

## Appendix 4: Not addressing homelessness incurs costs to government, including for the mental health system



Homelessness is traumatic and costly for all who experience it, but homelessness also has high costs to the broader community. People experiencing or at-risk of homelessness have been shown to have higher use of health, justice, and welfare services both in Australia<sup>i</sup> and internationally<sup>ii</sup>. The following examples are indicative only of the potential cost savings to governments.

### Findings from studies quantifying the cost of service use amongst people experiencing homelessness.

#### Journey to Social Inclusion (J2SI)

An evaluation of the J2SI, which provides intensive case management and stable housing for people experiencing chronic homelessness (including mental health), found that the provision of stable housing and intensive support substantially reduced hospital admissions and general healthcare costs compared with the baseline group.

#### St Vincent's Hospital Melbourne (SVHM)<sup>iii</sup>

At SVHM, the average cost of health service delivery for those experiencing homelessness prior to commencing support in one of the hospital's specialist programs is \$14,602 per person over six months.

An evaluation of SVHM's ALERT program (which provides coordinated care that bridges the interface between acute hospital ED and the community) resulted in decreases in hospital service utilisation and reduction in costs of \$1,302 per person for ALERT clients in the 6 months after their episode commencement.

#### Costs of providing housing of last resort to people sleeping rough in Melbourne

Drawing on existing studies of health, justice and welfare costs for people experiencing homelessness, a 2017 report estimated that providing housing of last resort to people sleeping rough would save an estimated \$25,615 per person per year<sup>iv</sup>.

This total cost was the product of reduced health costs of \$8,429; reduced criminal justice costs of \$6,182, reduced individual costs of \$6,500, and improved human capital contributions for people sleeping rough of \$4,236.

#### Adults in Western Australia

This study<sup>v</sup> examined potential offsets related to health and justice services, welfare and taxation forgone, eviction rates from public tenancies, and the cost of children placed in care due to housing instability. Health costs were overwhelmingly the largest avoidable type of cost. The average difference between population and client cost for all case managed clients is \$14 507.

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**Specific mental health savings**

An evaluation of the Doorway program provided by Wellways found that usage of bed-based clinical services and hospital admissions by people experiencing both mental health issues and homelessness reduced with the provision of stable housing<sup>vi</sup>.

Once factoring in the costs of delivering the program, there was an estimated cost saving of \$19,837 when crisis accommodation was used as the comparator.<sup>vii</sup>

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<sup>i</sup> Zaretsky, K., et al.(2013)The cost of homelessness and the net benefit of homelessness programs: a national study,AHURI Final Report No.205. Melbourne: Australian Housing and Urban Research Institute.

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<sup>ii</sup> Gaetz, Stephen (2012): The Real Cost of Homelessness: Can We Save Money by Doing the Right Thing?

Toronto: Canadian Homelessness Research Network Press. Pleace, N (2015) At what cost? An estimation of the financial costs of single homelessness in the UK, Crisis, University of York, England.

<sup>iii</sup> St Vincent's Health Australia (2017) Rough Sleeping in Victoria, unpublished submission, September

<sup>iv</sup> Witte, E. 2017 'The case for investing in last resort housing', MSSl Issues Paper No. 10, Melbourne Sustainable Society Institute, The University of Melbourne.

<sup>v</sup> Zaretsky, K., et al. (2013) The cost of homelessness and the net benefit of homelessness programs: a national study, AHURI Final Report No.205. Melbourne: Australian Housing and Urban Research Institute

<sup>vi</sup> Brackertz, N., Wilkinson, A., and Davison, J. (2018) Housing, homelessness and mental health: towards systems change, AHURI Research Paper, Australian Housing and Urban Research Institute Limited, Melbourne, <https://www.ahuri.edu.au/research/research-papers/housing-homelessness-and-mental-health-towards-systems-change> . Dunt, D. R., Benoy, A. W., Phillipou, A., Collister, L. L., Crowther, E. M., Freidin, J. and Castle, D. J. (2017) 'Evaluation of an integrated housing and recovery model for people with severe and persistent mental illnesses: the Doorway program', *Australian Health Review*, vol. 41, no. 5: 573–581.

<sup>vii</sup> Dunt, D. R., Benoy, A. W., Phillipou, A., Collister, L. L., Crowther, E. M., Freidin, J. and Castle, D. J. (2017) 'Evaluation of an integrated housing and recovery model for people with severe and persistent mental illnesses: the Doorway program', *Australian Health Review*, vol. 41, no. 5: 573–581.