



# 2023 Cost Offset Update

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## Background

The two most significant questions that governments and indeed societies ask when confronted with overt homelessness and public concern about homelessness are: What can be done to permanently end a person's homelessness? And how much does ending homelessness cost? Implicit in addressing the second question is an empirical understanding of how much money homelessness costs society. The costs of successful models to end homelessness, through for example, the Brisbane Common Ground model of affordable housing and integrated support services, rely upon a detailed picture of what the state spends responding to people who are homeless.

With funding from the Queensland Government and significant in-kind support from Common Ground Queensland and Micah Projects, in 2016 a team of researchers led by Professor Cameron Parsell at The University of Queensland and in collaboration with world leading scholar Professor Dennis Culhane from The University of Pennsylvania sought to build a Queensland evidence base. The research produced evidence about (i) what is required to permanently end homelessness and (ii) how much doing so costs.

## Research design

In what was an Australian first, the research gathered, linked, and analysed a robust administrative data set. In particular, the research identified and costed the services used by people who were chronically homeless in Brisbane over a 12-month period. This included all health (ambulance, emergency department, admitted patients, mental health), police (offenders of crime, victims of crime, and nights in the watch house), corrections (custody, parole, probation), court appearances, and use of Specialist Homelessness Services.



The research then identified and costed all of the above services – for the same individuals – for a 12-month period when they were all securely housed at Brisbane Common Ground permanent supportive housing.

The research was extremely rigorous and novel because it enabled the cost of homelessness, and the costs of ending homelessness with permanent supportive housing, to be measured with verifiable and valid government data on the actual services people used. This meant the research team identified the costs of services used by people in the 12-months they were chronically homeless, along with the costs of government funded services people used when they were securely housed. The cost of government services included the costs of providing permanent supportive housing.

## Key findings

The analysis found that it cost society more to keep an individual homeless over a 12-month period than it cost to end their homelessness with permanent supportive housing (over a 12-month period).

For example, on average annually, a person who was chronically homeless in Brisbane used Queensland Government services that cost approximately \$48,217. For the 12-month period in which those same individuals were housed at Brisbane Common Ground, they used Queensland Government services that cost an estimated \$35,117.

Analysis of the linked administrative data thus empirically demonstrated that there is a considerable cost offset in ending person's chronic homelessness with permanent supportive housing such as Brisbane Common Ground. The data showed, for example, that on average, there was an annual cost offset of \$13,100 per person in the 12-months of being securely housed compared to the 12-months of being chronically homeless.

## Implications

The research findings have produced significant implications. They have provided a road map to underpin the permanent supportive housing model. At Brisbane Common Ground, this was exemplified by not only the integration of affordable housing and support, but also a commitment among the housing and support providers to adapt their modes of service delivery to achieve housing success.



In addition to providing evidence about how Brisbane Common Ground successfully works to permanently end homelessness among people who are chronically homeless, the research showed the (i) high costs society directs toward responding to people who are deprived housing, and (ii) the cost offsets that can be achieved when chronic homelessness is ended.

## Need for an update

There is an urgent need to update the evidence produced in the original 2016 study. No published peer reviewed study from Australia has been able to replicate the research design. Furthermore, the 2016 costings, although robust, require updating to take account of inflation and the contemporary cost of government services.

## 2023 cost estimates

The examination of Queensland Government sector expense data, which includes the costs of providing permanent supportive housing and government funded services accessed by Queenslanders, indicates a significant surge between 2016 and 2023. We used information on expenses incurred by the Queensland Government in the financial years 2015/16 and 2022/23. In 2022/23, the general Queensland Government expenses were \$75,317 million compared with \$49,824 million in 2015/16. To account for population growth as a primary driver of increased government expenditure, we considered Queensland population counts and derived per person government expenses for both financial years. While Queensland population was estimated at 4.85 million in 2016, the current state population count is 5.5 million. Based on this data, we calculate the percentage increase in government expenses per person between 2015/16 and 2022/23 in Queensland = 33.3%. Therefore, increase in Queensland Government sector expense is 33.3% over 7 financial years.

Based on the increase in Queensland Government expenses by 33.3% over the last 7 years, people who were chronically homeless in Brisbane would use Queensland Government services that cost approximately **\$64,273.26** in 2023 as opposed to \$48,217 in 2016.

Similarly, for the 12-month period in which those same individuals were housed at Brisbane Common Ground, they are estimated to use Queensland Government services that cost an estimated **\$46,810.96** in 2023 compared with \$35,117 in 2016.



Using this information, we found that the annual cost offset would be **\$17,462.30** per person who moved from chronic homelessness to securely housed in 2023, compared to the cost offset of \$13,100 in 2016.

It is important to note that there are three key assumptions underlying this analysis:

1. We assume the sample size and demographics (including gender, age, indigeneity and employment status) remain unchanged between 2016 and 2023. This implies that any changes observed in the costs offset is not attributed to alterations in the sample's makeup.
2. We assume the frequency and type of services accessed i.e., hospital admittance, mental health, emergency department, ambulance, corrective services, court, police and specialist homelessness, remain unchanged between 2016 and 2023. Specifically, the proportion of heavy service users in our sample in both the year pre and post tenancy commencement is the same in 2016 and 2023. This ensures uniformity in service usage patterns across 2016 and 2023.
3. We assume direct proportionality between Queensland Government sector overall expenses and costs of providing services accessed by study participants. It implies that the change in Queensland Government sector expense data accurately reflects the costs of government services accessed in both the year pre and post tenancy commencement and the costs of providing permanent supportive housing in 2016 as well as in 2023.

## Further information

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