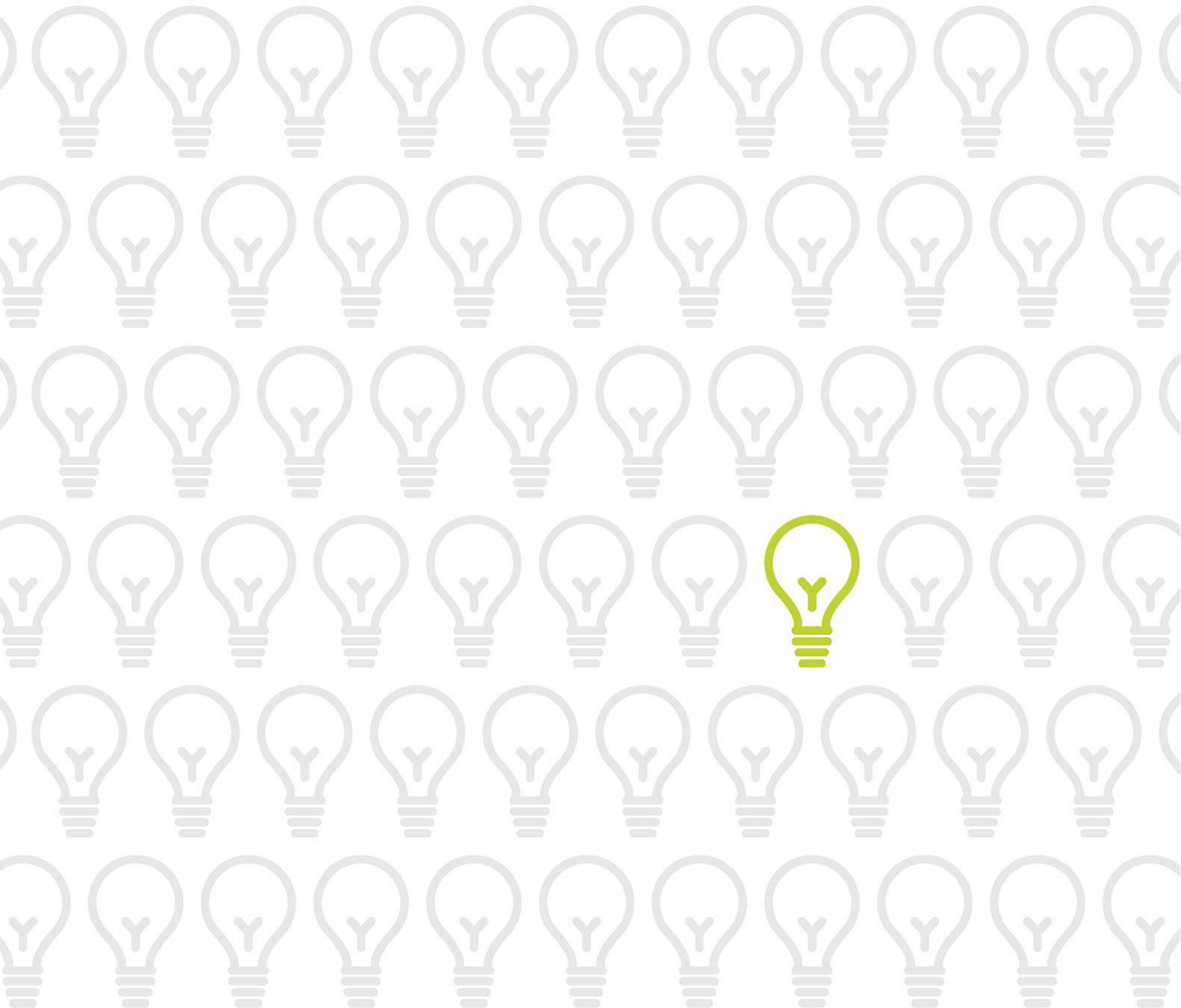


Scaling Foyers for NSW

Shelter NSW



Prepared for Shelter NSW by Insight Consulting Australia

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Executive Summary

Between 40 and 50 percent of young people exiting homelessness services move into a situation of further homelessness, indicating a need for youth-specific social housing options which recognise their developmental needs, and their low and insecure incomes (MacKenzie, et.al., 2020).

Sixty to seventy percent of Australians who ever seek help from Specialist Homelessness Services (SHS) have left school before completing Year 12 and *never recovered their education* (MacKenzie, Flatau et al. 2016). If people leave school without Year 12 or equivalent and do not recover their education by the age of 24 years they largely remain disadvantaged for the rest of their lives (Lamb and Huo, 2017).

Improving the outcomes experienced by vulnerable young people is a critical challenge for communities and governments. Much is invested in the health, education and wellbeing of children, but the return on that investment can be lost during the transition to adulthood, leaving young people with diminished life-course outcomes.

The best evidence available on the costs of different cohorts of people to the NSW Government (Their Futures Matter – Data Snapshot, 2019) indicates that at June 2017 there were just over 30000 vulnerable young people transitioning to adulthood in NSW. Based on linked data and an actuarial assessment, these young people were expected to cost just the NSW Government a total of \$3.9B more than their average peers.

Defining features

Foyers provide a package of accommodation and support to young people aged 16 to 24 years who are homeless or at risk of homelessness, typically including:

- Stable, secure accommodation with an average stay of under two years
- An up-front agreement for residents to participate in education, training or employment as a condition of their accommodation
- Training and mentoring, including living skills
- Tailored youth development and support services
- Assistance with securing employment and transitioning to independent living
- Sports, arts and social activities
- A supportive peer environment

Who do Foyers work for?

Foyers work for people who are ready to engage with training, education and employment, despite a history of vulnerability. This “readiness” approach is critical for being open to people who may otherwise be considered “too hard” or too great a risk. However, it is important that other services are therefore in place to assist people first address key risk factors in order to be ready later for Foyer life or other forms of social housing.

The current generation of three Tasmanian EFY Foyers exclude people with:

- Unmanaged mental health issues or a recent suicide attempt
- Unmanaged drug and alcohol issues
- Current charges likely to lead to incarceration
- Recent violent behaviour or serious conviction

Young people in the EFY Evaluation	
Experienced OOHC at any time	33%
Experienced detention, remand, prison at any time	4%
Experienced supported housing at any time	55% Crisis accom. 29% Transitional or other
Housing at referral	30% Friends, relatives 28% Crisis accom. 20% Transitional 11% Parent’s home 6% Own place 5% Sleeping rough
Lived in 3 or more places in last 12 months - at entry	57%
Mental health, at entry, using Kessler-6 scale	30% serious distress 40% moderate distress

Eleven percent of the Victorian EFY Foyer evaluation’s cohort were Indigenous, which was consistent with the wider Specialist Homelessness Services population in that State.

Some young people are better served by Supported or Transitional Accommodation or Affordable Housing, and will not want to enter into the kind of agreement Foyers require, nor live in that form of community. It shouldn’t be assumed that Foyers are appropriate for everyone.

Youth-appropriate forms of Housing First are also relevant for this target group (MacKenzie 2020) – as, like Foyers, they go “beyond assisting young people merely to become independent but rather to enable them to make a successful transition to adulthood” (Gaetz, 2104).

NSW has a number of programs in place to make a diversity of housing and/or support options available to young people, including through My Foundation Youth Housing. All of these housing solutions are vital for the differing needs of young people at different stages of their life journey.

Outcomes

Participant outcomes

The EFY Foyers documented the following improvements 12 months after exit:

- 46% of participants had improved their educational qualifications, with a further 24% still enrolled in further study
- 36% of participants were employed - up from 19% at entry
- 51% of participants were living in their own place – up from 6% at entry
- Housing had been stable over the previous 12 months for 59% of participants – up from 43% at entry

The EFY Evaluation is working to produce more detailed analysis of any differences in outcomes for different cohorts of young people – this will be valuable research. The EFY Evaluation substantiates previous Foyer evaluation observations that:

- Foyers can work well for vulnerable young people – when they are ready to engage with education and/or employment
- Foyers can deliver substantially positive outcomes in the domains of housing, education and employment for young people where these things were at risk at entry.

Cost-benefit for government

In the analysis Transitional Housing Management demonstrated a benefit-cost ratio of 0.97, in comparison to EFY Foyer’s ratio of 1.6. Other Foyers only demonstrated a benefit-cost ratio of 1.02 but this could be improved by increasing their average scale (EFY has 40 beds compared to <20 beds) and decreasing the average length of stay (EFY 1.2 years compared to 1.5 years).

KPMG estimated a Net Program Impact for EFY Foyers of \$9.91m over twenty years. This analysis is deliberately conservative.

- The likely future costs to the NSW Government alone, modelled by *Their Futures Matter* (2019) for a similar cohort of young people to the age of 40 years, were more than \$110 000 per person greater than the average person's costs
- The total cost to NSW health and justice agencies is estimated to be \$5m (MacKenzie and Flatau, 2016). The KPMG analysis only includes total health and justice costs avoided of \$2.2m.
- The fiscal and social costs of young people who disengage from education and employment (not only homeless young people) has an average annual fiscal cost to government of \$10,300 per person (Lamb and Huo, 2017), which for 50% of the EFY foyer population over 20 years would be \$34m.

The KPMG analysis reveals that Foyers are a relatively expensive model but that by achieving the desired results with a strategic target group Foyers generate a return on investment.

With the support of the NSW and Commonwealth Governments, Foyer Central is being independently evaluated and will add substantially to the evidence this report was able to draw on. Social Investment Bonds have been used to finance the delivery of Foyer Central so there will be close measurement of the outcomes achieved.

Further research on youth foyers is needed, especially for the diversity of foyers located within Australia (Steen & MacKenzie, 2016). Coddou et al.'s (2019) study has provided rigorous evidence of the impact of EFY foyers, but high-quality process, outcomes and economic evaluations of other models would be valuable.

Implications

- It is possible to achieve positive outcomes with vulnerable young people
- Foyers are a rational policy option within a wider array of programs
- Government needs to invest to achieve a return

What scale might be strategic for NSW?

There are 15 accredited Foyers in Australia, including several under development in Tasmania and Queensland.

In NSW there are 60 Foyer units provided in the Illawarra by Southern Youth and Family Services, and 53 units provided through Foyer Central in Sydney. That is less than 120 units for all of NSW.

Overlapping with the 30 000 vulnerable young people aged 16 to 18 years transitioning to adulthood in 2017 identified through *Their Futures Matter* (2019), there were in NSW:

- 13 700 young people aged 15 – 24 years who presented alone to a homelessness service in 2019/20
- Almost 1000 young people who aged out of Out of Home Care in 2019/20 (DCJ, 2020), plus others who leave their placement from the age of 15 years. At any one time there would be more than 6000 people in NSW aged 16 to 24 who have exited Out of Home Care
- 6725 mothers aged 21 years or younger with at least one child in 2017

For the purposes of outlining a way forward, if we conservatively assume that in any year just 5% of young people who present alone to NSW homelessness services would be ready and willing to access Foyers as a platform for their engagement with education and employment, that would equate to demand for 822 units (eg. 20 foyers of 40 units each) - if the average duration of stay was equivalent to the EFY experience of 1.2 years.

Given this is a very conservative starting point, at five years an assessment could be made on any further investment, based on the demand and outcomes experienced. Ongoing data from existing Foyers nationally will also provide useful information for decision makers. Place-based planning would enable decisions to be made about appropriate regional and metropolitan sites and partnerships.

1. Introduction

This report examines the evidence regarding youth foyers to inform future directions for NSW in relation to vulnerable young people, in line with the *NSW Homelessness Strategy*.

Potential demand for foyers in NSW, including consideration of which vulnerable young people may benefit, is assessed, along with available cost-benefit analysis. This enables consideration of how NSW could scale youth foyers to contribute to better outcomes for young people who are homeless or at risk of homelessness. This information is intended to be used by governments, particularly local councils, and private sector developers and organisations who may be interested in developing youth foyers in NSW, with the goal of providing a clear and informative overview of the model and its benefits.

Previous research on the effectiveness of youth foyers has been positive but limited by inadequate research methodology (Levin, Borlagdan, Mallett, & Ben, 2015). A recent Australian study has sought to address this gap. The latest, more rigorous findings confirm that youth foyers can be effective for achieving positive outcomes with vulnerable young people, with a net financial benefit to government.

This paper does not seek to recommend any specific model for the delivery of Foyers. Rather its purpose is to demonstrate the value of increasing the number of Foyers available to young people in NSW and of learning from a range of models. We reviewed published evaluations which demonstrate rigour, and we consulted briefly with both NSW foyers.

2. Why examine Youth Foyers?

Between 40 and 50 percent of young people exiting homelessness services in Australia move into a situation of further homelessness, indicating a need for youth-specific social housing options which recognise their developmental needs, and their low and insecure incomes (MacKenzie, et.al., 2020).

Sixty to seventy percent of Australians who ever seek help from Specialist Homelessness Services (SHS) have left school before completing Year 12 and *never recovered their education* (MacKenzie, Flatau et al. 2016). If people leave school without Year 12 or equivalent and do not recover their education by the age of 24 years they largely remain disadvantaged for the rest of their lives (Lamb and Huo, 2017).

Decreasing housing affordability, job security and youth wages have contributed to more young adults staying longer in the family home. Early home leaving without stable employment can lead into homelessness – especially when a result of a care history, family conflict or negative peer associations (Humphries et al. 2007; Maycock et al. 2008).

Programs responding to youth homeless have remained largely unchanged for the past 30 years, despite the complicated causes and consequences of homelessness (Levin et al., 2015). Rather than integrate housing with education and employment supports, the current system has typically been structured and funded in ways which over-stretch and silo services, resulting in crisis focussed delivery and limited capacity to secure long-term outcomes.

Research comparing the approaches of Australia and the United Kingdom (UK) in the 1990s argues that it is more effective to address education and employment as part of the response to homelessness (Steen & MacKenzie, 2016). In the UK, foyers were developed with this in mind, with housing provided to young people aged 16 to 25 integrated with training and employment assistance. Australia's programs and policies to address youth homelessness has developed quite separately to those addressing youth unemployment.

Improving the outcomes experienced by vulnerable young people is a critical challenge for communities and governments. Much is invested in the health, education and wellbeing of children, but the return on that investment can be lost during the transition to adulthood, leaving young people with diminished life-course outcomes.

The best evidence available on the costs of different cohorts of people to the NSW Government (Their Futures Matter – Data Snapshot, 2019) indicates that at June 2017 there were just over 30,000 vulnerable young people transitioning to adulthood in NSW. Based on linked data and an actuarial assessment, together these young people were expected to cost the NSW Government alone a total of \$3.9 billion more than their average peers.

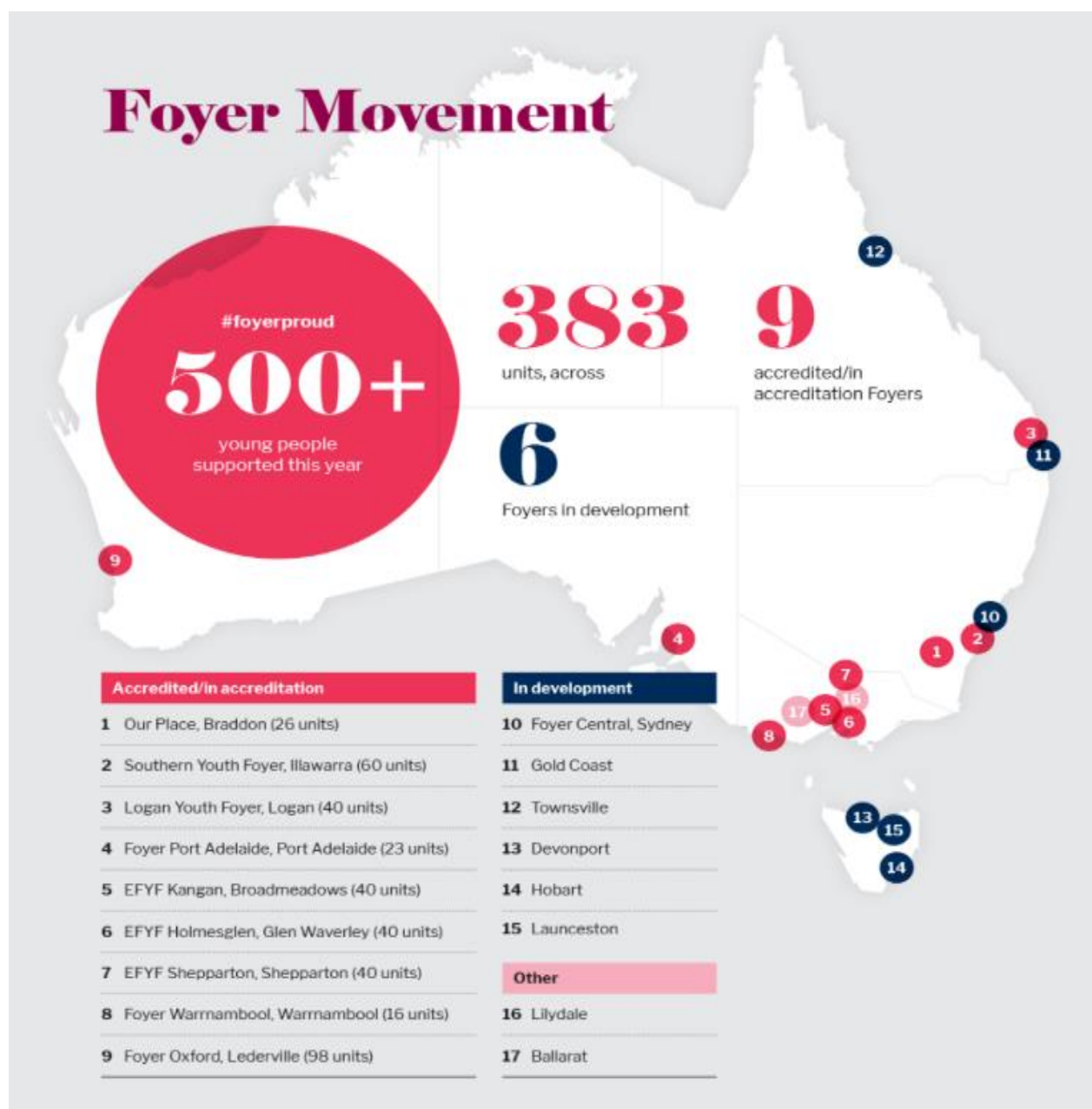
Subsequent analysis regarding young people who exit Out of Home Care (OOHC), which has informed the targeting of Foyer Central, found:

The average cost of meeting the modelled service needs of an OOHC leaver is estimated to be about \$496,000 over 20 years. This estimate includes costs of some Commonwealth services, the 20-year cost to the NSW Government of meeting the modelled service needs of an OOHC leaver is estimated to be \$269,000. The total modelled cost for the entire 16,279 OOHC leavers included in this study is estimated to be around \$8.1 billion over the 20 years following exit from OOHC.¹

The NSW Government's *Better Lives for Vulnerable Teens Review* (DCJ, 2014) found:

- Young people's experiences of fragmented services and serial crisis interventions can do further damage to their wellbeing and life-course outcomes
- Education and employment are foundational to young people's transition to independence and long-term outcomes (see also Gronda, 2009)
- A focus on achieving education and employment outcomes can be used to drive holistic responses to the factors contributing to a young persons vulnerability

¹ Taylor Fry (2018), Future service usage for Out-of-Home-Care leavers



Foyers are a critical option for policy makers to consider because they redress the Australian siloing of housing/homelessness services from education/employment services, and they shape delivery to achieve education and employment outcomes.

Foyer-type services first developed in France in the 1890s and grew significantly after World War II as a base for young soldiers in areas of labour shortage. Since the 1990s, foyer models have gained traction as a response to youth homelessness across the UK, followed by the US, Australia and a handful of European nations (Levin et al., 2015).

The above graphic from the Foyer Foundation (2020) shows the location of most current and developing foyers in Australia.

In NSW, the NSW and Commonwealth Governments have recently supported the establishment of Foyer Central in Sydney. Shelter NSW commends both levels of government for its commitment to the pilot project, which includes an independent evaluation of its implementation, outcomes and cost-benefit. Foyer Central is targeted to young people who have experienced Out of Home Care and is a partnership between

- St George Community Housing (capital works, accommodation, property management and tenancy management)
- Uniting (support services and day-to-day operations)
- Social Ventures Australia (manages financing via social benefit Bonds)

Along with the Foyer Project properties delivered by Southern Youth and Family Services in the Illawarra, Foyer Central brings the number of accredited Foyers operating in NSW to two. At the same time, there is growing interest in foyers nationally.

NSW has demonstrated a commitment to a spectrum of responses regarding issues of youth homelessness and housing, and foyers are an appropriate part of that mix. The two foyers in NSW and the unfolding body of evidence represent an opportunity to learn from a range of different models and consider how to scale the model appropriately and in a planned way for NSW.

3. Defining elements of a Foyer

Models developed in the UK in the 1990s were the template for foyers in Australia and elsewhere. A Norwegian systematic review (Meneses-Echavez & Berg, 2018) of foyers around the world summarised this kind of foyer, drawing on the Australian Government definition. They described foyers as providing “a package of accommodation and support to young people aged between 16 and 24, who are homeless or at risk of becoming homeless”, with the typical duration of stay at the foyer being 6-18 months. This period of stable housing aims to support foyer residents to “develop independent living skills while they are engaged in employment, education and training”. The provision of tailored youth development and support – often founded in an *advantaged thinking* approach – is critical to enabling the young person to achieve their goals through the foyer experience.

Foyer model elements

Foyers provide a package of accommodation and support to young people aged 16 to 24 years who are homeless or at risk of homelessness, typically including:

- Stable, secure accommodation with an average stay of under two years
- An up-front agreement for residents to participate in education, training or employment as a condition of their accommodation
- Training and mentoring, including living skills
- Tailored youth development and support services
- Assistance with securing employment and transitioning to independent living
- Sports, arts and social activities
- A supportive peer environment

The Brotherhood of St. Laurence and Hanover Welfare Services Education First Youth Foyer model has a specific focus on young people who are committed to completing education and training (Coddou, Borlagdan, & Mallett, 2019). As part of this focus, EFY foyers are co-located with tertiary education institutions. These foyers have partnerships in place with the institution and other services to support foyer residents to complete education to at least a Year 12 level and gain control of several aspects of their lives, including social connections, health, wellbeing, and employment (KPMG, 2019).

Foyers seem to be most cost-effective when they contain about 40 units. This scale has contributed to Victorian EFY foyers delivering a better benefit-cost ratio, with lower average costs per resident with a greater number of residents (KPMG, 2019). One large UK foyer, as cited in Steen and Mackenzie (2016), noted that approximately 40 beds would be preferable to their 200 beds, with the desire that the foyer be part of the local

community, rather than be so large that it is a whole community on its own. Other foyer managers surveyed for that research agreed with the 40-bed size as optimal for a foyer, with larger foyers more prone to having residents disengage with the service. The scale of a foyer in any location is something that would need to be determined according to a range of local factors. Various models of congregate and scattered-site accommodation should also be considered, with the latter sometimes linked to tenancy transfers.

4. What is the current evidence for foyers?

Two meta-reviews have found that the many foyer studies conducted from 1995 to 2018 described generally positive outcomes, but that this research was not of a high quality (Levin et al., 2015). The evidence reviewed by the Housing Directorate of Norway (Meneses-Echavez & Berg, 2018) concluded that that no controlled studies had been conducted on the foyer model, and as a result, it was not possible to assess its effectiveness. Methodological improvements were required to lift the standard of research, including defined research standards by which to evaluate foyers, data collection at more than one point in time, and addressing service development gaps to ensure complete data collection is possible.

To address the quality issues in research up until 2018, the Brotherhood of St Laurence conducted a new study of 331 EFY foyer participants in Victoria who exited the three EFY foyers between September 2013 and July 2017 (Coddou et al., 2019). This study covered 98% of EFY foyer participants who had spent at least three months in the foyer and exited during that period and allowed for data to be collected at a number of points in time, including before, during and after the participant's stay at the foyer. As part of this long-term study, the researchers addressed participant attrition through their modelling to produce a conservative estimate of EFY foyer effectiveness - making the assumption that those who did not answer follow-up surveys post-exit were less likely to have benefitted from the foyer. Perhaps most importantly, the researchers sought to measure relevant outcomes quantitatively, consulting stakeholders as part of that process, and capturing more complex outcomes with equally sophisticated measures.

In addition, the Brotherhood of St Laurence commissioned KPMG to conduct a cost-benefit analysis of the EFY foyers in Victoria (KPMG, 2019), with comparisons to other foyers and to Transitional Housing Management (THM). Only one financial evaluation of foyers had been conducted before this analysis, and no analysis had been conducted comparing the EFY foyer model to other foyers or THM.

Because of the quality of the evaluation, this report relies on the EFY evaluation and cost-benefit analysis to discuss the potential for further Foyers in Australia. The EFY evaluation validates what evaluations of other Foyers have reported over many years, and our use of that report is not to recommend any one model.

With the support of the NSW and Commonwealth Governments, Foyer Central in Sydney is being independently evaluated and this will add substantially to the evidence this report was able to draw on. Social Investment Bonds have been used to finance the delivery of Foyer Central so there will be close measurement of the outcomes achieved, especially in relation to:

- Independent housing
- Sustained income
- Educational engagement
- Child protection involvement
- Imprisonment
- The use of excluded accommodation

5. Who do foyers work for?

5.1 Young people with a history of vulnerability

In Coddou et al.'s (2019) study for the Brotherhood of St Laurence, 331 participants who entered the EFY foyer provided information before their intake indicating their prior care experiences. The results below show that almost three quarters experienced state or supported care in some form, with over half having experienced emergency, crisis or refuge accommodation, and a large proportion having experienced out-of-home care or transitional housing. This is consistent with similar data from KPMG (2018), showing that 68% of residents at Foyer Oxford had been in short-term or emergency housing prior to the foyer, with the remainder in unstable accommodation or sleeping rough. Twenty percent of Foyer Oxford residents had a history of state care, and twenty percent of residents were Aboriginal or Torres Strait Islander. In the EFY Foyers, eleven percent of residents identified as Aboriginal or Torres Strait Islander, which matched the wider Victorian homelessness services' population. Thirty-five percent were born overseas.

Type of state or supported care: pre EFY foyer experiences	%
Emergency, crisis or refuge accommodation	55
Out-of-home care (foster, residential, kinship)	33
Transitional or other supported housing	29
Detention, remand, prison	4
Total ever in state or supported care	74

Data regarding young people’s situation at the time of entering the EFY foyers also demonstrates the vulnerability of this cohort.

Young people in the EFY Evaluation at entry	
Housing at referral	30% Friends, relatives 28% Crisis accom. 20% Transitional 11% Parent’s home 6% Own place 5% Sleeping rough
Lived in 3 or more places in last 12 months - at entry	57%
Mental health, at entry, using Kessler-6 scale	30% Serious distress 40% Moderate distress

5.2 Ready to engage

Foyers work for people who are ready to engage with education or employment and live in a peer community, despite a history of vulnerability. This “readiness” approach is critical for being open to people who may otherwise be considered “too hard” or too great a risk.

Youth foyers commonly set eligibility criteria to ensure young people are ready for foyer living and can meet participation expectations. These criteria vary and are a matter for local planning. EFY foyers in Tasmania (Education First Youth Foyer, 2020) require that clients are inspired to get involved in education and training and that they are motivated to become involved with the community, volunteering and employment. In addition, there are a number of things which would disqualify a person, including recent violent behaviour, serious convictions or charges, unmanaged mental health issues, and unmanaged drug or alcohol issues. Other EFY foyers have similar selection criteria and deal-breakers (Coddou et al., 2019). KPMG (2018), evaluating Foyer Oxford, reported 93% of residents were engaged in employment, education or training upon their arrival to the foyer. Residents at Foyer Oxford were asked who foyers work for, and their responses are well aligned to what EFY foyers target - someone who:

- is motivated to better their situation and themselves
- knows what they want, and
- is not just looking for a temporary solution to a problem like homelessness

The above criteria provide an understanding of who foyers are best suited to. By targeting young people who are ready to engage with education and other commitments, foyers

have helped part of this vulnerable population out of homelessness and into stable employment.

Foyers can deliver substantially positive outcomes in the domains of housing, education and employment for young people where these things were at risk at entry. Foyers can work well for vulnerable young people – when they are ready to engage with education and/or employment. Therefore, it is important that other services are in place to assist people first address key risk factors in order to be ready later for Foyer life or other forms of social housing.

Some young people are better served by Supported Accommodation, Transitional Housing or Affordable Housing, and/or will not want to enter into the kind of agreement Foyers require, nor live in that form of community. It should not be assumed that Foyers are appropriate for everyone. Youth-appropriate forms of Housing First are also relevant for this target group (MacKenzie, 2020) as, like Foyers, they go “beyond assisting young people merely to become independent but rather to enable them to make a successful transition to adulthood” (Gaetz, 2014). NSW already has a number of programs in place to make a diversity of housing and/or support options available to young people, including through My Foundation Youth Housing. All of these housing solutions are vital for the differing needs of young people at different stages of their life journey.

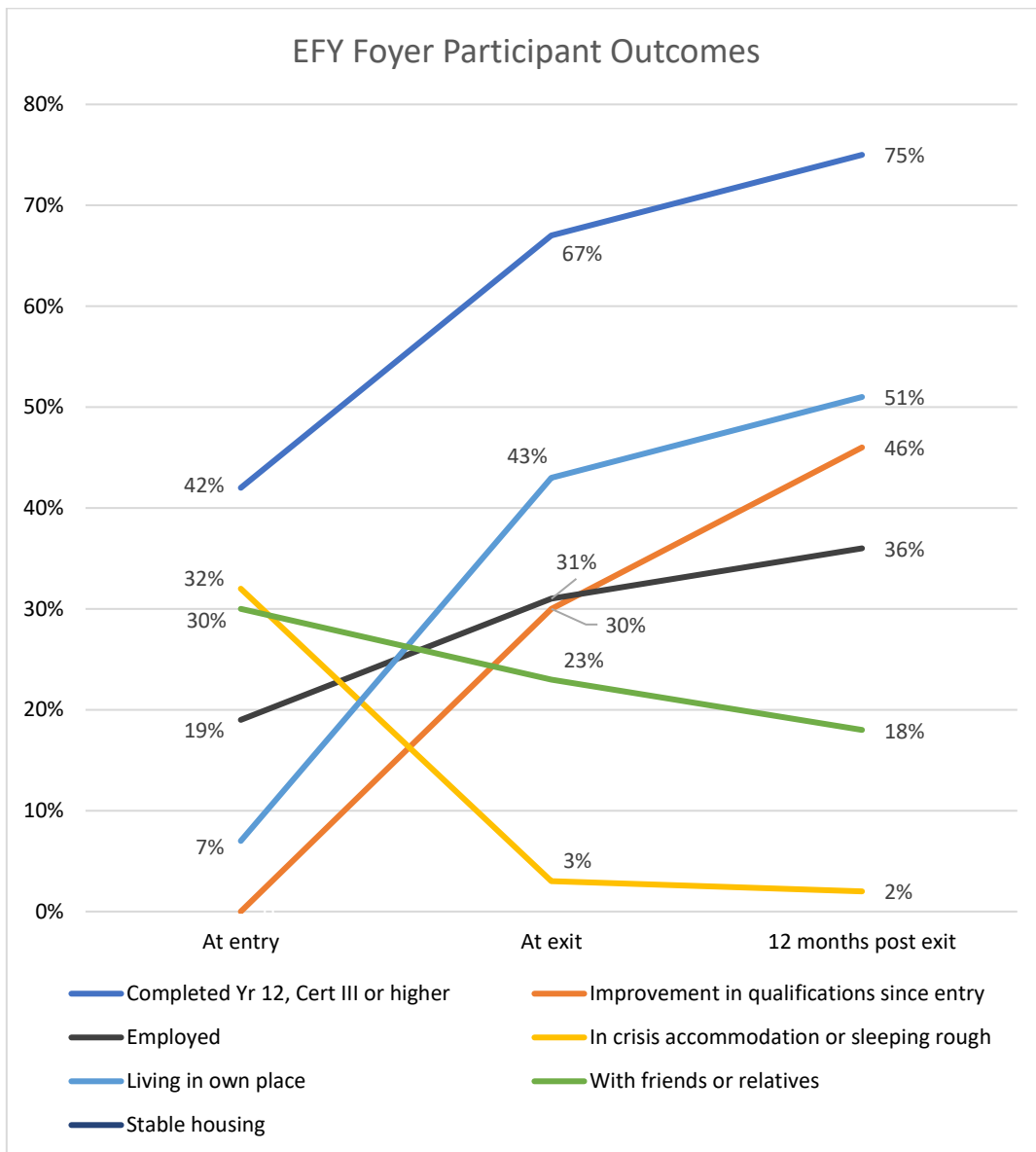
Further EFY evaluation being undertaken by the Brotherhood of St Laurence will include more detailed analysis of the outcomes achieved with different cohorts of vulnerable young people. Along with the current evaluation of Foyer Central, this will add to our understanding of who is most likely to benefit from foyers.

6. What outcomes are achieved?

The study by Coddou et al. measured a number of key outcomes upon participants' foyer entry and exit, as well as 6 and 12 months post-exit. This included measures of education, employment, housing and mental health.

The EFY Foyers documented the following improvements 12 months after exit:

- 46% of participants had improved their educational qualifications, with a further 24% still enrolled in further study
- 36% of participants were employed - up from 19% at entry
- 51% of participants were living in their own place – up from 6% at entry
- Housing had been stable over the previous 12 months for 59% of participants – up from 43% at entry



Data from Coddou et al. (2019)

6.1 Education

The percentage of participants who had completed Year 12 or an equivalent qualification increased from 42% at entry to 67% at exit, rising further to 75% a year post-exit. Notably, both participants who were enrolled in education at entry to the foyer and those who weren't achieved this increase across the time they spent at the foyer. Furthermore, this increase is approximately double that of increases reported in previous studies on qualifications gained while residing at foyers in the UK (Maxted, 1999; Quilgars, 2001; Foyer Federation, 2006). According to participant responses, the strength of EFY foyers in this outcome may rely on the focused, stable environment they provide for study, and the provision of a Certificate in Developing Independence which allowed participants to improve their goal setting and organisation.

6.2 Employment

Participant employment rates improved significantly over the course of participants' stay at the EFY foyers and in the following 6 months, with a slight decline in the period between 6 and 12 months post-exit. Overall, this represents an increase from 19% at entry to 36% at 12-months post-exit. The researchers emphasised the importance of interpreting participants' employment over time rather than at a single point in time, given the insecure nature of work for young people. They also highlighted that employment is vital not only to participants' ability to maintain adequate housing, but as a protective factor against forms of social exclusion including family conflict, mental health challenges and drug and alcohol abuse. Participants and EFY staff noted that the EFY foyers achieved this increase in employment rates through their resourcing of education and training for participants, workshops to improve participants' employability, and facilitating direct connections with job agencies and employers. This third strategy enabled participants to explore different kinds of work and network with potential employers, and is underlined by researchers as the most important strategy of the three.

6.3 Housing Circumstances

The most notable change (see table previous page) was the large decrease in crisis accommodation from entry to exit, and the even larger increase in participants living in their own home. Both of these changes remained stable 6 and 12 months after exit from the foyer. There was also a decrease in participants living with friends or relatives, which remained stable post-exit. While the percentage of participants living with parents did not change significantly, EFY foyer staff reported that the majority of participants moving in with parents at exit had improved relationships with family and experienced this move as positive.

The percentage of participants who felt their housing was safe increased from 67% before the EFY foyers to almost 90% after living at the foyer, and the percentage of participants with a stable living situation rose 15% from their entry to 12 months after their exit. In summary, these findings confirm that participants experienced improved independence, stability and quality of accommodation in comparison to before their entry to the foyer.

Outcomes reported in published foyer evaluations

Outcome	EFY Foyers Evaluation (adjusted for attrition)			Other international Foyer studies
	At entry	At exit	12 months post exit	At exit
Completed Yr 12, Cert III or higher	42%	67%	75%	Not known
Improvement in qualifications since entry	N/A	30%	46%	15 - 16%
Employment	19%	31%	36%	9 - 39%
Living in crisis accommodation, detention, treatment centres or sleeping rough	32%	3%	2%	Not known
Living in own place	7%	43%	51%	13 – 54%
Living with friends or relatives	30%	23%	18%	Not known
Lived in only 1 or 2 places in past 12 months	44%	N/A	59%	Not known
Mental health (Kessler-6: score out of 5)	3.5	3.64	3.64	Not known

EFY data from Coddou, Borlagdan, & Mallett, 2019 and other foyers from Meneses-Echavez, J. F., & Berg, R. C. (2018) and individual evaluations.

6.4 Mental Health

Mental health improvement occurred most significantly between entry and exit for participants who stayed between 12 and 24 months at the foyer. Researchers noted a growing consensus in the literature that mental health and wellbeing supports are crucial to foyer outcomes, and that foyers are better suited to those willing and able to make use of mental health supports and capable of living in the relatively independent setting of the foyer. According to participants and foyer staff, the EFY foyer's strengths in supporting participants' mental health came from the positive environment, activities which supported social connection and hobbies, and referrals to specialised health services.

7. Cost Benefit Analysis

The EFY evaluation addressed the previous gap in the literature regarding a cost-benefit analysis. KPMG's analysis was based on each model delivering with 331 clients, with costs/benefits calculated over twenty years. Only the costs of service delivery were included, not capital costs which can be significant.

In the analysis Transitional Housing Management demonstrated a benefit-cost ratio of 0.97, in comparison to EFY Foyer's ratio of 1.6. Other Foyers only demonstrated a benefit-cost ratio of 1.02 but this could be improved by increasing their average scale (EFY has 40 beds versus other foyers average of <20 beds) and decreasing the average length of stay (EFY 1.2 years versus other foyer's average of 1.5 years).

On that basis KPMG estimated a Net Program Impact for EFY Foyers of \$9.91m over twenty years.

This analysis is deliberately conservative. We note that:

- The likely future costs to the NSW Government alone, modelled by *Their Futures Matter* (2019) for a similar cohort of young people to the age of 40 years, were more than \$110000 per person greater than the average persons costs
- MacKenzie and Flatau (2016) measured the annual cost of 400 homeless and unemployed young people over three years and found average annual health and justice costs per person of \$15 000. Multiplied by 331 people over just eight years (eg. from age 17 to 24) the total cost to NSW health and justice agencies is \$9.93m. In contrast KPMG EFY analysis only includes total health and justice costs avoided of \$2.2m
- Lamb and Huo (2017) measured the fiscal and social costs of all young people who disengage from education and employment (not only homeless young people), and found an average annual fiscal cost to government of \$10 300 per person, which for 331 people over 20 years would be \$68.1m.

The KPMG analysis (see next page) reveals that foyers are a relatively expensive model but that by achieving the desired results with a strategic target group Foyers generate a return on investment.

KPMG's cost benefit analysis for the EFY evaluation (2019)

Net impact for 331 clients under each model over 20 years	Transitional Housing Management	Other Foyers	EFY Foyers
Direct costs – service delivery	\$3.70m	\$17.37m	\$12.15m
Indirect costs – education delivery	\$1.56m	\$3.22m	\$4.25m
Total costs	\$5.25m	20.59m	16.40m
Employment – increased earnings	\$2.16m	\$4.48m	\$5.91m
Employment – avoided Gov't support	\$2.01m	\$4.15m	\$5.48m
Avoided housing support	\$0.52m	\$11.95m	\$12.74m
Health – reduced ED admissions	\$0.13m	\$0.31m	\$0.20m
Health – reduced hospital admissions	\$0.34m	-\$0.16m	\$1.95m
Police – reduced offences	-\$0.06m	\$0.18m	\$0.04m
Total benefits	\$5.10m	\$20.90m	\$26.31m
Net program impact	-\$0.15m	\$0.31m	\$9.91m
Benefit Cost Ratio	0.97	1.02	1.60

Notes: As done for resident outcomes, the evaluation discounted the positive results achieved in order to reflect the attrition in respondents over time.

The difference in cost-benefit between EFY Foyers and other Foyers may be addressed by increasing the average scale of other Foyers (EFY has 40 beds whereas the comparison foyers had less than 20 beds) and decreasing the average length of stay (1.2 years versus 1.5 years). Flexibility regarding lengths of stay is an important feature of the foyer model and may reflect the level or complexity of needs of individual residents.

The KPMG evaluation outlines the baseline outcomes experienced by young people on entering Transitional Housing Management, other Foyers and EFY Foyers (pp.13-14). It shows that the EFY and TFM cohorts were similar in terms of:

- Educational attainment at entry
- Whether in supported housing or sleeping rough at entry

EFY residents had, on average, spent more days in hospital prior to entry, but presented to Emergency Departments less frequently. EFY resident had fewer offences recorded in the 12 months before entry.

8. What are the implications of the research?

8.1 It is possible to achieve positive outcomes with vulnerable young people

The right options for the right people at the right time achieve positive results, respect a person's autonomy and build (rather than undermine) their long-term independence.

8.2 Foyers are a rational policy option within a wider array of programs

Many vulnerable young people right now need more Supported or Transitional Accommodation than is available, while others (or the same young people in a years time) just need access to an affordable housing market. All of these solutions are needed, not just foyers. Even within the EFY Foyer cohort, 20% of residents accessed Transitional Accommodation at exit, and 16% were living there 12 months later.

AHURI's report (2020) argues for the homelessness services sector to be rebalanced from crisis responses to prevention, early intervention and post-homelessness social housing options and support. Foyers fit in the latter category, along with the My Foundations Youth Housing Company and subsidised rentals in the private market – both of which NSW is delivering.

There is debate as to how well Foyers conform to a harm-reduction or rights-based approach, but they are accepted as an element in a *Housing First for Youth* approach as an appropriate choice for young people prepared to commit to the participation requirements (Gaetz and Scott 2012; Gaetz 2017; Turner 2016). There is also discussion about how well Housing First approaches work for preparing young people to live independently in comparison to Foyers (Verdouw & Habbis 2018).

Between 30-60% of homeless young people have experienced Out of Home Care (OOHC) (MacKenzie, et al. 2020). While foyers are a great option for some young people exiting OOHC, Extended Care, as championed through the Home Stretch Campaign, would provide wider options for more of these young people - in relation to their housing, education and employment, and will improve their long-term outcomes (Deloitte, 2018). Extended Care would also significantly decrease the young homeless population.

Foyers genuinely assist vulnerable young people move beyond their history when they are ready to engage with education, employment and a peer community, and are not in the midst of ongoing episodes of instability or vulnerability. Fifty-five percent of the EFY Foyer residents had experienced crisis accommodation at some point, and 32% were living there just prior to entering the Foyer. Many young people will continue to need services which assist them stabilise before they can make longer term commitments.

Even those for whom youth foyers achieve positive outcomes, there are financial and employment issues that must be addressed. Coddou et al. (2019) found that participants continued to experience financial stress after exit, along with struggles in gaining employment. Housing and social security reforms would support these young people in maintaining adequate housing without high financial stress, while youth employment policies that create entry-level opportunities that match job-seeker interests with employer demands are suggested to assist young people in gaining employment.

Foyer's also assist some young people avoid seeking out crisis accommodation in the future. This is why the AHURI report argues Foyers should be targeted to young people transitioning out of homelessness services, and established as part of place-based homelessness strategies, informed by local data and systems. Local planning needs to ensure there are adequate surrounding services and employment opportunities relevant to the young people entering the foyer – particularly a concern in some regional areas.

8.3 Government needs to invest to achieve a return

While Foyers have been shown to generate a positive cost-benefit, it is not the Foyer that reaps the long-term savings, but State and Commonwealth governments.

Income support is very low and employment is increasingly insecure and poorly paid for young people, meaning that Foyers (including the capital build) cannot be delivered on the basis of rental returns. Steen and MacKenzie (2017) argue for the creation of sustainable recurrent funding to enable the scaling of Foyers in Australia. They note that Foyers in Australia do not have the kind of financial supports available to Foyers in the UK - where they have proliferated. None of Australia's purpose-built Foyers would have been developed without government investment and backing.

There are a number of ways that government can invest in foyers to make them feasible. Investment can be up-front in the form of capital build, or over time via rental and service subsidies. Government backing for Social Impact Bond investment is another option, requiring robust data and evaluation regimes as outlined for Foyer Central in [Foyer-Central-Social-Impact-Bond-Information-Memorandum-23-December-2020.pdf](https://socialventures.com.au/wp-content/uploads/2020/12/Foyer-Central-Social-Impact-Bond-Information-Memorandum-23-December-2020.pdf) (socialventures.com.au). The Commonwealth is an active partner in Foyer Central and should be considered for future partnerships as a significant beneficiary of improving outcomes for vulnerable young people.

Local government also has a critical role to play in enabling the development of new foyer sites. Opportunities exist to offer council-owned land and little or no cost for the development of foyers, identify appropriate sites within local government areas, or offer discounted contributions.

Foyer Central has been valuable as a current experience of the significant financial challenges of bringing a foyer from concept through to delivery, and a case study of that experience would be instructive for future work.

While there will be useful data and lessons generated through Foyer Central's delivery with young people, there is much evidence available now which enables NSW to plan with confidence towards the future – informed by the ongoing experiences of existing foyers in NSW and Australia.

9. What scale might be strategic for NSW?

There are 15 accredited Foyers in Australia, including several under development in Tasmania and Queensland.

In NSW there are 60 Foyer units provided in the Illawarra by Southern Youth and Family Services, and 53 units provided through Foyer Central in Sydney, totalling 120 units for all of NSW. On a per capita basis, this is less than 25% of the supply in the UK.

Overlapping with the 30,000 vulnerable young people aged 16 to 18 years transitioning to adulthood in 2017 identified through Their Futures Matter (2019), there were in NSW:

- 13,700 young people aged 15 – 24 years who presented alone to a homelessness service in 2019/20
- Almost 1000 young people who aged out of Out of Home Care in 2019/20 (DCJ, 2020), plus others who leave their placement from the age of 15 years. At any one time there would be more than 6000 people in NSW aged 16 to 24 who have exited Out of Home Care
- 6725 mothers aged 21 years or younger with at least one child in 2017

For the purposes of outlining a way forward, we have conservatively assumed that in any given year, just 5% of young people who present alone to NSW homelessness services would be ready and willing to access Foyers as a platform for their engagement with education and employment, that would equate to demand for 822 units (eg. 20 foyers of 40 units each), if the average duration of stay was equivalent to 1.2 years.

As Foyers are not the right service for all vulnerable young people, and that additional investment in things like Extended Care will affect demand, the true scale suitable for NSW is not knowable at this stage, but the above numbers suggest it would be cautious and reasonable to create a rolling program to develop sufficient Foyers for about 240 units over the next six years, with a dynamic evaluation working to strengthen implementation and assess outcomes from the start. Given this is a very conservative starting point, at five years an assessment could be made on any further investment, based on the demand and outcomes experienced. Ongoing data from existing Foyers nationally will also provide useful information for decision makers. Place-based planning would enable decisions to be made about appropriate regional and metropolitan sites and partnerships.

Alternatively, providers of youth homelessness services may be able to segment their annual clients into those who would best benefit from foyers, housing first models, supported or transitional accommodation, or other housing solutions.

It would be important to balance any investment in foyers with additional investment in Extended Care and supported medium-term and transitional accommodation for young people, and to make further decisions in that context. This is why we do not immediately advocate for an influx of more foyers - they are not the only investment required. The

important thing is to start scaling with confidence within the anticipated level of demand and allow cumulative experience to inform future decisions.

With emerging evidence on foyers' effectiveness in Australia, and more to learn about how successful youth foyers are for young people with varied circumstances, it would be sensible to scale youth foyers with an in-built dynamic developmental evaluation to continually inform implementation and service delivery in real time. It would also be strategic to develop financial models for the capital build of new services and/or sustainable service delivery (Steen & MacKenzie, 2016).

10. Where to from here?

In 2020/21 the NSW Government budgeted \$291.8 million for specialist homelessness services (\$1.1 billion over 4 years).

Shelter NSW applauds the NSW Government's recent investment in Foyer Central. We also recognise NSW is investing in young people through the My Foundations Youth Housing Company and Rent Choice Youth.

We agree with AHURI in urging greater investment in prevention and early intervention, including through the delivery of Extended Care. We encourage the NSW Government to consider the development of place-based strategies to address homelessness, which would provide a strategic context within which decisions regarding the location and nature of future Foyers could be made.

Along with AHURI, the National Youth Commission Australia, Yfoundations and Homelessness NSW, Shelter NSW sees clear scope for the further development of Foyers in NSW right now, especially as a model targeted to young people exiting SHS. Foyers are an important contribution to the overall mix of pathways out of life-long vulnerability.

More Foyers will not occur in NSW without government investment, as well as interest and commitment from local councils and the private sector. This would best be done as a considered strategy rather than in opportunistic ways.

10.1 Research

As discussed in this report, further research on youth foyers is needed, especially for the diversity of foyers located within Australia (Steen & MacKenzie, 2016). Coddou et al.'s (2019) study has provided rigorous evidence of the impact of EFY foyers, but high-quality process, outcomes and economic evaluations of other models would be valuable. The current evaluation of Foyer Central will add significantly to the evidence.

As Aboriginal and Torres Strait Islander young people feature among homeless and vulnerable populations further research and co-design with Aboriginal and Torres Strait Islander people would help inform future delivery.

One area of foyer research which remains unexplored is what outcomes result from participation in youth foyers over the lifespan and across generations. Life course outcomes will take longer to measure, but for this reason efforts to complete this research should begin as soon as possible with the hope that in five-to-ten years some preliminary findings may shape service development.

While there are criteria for entry to youth foyers, and residents largely agree with these (KPMG, 2018), there is little or no research on outcomes for participants with different characteristics. The Brotherhood of St Laurence is completing a study which will address

outcomes for different cohorts of young people who enter foyers in Australia, and this is a variable which warrants consideration for all future research.

11. Conclusion

Foyers have provided a theoretically better model of housing support for homeless youth by dealing with not only housing issues but employment and education as key pathways out of vulnerability. While high-quality research on foyers is scarce, the current evidence is consistent in delivering a positive verdict on their effectiveness and cost-benefit. A key finding from Steen and MacKenzie (2016), backed by subsequent experience, is that the current resourcing environment for Australian foyers does not enable them to be reliably scaled, and that a sustainable funding model is needed for youth foyers to operate with certainty and grow in number.

The foyer model is supported by young people with lived experience of homelessness. As part of a broader recommendation for the NSW Government to invest in evidence-based medium-to-long term housing for care leavers (Brest et al., 2020), the Youth Homelessness Representative Council requested investment in youth foyers to provide employment, education and skills development, with TAFE campuses suggested as the locations for future foyers. Similarly, the National Youth Commission Australia (NYCA) recommend foyers as part of the mix of solutions for youth homelessness (Waters and Mukherjee, 2021).

The foyer model is supported by researchers as an important part of the program mix available to assist young people exit vulnerability and homelessness – as has been summarised by the 2020 AHURI paper which encourages their targeted use. Shelter adds its voice to the work of Homelessness NSW and Yfoundations in advancing foyers as one element of the NSW landscape for young people.

A range of policy and strategy responses are needed to prevent and reduce homelessness among vulnerable young people. A staged plan for additional Foyers, through a diversity of locally planned models, would be an appropriate complement to NSW' existing strategies.

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