



2026 – 2027
Federal Pre-Budget
Submission

January 2026

Dear Treasurer,

Thank you for the opportunity to provide a submission to inform the Australian Government's 2026-27 Budget. Yfoundations has advocated for children and young people at risk of and experiencing homelessness for more than 40 years and represents a network of specialist youth homelessness services across New South Wales. Our vision is a future without child and youth homelessness.

Yfoundations is the convener of the national Youth Homelessness Matters Day campaign. This Federal Pre-Budget Submission aligns with that campaign and focuses on the policy levers under Commonwealth responsibility that are critical to preventing youth homelessness and supporting young people who cannot live at home.

Youth homelessness remains a persistent challenge in Australia, with long-term consequences for young people's wellbeing, education, employment and housing outcomes. While states and territories deliver most homelessness services, the Commonwealth plays a central role in shaping the income support, housing and prevention settings that determine whether young people can access housing early and sustain it over time.

This submission outlines practical, evidence-based reforms that would strengthen prevention, remove barriers to housing access, and address income inadequacy that continues to disadvantage young people. Together, these measures would support the shared goal of ensuring every young Australian has a safe place to live.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Macmillan', with a stylized, flowing script.

John Macmillan
Chief Executive Officer, Yfoundations

Acknowledgement of Country

Yfoundations acknowledges the traditional custodians of the land we and our members operate upon across NSW. We pay our respects to Elders past and present and extend that respect to all Aboriginal and Torres Strait Islanders. We thank them for protecting the land and its ecosystems for time immemorial and acknowledge that sovereignty was never ceded.

Executive Summary

Youth homelessness remains a persistent and growing challenge in Australia, with profound consequences for young people's safety, wellbeing, education, employment and long-term life outcomes. Thousands of children and young people each year seek help from homelessness services alone,¹ without a safe home or a supportive adult, yet many are unable to access the housing and support they need due to capacity constraints and systemic barriers. Early experiences of homelessness significantly increase the risk of repeated homelessness in adulthood, making prevention and early intervention both a moral and economic imperative.

Yfoundations' 2026-27 Federal Pre-Budget Submission aligns with the Youth Homelessness Matters Day 2026 campaign and focuses on policy levers under Commonwealth responsibility that can meaningfully reduce youth homelessness. While states and territories deliver most homelessness services, the Commonwealth shapes the national funding, income support and housing settings that determine whether young people can access housing in a timely way and sustain it once housed.

This submission identifies four priority reform areas:

Strengthen early intervention and prevention systems

The Commonwealth plays a critical role in preventing youth homelessness through youth mental health services, family support, education, and employment programs. Yfoundations supports Homelessness Australia's call for a Homelessness Prevention Transformation Fund, with a proportionate allocation for children and young people. Investment must focus on youth-specific interventions and be underpinned by robust national data and evaluation.

Recommendation:

The Commonwealth should establish a Homelessness Prevention Transformation Fund with a dedicated allocation for children and young people, including:

- increased investment in youth-specific mental health, family support and parenting programs
- embedding youth employment, training and pre-employment programs as homelessness prevention levers
- funding national data linkage and evaluation infrastructure to ensure prevention efforts are evidence-based and accountable.

¹ Australian Institute of Health and Welfare. (2024). *Young people presenting alone*. <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/young-people-presenting-alone>

Invest in youth-specific housing with wrap-around support

Young people who cannot live at home require housing that responds to their developmental needs and is paired with appropriate, ongoing supports.

Commonwealth capital investment mechanisms present a clear opportunity to expand youth-specific social and community housing across a continuum of models. However, capital investment alone is insufficient without recurrent funding to ensure housing is viable and effective.

Recommendation:

The Commonwealth should increase investment in social and community housing to at least 6 per cent of total housing stock over the next decade, with explicit targeting of youth-specific housing, and ensure capital investment is accompanied by ongoing funding for service delivery and supports required by youth housing models.

Remove barriers and streamline access to housing support for young people who cannot live at home

Age-based eligibility rules, administrative complexity and rigid income support settings delay or block young people's access to housing. In particular, the *unreasonable to live at home* provisions for 14 and 15-year-olds are difficult to access and rely on discretionary exemptions, leaving many young people cycling through crisis responses.

Recommendation:

The Commonwealth should remove age-based barriers to housing and income support by:

- reviewing income support eligibility settings to ensure access is based on housing need rather than age
- expanding access to the Transition to Independent Living Allowance (TILA) for young people experiencing homelessness
- simplifying access to Commonwealth payments through streamlined processes and co-located services.

Increase income support to remove the youth housing penalty

Income inadequacy is a major driver of youth homelessness and a structural barrier to housing access. Current Youth Allowance rates leave young people in deep poverty, creating a youth housing penalty that discourages community housing providers from housing young people and constrains the supply of youth-specific housing.

Recommendation:

The Commonwealth should increase working-age income support payments to at least \$84 per day, alongside an increase in Commonwealth Rent Assistance, to

remove the youth housing penalty and enable young people to access and sustain housing.

Together, these reforms would strengthen prevention, unlock housing supply, remove systemic barriers and ensure young people can access and sustain safe housing. The 2026-27 Budget presents a critical opportunity for the Commonwealth to demonstrate leadership in ending youth homelessness and ensuring every young Australian has a safe place to live.

Support early intervention and prevention services, including family support, mental health and employment

Many young people experience homelessness following family breakdown, the onset or escalation of mental health issues, or disengagement from education and employment and in most cases, a combination of two or more.² Without timely, coordinated intervention, these pressures can compound quickly, pushing young people into housing crisis before supports are mobilised.

The Commonwealth Government plays a critical role in preventing youth homelessness through its responsibility for youth mental health services, employment and training programs, early learning supports and family support services. Targeted investment and stronger coordination across these systems can ensure young people at risk receive help early, reducing the likelihood that they enter homelessness and improving long-term outcomes.

Yfoundations supports Homelessness Australia's call for a dedicated Homelessness Prevention Transformation Fund to shift the system upstream and prevent homelessness before crisis occurs. Given that children and young people comprise a significant proportion of the homelessness population, an appropriate and proportionate allocation of this Fund should be directed to youth-specific prevention and early intervention responses.

1.1 Increase long-term Commonwealth investment in youth-specific mental health, family support and parenting programs that have a demonstrated role in preventing homelessness.

The Commonwealth already invests in youth-specific early intervention programs with a demonstrated role in preventing youth homelessness, including Reconnect, headspace initiatives, and family mental health and family support programs. These programs are critical components of a prevention and early intervention

² Australian Institute of Health and Welfare. (2024). *Homelessness*. <https://www.aihw.gov.au/reports/children-youth/australias-children/contents/housing/homelessness>

system; however, their effectiveness is maximised when they operate as part of a coordinated, place-based response, rather than as isolated service streams.

Reconnect provides counselling, family mediation and practical support to young people aged 12–18 years who are at risk of or experiencing homelessness. The 2024 Reconnect Program Review found that the program improves family relationships and housing stability, reinforcing its effectiveness as a Commonwealth-funded early intervention and homelessness prevention response.³ Continued and expanded Commonwealth investment in Reconnect is essential to maintain this national prevention capability.

There is also a clear role for the Commonwealth to invest in stronger coordination between youth mental health, family support, education and community services, including through place-based models such as Communities of Schools and Services (COSS). These models support earlier identification of risk, improve service integration and reduce the likelihood that young people fall through gaps between systems.⁴ Investment through a Homelessness Prevention Transformation Fund could support the expansion, evaluation and scaling of such approaches, with a particular focus on communities experiencing high levels of youth housing stress.

headspace centres provide free youth mental health care nationwide and remain a primary access point for young people experiencing or at risk of homelessness who are seeking mental health support.⁵ Recent Commonwealth investments to reduce wait times, introduce enhanced headspace Plus models,⁶ and establish Youth Specialist Mental Health Centres⁷ are welcome and reflect growing recognition of service gaps for young people with higher acuity needs. However, access to enhanced capability models remains inconsistent. For many young people whose mental health needs are compounded by trauma, housing instability and family breakdown, pathways through standard headspace services continue to break down, increasing the risk of disengagement and escalation into

³ Department of Social Services. (2024). *Review of the Reconnect Program: Final report*. <https://treasury.gov.au/publication/p2024-684959>

⁴ MacKenzie, D., Hand, T., & Gill, P. (2024). The Community of Schools and Services (COSS) model of early intervention: A system-changing innovation for the prevention of youth homelessness. *Youth*, 4(3), 1305–1321. <https://doi.org/10.3390/youth4030082>

⁵ Australian Government Department of Health and Aged Care. (2022). *Evaluation of the national headspace program*. <https://www.health.gov.au/resources/publications/evaluation-of-the-national-headspace-program>

⁶ McBride, E. (2024). *National headspace Day funding boost to improve headspace services* [Media release]. Australian Government Department of Health and Aged Care. <https://www.health.gov.au/ministers/the-hon-emma-mcbride-mp/media/national-headspace-day-funding-boost-to-improve-headspace-services>

⁷ Butler, M. (2025). *Strengthening Medicare: Labor to deliver \$1 billion for more free mental health services* [Media release]. Australian Labor Party. <https://www.markbutler.net.au/news/media-releases/strengthening-medicare-labor-to-deliver-1-billion-for-more-free-mental-health-services>

crisis. The Commonwealth should ensure that all headspace centres have access to enhanced capability models so that young people with complex needs, including those experiencing homelessness, are not excluded from appropriate care based on geography or service configuration.⁷⁷

The Commonwealth is also progressing reforms to family support and parenting programs through the proposed new national families and children program.⁸ Yfoundations supports this direction and notes the critical role that family support, parenting and family mediation services play in addressing family conflict, caregiver stress and housing instability – key drivers of youth homelessness. As these reforms are implemented, it is essential that the Commonwealth increase and stabilise investment in evidence-informed family support and parenting programs, including those that support adolescents and young people at risk of homelessness. Explicit recognition of youth homelessness prevention and early intervention within the new program, including clear eligibility for young people to access services in their own right and longer-term, indexed funding arrangements, will ensure that effective youth-specific services are strengthened rather than diluted through reform.

While the Commonwealth invests in a range of youth mental health, family support and early intervention programs, funding certainty and contract length remain uneven across the system. Programs such as Reconnect continue to operate on short funding cycles⁹ while headspace services are commonly commissioned through short-term or rolling agreements via Primary Health Networks.¹⁰ In contrast, recent reforms to family support and parenting programs¹¹ have demonstrated the benefits of longer funding arrangements. Given the preventative nature of youth homelessness services – and their reliance on workforce continuity, trusted relationships and cross-system coordination – the Commonwealth should increase the use of longer, indexed funding agreements across youth homelessness prevention programs. Embedding funding certainty as a system feature would strengthen service quality, workforce retention and accountability for long-term outcomes.

⁸ Department of Social Services. (n.d.). *Consultation summary*. <https://engage.dss.gov.au/wp-content/uploads/2025/11/consultation-summary.pdf>

⁹ Department of Social Services. (2025). *Reconnect operational guidelines 2023-2026* (Commonwealth of Australia). Retrieved from <https://treasury.gov.au/sites/default/files/2025-07/reconnect-operational-guidelines-2023-2026.pdf>

¹⁰ Parliamentary Budget Office. (2025). *More free mental health services* (ECR-2025-1566). Commonwealth of Australia.

¹¹ Department of Social Services. (2025). *A new approach to programs for families and children* (Commonwealth of Australia). Retrieved from <https://www.dss.gov.au/news/new-approach-programs-families-and-children>

1.2 Expand youth employment and training programs, including targeted apprenticeships and pre-employment support, for young people at risk of homelessness.

Employment instability is both a driver and a consequence of youth homelessness.¹² While the Commonwealth already invests in youth employment and training through programs such as Transition to Work, Workforce Australia and Australian Apprenticeships Incentives, these programs are not consistently designed or delivered in ways that prevent homelessness or enable sustained participation for young people experiencing housing instability.¹³

Yfoundations recommends that youth employment and training initiatives be included as eligible investment streams within the Homelessness Prevention Transformation Fund, recognising employment as a critical prevention lever alongside mental health and family support. Without stable housing or early intervention, many young people are unable to meet standard participation requirements, leading to disengagement and compounding disadvantage.

As part of the Fund, the Commonwealth should support targeted adaptations to existing employment and training programs to better meet the needs of young people at risk of homelessness. This includes:

- proactive outreach and referral pathways between employment services and youth homelessness services
- flexible participation and compliance settings that account for housing instability, trauma and episodic crisis
- strengthened pre-employment, foundation and wraparound supports to enable sustained engagement
- targeted apprenticeships, traineeships and paid work pathways for young people leaving crisis or transitional accommodation.

Embedding employment and training levers within a Homelessness Prevention Transformation Fund would ensure that Commonwealth investments across portfolios operate as a coordinated prevention system rather than as disconnected programs, reducing future homelessness risk and maximising the preventative impact of existing expenditure.

¹² Lynch, P. (2005). Homelessness, poverty and discrimination: Improving public health by realising human rights. *Deakin Law Review*, 10(1), 233–260. Retrieved from <https://classic.austlii.edu.au/au/journals/DeakinLawRw/2005/11.html>

¹³ Jesuit Social Services. (2024). *Response to the inquiry into Workforce Australia: Employment services report*. <https://cdn.jss.org.au/wp-content/uploads/2024/07/29091325/Workforce-Australia-Inquiry.pdf>

1.3 Fund national evaluation and data-linkage initiatives to better track outcomes across income support, employment and mental health systems, ensuring that prevention efforts are evidence-based.

A Homelessness Prevention Transformation Fund must be underpinned by strong national evaluation and data-linkage infrastructure to ensure Commonwealth investment is directed toward interventions that demonstrably prevent homelessness and reduce downstream service demand. The Commonwealth has a unique role in enabling this work through its stewardship of national datasets, legislative data-sharing frameworks and cross-portfolio oversight.

Existing administrative datasets across income support, employment, mental health and homelessness systems provide a strong foundation for longitudinal outcome tracking. Recent work by the Australian Institute of Health and Welfare demonstrates the value of this approach, including the development of the Data Over Multiple Individual Occurrences (DOMINO) asset,¹⁴ which links Specialist Homelessness Services data with income support receipt and reveals pathways into and out of homelessness over time.

Despite these advances, evaluation of homelessness early intervention and prevention initiatives remains fragmented, program-specific and short-term. This limits the Commonwealth's ability to assess whether investments in income support, employment programs, mental health services and family support are preventing homelessness or simply shifting demand across systems. State-based linked data projects, such as NSW's Pathways to Homelessness study, demonstrate the insights that can be generated through cross-system analysis; however, there is currently no consistent national framework to track outcomes longitudinally across jurisdictions and service systems.

Yfoundations recommends the inclusion of a dedicated national homelessness outcomes, evaluation and data-linkage stream to complement the Homelessness Prevention Transformation Fund, building on existing AIHW data assets and enabled by the *Data Availability and Transparency Act 2022* (Cth).¹⁵ This stream should support secure data linkage across income support, employment, mental health and homelessness systems; enable longitudinal tracking of outcomes for priority cohorts, including children and young people; and embed evaluation requirements into Fund-supported initiatives from the outset.

Embedding evaluation and data linkage as core features of the Homelessness Prevention Transformation Fund would strengthen accountability for

¹⁴ Australian Institute of Health and Welfare. (2024). *Department of Social Services data*. <https://www.aihw.gov.au/about-our-data/accessing-australian-government-data/dss-data>

¹⁵ Office of the National Data Commissioner. (2025). *Data scheme*. <https://www.datacommissioner.gov.au/data-scheme>

Commonwealth investment, support coordination across Commonwealth agencies, and ensure future funding decisions are guided by robust evidence about what works to prevent homelessness.

Investing in wrap-around support and housing

Young people who cannot live at home require more than a roof over their heads. Safe and stable housing must be paired with wrap-around supports that respond to young people's developmental needs, including mental health and trauma support, education and employment pathways, and the development of independent living skills. This is particularly critical for young people with complex needs who are still transitioning to adulthood. Without access to housing models designed specifically for young people, many cycle between crisis accommodation, insecure private rental and homelessness services, undermining long-term stability and outcomes.

While states and territories deliver most housing and homelessness services, Commonwealth funding and income support settings determine whether youth-specific housing models are viable.

2. Increase Commonwealth investment in youth-specific social and community housing as part of a continuum of supported housing responses.

The Commonwealth already invests in social and affordable housing through mechanisms such as the National Housing and Homelessness Agreement and capital funding initiatives including the Housing Australia Future Fund and the National Housing Infrastructure Facility. These levers provide a clear opportunity to increase the supply of youth-specific social and community housing, by explicitly targeting funding to developments designed to meet the needs of young people who cannot live at home.

Recent Commonwealth commitments demonstrate the value of targeted investment. The Australian Government's additional \$1 billion investment¹⁶ through the National Housing Infrastructure Facility to deliver new crisis and transitional housing for young people experiencing homelessness and women escaping family violence represents an important step toward expanding youth-appropriate housing supply. However, capital investment alone is insufficient without ongoing funding for service delivery, support coordination and workforce.

In 2024-25, almost 82,000 people who sought long-term housing assistance through Specialist Homelessness Services did not receive it, including

¹⁶ Australian Government Treasury. (2024). *Consultation*.
<https://treasury.gov.au/consultation/c2024-559133>

approximately 2,900 unaccompanied children.¹⁷ Demand for youth-appropriate housing continues to far exceed supply, and generic housing responses are often unsuitable for young people who require age-appropriate, developmentally informed supports.

There is strong evidence that youth-specific housing models with integrated supports deliver better outcomes than generic housing options. Longitudinal evaluation of Education First Youth Foyers in Victoria¹⁸ has found sustained improvements in education participation, employment, housing stability and wellbeing for young people, continuing at least one year after exit. At the same time, youth housing responses must be understood as part of a continuum of supported housing options, including crisis, transitional and longer-term housing with varying levels of support. Foyers represent one effective transitional model, but their eligibility requirements – such as engagement in education or employment – mean they are not accessible to all young people experiencing homelessness.

Access to a range of supported housing models is essential. Approaches such as Housing First for Youth demonstrate the importance of pairing housing with flexible, ongoing, youth-specific supports that do not necessarily rely on readiness or compliance as a precondition for access, depending on the particular needs of the young person. Without sufficient investment across the full continuum, many young people risk being left without suitable or viable pathways out of homelessness.

Youth-specific social and community housing also reduces reliance on crisis services. In the absence of suitable exit options, between 35 and 42 per cent of young people leaving emergency accommodation re-present for crisis support.¹⁹ Meanwhile, the private rental market has become effectively inaccessible to young people. Anglicare Australia's 2025 Rental Affordability Snapshot found there were no rental properties affordable for a single young person receiving Youth Allowance,²⁰ underscoring the necessity of non-market housing solutions for this cohort.

¹⁷ Australian Institute of Health and Welfare. (2024). *Clients, services and outcomes*. <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-services-and-outcomes>

¹⁸ Coddou, M., Borlagdan, J., & Mallett, S. (2019). *Starting a future that means something to you: Outcomes from a longitudinal study of Education First Youth Foyers*. Brotherhood of St Laurence.

¹⁹ Australian Institute of Health and Welfare. (2024). *Specialist homelessness services annual report 2022–23*. AIHW.

(See re-presentation and housing outcomes tables for children and young people)

²⁰ Anglicare Australia. (2025). *Rental affordability snapshot 2025*.

<https://www.anglicare.asn.au/publications/2025-rental-affordability-snapshot/>

Yfoundations supports increased Commonwealth investment in social and community housing and supports the recommendation advanced by Homelessness Australia that the Commonwealth set and fund a national target to increase social housing to at least 6 per cent of total housing stock over the next decade, and to 10 per cent over two decades, with homes prioritised for households experiencing the greatest housing need. Within this expansion, Commonwealth funding mechanisms should explicitly support the delivery of youth-specific social and community housing across a continuum of supported housing models, including purpose-built developments with on-site or mobile supports and sustained investment in service delivery. This will ensure that young people who cannot live at home are not locked out of safe, stable housing due to eligibility constraints or unfunded support requirements.

Removing barriers and streamlining access to housing support for young people who can't live at home

Young people who cannot live at home are routinely delayed or excluded from housing options due to age-based eligibility rules, fragmented systems and complex administrative processes. These barriers increase the likelihood that young people cycle through crisis accommodation, couch surfing or rough sleeping, rather than accessing stable housing when it is required.

Eligibility settings and administrative processes within Commonwealth programs directly affect whether young people can access and sustain housing.

3.1 Review Commonwealth income support settings that delay access for young people who cannot live at home.

Eligibility rules within Commonwealth income support programs can create significant and unintended barriers for young people who cannot live at home. For younger adolescents, these barriers are particularly acute. While income support is technically available to some 14 and 15-year-olds through Youth Allowance where it is deemed unreasonable to live at home, access is constrained by narrow eligibility criteria, high evidentiary thresholds and reliance on exceptions under certain circumstances.²¹

In practice, young people aged 14 and 15 who cannot live at home are often unable to access income support at the point it is needed or only do so following significant advocacy by youth homelessness services. Requirements to demonstrate family breakdown, violence or risk – often without formal documentation – create delays that leave young people reliant on crisis

²¹ Australian Government Department of Social Services. (2026). *Youth Allowance – rate. Guides to Social Policy Law: Social Security Guide* (Version 1.336). <https://guides.dss.gov.au/social-security-guide/3/2/5/30>

accommodation for extended periods. This results in extended stays in crisis accommodation and delayed transitions to stable housing for those who are unable to return home.

For older young people, independence criteria, parental means testing and age-based thresholds within Youth Allowance and related payments similarly fail to reflect the realities of family conflict, unsafe home environments and housing need. These settings can delay access to income support and CRA at critical transition points, undermining housing options and increasing reliance on homelessness services.

Yfoundations recommends that the Commonwealth review income support eligibility settings, with a specific focus on the unreasonable to live at home provisions for 14 and 15-year-olds, to ensure that access is timely, proportionate and based on housing need rather than age alone. Simplifying eligibility pathways and reducing reliance on discretionary exceptions would support earlier transitions out of crisis accommodation and improve housing stability for young people who cannot live at home.

3.2 Expand access to the Transition to Independent Living Allowance to support young people moving into housing.

For many young people experiencing homelessness, the ability to take up a housing offer depends on meeting practical, time-limited costs at the point of transition. Expenses such as rental bonds, initial rent, basic furniture or connection costs can prevent young people from securing housing, even where ongoing rent may be affordable with income support and Commonwealth Rental Assistance (CRA).

The Commonwealth currently provides targeted transition support through the Transition to Independent Living Allowance (TILA) for young people leaving out-of-home care. This support plays a critical role in enabling young people to establish a tenancy. However, eligibility is limited to a narrow cohort, despite similar barriers being faced by young people exiting crisis accommodation or prolonged homelessness.

At the same time, young people often face a structural barrier when attempting to enter the private or community rental market: CRA cannot be accessed until a tenancy is established,²² yet many housing providers and landlords require proof of affordability that assumes CRA receipt. This circular requirement can prevent young people from securing housing altogether, even where the tenancy would be viable once CRA is in place.

²² Services Australia. (2025). *Rent Assistance*. <https://www.servicesaustralia.gov.au/rent-assistance>

Yfoundations recommends that the Commonwealth expand eligibility for TILA to include young people experiencing homelessness who face comparable transition barriers to those leaving care. Expanding access to TILA would provide a targeted, efficient mechanism to address up-front costs and support tenancy establishment, reducing the time young people spend in crisis accommodation and improving housing outcomes.

3.3 Simplify access to Commonwealth payments and strengthen service integration with youth homelessness services.

Complex application processes and documentation requirements continue to present significant barriers for young people experiencing homelessness. Accessing income support and CRA typically requires online claims, identity verification and formal proof of housing arrangements – requirements that many young people in crisis are unable to meet due to informal living situations, lack of documentation or limited digital access.

The Commonwealth has demonstrated that these barriers can be reduced through outreach and co-located service delivery. Roles such as Centrelink Community Engagement Officers²³ and Community Partnership Specialists²⁴ have improved access to payments by working directly with homelessness services.

Yfoundations recommends that the Commonwealth further simplify access to income support and CRA for young people experiencing homelessness by streamlining evidentiary requirements, where appropriate, and expanding co-location and outreach models within youth homelessness services. Building on lessons from temporary claim simplifications during COVID-19 and recent accessibility reforms, this approach would reduce administrative barriers, improve service integration and ensure young people can secure and sustain housing when it becomes available.

Increasing income support to help young people access existing housing, including private rentals

Income inadequacy remains a central barrier to young people accessing and sustaining housing. Current payment rates sit well below accepted measures of adequacy and interact with rent-setting arrangements to create a structural youth housing penalty whereby young people are disadvantaged in accessing both private and social housing. These settings restrict access to housing and undermine the viability of youth tenancies in social and community housing.

²³ Services Australia. (2025). *Community engagement officers*.
<https://www.servicesaustralia.gov.au/community-engagement-officers>

²⁴ Services Australia. (2024). *Community partnership specialist officers*.
<https://www.servicesaustralia.gov.au/community-partnership-specialist-officers>

Addressing income inadequacy is therefore essential to improving young people's access to housing and unlocking youth-appropriate housing supply.

4. Increase income support payments to remove the youth housing penalty and enable housing access.

Yfoundations supports the call advanced by Homelessness Australia to increase working-age income support payments to at least \$84 per day, alongside an increase in the maximum rate of Commonwealth Rent Assistance. For young people, this reform is critical to both preventing homelessness and enabling exits from homelessness once it occurs.

Youth Allowance provides the primary source of income for many young people who cannot live at home, yet current rates leave recipients living well below the poverty line. There is strong and consistent evidence that Youth Allowance is seriously inadequate. Young people receiving Youth Allowance experience deep and persistent poverty, directly undermining their ability to secure and sustain housing.²⁵ Anglicare Australia's Rental Affordability Snapshot has repeatedly found that no private rental properties are affordable for a single person receiving Youth Allowance, leaving young people with no viable pathway into the private rental market.

Income inadequacy also drives exclusion from social and community housing. Community housing providers typically set rent at a proportion of income plus CRA. Because Youth Allowance is significantly lower than JobSeeker and other working-age payments, providers receive substantially less rental income from young tenants.²⁵ This creates a systemic disincentive to house young people, contributing to their severe under-representation in social housing despite high levels of need.

This youth housing penalty has flow-on effects for housing supply. Where rental income does not cover operating costs, youth-specific housing requires higher subsidies to be financially viable. In competitive capital funding environments – such as those associated with the Housing Australia Future Fund – developments designed for young people are therefore less likely to proceed unless income support settings are addressed. As a result, income inadequacy not only excludes young people from existing housing but actively constrains the delivery of new youth-specific housing.

Increasing income support to at least \$84 per day would reduce poverty, improve housing affordability and remove a key structural barrier to housing young people.

²⁵ City Futures Research Centre. (2024). *Youth community housing: Rental gap and viability issues*. Melbourne City Mission. https://www.communityhousing.com.au/wp-content/uploads/2025/01/UNSW-MCM-Youth-rental-gap-report_v1.0.pdf

Combined with adequate CRA, this reform would improve access to the private rental market, support tenancy sustainment and make youth tenancies in social and community housing more financially viable. It would also strengthen the effectiveness of Commonwealth investment in housing supply by ensuring that new and existing housing can be accessed by young people with the highest need.

Conclusion

Youth homelessness is not inevitable. It is the result of policy settings that delay access to support, underinvest in prevention and leave young people living below the poverty line while attempting to secure housing in an increasingly unaffordable market. The Commonwealth has direct responsibility for many of the levers that shape these outcomes, including income support, rent assistance, capital investment mechanisms and national prevention infrastructure.

The measures outlined in this submission are practical, evidence-based and achievable within existing Commonwealth roles. They focus on preventing homelessness before crisis occurs, ensuring housing is paired with appropriate support, removing barriers that trap young people in crisis accommodation, and addressing income inadequacy that undermines housing access and supply.

With targeted investment and coordinated reform, the Commonwealth can significantly reduce youth homelessness, improve long-term outcomes for young Australians and deliver better value for public expenditure. The 2026-27 Budget is a critical opportunity to act decisively and build a future where every young person in Australia has a safe place to live and the support they need to thrive.