Breaking the Crisis Cycle:

A National Mental Health Homelessness Prevention Program

July 2026

Homelessness Australia

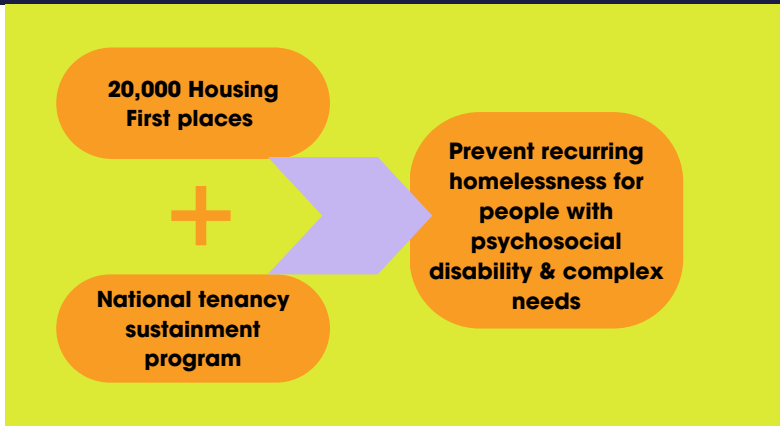
Executive summary

Rising persistent homelessness and rough sleeping among people with significant mental health challenges and complex support needs is causing profound harm and driving huge avoidable costs.

When Australia moved away from psychiatric institutions late last century, people were meant to be supported to live well and safely in the community. That promise was never fully delivered. The result is highly visible. We estimate over 31,000 people are forced into a cycle of repeatedly moving between acute mental health services, homelessness, crisis accommodation, hospitals and prisons.

Major inquiries have been pointing to the same gap for years: Australia does not have enough housing linked with ongoing support for people with serious and persistent mental ill health. Most recently, the Inquest into the Westfield Bondi Junction deaths brought the most extreme consequences of this system failure to light and called for an expansion of supportive housing linked to mental health care.

A nationally coordinated response is badly needed and long overdue. A National Mental Health Homelessness Prevention Program would align efforts to advance shared priorities across mental health, health, disability, housing and homelessness portfolios and Closing the Gap under a single national framework.



Key elements would include:

- **20,000 additional supportive housing places (using Housing First principles)** - a proven approach for people with serious and persistent mental ill health at risk of repeated homelessness.
- A **national tenancy sustainment program** for people with psychosocial disability.

This would significantly increase the effectiveness of mental health interventions, reduce overall pressure on overstretched mental health services, and prevent recurring homelessness for 20,000 Australians by 2031.

A critical window of opportunity to hardwire integrated responses to mental health and homelessness is currently open. Governments are simultaneously considering psychosocial supports as the next priority for foundational supports, reforming the NDIS and negotiating the next National Mental Health and Suicide Prevention Agreement. Work is also underway to implement the National Aboriginal and Torres Strait Islander Suicide Prevention Strategy 2025–2035.

Clear targets, shared accountability and involvement of lived and living experience expertise will be critical to drive change. The reform architecture already exists. What is needed now is the political will and leadership to deliver it.

Mental Health Australia · Australian Psychosocial Alliance · mind · St Vincent's Health Australia · RUAH · wellways · STRIDE · aaeh australian alliance to end homelessness · openminds Enabling Positive Futures · mcm · Sacred Heart Mission Hope. Heart. Home. · Launch Housing It's Time to End Homelessness · national shelter · CMHA · Catholic Social Services Australia · B Miles Women's Foundation Prevention, Support, Recovery · neami national · Mission Australia · Housing Choices Australia · common ground queensland

A well-known challenge

Cycling through different systems

- The numbers of people with severe mental health conditions using homelessness services has escalated. (1)
- Deaths of despair from suicide and overdose are the leading cause of death among people experiencing homelessness, representing 1 in 20 of all suicides. (2)
- Persistent homelessness among people reporting a current mental health issue increased 30.6% between 2019 and 2025, to 20,500 people. (3)
- More than 1 in 3 people experiencing persistent homelessness are First Nations. (4)
- Around 11% of homelessness service clients (4,600 people each year) are exiting institutions and care into homelessness. (5)
- Prisons are increasingly being described as "modern day asylums." AHURI research (6) found that most prisoners have complex support needs and significant histories of abuse, neglect, trauma and institutionalisation. It also found that 40% had been diagnosed with a mental health condition and more than one-third had previously experienced homelessness.
- Health professionals speak of "discharge of despair" when people are discharged from hospital into insecure housing or homelessness, knowing the gains made during admission may quickly be lost.
- Prior use of mental health services is a key predictor of later homelessness, especially when combined with previous homelessness, justice involvement and out-of-home care. (7)

Australia has a known group of at least 31,000 people (8) with mental ill health experiencing or at risk of homelessness that have an unmet need for long-term housing.

While this group represents a relatively small proportion of people experiencing homelessness, they are heavy and long-term users of homelessness services.

They face layer upon layer of barriers that make finding and holding onto a home incredibly difficult. Without access to housing linked to ongoing support, many cycle repeatedly between hospitals, acute mental health settings, prisons and crisis accommodation. This group has long been failed by fragmented systems that respond to crises but struggle to provide lasting solutions.

Australia shifted from psychiatric institutions to community-based care late last century. (9) De-institutionalisation was necessary and long overdue, but investment never occurred at the scale required to provide the housing and support people needed to live well and safely in the community. (10)

Some programs (11) that helped bridge this gap were wound back as funding shifted into the NDIS. Yet many people experiencing homelessness and psychosocial disability are unable to access the NDIS. (12) At the same time, successive reviews have found that NDIS clients with psychosocial disability and other complex needs have often been exploited by unscrupulous NDIS providers, and placed in institutional-style accommodation models. Meanwhile, services providing quality housing and support have struggled to remain viable.

(1) AIHW (2024) Specialist Homelessness Services Collection data cubes 2011–12 to 2023-24. 3,952 people who accessed a specialist homelessness support service also had a diagnosed mental health condition and a disability such that they required assistance in one or more core activity areas. 47% of this group (1,875 people) were homeless at the time of requesting assistance, while the remainder were at risk of homelessness. Reflects a 41% increase over time.
(2) AIHW (2025), People with a history of specialist homelessness services support who have died, part of the Specialist Homelessness Service feature series.
(3) AIHW (2025) Specialist homelessness services annual report 2024–25 - persistent homelessness
(4) AIHW (2025) Specialist homelessness services annual report 2024–25 - persistent homelessness
(5) AIHW (2025) Specialist homelessness services annual report 2024–25
(6) AHURI (2021) Exiting prison with complex support needs: the role of housing assistance.
(7) Taylor Fry (2021), Pathways to Homelessness, Final report, NSW Department of Communities and Justice. Cost estimates converted to 2026 net present value.
(8) Productivity Commission (2020) Inquiry into Mental Health (Final Report). Reported that more than 31,000 people with mental illness who are experiencing or at risk of homelessness have an unmet need for long-term housing. Over 2,000 are stuck in institutional care because of a lack of other options; many more are living in unsuitable accommodation. Victorian Royal Commission into Mental Health Final Report (Vol 2) 2021, citing evidence by Dr S Pollock for Mind Australia reported: Between 6,000-11,000 Victorians living with 'severe mental health issues' are homeless. A further 20,000 are living in housing arrangements that are problematic for themselves and/or for those they live with.
(9) From the 1960s, Australia embarked on a process of "de-institutionalisation." Large psychiatric institutions were closed in favour of community-based care. The process accelerated following the 1983 Inquiry into Health Services for the Psychiatrically Ill and Developmentally Disabled (the Richmond Report).
(10) Coroners Court of New South Wales. Inquest into the deaths at Westfield Bondi Junction on 13 April 2024: Executive Summary, 5 February 2026.
(11) Such as Partners in Recovery and Personal Helpers and Mentors
(12) D Threlfall et al. (2025) Access Denied: Psychosocial disability and the NDIS, Australian Psychosocial Alliance (APA).

The status quo is costly, damaging and dangerous

Without stable housing, the basics of care – such as keeping appointments, managing medication and outreach, and sustaining wellbeing – are near impossible to maintain. When people lose contact with support, their conditions go unmonitored and mental health deteriorates. This is a common pathway into repeated crises, hospitalisations and homelessness.

A fiscal failure as well as a human one

Research published by the NSW Government found that the most acute homelessness costs taxpayers around $140,000 per person each year, largely through avoidable health and justice expenditure. (13)

This has tragic consequences for individuals, their families and supporters creating worsening health, fractured families, preventable trauma and avoidable deaths. It also impacts public health.

This crisis cycle also drives avoidable demand across publicly funded services. It puts pressure on hospitals, mental health services, homelessness services and the justice system. It wastes scarce public resources and delivers poor long-term outcomes.

First Nations policy frameworks call for integrated action

The Gayaa Dhuwi Declaration and the National Aboriginal and Torres Strait Islander Suicide Prevention Strategy 2025–2035 recognise housing, homelessness and other social determinants as critical to social and emotional wellbeing and suicide prevention.

They call for culturally safe and community-led responses, emphasising connection to culture, family, community and Country as protective factors. They also support integrated approaches that address housing, wellbeing and mental health together, rather than relying on siloed service responses.

A chorus of recommendations, largely ignored

Every major inquiry and review in this space (14) has pointed to the same solutions: more supportive housing, stronger tenancy sustainment programs and better alignment of funding, policy and accountability across portfolios and governments. Yet despite years of recommendations, implementation has remained piecemeal and inconsistent.

There have been pockets of promising action, but these are mostly small-scale and fragmented rather than part of a sustained and systematic approach. Siloed systems, agencies and levels of government make joined-up responses to mental health and homelessness challenging. The problem is compounded by a funding disconnect: one part of government pays for housing and support, while other areas benefit from reduced demand on hospitals, mental health services and the justice system.

Support the establishment and evaluation of long-term accommodation for those experiencing mental health issues and homelessness, with on-site or easily accessible long term mental health care
Westfield Bondi Junction Inquest 2026

The lack of specialised long-term supported housing options for adults living with mental illness or psychological distress and who require ongoing treatment, care and support is a critical gap in the current system.

Additional medium-term supported housing places for young people living with mental illness and experiencing unstable housing or homelessnss are urgently required.
Victorian Mental Health Royal Commission 2021

With support from the Australian Government, State and Territory Governments should address the shortfall in the number of supported housing places and the gap in homelessness services for people with severe mental illness."
Productivity Commission, Mental Health Inquiry 2020

More people, including many who struggle with mental health issues and other complex needs, are falling through the gaps and becoming trapped in homelessness for longer periods.
Australian Government, Homes for Australia 2026

(13) Taylor Fry (2021), Pathways to Homelessness, Final report, NSW Dept of Communities and Justice. Note cost estimates converted to 2026 NPV.
(14) Such as the Westfield Bondi Junction Inquest 2026, NDIS Review (2023), Disability Royal Commission (2023), Productivity Commission Inquiries into Mental Health (2025, 2020) and Housing & Homelessness (2021), Victoria's Mental Health Royal Commission (2021) and various Parliamentary Inquiries into Homelessness.

Proven solutions ready to scale nationally

Keeping a home is fundamental to mental health stabilisation and recovery. A National Mental Health Homelessness Prevention Program would bring mental health care, supportive housing and homelessness prevention together under one framework. It would provide a practical, evidence-based response to the gap left by de-institutionalisation opening the door for people to move beyond crisis, for good. It would reduce persistent homelessness, ease pressure on mental health and justice systems and improve public health.

Although now widely associated with homelessness policy, Housing First originated as a mental health intervention. It was developed to help people with serious and persistent mental ill health sustain housing and avoid repeated cycles through hospitals, institutions and homelessness. By combining ongoing housing with recovery-oriented support, it creates the foundation for stabilisation, recovery and a fulfilling life in the community.

The evidence is compelling. Local and international studies (15) consistently show that supportive housing improves housing retention and reduces demand on hospitals and acute mental health services. It delivers strong social and economic returns, with especially high returns for young people. (16) In some countries, Housing First is funded through health budgets because of the savings it generates for health and mental health systems.

Recommended way forward: →

Housing First as a mental health intervention

Australia should **rapidly expand supportive housing models (using Housing First principles)** for people with significant mental health challenges at risk of persistent homelessness.

A diversity of models matched to people's changing circumstances and preferences – ranging from long-term supportive housing with intensive onsite care to independent scattered housing with outreach support - are needed. Models appropriate for different life stages - young people as well as older adults and distinct population groups – including self-determined models for First Nations communities are required.

20,000 additional places could be created over the next five years by:

- **a dedicated HAFF funding round** to build and repurpose housing for people with significant mental health challenges, designed specifically for Housing First supportive housing models
- **targeted mental health investment** to provide psychosocial support and stronger links to clinical care for people at risk of persistent homelessness
- **specialist homelessness support** to help people with significant mental health challenges access and sustain housing
- **reform of NDIS-funded supports, including a Housing First-aligned Supported Independent Living (SIL) model** for people with psychosocial disability
- **national targets and shared commitments to supportive housing** through the next National Mental Health and Suicide Prevention Agreement

(15) Some recent summary papers of the evidence base include: Killaspy, H (2024), presentation on supported accommodation at the Enmesh Conference https://www.enmesh2024-versailles.org/; Roggenbuck, C (2022) Housing First: An evidence review of implementation, effectiveness and outcomes, AHURI; AHURI (2022) Brief: Post-crisis housing for patients experiencing mental health issues
(16) KPMG and Mental Health Australia (2018), Investing to Save—The Economic Benefits for Australia of Investment in Mental Health Reform. Found that for every $1 spent on integrated housing and support for young people with mental illness, $6.70 is created over the long term.

Housing First programs are having strong impact and delivering savings

- **Journey to Social Inclusion (Sacred Heart Mission & Partners):** combines scattered-site rentals with three years of assertive case management and service coordination. A 2024 evaluation found a return of about $2.20 for every $1 invested and an estimated $350,000 net benefit per participant over time, with savings driven mainly by reduced demand on mental health, homelessness and justice systems. (17)

- **Doorway (Wellways):** combines tenancy support in private rentals with clinical and psychosocial supports. Successive evaluations (18) found it is cost-effective at stabilising housing for people with severe mental illness and long histories of homelessness, while also improving mental health and social functioning. It reduces contact with inpatient mental health services, emergency services and the justice system. Doorway is funded by the Victorian Department of Health.

- **50 Lives 50 Homes Program (RUAH & Partners):** combined scattered-site housing across social housing and private rentals with coordinated health, mental health and wrap-around support. The final evaluation (19) showed a 48% reduction in emergency department presentations, 51% reduction in hospital admissions and 64% reduction in psychiatric inpatient days among people housed for at least one year. The program is informing broader homelessness responses in WA.

- **Common Grounds:** currently in eight locations around Australia, this model combines permanent housing on one site with tailored onsite supports and social services. A 2025 evaluation of Common Ground Brisbane (20) estimated economic and social benefits of more than $203,000 per tenant over their lifetime, building on earlier findings of significant savings to hospitals, emergency departments and the justice systems.

- **Noongar Mia Mia (WA)**: Noongar Housing First Principles are embedded across services delivered by and for First Nations people. The model combines housing with recovery-oriented support, grounded in the importance of culture, family and Country to healing and wellbeing, and responds to the ongoing impacts of colonization, racism and intergenerational trauma. Published case studies (21) highlight improved housing stability, engagement with health and mental health services, enhanced social and emotional wellbeing, and stronger connections to family, community and culture.

Despite these results, Housing First-style programs are still not widely available in Australia and are rarely embedded as a core part of the mental health or homelessness response.

(17) KMPG (2024), Journey to Social Inclusion Final Evaluation Summary Report, Victorian Department of Treasury and Finance
(18) D Dunt et al., (2025) A cost-effectiveness analysis of a housing and recovery program for people with severe and persistent mental illnesses and precarious housing, Journal of Social Distress and Homlessness 2025, Vol. 34, No. 2, 194–206https://doi.org/10.1080/10530789.2024.2352291
(19) L Wood et al. (2022) Zero Project. A Housing First Response to Ending Homelessness in Perth. Findings from the 50 Lives 50 Homes Program: Final Evaluation Report 2022, Centre for Social Impact, UWA Business School, School of Population and Global Health, UWA Institute for Health Research, University of Notre Dame
(20) C Ibrahim and R Roberts, 2025, Brisbane Common Ground Case for Change Paper, Deloitte, Brisbane
(21) L Silbert et al. (2021) Noongar Housing First Principles in Practice

Recommended way forward:

Tenancy sustainment as a core psychosocial support

Australia should establish a **national tenancy sustainment program** to stop people with psychosocial disability from falling out of social housing and private rentals.

This should be integrated with a national approach to **address unmet need for psychosocial supports** currently being considered through the next National Mental Health and Suicide Prevention Agreement.

Securing housing is especially difficult for people experiencing overlapping mental health, housing and social challenges. Demand for social housing far outstrips supply and public housing continues to decline as a share of overall housing stock. Community housing providers are increasingly reluctant to house people with complex needs unless wrap-around supports are available, reflecting concerns about tenancy sustainment and resident wellbeing.

For those who do secure housing, maintaining a tenancy can be difficult. People leaving psychiatric inpatient care for social housing face considerable risk of early tenancy breakdown, often within 18 months. (22)

The risk of tenancy breakdown in private rental is likely to be higher again.

Psychosocial tenancy support programs play a critical role in promoting recovery and preventing homelessness, but are not widely available, particularly for those living in private rentals. Flexible, proactive support can help people maintain housing, strengthen recovery and address issues before they escalate into eviction and homelessness. (23)

Support for obtaining and maintaining housing was identified as a key psychosocial support in the unmet needs analysis commissioned for Australian governments to quantify the gap in supports for people with mental ill health. (24)

Now is the time for national leadership

Homelessness, mental health and community organisations have long highlighted this issue (25) and are now joining forces to call for coordinated national action to tackle persistent homelessness among people with significant mental health challenges.

The Australian Government faces a clear choice.

It can preserve an expensive and damaging status quo, despite decades of evidence pointing to the need for action. Or it can break through the fragmentation that has stalled action and drive evidence-based structural reform that will:

- prevent recurring homelessness for 20,000 people by 2031
- strengthen the impact of the mental health service system
- save money across health, mental health, housing, justice and crisis systems

The solutions are known. The evidence is strong. What is needed now is the political will to act.

(22) Victorian Royal Commission into Mental Health Final Report (Vol 2) 2021 citing evidence from a Unison Housing study
(23) AHURI (2022), Brief: What is a sustaining tenancies program?
(24) Analysis of unmet need for psychosocial supports outside of the National Disability Insurance Scheme Final report, prepared by Health Policy Analysis and endorsed by Psychosocial Project Group on 14 May 2024, updated 15 August 2024
(25) See for example: Australian Catholic Bishops Council 2025 Social Justice Statement: 'Signs of Hope on the Edge':Serving people living in homelessness with mental ill-health; Neami National (2025) Position Statement: Homelessness and serious and persistent mental ill health; Melbourne City Mission and Orygen (2025) Home in Mind: Improving mental health support for young people experiencing homelessness.