Homelessness Australia



POLICY BRIEFING NOTE

BREAKING THE FIRESTORM

Resolving the systemic crisis in Australia's homelessness response

EXECUTIVE SUMMARY

Decades of government inaction on social and affordable housing and underinvestment in support services have created a systemic crisis in Australia's homelessness response. This has trapped the system in reinforcing feedback loops of escalating service overwhelm and unmet client need, with devastating consequences for thousands of struggling families and individuals needing support.

The result is a crisis that, similar to a firestorm, has started to 'create its own weather' by generating and exacerbating the very conditions that drive it. Urgent, coordinated action and increased government investment in both homelessness action and affordable housing is required to address the immediate impacts of the crisis and the structural drivers behind them.

Purpose of this document

This briefing has been prepared by Homelessness Australia to inform the 2026 Mid-Year Economic and Fiscal Outlook (MYEFO). It draws primarily on a UNSW City Futures Research Centre working paper analysing preliminary findings from the Australian Homelessness Monitor 2026.[1]

1 For further information, see Clarke, A., Moore, J., Hartely, C., Parsell, C., & Pawson, H. (2026), 'System under strain: key challenges facing Australia's homelessness service sector', Australian Homelessness Monitor 2026 Working Paper 2. Sydney: UNSW City Futures Research Centre.

A SYSTEM OVERWHELMED

> *'We have workers say "[we've] got nothing to offer [to clients]", crisis being clogged, transitional housing being clogged because there's no pathway through. And people [are] saying* ***we have nothing to do but give people tents and suggest somewhere sort of safe to camp. Women leaving family violence are being asked, "do you have a lock on your car?" And if you have a lock on your car, you're considered to be safe.'***
>
> — PEAK BODY REPRESENTATIVE[2]

Australian specialist homelessness services (SHS) providers are experiencing overwhelming demand. Among those surveyed, 91 per cent said demand had increased significantly or slightly over the past two years, while just 0.4 per cent reported a decline.[3] Providers report being 'stretched to breaking point' and that they 'cannot keep up with demand'.[4]

The affordable housing gap

The vast majority of providers (92 per cent) attribute the increase in service demand to worsening affordability and accessibility of rental housing.[5] This aligns closely with objective indicators of rental market conditions, which show worsening private rental affordability over the last three years.[6]

The shortage in affordable housing is putting extreme pressure on both ends of the homelessness system. At one end, unaffordable rents are driving more people into homelessness, intensifying demand for support services that are already overwhelmed. One result is a broadening of the profile of people seeking support for homelessness services. As one stakeholder put it, '[w]e're seeing more people becoming homeless who actually have jobs, families becoming homeless. So, it's not just your stereotypical rough sleeping population.'[7]

At the other end of the system, the lack of affordable tenancies prevents services from transitioning clients out of support and into long-term secure housing. This is strikingly evident in data from the Australian Institute of Health and Welfare, which shows that long-term housing was provided to just 3.9 per cent of clients who needed it in 2024–25.[8]

Increasing complexity of need

Another factor contributing to the overwhelming demand experienced by SHS providers is an increase in the complexity of the needs of their clients. 'Complexity' refers to the number of co-occurring or intersecting support needs that clients require assistance with, including housing insecurity, physical and mental health issues, experiences of family violence, and addiction and substance misuse.

A key impact is that people with more complex needs often require more intensive support, as well as longer support periods, which in turn places greater demand on the time and resources of SHS providers. As one provider explains, 'the overall complexity of client need has increased… So, the severity of need is intensifying, i.e. each individual client needs more support… and so services aren't actually able to support as many clients as they previously were…'[9]

This is a major driver of the emergence of self-reinforcing feedback loops of client harm and service pressure examined below.

Inadequate funding for services

At the same time as SHS providers are facing overwhelming demand for their services and increasing client complexity, inadequate government funding has severely constrained their ability to support people in need. While overall government expenditure has increased in real terms over the past decade, providers report that it has nevertheless failed to keep pace with the growth in demand and increasing costs to deliver services.[10]

2 Quoted in Clarke et al., 14.
3 Clarke et al., 2–3.
4 Ibid., 3.
5 Ibid., 3–4.
6 Pawson, H. & Clarke, A. (2026), 'Recent trends in known homelessness drivers & risk factors', AHM 2026 Working Paper 1. Sydney: UNSW City Futures Research Centre. Clarke et al. (4) note that worsening affordability over the past three years has "exacerbated significant declines in affordability seen since the early 2020s."
7 Clarke et al., 4.
8 Australian Institute of Health and Welfare (AIHW) (2026). *Specialist homelessness services annual report 2024–25*. Canberra: Australian Government.
9 Quoted in Clarke et al., 5.
10 See Clarke et al, 5–10 for a full discussion.

NO EXITS FROM HOMELESSNESS

The lack of affordable housing means SHS providers are increasingly unable to help existing clients transition out of homelessness and into long-term housing.

Around 86 per cent of providers report that finding long-term housing for clients has become harder over the last two years, with around 70 per cent reporting it has become 'much harder'. Less than 1 per cent report that it has become easier to find housing for those who need it.[11] Providers report that there are 'some cohorts that we just can't get housing options for' and that 'people are staying stuck [in homelessness services].'[12]

Providers and stakeholders are in near unanimous agreement that shortfalls in social housing are constraining their ability to assist their clients to avoid or exit homelessness, with 95 per cent broadly agreeing with this statement and 81 per cent strongly agreeing.

BOTTLENECKS, BACKLOGS & FEEDBACK LOOPS

The intersecting demand pressures and service capacity constraints outlined above create bottlenecks and backlogs throughout the homelessness system. These in turn place more strain on the system, which causes increasing harm to the people trapped within it. The result is reinforcing feedback loops – vicious circles of escalating harm and increasing system strain.

→ **Clients become 'stuck' in crisis and transitional housing.** Prolonged stays in crisis accommodation compound the traumas of homelessness, eroding clients' health and wellbeing and increasing the complexity of their support needs.

A significant majority (82 per cent) of providers report that it has become harder to find temporary or emergency accommodation for their clients.[13] One provider explains how this causes further harm: 'What that ends up doing is causing… systems trauma, and then we have traumatized people being even more re-traumatized by the systems they're part of.' [14]

→ **Overwhelmed services are forced to turn away people in need**, many of whom have no option other than rough sleeping. This severely impacts people's health and wellbeing, increasing the complexity of their support needs.

Almost two thirds (63%) of providers report that changing demand pressures have 'changed how many people seeking help must be turned away', with some reporting 'having to turn away at least as many people as are getting through the doors' and others indicating they 'just can't keep up with the volume of calls that come through'. [15]

→ **Services focus on crisis at the expense of prevention**, due to overwhelming demand pressures. Delaying support to people at risk causes their circumstances to deteriorate further, so that by the time they do access a service they are already in crisis and thus have more complex support needs.

A majority (58%) of providers either agree or strongly agree that, over the last two years, services have been disproportionately focused on crisis responses at the expense of homelessness prevention.[16]

→ **Support staff experience trauma and burnout.** Chronic underfunding, experiencing the consequences of people's distress and frustration – including abuse and violence – and the inability to help clients in desperate need leads to burnout, workplace trauma, and poor staff retention, particularly among frontline staff.

More than two-thirds (69 per cent) of providers identify 'impact on staff morale, burnout and/or staff retention' as the most common effect of changes in demand for their services. '[W]hen you are working, particularly in the more pointy end, you just see failure all the time. So why would you stay, right?' one provider asked.

11 Clarke et al., 10.
12 Ibid., 10, 13.
13 Ibid., 13–14
14 Ibid., 16.
15 Ibid., 15.
16 Ibid., 17.

CONCLUSION: A FIRESTORM OF CRISIS

Crucially, each of the above pressures places additional strain on already overwhelmed services, further constraining their capacity to respond. The system becomes trapped in feedback loops, in which overwhelmed services and increasing complexity of client needs mutually reinforce and exacerbate one another. The resulting crisis sustains and intensifies itself, driving its own momentum – much like a firestorm creates its own weather.

Once a self-reinforcing systemic crisis of this kind takes hold, it cannot be resolved by measures that target any one part of the system in isolation. Rather, a coordinated response is required to address both the immediate pressures on services and the structural drivers behind them. This must include urgent action to expand the capacity of the homelessness sector, matched by ongoing and increased investment in the supply of housing that is affordable and secure for people on lower incomes.

Recommendations

Homelessness Australia recommends the following measures to meet the challenges faced by Australians experiencing or at risk of homelessness and to resolve the ongoing systemic crisis.

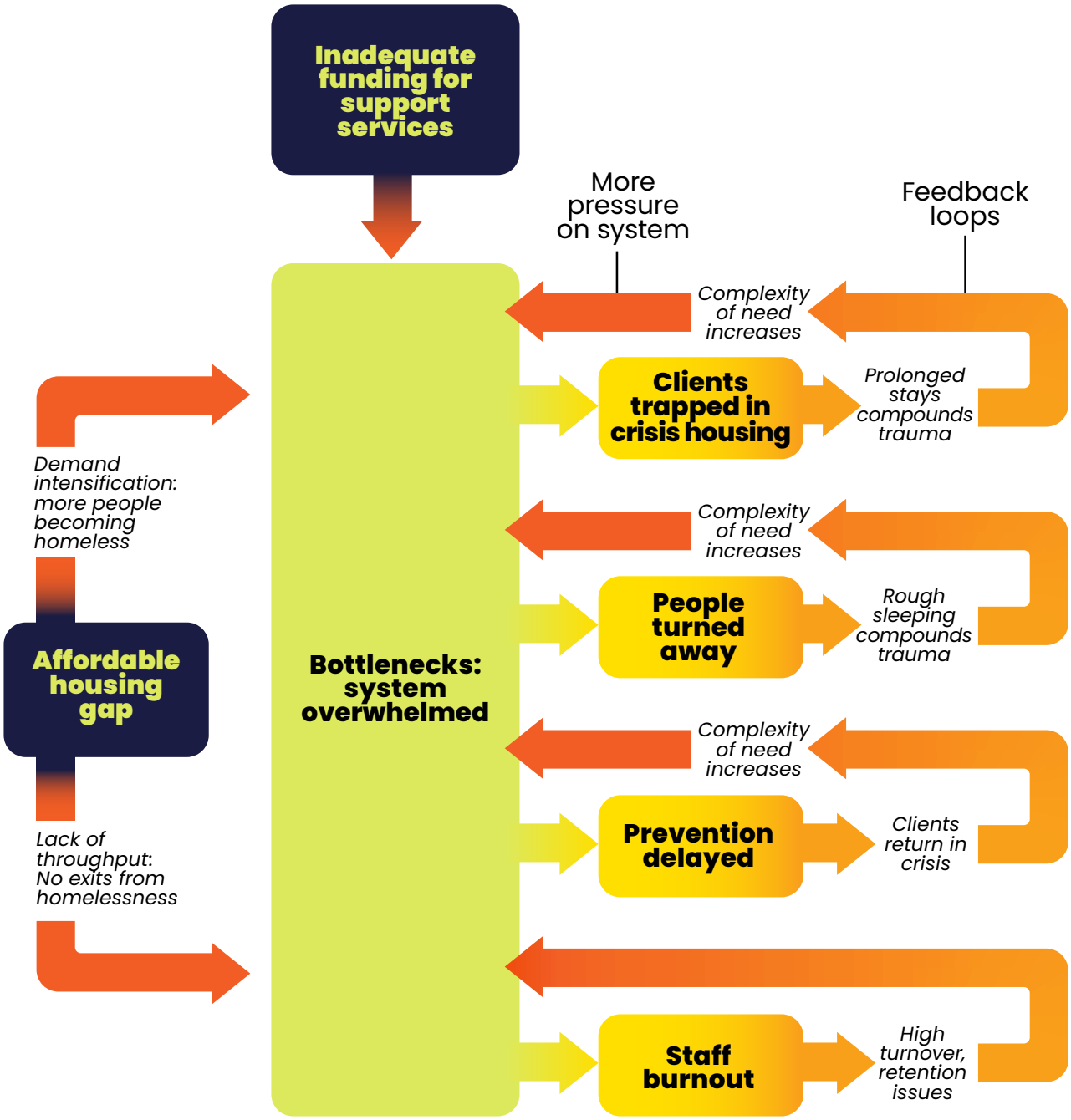
Prevent more people becoming homeless

- Scale up social housing to 6% of all Australian housing stock by 2040 by investing to immediately increase new construction of social housing to 34,000 homes per year.
- Increase private rental affordability for people on the lowest incomes by increasing income support payments to at least $600 a week.
- Invest in a Homelessness Prevention Transformation Fund to resource programs that can prevent people being evicted, including tenancy sustainment programs.
- Extend and expand the successful Reconnect Program preventing children and young people from becoming homeless.

Meet increased need for support to escape homelessness

- Scale homelessness funding to meet demand so no-one is turned away.
- Reinvest in crisis and transitional housing as part of the social housing growth program.
- Invest in 20,000 high fidelity Housing First and supportive housing places to enable people with serious and persistent mental ill health and other complex needs to escape homelessness and sustain a home.

THE FIRESTORM: A HOMELESSNESS SYSTEM TRAPPED IN CRISIS



Homelessness Australia

About Homelessness Australia

Homelessness Australia is the national peak body for homelessness. Through our member peaks and 500+ direct members, we reach thousands of frontline homelessness services and people with lived experience across the country. We lead systemic advocacy and build partnerships to prevent and end homelessness.

Visit homelessnessaustralia.org.au or contact:
Kate Colvin kate@homelessnessaustralia.org.au

Homelessness Australia acknowledges the Traditional Custodians of all of the lands on which we meet and work. We pay our respects to First Nations peoples and elders past, present and future.
Always was, always will be, Aboriginal land.