

Dear Treasurer,

Thank you for the opportunity to provide a submission to inform the NSW Government's 2026-27 Budget. Yfoundations has advocated for children and young people at risk of and experiencing homelessness for over forty years and represents a network of over 50 members across the state. Our vision is to create a future without child and youth homelessness.

We warmly acknowledge the NSW Government's recent investments through the Building Homes for NSW program, including the expansion of social housing, the establishment of the Homelessness Innovation Fund, and the Building Crisis Housing Plan. These initiatives represent meaningful progress and lay important foundations for long-term reform. With youth homelessness continuing to grow in scale and complexity, we are encouraged by this momentum and see a strong opportunity to build on it with the next phase of investment.

In 2024/25 specialist homelessness services (SHS) assisted 67,824 clients in New South Wales, and nearly half were under 25 years of age¹. More than 13,919 young people aged 15-24 sought support alone². Alarmingly, 94% of the young people aged 15-24 who entered crisis accommodation finished their support period only either to remain in the current crisis accommodation service with a renewed support or to move onto an alternate crisis service³. In real terms, this means thousands of young people are stuck in a crisis accommodation circuit because there is no suitable longer-term accommodation for them to go to.

At the same time, service providers are absorbing increased costs for wages, insurance, utilities and compliance that far outstrip indexation, in some cases facing five-fold increases in insurance premiums. These pressures threaten the viability of services and the quality of support available to young people. Yfoundations conducted a survey of youth SHS services in late 2025, and of those that participated in the study, only 20% stated that they are sustainable for the full 2026-2031 contracting cycle based on the same funding envelope⁴.

¹ Australian Institute of Health and Welfare. (2025). *Specialist homelessness services annual report* 2024-25 (Data table CLIENT.1). Retrieved December 5, 2025, from https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/data

² Australian Institute of Health and Welfare. (2025). *Specialist homelessness services annual report* 2024-25 (Data table YOUNG.1). Retrieved December 5, 2025, from https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/data

³ Australian Institute of Health and Welfare. (2025). *NSW and age group by financial year and housing situation–first reported and housing situation–last reported, 2024-25* [Data table]. AIHW Data Explorer. https://dataexplorer.aihw.gov.au/webapi/jsf/tableView/tableView.xhtml

⁴ Yfoundations. (2025). Operational Cost Snapshot survey: Youth homelessness services, November–December 2025 [Unpublished internal data].

Yfoundations calls for a 50 per cent uplift in funding across all homelessness services, and for the NSW Government to increase its social housing target to at least 10 per cent of occupied residential dwellings by 2050 to address the housing crisis. A proportionate share of this uplift and social housing investment should be ring-fenced for youth homelessness, reflecting the fact that nearly half of SHS clients are under 25 years old. Within the youth share, a portion of funds should first stabilise existing services – recognising the rising costs and the gap between indexation and actual expenses. The allocation of remaining resources should be informed by Local Collaboration Networks specifically focussed on child and youth homelessness and informed by local needs and an analysis of service demand versus service supply by region.

Our integrated strategy embeds this ring-fenced uplift within the forthcoming NSW Child and Youth Homelessness Action Plan (CYHAP) and recommends that allocation decisions be informed locally by the youth homelessness sector and grounded in lived experience and evidence. By giving communities influence over the resources needed to end youth homelessness, we can build a system that is responsive, equitable and accountable.

We look forward to discussing these proposals with you and your colleagues and to working together to make child and youth homelessness rare, brief and non-recurring.

Yours sincerely,

John Macmillan

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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.

Recommendations

- 1. Increase funding for all homelessness services by 50 per cent to address escalating costs, growing demand and widespread service sustainability risks across the homelessness system.
- 2. Increase social housing to at least 10 per cent of occupied residential dwellings by 2050, with investment targeted to respond to homelessness need.
- 3. Ring-fence a proportionate share of new homelessness and housing investment for child and youth homelessness, reflecting that children and young people comprise nearly half of all people accessing homelessness support.
- 4. Prioritise the use of increased funding to:
 - Stabilise existing youth homelessness services, including meeting real operating costs such as wages, insurance, utilities and compliance; and
 - Support implementation of the Child and Youth Homelessness Action Plan through additional investment across the full spectrum of services.
- 5. Invest in youth-specific housing models as part of social housing expansion, including, medium-term and transitional housing, recognising that integrated support provision is an essential and inseparable component of these models.
- 6. Engage the youth homelessness sector and young people with lived experience in dedicated processes to inform the development, implementation and monitoring of the Child and Youth Homelessness Action Plan.

Executive summary

Youth homelessness in New South Wales remains widespread and persistent. Nearly half of SHS clients are children and young people¹, yet thousands of young people cycle through crisis accommodation without a pathway to stability³. Providers face escalating operational costs that threaten service viability⁴. The NSW Government has released a 10-year NSW Homelessness Strategy (2025–2035) and has committed to develop the Child and Youth Homelessness Action Plan (CYHAP). These policy initiatives represent a once in a generation opportunity to transform the system, the effectiveness of which will be significantly strengthened by adequate, ring-fenced funding and clear targets.

Investment must be understood across the full spectrum of the youth homelessness system - from early intervention and prevention programs, crisis accommodation, medium-term and transitional housing through to long-term social and private tenancies, alongside outreach services. Each stage performs a distinct and critical function that reduces escalation, supports healthy development and prevents long-term homelessness for young people. Failing to invest in any part of this continuum increases costs across health, justice, education

and social services, while sustained investment across the spectrum delivers longterm economic savings and better outcomes for young people.

Our submission calls for a sector-wide 50 per cent uplift in funding across all homelessness services and an increase in social housing to 10 per cent of dwellings by 2050. We propose that, should these investments be adopted, a ringfenced youth share be created and delivered through the Child and Youth Homelessness Action Plan. Funding must first stabilise existing youth services – closing the increase disparity between rising costs and inadequate indexationand then expand the continuum of housing and homelessness support for young people. Medium-term accommodation and transitional accommodation models should be considered part of social housing stock; a dedicated portion of the new social housing supply should be youth-specific and developmentally appropriate. Engagement at the local level with youth homelessness service providers, specifically focussed on the implementation of the Child and Youth Homelessness Action Plan, should influence decision makers regarding unallocated resources alongside a transparent gap analysis and lived experience representation.

There is a strong moral and economic case for investing in youth homelessness. A national study found that half of adults experiencing homelessness first became homeless before the age of 18 and three-quarters before they turned 25⁵. Early intervention and prevention, which includes outreach services, is essential to stop youth homelessness before it starts. Programs that support young people within their family home or community and connect them to the services they need can keep them safely housed and reduce the need for crisis responses. When a young person does become homeless, crisis, medium-term and transitional accommodation function as developmental interventions – providing the safety, stability and support necessary for healthy development and a pathway out of crisis. These early and developmental interventions therefore reduce late homelessness and the associated health, justice and social costs. The Housing First for Youth model recognises that young people have unique developmental needs and requires flexible wrap-around supports to help them transition to adulthood.

To make child and youth homelessness rare, brief and non-recurring, the 2026-27 Budget must use the 50 per cent uplift in funding and increase in social housing investment to:

1. Stabilise existing services by funding wage increases, insurance, utilities, compliance and other rising costs by ending the disparity between these cost increases and indexation.

⁵https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0007/2202838/Scutella_et_al_J ourneys Home Research Report W1.pdf

⁶ https://housingfirsteurope.eu/wp-content/uploads/2022/05/HousingFirst4YouthFinalPrint.pdf

- 2. Grow youth-specific social housing by ensuring a portion of new social housing supply is developed as medium-term and transitional accommodation for young people, supplemented by investment in all current medium-term, transitional homelessness services.
- 3. Strengthen the continuum of support from early intervention and outreach services through crisis accommodation, medium-term and/or transitional housing to permanent social or private tenancies, mirroring and supporting the developmental journey from dependence to independence that every young person faces.
- 4. Invest in early intervention and prevention, outreach, tenancy support and domestic and family violence services that sustain tenancies, prevent homelessness and support children and young people escaping violence.

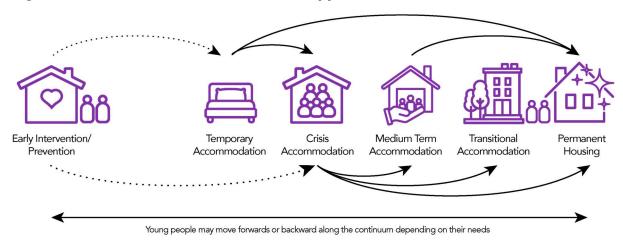
The following sections set out the evidence and details supporting these recommendations.

Current Pathway Through the Youth Homelessness System

The following continuum reflects the current structure of the youth homelessness system in NSW. It describes the typical pathway that children and young people move through when they experience homelessness, acknowledging that many young people may move back and forth between stages due to system constraints and availability of appropriate housing options.

This continuum can also be contextualised as reflecting the dynamics of a family home: young people may move forward or backward along it dependent on their needs, circumstances and developmental stage. Rather than a linear progression, it should mirror how children and adolescents naturally leave, return and move between levels of independence as they grow. A responsive homelessness system must replicate this flexibility, ensuring young people can step up or step back without losing support or stability.

Figure 1: The NSW Youth Homelessness Support Continuum



Note: Outreach services are illustrated through the people icons, reflecting their role across early intervention and prevention, transitional housing, and permanent housing responses.

This continuum sets the scene for understanding the current service pathway. It illustrates:

- the standard sequence of responses a young person may encounter
- the reliance on temporary and crisis accommodation due to limited exit options
- where bottlenecks occur, particularly between crisis and mediumterm/transitional housing due to current underinvestment in medium-term and transitional models
- how long-term stability is reached through a mix of social, private or share housing, noting that medium-term/transitional housing provides a wellrecognised pathway out of the need for permanent social housing
- the role of early intervention, prevention in supporting young people before they reach crisis,
- the role of outreach services in supporting young people to prevent them from becoming homeless where possible and to sustain them in appropriate housing solutions when required.

Early intervention and prevention, including proactive outreach to young people and their families, form the first stage of the youth homelessness continuum. By engaging early in homes, schools and community settings, these services help address the drivers of homelessness before they escalate. This reduces the number of young people entering crisis accommodation and supports more stable transitions when they do. Outreach also plays an important role in helping young people who are already living independently to sustain their accommodation, remain connected to education and community supports, and avoid entering or re-entering the homelessness system. Together, early

intervention, prevention and outreach strengthen the entire continuum by reducing risk and promoting long-term housing stability.

The pathway through homelessness must also account for the developmental changes that occur during adolescence and early adulthood. Stability, supportive relationships and consistent housing are essential for brain development, identity formation, education and emotional wellbeing. Medium-term and transitional accommodation are critical stages in this pathway, and their inclusion as part of the social housing system is essential to increasing capacity and reducing the crisis circuit.

The scale and drivers of youth homelessness

Persisting demand and limited exit pathways

In 2024-25, NSW SHS assisted 67,824 clients with 47 per cent under 25¹. Of the 13,919 young people aged 15-24 who presented alone². 94.3 per cent of young people's housing situation was recorded as living in short-term crisis accommodation both at the beginning and end of their support period, suggesting they either remained in the same service or moved between crisis services. This revolving door underscores the lack of medium-term and transitional housing options and the need to invest in pathways out of crisis. The Going Home Staying Home reforms dramatically reduced medium-term services so that only six medium-term housing services for young people remain in NSW. As these services are located on the coastal fringe between Northern Sydney and the Illawarra, large regions such as Western Sydney, the greater west of NSW, the north and south of the State, as well as the Hunter have no medium-term accommodation service². The lack of exit options forces young people to remain in crisis accommodation, often significant distances away from where they have grown up, disrupting education, employment and community connections.

This bottle neck is exacerbated by a severe shortage of affordable private rentals⁸. Young people, often on low incomes, compete with families and higher-income renters. Medium-term and transitional accommodation models are not currently classified as social housing stock, meaning that social housing targets do not account for the youth-specific housing that is essential for engaging with the youth homelessness crisis. As a result, young people often get stuck in the crisis system and are denied the developmental stability they need to transition to adulthood.

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⁷ Yfoundations. (2024). Yfoundations position on youth housing models: Background paper.

⁸ Anglicare Australia. (2025). Rental affordability snapshot 2025.

Rising operational costs

Service providers face escalating costs that far outstrip indexation. While the NSW Government indexed funding at 3.75 per cent in 2024-25 to reflect the Fair Work Commission's minimum wage decision, this did not cover increases in superannuation, workers' compensation and other mandatory costs, let alone the increases in the cost of utilities, food and other essential components of service delivery.

In late November through to mid-December 2025, Yfoundations invited youth homelessness services to participate in an Operational Cost Snapshot survey. Of those that participated (from across NSW and spanning all types of youth homelessness support models) only 20% stated that they are sustainable for the full 2026-2031 contract cycle on current levels of funding, with the remainder indicating that they are either at risk now, or sustainable for the next 1-2 years only.

Responses also indicate that rising costs are hitting all parts of service delivery. 90% of respondents indicated that they have experienced increased costs in energy/utilities and fuel or transport, alongside 80% having experienced increased costs associated with IT systems, and 70% having experienced increased rental/lease costs

Our workforce is under severe strain, and this is escalating. As a result of these increased costs and demand on services, 80% of respondents reported increased staff workloads, 50% reported reduced training and supervision, 40% reported reduced staff hours or roles and 40% reported increased usage and cost associated with Employee Assistance Program (EAP) services.

Without additional funding to offset these pressures, organisations will be forced to reduce programs, cut staff or close services, further limiting support for young people. The dataset underpinning the Child and Youth Homelessness Action Plan should capture these cost pressures. Funding formulas must reflect real-world costs to support the successful implementation of the Action Plan through sustained service capacity.

Housing supply and social policy context

The current housing crisis exacerbates youth homelessness. There is a chronic shortage of affordable rental stock and social housing waitlists stretch for years. Investment in youth-appropriate housing is inadequate. Yfoundations calls for social housing to constitute 10 per cent of all residential dwellings by 2050. However, social housing growth for young people must be understood differently

⁹ https://dcj.nsw.gov.au/about-us/families-and-communities-statistics/social-housing-waiting-list-data.html

from the adult context. A proportionate amount of social housing stock should be purpose-built or converted into medium-term and transitional accommodation that meets the developmental needs of young people. These models are not addons; they should be viewed as fundamental components of social housing supply and should be included in the 10 per cent target. Medium-term accommodation provides supported housing for years at a time, allowing young people to complete education or training and develop critical living skills. Transitional housing offers a semi-independent model for those aged 16 and above, often gradual increasing rent so young people can prepare for the private market. Currently, these models are sporadically available and concentrated in metropolitan areas. Recognising these models as social housing stock will unlock capital funding and ensure these models expand alongside other forms of social housing. It is essential that recognising these models as social housing stock also recognises that they require investment in the integrated support that is an essential component to their success in diverting young people from long-term homelessness.

The Housing First for Youth approach reinforces the need for age-appropriate models. Housing First for Youth adapts the Housing First principles for young people, recognising that they have different developmental needs and require targeted social, emotional and physical wellbeing supports. It is a rights-based intervention that aims to help young people through adolescence while providing a safe and stable home. Housing First for Youth principles complement the continuum of crisis, medium-term and transitional housing. Together, these models provide a flexible pathway from homelessness to independence.

A 50 per cent uplift through the Child and Youth Homelessness Action Plan

Rationale for the uplift

Current funding for children and young people within SHS is not transparent. While children and young people make up nearly half of all SHS clients in NSW, Existing SHS contracts do not allocate funding by client group and therefore the annual expenditure on child and youth homelessness within SHS cannot be identified. Only Homeless Youth Assistance Program (HYAP) funding (\$13 million in 2024-25) is reported as youth-specific. This lack of visibility means there is *no guaranteed youth share* within the \$251.7 million SHS budget, despite the scale of youth homelessness.

A ring-fenced youth share of the 50 per cent uplift is therefore essential. Without a dedicated youth allocation, the uplift may not flow proportionately to the cohort that constitutes almost half of SHS demand. The absence of contract-level funding

attribution by age group means there is no mechanism to ensure that children and young people receive funding commensurate with their level of need. Ringfencing is the only way to prevent continued underinvestment and to stabilise youth services facing acute cost pressures and growing demand. One methodology for calculating the proportionate share would be to use the data provided by the Australian Institute of Health and Welfare which indicates that 0-24 year olds represented 47.35% of the total number of persons accessing specialist homelessness support in NSW, noting that this includes children that are accompanied by adults as well as unaccompanied children and young people.¹⁰

Stabilising existing services

The priority should be to stabilise existing youth specialist homelessness services. Funding must cover wage increases, superannuation, workers' compensation, utilities, insurance and compliance costs. Ongoing funding should be tied to cost indices so that services are not continually eroded by inflation.

Indexation should be calculated using the Fair Work Commission's annual wage review, compulsory increased in superannuation, increases in workers' compensation insurance premiums and the Consumer Price Index, to ensure funding keeps pace with mandatory costs.

Given that most services report a threat to their sustainability on current funding levels, there is a clear need to first utilise a portion of an increase to the funding base to stabilise the existing system, before determining how to grow service and system capacity.

At the same time, Services are being asked to participate in new reforms and pilots, such as Local Collaboration Networks and enhanced data sharing initiatives, which often require additional coordination, reporting and meeting participation. Without clear expectations, appropriate resourcing and mechanisms for phased implementation or mid-term contract variation, these new responsibilities risk placing further strain on already stretched services and undermining service continuity.

The dataset required to underpin the Child and Youth Homelessness Action Plan must also inform this stabilisation funding, ensuring that cost pressures, real-world operating expenses and funding formulas are accurately captured and used to inform future allocations.

¹⁰ Australian Institute of Health and Welfare. (2025). *Data tables: Specialist homelessness services annual report 2024-25*. Retrieved from https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/data

Conducting gap analyses and capacity building

To support the provision of remaining funds, accurate data and robust governance are essential. As the steward of the Local Collaboration Networks identified in the NSW Homelessness Strategy, Homes NSW should lead a gap analysis and needs assessments required to help inform youth resource allocation. This includes oversight of data collection, trend analysis and the development of local implementation plans.

Recognising the differing needs of children and young people at risk of and experiencing homelessness to those of adults, and the need for investment in a different configuration of services, Yfoundations calls for a distinct approach to localised planning and collaboration, focussed specifically on child and youth homelessness.

Locally driven allocation

Rather than prescribing the remainder of expenditure centrally, Yfoundations recommends that the NSW Government determine youth homelessness investment using a clear and transparent methodology, supported by consistent data and assessment of regional/local need. Once the overall youth allocation is set, the remaining uplift should be distributed according to this data set, informed by engagement with the youth homelessness sector at the local level, with funding levels based on demand, including unmet demand, in each region.

Possible areas for investment

While final decisions need to be informed by local engagement and transparent data analysis, evidence indicates several areas where the remaining youth portion of uplift will be most effective:

Enhance the capacity of crisis responses

Given that in 2024-25, only around 45% of assessed need for short-term crisis accommodation among 15-17-year-olds in NSW was provided¹⁰, it is clear that the system is inadequately funded to respond to the current demand. There are large geographic areas across the state with no suitable crisis accommodation, meaning that young people often must travel hundreds of kilometres simply to access the safety net of crisis accommodation, if available at all, further isolating them from their families and communities and entrenching the negative effects of homelessness.

The lack of available crisis accommodation results from both an under-investment in this critical service model, and the lack of exit options, meaning that crisis services are unable to maintain bed availability by moving young people on to appropriate longer-term options when they are ready to do so. Whilst investment

in exit options will reduce the level of turn-aways over-time, enhanced crisis service capacity is also required, particularly in communities where there is no such capacity, or where the level of existing service availability is far outstripped by demand.

It is critical that investments such as the Building Crisis Housing Plan respond proportionately to the level of child and youth homelessness across NSW and are informed by a proper analysis of where services are most needed. Whist welcome, the Building Crisis Housing Plan, will not alone address the current shortfall in the availability of crisis accommodation for children and young people. Further investment will be critical to an effective response under the Child and Youth Homelessness Action Plan.

Expand youth-specific social housing and the continuum of support

Thousands of young people cannot exit crisis services because there are no developmentally appropriate exit options available to them. There should be investment in medium-term and transitional housing models, including projects that combine housing with education and employment support. The recognition of these models as social housing will allow the pursuit of a coherent, end-to-end housing continuum for young people, integrating crisis accommodation with medium-term, transitional and long-term options, with prioritisation of development based on need. These efforts align with calls for social housing to reach at least 10 per cent of dwellings. Evidence demonstrates that investment in medium-term accommodation delivers strong economic returns. Yfoundations' Medium-Term Accommodation Factsheet (2022) shows that providing stable, supported housing for young people reduces long-term homelessness, increases participation in education and employment, and lowers future costs in health, justice and social services. Medium-term accommodation is therefore both a developmental intervention and a cost-effective strategy that reduces the financial burden on government over time.

Early intervention and outreach

Funding must support early intervention and outreach teams to help young people address issues early, maintain safe connections to family and community, and reduce the likelihood of entering or returning to homelessness. Outreach services also assist young people who are already living independently to sustain their tenancies and remain engaged with education, employment and wellbeing supports. Integrated case management that connects young people to the right services improves long-term outcomes and reduces pressure on crisis accommodation.

Supporting children and young people experiencing domestic and family violence

Domestic and family violence is a leading cause of youth homelessness. Funding may be dedicated to safe accommodation and specialised support for children and young people escaping violence. Investment must ensure that domestic and family violence responses are embedded at every stage of the youth housing continuum - from crisis accommodation through to medium-term, transitional and long-term housing - so that young people do not lose support as they move through the system or return to unsafe family environments.

Addressing the over-representation of Aboriginal and Torres Strait Islander children and young people

Aboriginal and Torres Strait Islander children and young people are significantly overrepresented in homelessness services in New South Wales, comprising nearly 40% of all children and young people accessing services¹⁰, despite Aboriginal people representing a much smaller proportion of the overall population. This reflects the ongoing impacts of colonisation, dispossession, intergenerational trauma, systemic racism and structural disadvantage. Despite this level of need, Aboriginal Community Controlled Organisations (ACCOs) remain underresourced to meet demand across the homelessness continuum.

Addressing child and youth homelessness in NSW requires dedicated investment in Aboriginal-led services across the full continuum, including early intervention and prevention, outreach, crisis accommodation, medium-term and transitional housing, and permanent housing pathways. Investment must recognise that culturally safe housing responses are inseparable from culturally grounded support, connection to community, and self-determination.

Funding allocations should support the growth, sustainability and leadership of Aboriginal services. This includes resourcing ACCOs to design and deliver youth-specific homelessness responses that are community-led, place-based and trauma-informed.

Scale innovation

The Homelessness Innovation Fund has backed 70 projects in its first year. The NSW Government should identify the most effective of these and invest in their continuation or replication. A portion of innovation funding should be set aside for Aboriginal Community Controlled Organisations and culturally safe programs.

Conclusion

Youth homelessness is a pressing and persistent issue in New South Wales. Nearly half of those seeking assistance from specialist homelessness services are children and young people, and many remain trapped in crisis accommodation because there are no suitable exit options. Service providers face rising costs that threaten their viability, and the housing crisis limits access to affordable rentals. Without decisive action, the cycle of homelessness will continue.

The 2026/27 Budget presents an opportunity to chart a new course. By embedding a relative portion of the 50 per cent funding across all homelessness services uplift in the Child and Youth Homelessness Action Plan, recognising medium-term and transitional models as social housing and drawing on the expertise of the youth homelessness sector to inform the allocation of funds based on local needs, the NSW Government can transform the service system and deliver meaningful change. Investment in youth homelessness is not only morally imperative but economically prudent; preventing youth homelessness reduces adult homelessness and yields long-term savings. With adequate resources, inclusive governance and a commitment to culturally safe, evidence-based practice, we can make child and youth homelessness rare, brief and nonrecurring.