouse Foundation	VIC
Extended Care Program*	Uniting NSW & ACT	NSW
The Cocoon	Bridge It	VIC
COMPASS Social Impact Bond (SIB)*	COMPASS Leaving Care	VIC

** Denotes programs no longer operating.*

The outcomes of these programs are compared against baseline data from young people accessing Specialist Homelessness Services (SHS). This is an imperfect comparison, but the best available (see footnote 1, page 4). We note that models profiled are higher cost programs than SHS. For policy makers, the results and costs should be weighed against their relative return, which is explored later in this report.

Profiled youth housing models demonstrate strong tenure and post-exit housing rates, providing the necessary stability to enable improved education and employment outcomes

Key finding:

The models profiled significantly outperformed baseline data from the broader, crisis-oriented Specialist Homelessness Services (SHS) system. Evidence shows substantial reductions in homelessness, and that over 70% of program participants secured positive housing outcomes at exit (vs 27% in SHS).

Evaluations indicate that youth housing effectively disrupts the cycle of instability. In contrast to the broader SHS system, where only 27% of young people presenting alone exit into positive housing[iii] [30]-the profiled models demonstrate substantially higher success rates. The data indicates that when provided with tailored housing and support, most young people can transition into stable accommodation, like community housing and private rentals.

This stability creates the necessary foundation for young people to engage in education, employment, and broader community life. However, structural market constraints — including high rental costs, housing supply, affordability stress, and the 'youth housing penalty' — continue to undermine these outcomes sustainability. Without ongoing affordable housing options, young people remain at risk of returning to instability once program supports end[31].

Program	Post-exit housing outcomes
Baseline	• **Only 27% of young people who were experiencing homelessness[iv] exit SHS** into positive housing outcomes[32]
Foyers models (Various)	• An impact analysis of nine Foyer models found that **80% of participants exit into stable housing**[33]. More recent (unpublished) data from the Foyer's National Outcome Framework shows that 87% exit to stable housing (n=82)[34] • Foyer Oxford demonstrated that **93% of residents exited to stable, secure housing** and that 12-months after exit, 81%-96% had sustained their accommodation[35] (n = unknown, 367 participants). • The percentage of EFY Foyer participants who were experiencing homelessness, living in crisis accommodation, treatment centres or detention **was 32% at entry, and declined to 2% one year post exit**[36] (n=162).
Youth Housing Initiative	• **94% of participants sustained tenancies or exited to a positive housing outcome** (n=40, interim program data collected after one year of delivery)[37].
Model of Care	• **72% of young people who leave their program have never since experienced homelessness**[38] (n= 66, outreach survey with past participants engaged over 25 years).
Extended Care Program	• **92% of participants did not experience homelessness during their time in extended care**[39] (n=60). Only 8% of participants reported experiencing homelessness, compared to 17% of care leavers in NSW who formally accessed homelessness services within their first year of leaving care[40]. *NB: Program no longer operating.*
The Cocoon	• **84% of participants exited into safe and sustainable housing**[41] (n = 19).
COMPASS SIB	• 60% of participants lived in COMPASS housing for part or all of their participation. (n = unknown, 182 participants over 4 years). Housing exit data was not measured. *NB: Program no longer operating.*

[iii] The 27% figure is derived from SHS data. It divides the number of young people presenting alone who are experiencing homelessness (no shelter, short-term temporary accommodation or couch-surfing/in a house with no tenure) who moved into positive post-exit housing outcomes, that we have defined as including community housing, family reunification, or private rental/housing markets.

[iv] Homelessness defined as no shelter, short-term temporary accommodation or couch-surfing/in a house with no tenure. Positive housing outcomes defined as public/community housing and private rentals/housing (renter, rent free or owner)

Youth housing models drive gains in education engagement, with some variation across different delivery models and the complexity of client needs

Key finding:

Participants' engagement in education ranged from 41-77% in profiled programs (vs 28% in the broader SHS system).

Youth housing models aim to improve education outcomes by providing stable accommodation with developmental support, so that young people can re-engage with secondary school, vocational training, and university. While only 28.2% of young people accessing SHS are enrolled in education, each model profiled demonstrated higher engagement rates, with the majority achieving over 54%[42].

Drivers of success vary across models, reflecting the diversity of approaches and cohort support needs. For instance, *Youth Foyers* have achieved engagement rates of up to 70%, partly attributed to structured participation requirements and co-location with education institutions. The *COMPASS SIB* achieved 77% engagement and had a dedicated Education & Employment specialist to work alongside case managers. Conversely, The Lighthouse Foundation's *Model of Care* achieved 74% engagement without mandatory requirements, focusing instead on intensive trauma-informed support. This suggests that structured pathways, specialist resourcing, and therapeutic stability can all effectively drive educational attainment.

However, other challenges remain. Evaluations note that participants often struggle to balance study with employment, particularly when facing the financial pressure of imminent housing transitions. For interim or short-term evaluations, the sequencing of support and impact is also a factor – with education and employment outcomes often improving in the second year of support, after participants have stabilised their wellbeing (two of the evaluations profiled are interim reports). External factors like COVID-19 (Foyer Central) and data limitations – including likely under-reporting and a lack of post-exit tracking – also constrain the evidence base.

Program	Education outcomes
Baseline	• **Only 28.2% of young people (12-24) accessing SHS alone are enrolled in any form of education in 2024-25**[43] compared to **67% of young people in the general population at the last Census**[44]
Foyers models (Various)	• EFY Foyer model found that around **70% of participants had either achieved a higher qualification or were enrolled in education a year after exit.** Year 12 or a Certificate III completions increased from 42% at entry to 75% one year after exit[45] (n=162). • Foyer Oxford reported that 76% to 90% of participants were engaged in education, training or employment during the program, measured at six-month reporting intervals over four years of delivery[46] (n = unknown, 367 participants). • An impact Analysis of nine Foyers projected that **56% of participants should attain an education** outcome post-program[47]. More recent (unpublished) data from the Foyer's National Outcome Framework validates the projection, showing **66% of young people** exit Foyers with a Cert III or above education attainment level (n=295).[48] • Foyer Central reported **only 29% of participants engaged in education at some point during the measurement period**, and only one participant engaged in education for at least nine months[49] (n=28). The evaluation outlined factors that explain this result.
Youth Housing Initiative	• Interim outcomes found that **54% of participants were engaged in education and/or employment**[50] noting that the program is in the pilot stage of implementation (n=40).

Program	Education outcomes
Youth Housing Initiative	• Interim outcomes found that **54% of participants were engaged in education and/or employment**[50] noting that the program is in the pilot stage of implementation (n=40).
Model of Care	• **74% of participants had either achieved a post-school qualification or were enrolled in education,** with 54% already holding a qualification and 20% enrolled[51]. (n= 66, outreach survey with past participance engaged over their 25 years of delivery).
Extended Care Program	• **41% of participants were either engaged in full-time education only or engaged in both education and employment.** While 71% were either employed or engaged in full-time education. Young people identifying housing stability as critical for education and employment participation[52] (n=60). *NB: Program no longer operating.*
The Cocoon	• **65% of its 34 participants engaged in education or training** during the program.[53] (n=34).
COMPASS SIB	• **77% of participants were engaged in education** during their time with the program[54] (n = unknown, 182 participants over 4 years). *NB: Program no longer operating*

Youth housing models show improved, but varied, employment outcomes for young people experiencing homelessness - supporting transition into work from extremely low baseline employment participation

Key finding:

Participants' engagement in employment ranged from 36-70% in profiled programs, more than double the baseline (16% in the broader SHS system).

The evaluations indicate that youth housing is a critical driver of economic contribution. By providing the stability required to find and keep a job, these models support young people to transition from crisis into the workforce. While the magnitude of impact varies between established models and newer pilots, the direction is consistent: housing stability enables employment. This is significant given the baseline unemployment rate for homeless youth is approximately 84%, drastically higher than the general youth unemployment rate of 10%.[55]

All the programs profiled achieved employment participation ranging from 36-70% during or soon after program completion, and the majority of programs achieved employment participation over 50%. Even early-stage programs and those working with high-complexity cohorts show meaningful gains, with participation rates consistently more than doubling the 16% baseline observed in the broader homelessness system.

Program	Education outcomes
Baseline	• Research indicates that in 2015, **the baseline unemployment rate for young people experiencing homelessness sat at 84%,** drastically higher than general youth unemployment rate at the time of **14%**[56] or current youth unemployment rate of **10%**[57].
Foyers models (Various)	• EFY Foyer **employment increased from 19% at entry to 31% at exit and 36% one year later**,[58] (n=162, five year longitudinal study with 12 month follow up) • Foyer Oxford reported that 76% to 90% of participants were engaged in education, training or employment during the program, measured at six-month reporting intervals over four years of delivery[59] (n = unknown, 367 participants) • Foyer Central reported that **54% of participants were working post-exit, but only 21% were employed during the first 12 months in the program**[60] (n=28). • An impact analysis of nine Foyers projected that **65% of Foyer participants should gain secure employment, compared with 51% of a similar cohort using SHS**[61]. More recent (unpublished) data from the Foyer's National Outcome Framework largely validates the projection, showing 62% of young people exit Foyers employed (n=178)[62].
Youth Housing Initiative	• Interim data shows 54% of participants engaged in education and/or employment, including a 21% increase in employment since program commencement[63] (n=40, interim program data collected after one year of delivery).
Model of Care	• Follow-up surveys reported that over **70% of residents had been employed at some point post-exit**, with participants working an average of 2.8 days per week[64] (n= 66, outreach survey with past participance engaged over their 25 years of delivery).
Extended Care Program	• **58% of participants were either employed only, or both employed and engaged education** at the time of evaluation. While 71% were either employed or engaged in full-time education. Housing stability was identified as a critical driving factor[65] (n=60).
The Cocoon	• **56% of its 34 participants were engaged in employment** during the program[66] (n=34).
COMPASS SIB	• **55% of participants were employed for some period during their participation**, though work duration is not reported[67]. (n = unknown, 182 participants over 4 years)

The evidence confirms that these models effectively shift life trajectories towards economic independence

The data demonstrates that youth housing is not just a welfare intervention, but a productivity enabler. By lifting employment rates significantly above the system baseline, these programs are actively supporting young people to contribute to Australia's economy. Continued investment in rigorous evaluation will also be important to further validate these returns and refine the sector's understanding of how to maximise workforce outcomes for different cohorts. This would particularly be of use to address gaps in our knowledge of longitudinal outcomes, and comparative analysis.

5. The productivity benefits of investment

Investment in youth housing acts as a productivity enabler, generating significant returns on investment

Research demonstrates that youth homelessness hinders productive economic activity and imposes significant avoidable fiscal costs. Strategic investment in housing and supports not only reverses this loss but delivers strong economic returns, aligning directly with the Australian Government's productivity agenda. This has been demonstrated through several studies, outlined below.

The cost of inaction

The status quo is expensive. Research by Swinburne University (2016) quantified the annual cost of Youth Homelessness at **$626 million per year** (2016 dollars) in avoidable health and justice service costs alone – a figure that exceeded the entire cost of the Specialist Homelessness Services at the time ($619 million).[68] Per person, homeless youth cost government an additional $15,000 annually in these services compared to long-term unemployed youth.[v] The research did not account for avoided costs to the homelessness service system, or for education, so the estimates are conservative.

Further fiscal strain is caused by disengagement. The Mitchell Institute (2016) estimated the fiscal and social costs of early school leaving at **$315 million p.a.** and disengagement from work or study at **$470 million p.a.** (2014 dollars)[69]. These figures reflect lost tax revenue and increased welfare reliance and other public services, without accounting for the broader lifetime social costs of lost wages and superannuation.

The benefits of investment

Conversely, investing to address the crisis yields significant returns. SGS Economics and Planning (2024) modelled the impact of investing in housing and wrap-around support for 19-24 year olds[70]. They found that **every $1 invested** delivers **$2.6 in benefits** over 30 years. The model accounted for the cost of investing in housing and supports, compared to the total avoided costs to government in the healthcare, domestic violence, and justice systems, and the foregone benefits from enhanced human capital (including employment) and improved wellbeing of carers. Without action, the foregone benefits and savings were estimated at to be **$2.7 billion per annum** by year 30.

Youth homelessness hinders productive economic activity and imposes significant avoidable fiscal costs

[v] The report was underpinned by robust data, including a longitudinal survey and analysis of ~300 young homeless people's use of services to measure the financial and social costs of youth homelessness in Australia, compared to a control group of ~100 unemployed young people.

Investing to address the youth housing crisis would support the Australian Government's agenda for structural economic reform and long-term productivity

Addressing youth housing aligns with the recommendations from Productivity Commission's (PC) inquiries into the five pillars of productivity, which reported in late 2025, specifically regarding delivering care efficiency and workforce capability.

- **Delivering Quality Care More Efficiently:** The PC recommends a *National Prevention and Early Intervention Framework* to reduce rising demand for costly services[71]. It suggests that the Framework should have cross-portfolio scope – including supporting prevention and early intervention in housing and education. It cites an example of a housing and homelessness initiative, the Aspire Social Impact Bond, to illustrate the benefits of early intervention to avoid government costs.[72] The PC suggests that a $1.5 billion government investment could return up to $5.4 billion in health, social and economic benefits. Investing in youth housing and wrap-around supports could support the realisation of this return, as demonstrated through the outlined avoided cost and cost-benefit analyses.
- **Building a skilled and adaptable workforce.** The PC identifies workforce capability as a core productivity driver. It anticipates that if its reforms are implemented, better student outcomes could translate to higher productivity, with wages increasing by 1.6% and a lift in annual real GDP of 0.4% after a 20-year period.[73] Given that two-thirds of homeless youth have not completed Year 12, resolving housing instability is a necessary precondition for lifting educational attainment. Investment in youth housing effectively unlocks the workforce potential of a cohort that would otherwise remain excluded, contributing to the PC's goal of higher labour participation and productivity.

As highlighted through the Productivity Commission's reports, improving care efficiency and strengthening workforce capability are central to Australia's long term productivity settings. The evidence on youth housing demonstrates clear links to these goals — showing avoided costs, alongside improved education and employment outcomes over time that will contribute to Australia's workforce.

6. Conclusion

Youth homelessness is a significant driver of long-term social and economic exclusion – but evidence confirms that youth housing models can reverse this trajectory and improve economic participation

This report highlights that the lack of stable accommodation severs critical links to education and the workforce. The cost of the current approach is reflected in the outcomes: young people experiencing homelessness face a baseline unemployment rate of approximately **84%,** and without intervention, many risk cycling into chronic homelessness in adulthood.

The evidence presented demonstrates that youth housing models — combining medium-to-long-term accommodation with tailored support — consistently achieve superior outcomes compared to standard crisis responses. Profiled models raised secure housing outcomes from a system baseline of **27%** to over **70%.** This stability acts as a verified precursor to economic participation:

- **Education:** Engagement rates reached **54%+** in most profiled programs, compared to a baseline of just **28%** in the SHS system.
- **Employment:** Workforce participation ranged from **36–70%,** significantly outperforming the **16%** baseline for homeless youth.

Broader social impacts, while significant, are outside this report's scope, so have not been included here.

Economic analysis indicates that these improved outcomes yield a positive return on investment. Modelling suggests that every $1 invested in youth housing delivers $2.60 in community benefits through avoided costs and improved human capital. This aligns with the Productivity Commission's reform priorities, specifically the objectives to improve care efficiency and build a skilled, adaptable workforce.

Scaling these models, supported by rigorous longitudinal evaluation, offers a measurable pathway to reduce disadvantage. The data suggests that targeted investment in youth housing is a practical, evidence-based mechanism to improve life trajectories and support long-term national productivity.

APPENDIX A – Program Characteristics of youth housing models

The following Australian youth housing models were identified for having evaluations with quantitative data available that demonstrated their impact across housing, education and employment outcome domains. The table below provides additional details on the characteristics of each program.

Program (provider)	Program characteristics
Youth Foyers (Various)	• **Housing:** Medium-term housing (generally 18–24 months) • **Cohort:** Young people experiencing or at risk of homelessness who are able and willing to engage in education or work, with ages generally ranging from 16-24 • **Support:** Integrated with education, employment and wellbeing supports, post-exit support • **Other details:** Explicit expectation (known as 'the deal') on participation in education and/or employment (with Education Youth First [EYF] Foyers expecting participation in education)
Youth Housing Initiative (Melbourne City Mission)	• **Housing:** Long-term (4 years) housing, offering different accommodation models with varying support levels • **Cohort:** for young people with medium to high support needs experiencing homelessness. • **Support:** Intensive, wrap-around support (therapeutic, case management and life-skills development) delivered through a flexible, person-centred approach
Model of Care (The Lighthouse Foundation)	• **Housing:** Long-term (average 2 years) residential housing delivered in small, family-style homes, with participants able to remain for as long as needed • **Cohort:** Children and young people experiencing homelessness or at high risk of homelessness • **Support:** Intensive, live-in therapeutic care and case management, ongoing outreach post-exit
Extended Care Program (Uniting NSW & ACT)	• **Housing:** Supports stability through a combination of extended foster care and subsidised accommodation • **Cohort:** Young people aged 15–21 with an experience of out-of-home care, particularly those at risk of poor outcomes during transitioning from care • **Support:** Youth Development Coaches, providing education and employment planning, life-skills development, and transition support
The Cocoon (Bridge It)	• **Housing:** Medium term (12–18 months) self-contained accommodation delivered in a small, female-only residence with full tenancy rights • **Cohort:** Young women, aged 17–21, who are exiting out-of-home care, are NDIS participants, or are at risk of or experiencing homelessness • **Supports:** Case management, peer mentoring, therapeutic supports, life skills development and referrals to education, training, and employment services
COMPASS Social Impact Bond (COMPASS Leaving Care)	• **Housing:** Medium to long term housing (up to two years), delivered through a mix of head-leased and owned properties • **Cohort:** Young people leaving out-of-home care, typically aged 18–21, who are at high risk of homelessness and poor post-care outcomes • **Support:** Intensive case work and access to specialised services focused on housing stability, independent living skills, education, employment, health and wellbeing

APPENDIX B – Endnotes

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[21] ABS (2025), *Labour Force, Australia.* Reference period, November 2025

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[23] MacKenzie, D., et al (2020), *Redesign of a homelessness service system for young people*

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