



# Permanent Supportive Housing Needs Assessment: Inner-city Adelaide

Developed by Per Capita and  
the Centre for Equitable Housing  
for the Australian Alliance  
to End Homelessness

*November 2025*

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## Foreword

Homelessness is not inevitable. It is the predictable result of policy choices, under-investment, and systems that have failed to keep up with growing demand for social and affordable housing and support services. Yet across Australia—and here in South Australia—we are seeing clear evidence that change is possible when housing and support systems work together to provide permanent, supported homes for those who need them most.

This report, *Permanent Supportive Housing Needs Assessment – Adelaide CBD*, represents a crucial step toward ending chronic homelessness in our state. It offers a rigorous, data-driven analysis of the scale of need for Permanent Supportive Housing (PSH) in Adelaide and demonstrates both the human and economic value of investment in housing with support.

The need to address homelessness is already acknowledged in South Australia, with the City of Adelaide signing a Memorandum of Understanding with the Institute for Global Homelessness to become a Vanguard City in 2017. Five years later, in February 2022, South Australia became the world’s second Vanguard State, helping to end homelessness beyond Adelaide’s inner city and throughout South Australia. PSH is a key part of the city’s efforts to ensure homelessness is rare, short-term and non-recurring in South Australia.

PSH is a proven, evidence-based model that combines safe, affordable housing with wrap-around services to help people rebuild their lives, stay housed, and reconnect to community. The findings in this report show that PSH not only delivers stability and dignity for individuals but also creates measurable savings for governments through reduced use of emergency, health, and justice systems.

The South Australian Alliance to End Homelessness (SAAEH), together with Per Capita’s Centre for Equitable Housing, has developed this assessment as part of a national collaboration to embed Housing First principles across Australia. For the first time, we have a clear picture of how many units are needed, how much support is required and how much it would cost to make it happen. By quantifying the unmet need and identifying the pathways to deliver new PSH homes, this report provides a clear, actionable roadmap for policymakers, funders, and housing providers alike.

Ending homelessness requires sustained leadership, shared accountability, and long-term investment. It also requires compassion—the belief that every person deserves safety, dignity, and a place to call home. With this report, South Australia is better equipped than ever to make that vision a reality.

— *David Pearson on behalf of The South Australian Alliance to End Homelessness*  
November 2025

# Acknowledgements

## Acknowledgements

Per Capita would like to thank the South Australian Alliance to End Homelessness (SAAEH), its working group and specialist advisors for supporting this analysis and providing peer review throughout the analysis process. Per Capita also thanks and acknowledges the Corporation for Supportive Housing for providing the methodology and baseline inputs and processes followed in this analysis and acknowledges the work conducted so far to develop a framework for Permanent Supportive Housing in Australia.

The SAAEH and Per Capita gratefully acknowledge the generous support from Mercy Foundation and The Wyatt Trust in realising this project.

## About the South Australian Alliance to End Homelessness

The South Australian Alliance to End Homelessness is an independent coalition of individuals and organisations committed to working together to end homelessness in South Australia. The Alliance supports and amplifies community efforts through driving the Advance to Zero movement, building a series of allied networks and working in partnership with people with lived experience to demonstrate that it is possible to make homelessness rare, brief and once-off. This project is part of a collaborative project with affiliated partners in Western Australia and Queensland.

## About Per Capita

Per Capita is an independent progressive think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice.

Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

Our audience is the interested public, not just experts and policy makers. We engage all Australians who want to see rigorous thinking and evidence-based analysis applied to the issues facing our country's future.

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## Definitions and Acronyms

Term	Definition
Adelaide Zero Project	The Adelaide Zero Project, which is part of the national Advance to Zero initiative, aims to end rough sleeping homelessness in Adelaide’s inner city. The project has established a By-Name List that provides real-time data on the number and needs of individuals experiencing rough sleeping homelessness in Adelaide’s inner city.
Advance to Zero (AtoZ)	AtoZ is about bringing community, business and government together to end homelessness. The shared vision is to end all homelessness in Australia, starting with rough sleeping, by ensuring that when homelessness does occur it is rare, brief and a one-time thing.
By-name list	A by-name list is a real-time, person-centred database that helps communities track and support people experiencing homelessness.
Cost-benefit analysis	A cost-benefit analysis compares the social benefits of a program to the costs of implementing the program.
Permanent Supportive Housing	Supportive housing, often called Permanent Supportive Housing or PSH, is an evidence-based model that combines social housing and/or affordable housing (usually in the form of rental support) with wrap-around support services that help keep households stably housed. It combines housing and services that help people who face the most complex challenges to live with stability, autonomy and dignity.
Randomised controlled trial	A randomised controlled trial (RCT) is a type of study that evaluates the effectiveness of a treatment or intervention by randomly assigning participants to either a treatment group or a control group that does not receive the treatment. This randomisation helps reduce bias and ensures the groups are comparable.
Rate of Need	“Rate of Need” refers to the share of a specified population that, based on the analysis of regional data and research, is assumed to meet the threshold of need for Permanent Supportive Housing. South Australia uses a Vulnerability Index – Service Prioritisation Decision Assistance Tool (VI-SPDAT) to assess levels of vulnerability of people presenting at homelessness services and other service entry points and this is the proxy to define the rate of need.
Vulnerability Index – Service Prioritisation Decision Assistance Tool (VI-SPDAT)	VI-SPDAT is a survey instrument with a range of questions covering an individual’s current situation, demographic details, history of homelessness, health, safety risks, daily functioning and socialisation and wellness. Individuals or families receive an acuity score based on their responses – a score of 10 or above is considered high acuity and signifies that the person will benefit from having access to ongoing case management approaches.
Wellbeing-adjusted life year (WELLBY)	A wellbeing-adjusted life year (WELLBY) is a unit of measurement developed to quantify changes in wellbeing or life satisfaction over time, often to evaluate the impact of a social program. One WELLBY represents a one-point change in life satisfaction for one person for one year. <sup>1</sup>

<sup>1</sup> Paul Frijters et al, ‘The WELLBY: A New Measure of Social Value and Progress’ (2024) 11(1) *Humanities and Social Sciences Communications* 736.

## Executive Summary

This report, commissioned by the South Australian Alliance to End Homelessness (SAAEH), and developed by Per Capita's Centre for Equitable Housing, presents a Permanent Supportive Housing (PSH) Needs Assessment for Adelaide, South Australia. It identifies the scale of housing and support required to address chronic homelessness, estimates associated costs, and evaluates the potential benefits to individuals and governments.

The report uses a rigorous methodology developed by the Corporation for Supportive Housing (CSH), based on by-name list data, evidence-informed rate-of-need assumptions, and cost modelling drawn from existing PSH projects and financial benchmarks.

The report argues that PSH is the most appropriate solution to chronic homelessness for a specific cohort of people with high needs and histories of chronic homelessness.

PSH combines the provision of housing with wrap-around support services that help keep households stably housed. PSH is a widely used implementation of Housing First, which is an "international model for housing and supporting people who have experienced long term and reoccurring homelessness and who face a range of complex challenges".<sup>2</sup> Housing First is based on a set of key principles, outlined in Section 1.1, including that people have a right to a home, with no treatment or behavioural eligibility pre-conditions. In Australia, the Common Ground program is a PSH model that has been implemented in several communities including Brisbane and Sydney and is under development in Perth.

PSH has been shown across jurisdictions to be highly effective in providing housing stability and reducing emergency department visits and hospitalisations (see Section 1.2). It is also successful in enabling access to services and cost-effective by producing government cost savings.<sup>3</sup> We estimate cost savings of \$1.44 for every dollar spent on program service costs, through reduced use of the health, justice, and homelessness systems (see Section 6.1).

## Program Outline

### *Location*

This report models the costs and benefits of a PSH program to support homeless individuals in Adelaide CBD.

### *Housing types*

The supported homes are proposed to be split between scattered and single site homes, as follows:

- 50 per cent of homes: existing scattered site dwellings
- 25 per cent of homes: new scattered site dwellings
- 25 per cent of homes: new single site dwellings

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<sup>2</sup> Australian Alliance to End Homelessness, *Housing First Principles for Australia* (Report, March 2020) <<https://aaeh.org.au/assets/docs/Housing-First-Principles-brochure-for-web.pdf>>.

<sup>3</sup> C Roggenbuck, *Housing First: An Evidence Review of Implementation, Effectiveness and Outcomes* (Australian Housing and Urban Research Institute, 2022).

### *Timeframe*

The program appraisal (evaluation) period is 60 years, based on a typical serviced lifespan of 40 – 60 years for residential buildings in Australia<sup>4</sup>, which is the time that buildings will perform as intended with minimal ongoing maintenance.<sup>5</sup>

High-quality new builds may continue to perform as intended beyond 60 years with minimal ongoing maintenance, and therefore benefits may extend beyond the appraisal period. However, we use an appraisal period of 60 years to provide a conservative and robust cost-benefit result.

Any residual value of buildings at the end of the appraisal period is included as a cost offset, in line with common practice.<sup>6</sup>

### *Household types*

The proposed program covers housing need for all homeless individuals with high need for PSH in inner-city Adelaide, based on available by-name list data. Homeless families are less likely to be captured in the by-name list, and therefore additional work would be required to estimate the costs and benefits of providing PSH for all homeless families in Adelaide.

### *Capital construction*

Capital construction to build new homes is proposed to take place between 2025 and 2029. The proposed program would require upfront capital funding to build 50 per cent of the homes, while 50 per cent of the homes would be repurposed from existing dwellings. In our cost-benefit analysis, we calculate the opportunity cost of capital for this component.

### *Land*

The report assumes that the land used for construction would be provided by state or local government to a supportive housing provider on a ‘pepper corn lease’ at low or no cost. This is a very common approach to social and supported housing delivery in Australia and elsewhere.<sup>7</sup>

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<sup>4</sup> STANDARDS AUSTRALIA, *AS 3600 - 2009. Concrete Structures* (ASI Global, 2009).

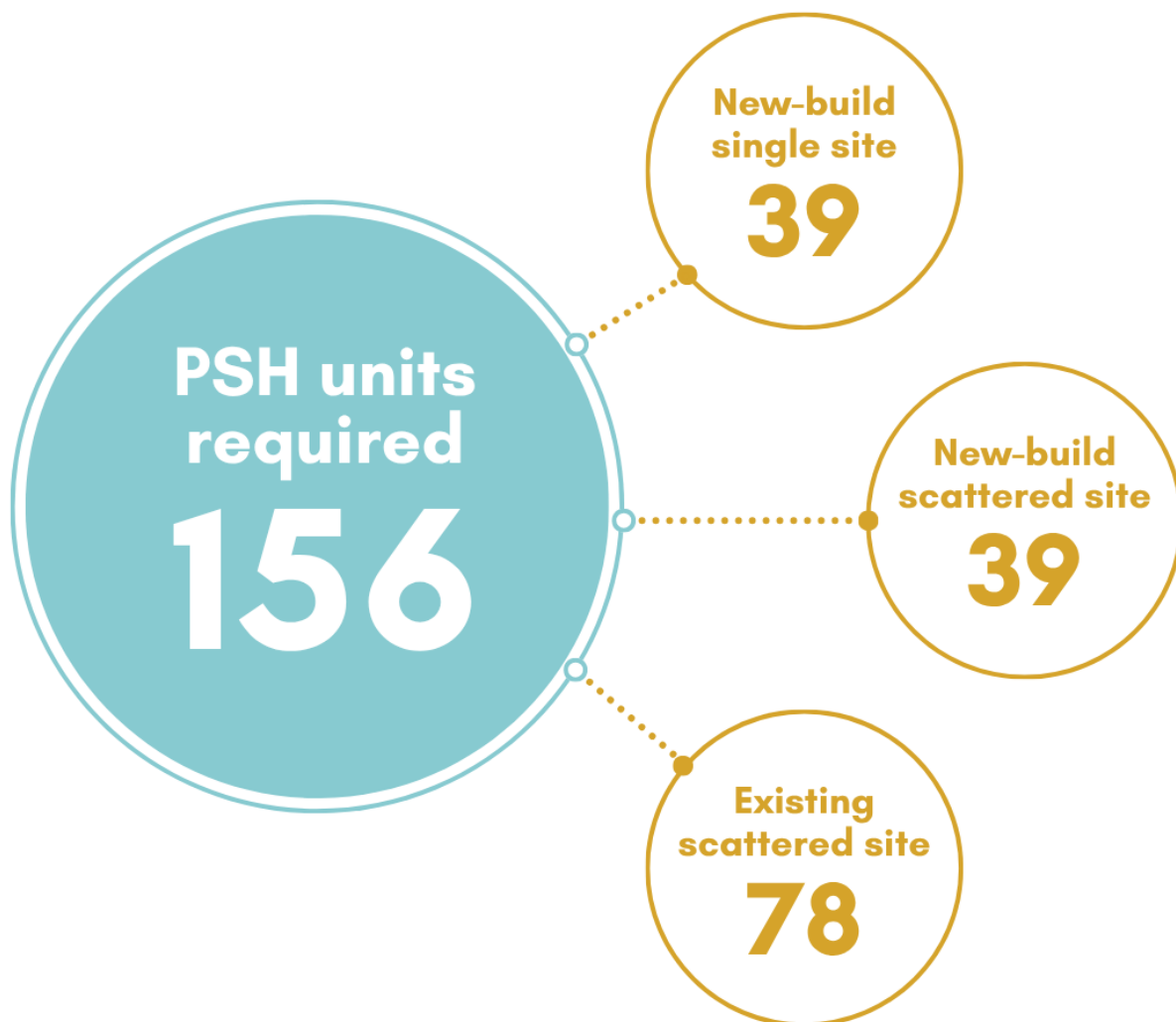
<sup>5</sup> This is also consistent with the lifespan of Victoria’s current public housing stock, which is about to be redeveloped. The homes were built between 1962 and 1975, which makes them 50 to 63 years old. See Department of Families, Fairness and Housing, Submission No 623 to Legislative Council Legal and Social Issues Committee, *Inquiry into the redevelopment of Melbourne’s public housing towers* (9 April 2025) <<https://www.parliament.vic.gov.au/get-involved/inquiries/publichousingtowers/submissions/>>.

<sup>6</sup> “When the economic life of an asset(s) exceeds the appraisal period, a residual value can be used as a proxy for future user benefits generated by the asset beyond the appraisal period. The residual value is included in the analysis as a benefit in the last year of the appraisal period.” See Infrastructure Australia, *Guide to Economic Appraisal* (Technical guide of the Assessment Framework, July 2021) <<https://www.infrastructureaustralia.gov.au/guide-economic-appraisal>>.

<sup>7</sup> Matthew Palm and Katrina Raynor, *Project 30,000: Producing Social and Affordable Housing on Government Land* (University of Melbourne, 2018) <<https://msd.unimelb.edu.au/research/projects/current/transforming-housing#research-and-publications>>.

## Dwelling Need

Based on analysis of by-name list data from the Adelaide Zero Project, we estimate that 156 PSH units are required by 2030 in inner-city Adelaide, with the following split of dwelling type<sup>8</sup>:



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<sup>8</sup> May not add due to rounding.

## Costing Results

### 2025-2030 costs (nominal dollar terms)

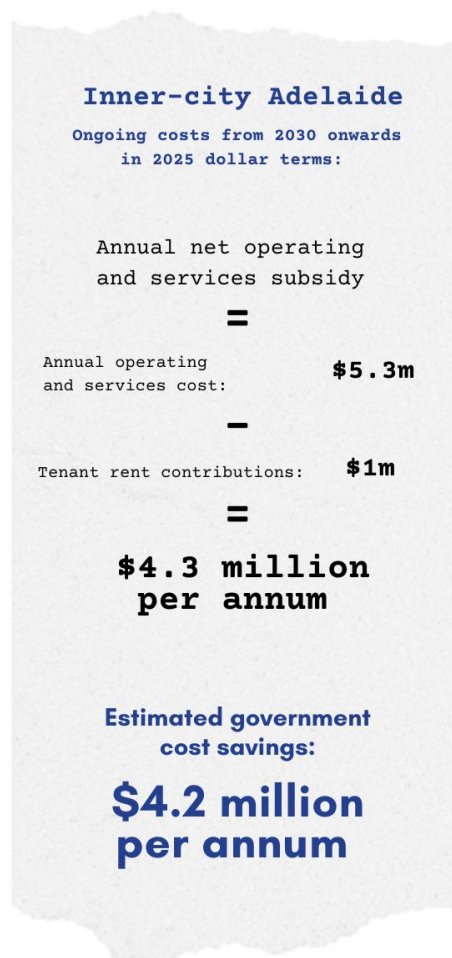
- There is an estimated need for 156 **PSH units** in inner-city Adelaide by 2030.
- The **net government commitment** required to build 78 new units and operate 156 units between 2025 and 2030 totals **\$50.1 million**, net of rental contributions.
- Additionally, government cost savings are estimated to be 1.44 times higher than service costs. Therefore, expenditure is expected to be offset by **\$14.1 million in savings to government** from 2025 to 2030, due to anticipated reductions in health and justice costs for residents.

### Annual ongoing costs (2025 dollar terms)

- The **annual net operating and services subsidy** needed to maintain the housing beyond this period is estimated to be **\$4.3 million per annum**.
- Additionally, **government cost savings** are expected to be **\$4.2 million per annum**.

### Future costs (2025 dollar terms)

- The cost of **replacing or refurbishing existing buildings** would be \$19.2 million, incurred in the year 2055.
- This would be offset by the **residual value** of those buildings (\$9.6 million at the end of the program period), received in the year 2085.



To put this funding into context, recent federal government housing-related measures include<sup>9</sup>:

- The Housing Australia Future Fund, which was allocated a \$10 billion capital market investment in 2023, with \$500 million per year in associated expenditure to build 30,000 social and affordable dwellings over five years.
- The Housing Accelerator Fund, a \$2 billion one-off payment to the state and territory governments to deliver new and refurbished social homes.
- The New Homes Bonus, a \$3 billion performance-based fund for the states and territories if dwelling construction targets are met.
- Foregone tax revenue due to negative gearing in the 2024-25 financial year of \$6.9 billion.<sup>10</sup>

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<sup>9</sup> Matt Lloyd-Cape, Margaret McKenzie, and Emma Dawson, *On Whose Account? Government Spending on Housing* (Per Capita, January 2024) <[https://percapita.org.au/our\\_work/on-whose-account-government-spending-on-housing/](https://percapita.org.au/our_work/on-whose-account-government-spending-on-housing/)>.

<sup>10</sup> Parliamentary Budget Office, *Cost of Negative Gearing and Capital Gains Tax Discount* (2024).

### Cost-benefit analysis

The benefits of the program are expected to exceed the costs over 60 years by a ratio of 1.56:1 (see Table 1), with a net gain in social value of \$60 million (benefits minus costs).

However, this is likely to be a conservative estimate, as we exclude several potential benefits due to a lack of available evidence (see Section 6.2.1).

A more detailed summary of our cost-benefit analysis is presented in Table 15.

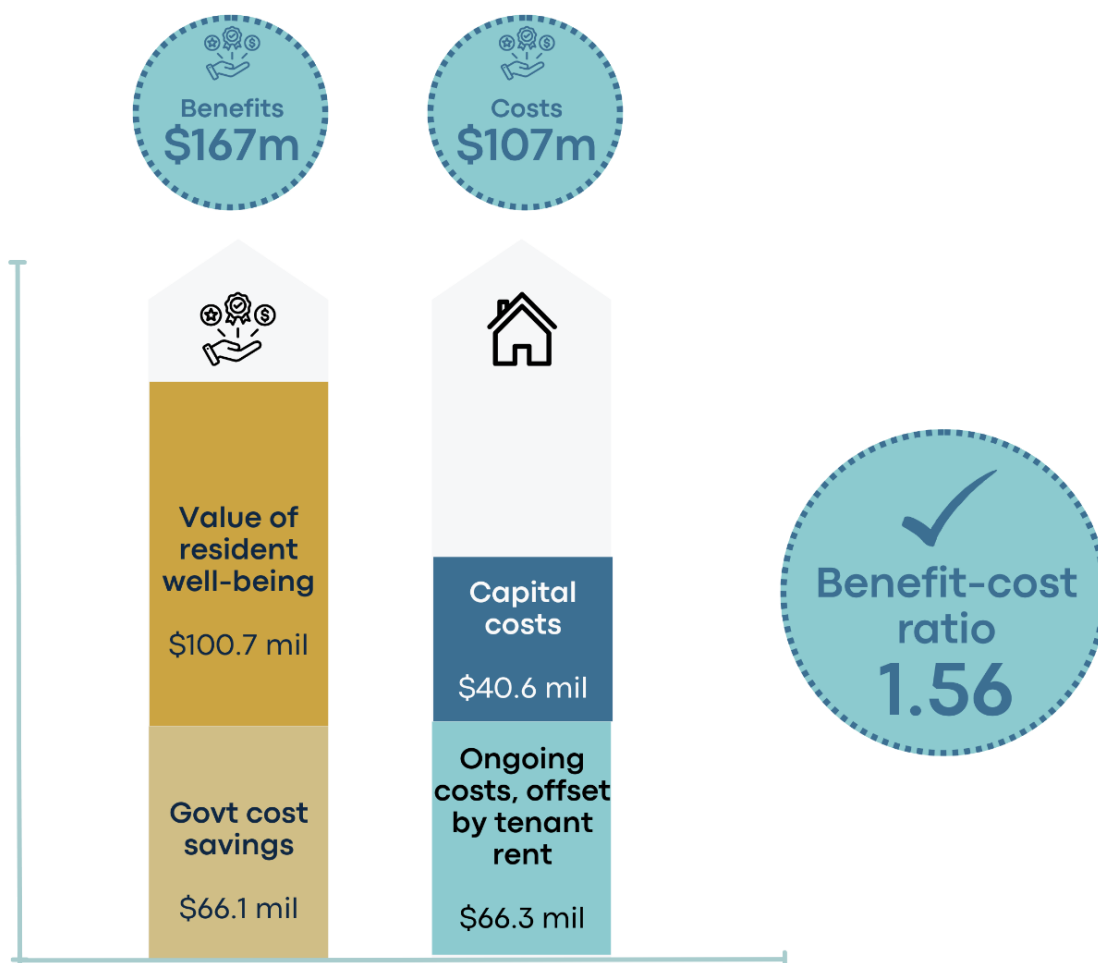


Table 1: Summary of cost-benefit analysis

Benefits and costs (discounted to present value terms)	Total across program lifespan (in 2025 dollars)	Notes
<b>Benefits to government</b>		
Cost savings to government	\$66.1 million	Cost savings are 1.44 times service costs; see Section 6.1
<b>Benefits to housed individuals</b>		
Value of WELLBY (wellbeing-year) benefits	\$100.7 million	The dollar value of wellbeing benefits; see Section 6.2.1
<b>Capital costs</b>		
Capital cost of new builds	\$29.9 million	Cost of construction
Opportunity cost of being able to sell existing buildings	\$8.4 million	The value of existing buildings at the time of repurposing for PSH
Cost of replacing/refurbishing existing buildings	\$2.5 million	Cost of replacing or refurbishing existing buildings is incurred after 30 years (assumes that existing buildings are currently 30 years old on average)
<i>Cost offset</i> from residual value of replaced/refurbished buildings	\$0.2 million	Cost offset is received after 60 years
Total capital costs	\$40.6 million	New build capital costs + Existing building opportunity costs + Replacement/refurbishment capital costs – Residual building value
<b>Ongoing costs (over 60 years)</b>		
Service costs	\$45.9 million	
Operating costs	\$36.8 million	
<i>Cost offset</i> from tenant rent revenue	\$16.4 million	
Total ongoing costs	\$66.3 million	Service costs + Operating costs – Tenant rent revenue
<b>Totals</b>		
Total benefits	\$166.7 million	Government cost savings + WELLBY benefits
Total costs	\$107.0 million	Total capital costs + total ongoing costs
<b>Benefit-cost ratio</b>	1.56	

## Recommendations

PSH is a cost effective and proven approach to housing and supporting people with complex needs and experiences of chronic homelessness. Without intervention, by 2030 there will be a shortage of more than 150 PSH units across inner-city Adelaide. To address this gap, we recommend the following:

1. **Deliver at least 78 new Permanent Supportive Housing Units across inner-city Adelaide** within the next five years, through partnerships between government, community housing providers and philanthropy. Key funding sources include contributions from the Housing Australia Future Fund (Federal Government), the South Australian Housing Trust and the Department of Housing and Urban Development.
2. **Provide funding to increase wrap-around services and tenancy management on at least 78 existing social homes across inner-city Adelaide** over the next 5 years. Integrate health, housing, and social services, embedding multidisciplinary support teams to deliver trauma-informed, culturally appropriate care to residents.
3. **Develop a Supportive Housing policy, similar to the Queensland Supportive Housing Policy** – Develop this policy in collaboration with frontline services to help shape best practice and inform broader social and affordable housing and services across the state.
4. **Prioritise a pipeline of PSH projects by identifying and fast-tracking development-ready sites**, including surplus government land, underutilised properties, and adaptive reuse.
5. **Consider establishing a dedicated PSH funding mechanism**, combining capital and recurrent funding for tenancy management, wraparound support, and maintenance and specifically targeted at people experiencing chronic homelessness—ensuring long-term sustainability.
6. **Fund research to measure and report outcomes**, including reductions in hospital presentations, justice interactions, and chronic homelessness rates, to demonstrate the social and economic value of PSH investment as part of the roll out of funding. This research could be funded by Housing Australia or the National Housing Supply and Affordability Council.
7. **Commit to a Housing First systems change in SA** that prioritises housing people quickly, separates tenancy and service support delivery and has enough housing available to allow for movement between levels of support as individual needs change.
8. **Commit to an Australia-wide evaluation of Permanent Supportive Housing Need.** This report provides a proven methodology for assessing PSH need. Future research should include expansion of the method into other jurisdictions.
9. **Support the expansion of By Name List** outside of inner-city Adelaide to support a more comprehensive understanding of rough sleeping in SA. Work with Specialist Homelessness Service providers to refine By Name List processes to better capture details around families, women escaping family violence and those couch surfing rather than sleeping rough.
10. **Embed targets for PSH within broader State-based targets for social and affordable housing provision.** A Housing First System requires sufficient social, affordable and supportive housing to allow for genuine access to housing and support and therefore modelling and funding should be considered within the broader housing ecosystem. Calls for 78 new PSH units and associated services must be considered in the context of broader plans to deliver more than 100 new and improved social homes each year between June 2024 and June 2028 in South Australia.<sup>11</sup>

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<sup>11</sup> Government of South Australia, *More Homes for South Australians: Housing Roadmap* (Report, June 2024) <<https://www.dhud.sa.gov.au/housing-roadmap>>.

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# 1 Introduction

The South Australian Alliance to End Homelessness (SAAEH) commissioned Per Capita to conduct an independent Permanent Supportive Housing (PSH) Needs Assessment to assess the scale of housing required to meet existing and future need in Adelaide, South Australia.

This report presents findings that estimate the scale of need for PSH for populations experiencing homelessness and at-risk of experiencing homelessness. The findings offer projections based on local data and input from stakeholders across the region. The assessment also provides high-level capital, service and operating cost estimates to meet this need and an assessment of the benefits to government of delivering this housing.

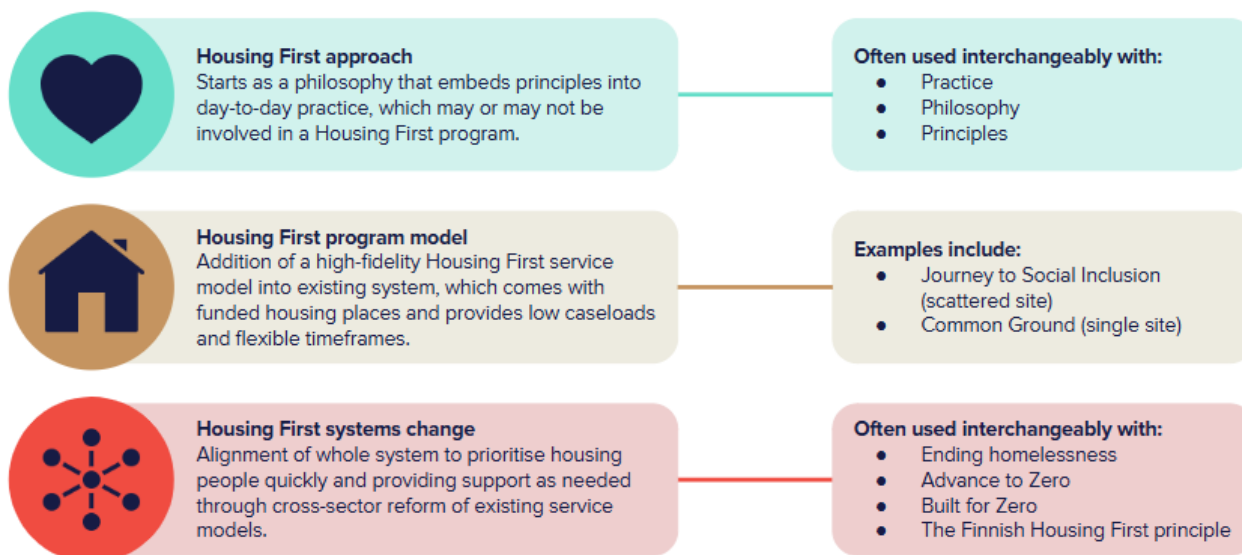
The assessment builds on a report by the Corporation for Supportive Housing (CSH) in 2024 to assess housing need in metropolitan Perth and the City of Bunbury in Western Australia. This report validates, extends and updates the analysis conducted by CSH, and applies it to Adelaide, South Australia.

## 1.1 About Housing First and Permanent Supportive Housing

### 1.1.1 Defining Housing First

Housing First is an “international model for housing and supporting people who have experienced long term and reoccurring homelessness and who face a range of complex challenges”.<sup>12</sup> It may be considered an approach, philosophy or set of principles; a program model based on single site or scattered site housing; or a goal of systems change.

Figure 1: Types of Housing First



Source: Australian Alliance to End Homelessness<sup>13</sup>

<sup>12</sup> Australian Alliance to End Homelessness, *Housing First Principles for Australia* (Report, March 2020) <<https://aaeh.org.au/assets/docs/Housing-First-Principles-brochure-for-web.pdf>>.

<sup>13</sup> Australian Alliance to End Homelessness, *AtoZ Housing First Guide* (2025).

The principles of Housing First are:

- People have a right to a home, with no treatment or behavioural eligibility pre-conditions;
- The provision of housing and support are functionally separated, to ensure housing and support are not contingent on each other;
- Flexible support is provided for as long as needed; and
- People have choice about where they live;
- Support workers are supported to engage actively to maintain non-coercive relationships with participants, and caseloads allow workers to be present and proactive;
- Participants are supported to build relationships in their community;
- Recovery focuses on people being able to recover a sense of themselves and their place in their community on an ongoing basis; and
- Support workers are given the resources to assist people to reduce the negative impact of potentially high-risk behaviours.

### 1.1.2 Defining Permanent Supportive Housing

Supportive housing, often called Permanent Supportive Housing or PSH, is a type of Housing First program. PSH is an evidence-based model that combines social housing and/or affordable housing with wrap-around support services that help keep households stably housed. It combines housing and services that help people who face the most complex challenges to live with stability, autonomy and dignity. PSH is designed to be safe and to prevent people from cycling through the homelessness system, or crisis, emergency and justice systems.<sup>14</sup>

Originally developed in the United States, PSH has now been implemented successfully in several countries, including Canada, Australia, Finland, and Ireland. In Australia the program Common Ground is a supportive housing model that has been implemented in several communities including Brisbane, Adelaide and Sydney and is under development in Perth.

In an overview of supportive housing in the US, Hannigan and Wagner<sup>15</sup> identify the following core principles that have guided the development and effectiveness of supportive housing:

1. **Permanence and affordability;** a key priority is to increase the supply of social or affordable housing. Affordability is typically defined as rents not exceeding 30 per cent of income. Affordability is often enabled through subsidy programs.
2. **Safety and comfort;** tenants should feel safe and comfortable in their homes. Supportive housing buildings must at a minimum comply with building codes, and every effort must be made to provide security measures to meet tenants' needs, including the promotion of tenants taking collective control over their environment.

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<sup>14</sup> CSH, Micah Projects, and WAAEH, *Towards an Australian Permanent Supportive Housing Framework* (Report, September 2024) <<https://www.micahprojects.org.au/media/whdnjkur/frameworkwebversionfinal.pdf>>; Department of Housing and Public Works, *Supportive housing policy: Guiding best practice and future investment* (Report, 2025) <<https://www.housing.qld.gov.au/initiatives/supportive-housing-policy>>.

<sup>15</sup> T Hannigan and S Wagner, 'Developing the "Support" in Supportive Housing: A Guide to Providing Services in Housing' (Centre for Urban Community Services and Corporation for Supportive Housing, 2003).

3. **Support services are accessible and flexible, and target housing stability;** support services not only cater for tenants' diverse needs, but also retain flexibility to cater for changing needs over time. Security of tenure is fundamental.
4. **Empowerment and independence;** supportive housing is purposefully designed to promote tenants' empowerment and to foster tenant independence. Tenants are in their homes for as long as they choose and service providers are resourced to provide support.

There are two key forms of PSH:

- **Single site PSH** (also referred to as place-based PSH) which places housing in a specific building with other people experiencing homelessness, accompanied by on-site services, such as the Common Ground model in Australia; and
- **Scattered site PSH** which uses community housing or public housing scattered throughout a community, rather than in a single building, while providing mobile case management services.<sup>16</sup> Examples of this in Australia include Journey to Social Inclusion in Melbourne and Michael's Intensive Supported Housing Accord (MISHA) in Western Sydney.

Research related to the comparative effectiveness of single site versus scattered site PSH is limited and has yielded mixed results.<sup>17</sup> Initial research suggests that different models suit different individuals and that residents will often have strong preferences between the two options, impacting whether they will accept a placement.<sup>18</sup> The proposed program in this report includes a mix of single site and scattered site housing, to ensure it meets the needs of the homeless population in Adelaide.

## 1.2 Evidence on the benefits of Permanent Supportive Housing

PSH has proven to be effective for people who have complex needs, including people who have experienced chronic homelessness and those with experiences of mental health challenges or alcohol and other drug concerns. Outcomes for supportive housing include housing stability, improved behavioural health outcomes, reduction in emergency health care use, and reduced involvement with the prison system, among others.<sup>19</sup>

### 1.2.1 Housing outcomes

International evidence suggests that supportive housing programs lead to significant improvements in housing outcomes. Four randomised controlled trials in North America have found that participants in Housing First programs are more likely to be in stable housing than those who received treatment as usual.<sup>20</sup>

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<sup>16</sup> Benjamin F Henwood et al, 'Placement into Scattered-Site or Place-Based Permanent Supportive Housing in Los Angeles County, CA, During the COVID-19 Pandemic' (2024) 51(5) *Administration and Policy in Mental Health and Mental Health Services Research* 805.

<sup>17</sup> Julia Dickson-Gomez et al, 'The Comparative Effectiveness of Different Models of Permanent Supportive Housing on Problematic Substance Use, Depression, and Anxiety Symptoms over Time.' (2021) 91(4) *American Journal of Orthopsychiatry* 514.

<sup>18</sup> Henwood et al (n 14).

<sup>19</sup> Alina I Palimaru et al, 'The Relationship between Quality of Housing and Quality of Life: Evidence from Permanent Supportive Housing' (2023) 50(1) *Housing and Society* 13.

<sup>20</sup> Jack Tsai, 'Is the Housing First Model Effective? Different Evidence for Different Outcomes' (2020) 110(9) *American Journal of Public Health* 1376.

In the Melbourne-based Journey to Social Inclusion randomised controlled trial, every participant was homeless or at direct risk of homelessness at the start of the program. By the end of the program (after 3.5 years), 62.2% of supported participants were in permanent housing, compared to 28.3% in the control group.<sup>21</sup>

This shows that supportive housing is successful in achieving its primary objective.

### 1.2.2 *Emergency health care use*

A meta-analysis of four randomised controlled trials of Housing First programs found that participants experienced 37% fewer emergency department visits, 24% fewer hospitalisations, and 7 fewer days hospitalised per 1000 person-years than control groups.<sup>22</sup>

### 1.2.3 *Government cost savings*

Beyond individual wellbeing, evidence suggests that PSH is also cost effective. A meta-analysis of cost-benefit analyses from 12 studies of PSH programs in the US and Canada found that the benefit-cost ratio for the government was between 1:05:1 and 1.80:1 (depending on which studies are included)<sup>23</sup>. That is, for every dollar spent there was a return of \$1.05 to \$1.80.

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<sup>21</sup> Sacred Heart Mission and Centre for Social Impact, *Journey to Social Inclusion: Ending Chronic Homelessness in Melbourne* (2021) <<https://www.sacredheartmission.org/wp-content/uploads/2021/12/j2si-phase-2-final-year-outcomes-quantitative-report.pdf>>.

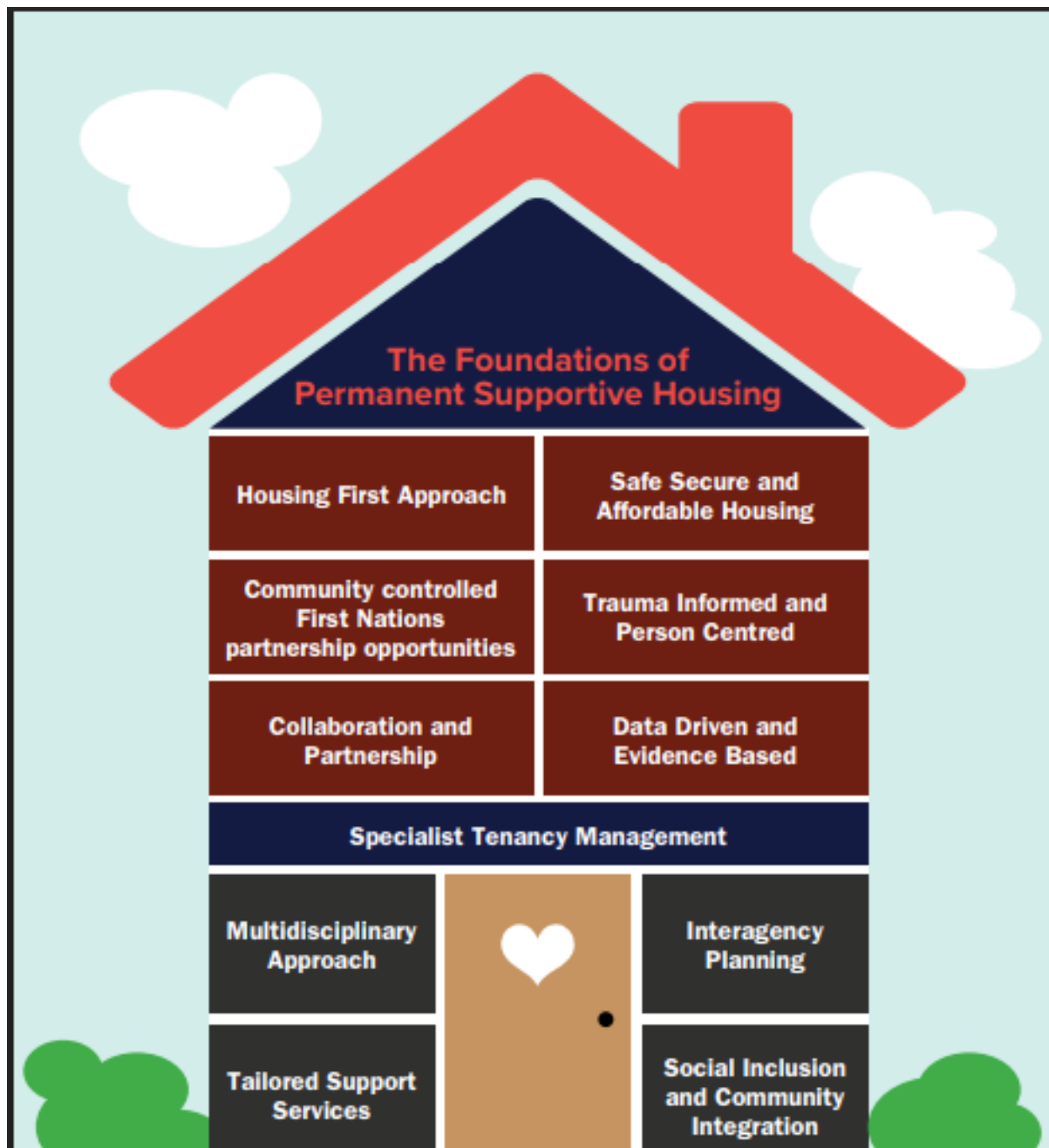
<sup>22</sup> Andrew Baxter et al., 'Effects of Housing First approaches on health and well-being of adults who are homeless or at risk of homelessness: systematic review and meta-analysis of randomised controlled trials' (2019) 73(5) *Journal of Epidemiology and Community Health*: 379-387.

<sup>23</sup> Verugheese Jacob et al, 'Permanent Supportive Housing With Housing First: Findings From a Community Guide Systematic Economic Review' (2022) 62(3) *American Journal of Preventive Medicine* e188.

### 1.3 Advocating for Permanent Supportive Housing

In 2022, Micah Projects and the Western Australian Alliance to End Homelessness (WAAEH) partnered with the Corporation for Supportive Housing (CSH) to develop the document Towards a Permanent Supportive Housing Framework in Australia, based on the experience and growth of supportive housing in the USA. The Foundations of Permanent Supportive Housing (PSH) are shown below in Figure 2. This report is the first step in developing the foundations of PSH in Australia: identifying need.

Figure 2: Foundations of Permanent Support Housing

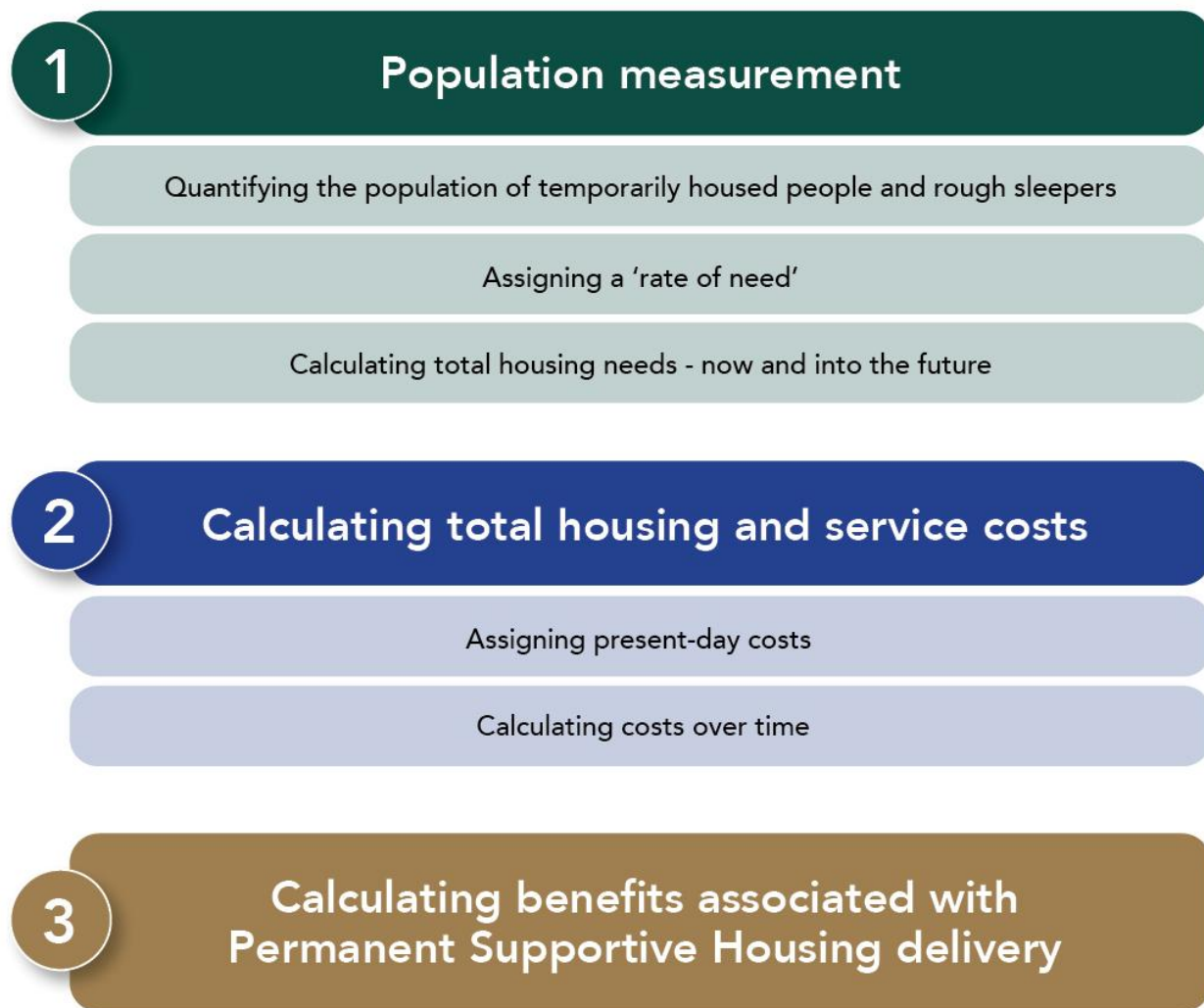


Source: CSH, Micah Projects and WAAEH, 2024

## 2 Methodology and Assumptions

The methodology used for this permanent supportive housing needs assessment builds on CSH's National Needs Assessment which is the first-of-its-kind cross-systems assessment of permanent supportive housing need in the United States. The methodology is summarised in Figure 3 with further details provided in the following subsections below.

Figure 3: Methodology overview



Source: Per Capita, 2025, adapted from Corporation for Supportive Housing, 2024

## 2.1 Population measurement

### 2.1.1 Quantifying the population of temporarily housed people and rough sleepers

To measure PSH need, Per Capita used data from the Adelaide Zero Project in South Australia (SA), which tracks data on people temporarily sheltered and rough sleeping in SA using a by-name list.<sup>24</sup> The by-name list is a real-time, person-centred database that helps communities track and support people experiencing homelessness.

The Adelaide Zero Project is based on the national Advance to Zero (AtoZ) initiative, which supports local collaborative efforts to end homelessness, starting with rough sleeping. In SA, the by-name list is coordinated by the SAAEH with data collected by partner organisations working directly with individuals experiencing homelessness.

It is worth noting that this definition of homelessness encapsulates ‘primary’ (rough sleeping or living in an improvised shelter) and ‘secondary’ (living in a temporary shelter) homelessness as defined by the Australian Bureau of Statistics but does not include ‘tertiary’ homelessness experienced by those living in substandard accommodation like boarding houses, severely overcrowded dwellings or places with highly insecure tenure<sup>25</sup>.

Homeless families are less likely to be captured in the by-name list as being in ‘primary’ or ‘secondary’ homelessness, as families may not present at inner-city service locations, instead often staying in severely overcrowded dwellings or unconventional shelters. However, these families may still have a significant need for PSH. Therefore, additional work would be required to estimate the costs and benefits of providing PSH for all homeless families in Adelaide.

### 2.1.2 Assigning a ‘rate of need’

After identifying the population of temporarily housed people and rough sleepers in a location, we apply a ‘rate of need’ to the population to identify the subset of the population who are likely to require PSH to remain safely housed. Throughout this report, the term “rate of need” refers to the share of a specified population that, based on the analysis of regional data and research, is assumed to meet that threshold. At the time of report writing, The Adelaide Zero Project used a Vulnerability Index – Service Prioritisation Decision Assistance Tool (VI-SPDAT) to assess levels of vulnerability of people presenting at homelessness services and other service entry points, developed by OrgCode Consulting.<sup>26</sup> VI-SPDAT is a survey instrument with a range of questions covering an individual’s current situation, demographic details, history of homelessness, health, safety risks, daily functioning and socialisation and wellness. Individuals or families receive an acuity score based on their responses. The VI-SPDAT scoring guide suggests that scores of 10 or more are best supported through permanent housing with long term support.

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<sup>24</sup> ‘Adelaide Zero Project, *South Australian Alliance to End Homelessness* (Web Page, 2025) <<https://saaeh.org.au/azp/>>.

<sup>25</sup> Australian Bureau of Statistics, *ABS Review of Counting the Homeless Methodology* (Position Paper No 2050.0.55.002, 4 August 2011) <<https://www.abs.gov.au/ausstats/abs@.nsf/0/90db868e528d3eebca2578df00228cee>>.

<sup>26</sup> Australian Alliance to End Homelessness, *The Vulnerability Index – Service Prioritisation Decision Assistance Tool (VI-SPDAT) Fact Sheet and Q&A* <<https://aaeh.org.au/assets/docs/Publications/2020-VI-SPDAT-Factsheet-and-QA.PDF>>.

This report uses VI-SPDAT scores to estimate the number of people in need of PSH in Adelaide. We note, however, that the Australian homelessness support sector is transitioning from VI-SPDAT to the Australian Homelessness Vulnerability Triage Tool (AHVTT). Scores are translatable between these tools, and the transition to AHVTT will be reflected in any future iterations of this report.

### *2.1.3 Calculating total housing needs - now and into the future*

We then determine whether the associated need for permanent supportive housing can be met through individual units (studios and one-bedroom units) or family units (two- or three-bedroom units), which yields an estimate for supportive housing need by type of unit.

Given that the population is growing in Adelaide, this evaluation applies an annual population growth rate of 1.1% to the baseline need figures to reflect the need to deliver additional housing and services into the future for forecast demand. This figure reflects forecast annual population growth in Adelaide over the next five years.<sup>27</sup>

## **2.2 Calculating total housing and service costs**

### *2.2.1 Estimating the number of new units required*

The supported homes are proposed to be split between scattered and single site homes, as follows:

- 50 per cent of homes: existing scattered site dwellings
- 25 per cent of homes: new scattered site dwellings
- 25 per cent of homes: new single site dwellings

Therefore, only half of the homes require the construction of new dwellings. This breakdown was based on feedback from homeless sector stakeholders about likely best practice outcomes.

### *2.2.2 Assigning present-day costs*

The financial modelling component of this assessment models the provision of resources necessary to deliver the calculated units and associated services. Section 0 illustrates the cost inputs used in our calculations, including the sources used to derive these costs.

### *2.2.3 Calculating costs over time*

Costs were calculated for construction, operations, and services, and were applied to the 2025-2030 timeframe to reflect the necessary funding, approval and delivery timeframes.

A rate of inflation of 2.8% per annum was assumed to apply to costs incurred from 2025 to 2030. This is in line with the RBA's forecasts for inflation to 2027<sup>28</sup> and with those in the 2025-26 Federal

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<sup>27</sup> Growth rate is based on population forecasts for Adelaide. See Australian Bureau of Statistics, *Population Projections, Australia, Reference period 2022 (base) – 2071* (November 2023) 'Data cube, Projected population, Components of change and summary statistics, Australia, state/territory, greater capital city and rest of state' <<https://www.abs.gov.au/statistics/people/population/population-projections-australia/2022-base>>.

<sup>28</sup> Reserve Bank of Australia, *Statement on Monetary Policy* (2025) <<https://www.rba.gov.au/publications/smp/2025/may/pdf/statement-on-monetary-policy-2025-05.pdf>>.

Budget Papers<sup>29</sup>. The figure also recognises a high rate of inflation in construction costs.<sup>30</sup> The impact of the US tariffs from their initial announcement in April coupled with increased uncertainty in international trade is also likely to contribute to increased inflation, particularly in construction costs but also feeding into other costs.

Our cost-benefit analysis estimates costs over a 60-year timeframe, as outlined in section 6.2.2.

## 2.3 Calculating benefits associated with Permanent Supportive Housing delivery

### 2.3.1 Cost savings

Australian and international evaluations suggest that PSH programs provide considerable cost savings to government. Cost savings were estimated by taking a weighted average of six studies, including five Australia-based studies and one earlier meta-analysis of North American studies. Each study was weighted based on its quality (such as whether a control group was employed) and relevance for long-term housing in Australia.

The findings from this analysis are detailed in Section 6.1.

### 2.3.2 Benefits to tenants

We estimated the benefits to supported tenants based on the results of a randomised controlled trial, which assessed the impact of a supportive housing program on wellbeing. The wellbeing effects of the program were measured based on a quality of life survey before and after the program. We quantified these wellbeing benefits using the UK Government's valuation of one additional wellbeing-adjusted life year (see Section 6.2.1).

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<sup>29</sup> Commonwealth of Australia, *Budget Paper No. 1 (2025)* <[https://budget.gov.au/content/bp1/download/bp1\\_2025-26.pdf](https://budget.gov.au/content/bp1/download/bp1_2025-26.pdf)>.

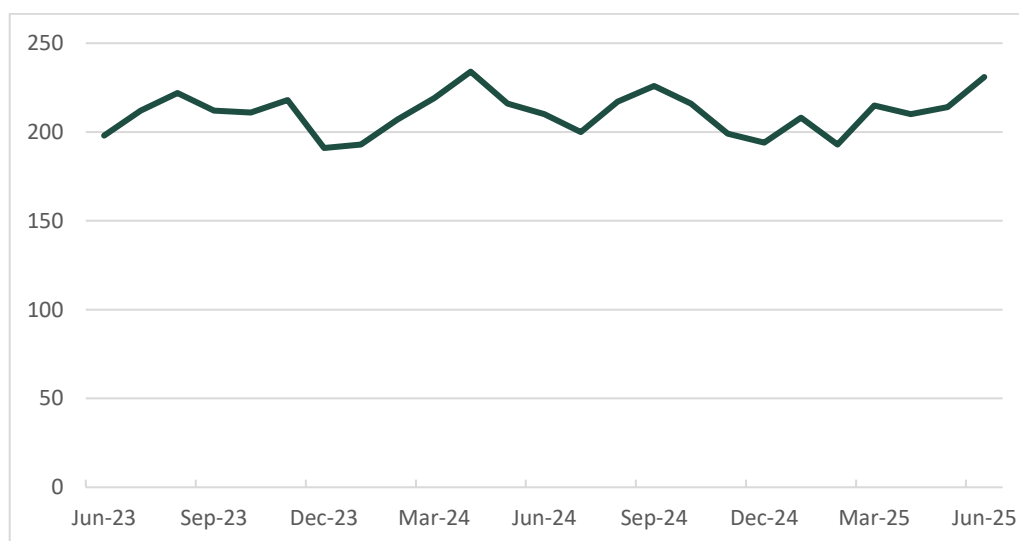
<sup>30</sup> Australian Bureau of Statistics, *Producer Price Indexes, Australia, Reference Period March 2025* (May 2025) <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release>>.

### 3 Establishing the population and unit needs

As highlighted in Section 2, this evaluation uses data from the Adelaide by-name list to establish the number of individuals who are temporarily housed or rough sleeping. The figures presented apply to inner-city Adelaide. They capture people who present at affiliated services and entry points associated with each of these locations. Metropolitan areas and townships often serve as service centres for broader geographies as they deliver a clustering of services that may draw people from further afield to access scarce resources. Figures may not capture the entire population of each area as not all impacted people present at services.

This evaluation uses a point-in-time population count of temporarily housed and rough sleepers as at June 2025. As shown in Figure 4, the population count fluctuated within a small range between June 2023 and June 2025, and therefore the current population count is likely to be representative of the true state of homelessness, rather than being the result of random variation or measurement error.

Figure 4: Total of rough sleeping and temporarily sheltered people, Adelaide, all acuity levels



Source: Data report, June 2025, from the South Australian Alliance to End Homelessness monthly by-name list dashboard.

Table 2 shows the assessed populations, the rate of need applied to that subset, and the total need for Adelaide. The table also shows estimated figures out to 2030 to reflect forecast growth in demand over the period of capital construction, assuming existing population trends and policy settings (see Section 2.1.3 for population growth estimates).

Table 2: Population count for individuals experiencing homelessness in Adelaide, SA

Population	Count of homelessness	Rate of Need (Based on a 10+ acuity score in the VI-SPDAT)	Need for permanent supportive housing
Homeless Individuals at June 2025	231	64%	148
Homeless Individuals at June 2030	245	64%	156

Source: Data provided by South Australia Alliance to End Homelessness from Adelaide Zero Project by-name list.

**We estimate a current need for 148 PSH units in 2025, growing to 156 units by 2030.**

Of these units, we assume a need for 90% one-bedroom units and 10% two- or three-bedroom family units. This allows for flexibility for individuals who may require access to carers, who provide care to children, parents or extended kinship networks, or who may wish to share with a partner or friends in the future.

*Table 3: Unit breakdown*

<b>Population</b>	<b>Percentage</b>	<b>Number required in 2030</b>
One-bedroom units	90%	140
Two or three bedroom units	10%	16
<b>Total</b>	100%	156

## 4 Defining Costs

This section of the report provides information on the cost inputs used in this report to calculate annual and total costs for the provision of PSH.

The following sections provide insight into the following cost inputs:

- Land costs
- Construction costs
- Service costs
- Operating costs

### 4.1 Land costs

This report assumes that the cost of purchasing the land is \$0 as the land would be provided by state or local government to a PSH provider on a ‘pepper corn lease’ at low or no cost. This is a common approach to social and supported housing delivery in Australia<sup>31</sup> and was the case in other PSH projects such as the [Wellington Street Common Ground project](#) in Melbourne and the [East Perth Common Ground project](#).

Land typically constitutes between 10% and 30% of private development costs<sup>32</sup> and governmental or philanthropic support to provide land for projects is likely to be key to any PSH project.

### 4.2 Construction costs

Construction costs are rising rapidly in Australia.<sup>33</sup> We therefore take a cautious approach in reviewing multiple sources to ensure a reasonable cost per unit.

Table 4 provides an overview of sources used to devise median construction costs. Multiple sources were used for triangulation and sense checking of data with online calculators complemented by publicly available information on recently funded PSH projects across Australia.

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<sup>31</sup> Palm and Raynor (n 7).

<sup>32</sup> Ibid.

<sup>33</sup> Australian Bureau of Statistics, Producer Price Indexes, Australia, Reference Period March 2025 (May 2025) <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release>>.ABS, ‘Producer Price Indexes, Australia’ (May 2025) <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release>>.

Table 4: Capital construction cost inputs

Source(s)	Key Assumptions <sup>34</sup>
Online calculator tools	
Riders Digest, residential multi-storey units up to 10 storeys with lift, Adelaide, 2025 <sup>35</sup>	Construction cost ranges of \$207,500 to \$310,000 for a 60-70sqm unit
BMT Tax depreciation Quantity Surveyors calculator for 4 – 8 level unit complex including lift, ground floor parking, Adelaide, 2025 <sup>36</sup>	Construction cost ranges from \$216,171 to \$271,261 for a 65 sqm unit.
Past projects	
Capital contributions to the East Perth Common Ground project awarded in 2023 (single site model) <sup>37</sup>	Construction cost of \$625,000 per unit. Per unit cost based on a reported \$70 million capital cost for the 112-unit project. Construction costs also cover communal areas, and on-site commercial, service delivery and retail spaces.
Capital contributions to the Mandurah Common Ground project, Western Australia, awarded in 2024 (single site model) <sup>38</sup>	Construction cost of ~\$860,000 per unit. Per unit cost based on a reported \$43 million capital cost for the 50-unit project. Construction costs also cover communal areas and on-site commercial spaces.
Camperdown Common Ground, Sydney, 2011 (single site model) <sup>39</sup>	Construction cost of ~\$490,000 per unit in 2025 dollars. Per unit cost based on a \$32 million capital cost for the 104-unit project in 2011.
Common Ground Brisbane, 2012 (single site model) <sup>40</sup>	Construction cost of ~\$410,000 per unit in 2025 dollars. Per unit cost based on a \$37.5 million capital cost for the 146-unit project in 2012.

<sup>34</sup> Capital costs have been converted to 2025 dollars based on growth rates in “other residential building construction” prices. Recent projects are not indexed. See Australian Bureau of Statistics, Producer Price Indexes, Australia, Reference Period March 2025 (May 2025) ‘Table 17. Output of the Construction industries, subdivision and class index numbers’ <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release>>.

The following annual growth rates are used:

- New South Wales: 3.3% for June 2011 to June 2025
- Queensland: 3.6% for June 2012 to June 2025
- Victoria: 6.3% for June 2022 to June 2025
- ACT: 1.1% for June 2022 to June 2025
- Australia: 4.1% for June 2018 to June 2025

<sup>35</sup> Peter Tulla, ‘RLB Riders Digest Australia 2025’ (Rider Levett Bucknall, 2025) <<https://www.rlb.com/oceania/insight/australia-riders-digest-2025/>>.

<sup>36</sup> BMT Tax Depreciation Quantity Surveyors, ‘Calculator’ (2025) <<https://www.bmtqs.com.au/construction-cost-calculator/>>.

<sup>37</sup> ‘Contractor Named for \$70m Perth Homelessness Housing Project’, *Inside State Government* (Web Page, 26 June 2023) <<https://www.insidestategovernment.com.au/contractor-named-for-70m-perth-homelessness-housing-project/>>.

<sup>38</sup> ‘Building Contract Awarded For Mandurah’s Common Ground’, *The Mirage* (Web Page, 21 October 2024) <<https://www.miragenews.com/building-contract-awarded-for-mandurahs-common-1340693/>>.

<sup>39</sup> Rachel Trigg, *Women’s Common Ground Sydney: Feasibility Report* (Women’s Housing Company, 2024).

<sup>40</sup> Ibid.

Viv's Place, Dandenong, Melbourne, 2022 (single site model) <sup>41</sup>	Construction cost of ~\$620,000 per unit in 2025 dollars. Per unit cost based on a \$31 million capital cost for the 60-unit project in 2022.
Common Ground Dickson, Canberra, 2022 (single site model) <sup>42</sup>	Construction cost of ~\$620,000 per unit in 2025 dollars. Per unit cost based on a \$24 million capital cost for the 40-unit project in 2022.
Catherine House, Adelaide, 2024 (single site model) <sup>43</sup>	Construction cost of ~\$630,000 per unit. Per unit cost based on a reported \$32.6 million capital cost for the 52-unit project.
Capital contributions to the St Kilda Common Ground project, Melbourne, awarded in 2025 (single site model) <sup>44</sup>	Construction cost of ~\$420,000 per unit. Per unit cost based on a reported \$10.9 million capital cost for the 26-unit project.
Social housing construction estimate	
AHURI estimate of social housing dwelling construction costs (excluding the cost of land), Australia-wide <sup>45</sup>	Construction cost of \$180,000 per unit (2018), or ~\$240,000 per unit in 2025 dollars.

Capital costs per unit may be different for single site and scattered site projects. Single site is typically more expensive, due to the addition of communal spaces and on-site commercial spaces.

**Scattered site** capital costs have been estimated as follows:

1. The typical size of a supportive housing unit is approximately 50 sqm for studios/1 bed units and 70 sqm for 2 beds units.
2. Average construction costs in Adelaide are estimated from Rider's Digest 2025, for residential units up to 10 storeys with a lift.

Table 5: Riders Digest capital cost inputs

	Low in cost range	Midpoint	High in cost range
Units 60-70 m <sup>2</sup>	\$207,500	\$258,750	\$310,000

Note: as at fourth quarter 2024

3. PSH construction costs are likely to be more expensive than the average housing unit, due to high build quality and accessibility requirements. Given this, we take the upper limit in the cost range of the Rider's Digest estimates.
4. Typical sizes for supportive housing units are 50m<sup>2</sup> for studios/one bed units and 70m<sup>2</sup> for 2 bed units. As the estimates presented above refer to the cost of building a 60-70m<sup>2</sup> unit, we assume a linear relationship between costs and square metres within the range of 50-70m<sup>2</sup>:

<sup>41</sup> Ibid.

<sup>42</sup> Ibid.

<sup>43</sup> Government of South Australia, 'New generation Catherine House', *SA Housing Trust* (2024) <<https://www.housing.sa.gov.au/latest-news/new-generation-catherine-house>>.

<sup>44</sup> City of Port Phillip, 'Wellington Street Common Ground Project', *Projects and Works* (2025) <<https://www.portphillip.vic.gov.au/about-the-council/projects-and-works/wellington-street-common-ground-project>>.

<sup>45</sup> Julie Lawson et al., *Social Housing as Infrastructure: An Investment Pathway* (Australian Housing and Urban Research Institute, 2018) <<https://www.ahuri.edu.au/research/final-reports/306>>.

Table 6: Estimated scattered site unit costs, adjusted for unit size

Unit size	Cost estimate
65m <sup>2</sup> (midpoint of 60-70m <sup>2</sup> )	\$310,000
<b>50m<sup>2</sup> (assumed size for a studio or 1 bedroom)</b>	<b>\$238,462</b>
<b>70m<sup>2</sup> (assumed size for a 2 or 3 bedroom unit)</b>	<b>\$333,846</b>

The result is a similar estimate to AHURI's estimate for a social housing unit (adjusted for inflation).

**Single site** capital costs have been estimated based on the average cost of the above single site projects across Australia, excluding projects from before 2020 to account for shifting construction market conditions (~**\$630,000**). These projects include communal spaces and on-site commercial spaces, key aspects of single site housing models that aim to deliver co-located housing and services. We do not adjust for dwelling size due to lack of available data.

Table 7 summarises capital costs by type of site.

Table 7: Summary of capital costs by type of site

Unit size	Cost estimate per unit
Scattered site: 1 bedroom	\$238,462
Scattered site: 2 or 3 bedrooms	\$333,846
Single site	\$630,000

### 4.3 Operating and service costs

In addition to capital costs, this evaluation also considers operating and service costs. These are two related but distinct categories of expenditure.

**Operating costs** refer to the day-to-day expenses required to keep the service running. They include:

- Rent or mortgage on buildings (homes, offices)
- Utilities (electricity, water, internet)
- Office supplies and admin expenses
- Staff salaries not directly tied to client-facing work (e.g., reception, management, HR)
- Insurance
- Maintenance and repairs
- IT systems and equipment

**Service costs** refer to the direct costs related to the delivery of services to clients experiencing or at risk of homelessness. They include:

- Case management salaries (client-facing staff)
- Tenancy management and support, housing placement services
- Mental health or drug and alcohol support
- Meals, hygiene supplies, clothing
- Transport for clients (e.g., to appointments or new housing)
- Outreach programs, emergency assistance including after hours
- Therapeutic support (e.g., trauma-informed counselling)

In this study we attempt to separate operating and service costs for the purposes of transparent funding and evaluation. However, some projects do not report on these costs separately, combining them under the heading of operating costs.

Table 8 provides an overview of publicly available information on service and operation costs for other comparable projects. Costs have been expressed in 2025 dollars for consistency.

Table 8: Service and operation cost inputs

Cost Inputs for PSH	Source(s)	Key Assumptions <sup>46</sup>
Service and operation cost per unit	Government contributions to the Wellington Street Common Ground project funded in 2025 <sup>47</sup> (single site model)	Homes Victoria has committed \$6 million in operating funding over four years for 26 units. This equates to <b>\$57,692 per annum per unit</b> , likely covering both service and operating costs.
	Operating and service expenses for the Camperdown Common Ground project, Sydney, as reported in a 2015 evaluation <sup>48</sup> (single site)	Operating and service costs (including property and tenancy maintenance and support services) for the long-term homeless population were <b>\$46,605 per annum per client</b> in 2025 dollars. Of this amount, <b>service costs were \$28,858</b> and <b>operating costs (including a 24-hour security service) were \$17,747</b> .
Operating costs per unit	Government recurrent expenditure per dwelling – Public housing <sup>49</sup>	Recurrent expenditure per public housing dwelling was \$12,483 in 2023-24 in SA, which equates to <b>\$12,763</b> in 2025 dollars. <sup>50</sup> This may underestimate operating expenses as supportive housing units may require a higher level of management and maintenance to address client needs. However, costs may be lower in inner-city Adelaide compared to the whole of SA due to the cost of reaching regional locations.
Service costs	Service costs for one year of the Journey to Social Inclusion phase two study in Melbourne, as reported in a 2020 evaluation <sup>51</sup> (scattered site)	Service costs (tenancy support, case management, training and skill building) are reported as \$15,619 per client per year in 2015-16 dollars, which equates to <b>\$19,506 per tenant per year</b> in 2025 dollars.
	Service costs for one year of Brisbane Common Ground, as	Service costs (tenancy and support) are reported in the paper as \$14,329 per tenant per year in 2016, which equates to <b>\$17,895 per tenant per year</b> in 2025 dollars.

<sup>46</sup> All costs have been converted to 2025 dollars based on a long-term CPI growth rate of 2.5%, unless otherwise specified.

<sup>47</sup> City of Port Phillip, 'Wellington Street Common Ground Project', *Projects and Works* (2025) <<https://www.portphillip.vic.gov.au/about-the-council/projects-and-works/wellington-street-common-ground-project>>.

<sup>48</sup> Jane Bullen et al, *In-Depth Evaluation of Camperdown Common Ground: Permanent Housing for Vulnerable Long-Term Homeless People* (NSW Department of Family and Community Services, 2015).

<sup>49</sup> Productivity Commission, *Report on Government Services 2025, Housing and homelessness* (10 June 2025) 'Table 18A.50'.

<sup>50</sup> Based on an inflation rate of 2.2% from March 2024 to March 2025, Adelaide. See Australian Bureau of Statistics, *Consumer Price Index, Australia, Reference Period March Quarter* (April 2025) 'Table 5. CPI: Groups, Index Numbers by Capital City, Adelaide' <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2025>>.

<sup>51</sup> Sacred Heart Mission and Centre for Social Impact, *Journey to Social Inclusion: Ending Chronic Homelessness in Melbourne* (2021) <<https://www.sacredheartmission.org/wp-content/uploads/2021/12/j2si-phase-2-final-year-outcomes-quantitative-report.pdf>>.

	reported in a 2017 evaluation <sup>52</sup> (single site)	
	Service costs for one year of Michael’s Intensive Supported Housing Accord (MISHA) in Western Sydney, as reported in a 2014 evaluation <sup>53</sup> (scattered site)	Service costs (case management, tenancy support, and support services) are reported as \$13,683 per client per year in 2011-12 dollars, which equates to <b>\$18,862 per client per year</b> in 2025 dollars.
	Service costs per person per year through the SA Aspire program, which provides intensive case management support over three years <sup>54</sup> (scattered site)	Service costs (case management, tenancy support, and support services) are reported as \$18,000 per client per year in 2022 dollars, which equates to <b>\$20,718 per client per year</b> in 2025 dollars. <sup>55</sup>
	As reported in 2019-20, the ACT Government pays an annual fee of \$345,000 to Northside Community Service for tenancy support services for the Common Ground Canberra project <sup>56</sup> (single site)	The annual fee covers support services for 40 units. Of those, 20 units are affordable housing and 20 units are supportive housing for people at risk of homelessness. This equates to \$9,758 per tenant per annum in 2025 dollars, across both the affordable and supportive housing. We assume service costs are higher for people at risk of homelessness and therefore increase this figure by 50% to <b>\$14,638 per annum per tenant</b> . This only includes the government contribution to service costs, which may not cover all service costs.
	Service costs for Common Ground Adelaide <sup>57</sup> (single site)	Service costs of ~\$976,000 per year for 76 tenants, which equates to <b>~\$12,800 per year per tenant</b> .

This evaluation estimates operating and service costs based on the average of the above sources.

This results in the following approximations:

- **Operating costs of \$15,250 per annum per person**
- **Service costs of \$19,000 per annum per person**

<sup>52</sup> Cameron Parsell, Maree Petersen and Dennis Culhane, ‘Cost Offsets of Supportive Housing: Evidence for Social Work’ (2017) 47(5) *The British Journal of Social Work* 1534 (‘Cost Offsets of Supportive Housing’).

<sup>53</sup> E Conroy et al, *From Homelessness to Sustained Housing 2010-2013* (Mission Australia, 2014) <[https://www.westernsydney.edu.au/\\_\\_data/assets/pdf\\_file/0010/743968/MISHA-report-from-homelessness-to-sustained-housing-2010-13.pdf](https://www.westernsydney.edu.au/__data/assets/pdf_file/0010/743968/MISHA-report-from-homelessness-to-sustained-housing-2010-13.pdf)>.

<sup>54</sup> SVA, *Housing First: the challenges of moving from pilot to policy* (Web Page, 2022) <<https://www.socialventures.org.au/our-impact/housing-first-the-challenges-of-moving-from-pilot-to-policy/>>.

<sup>55</sup> Based on an inflation rate of 4.8% from March 2022 to March 2025. See Australian Bureau of Statistics, *Consumer Price Index, Australia, Reference Period March Quarter* (April 2025) ‘Table 5. CPI: Groups, Index Numbers by Capital City, Adelaide’ <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/mar-quarter-2025>>.

<sup>56</sup> Act Government Response to the Legislative Assembly Resolution Of 24 October 2019 – Supportive Housing in the ACT (The Legislative Assembly for The Australian Capital Territory, 2020) <[https://www.parliament.act.gov.au/\\_\\_data/assets/pdf\\_file/0005/1621850/10\\_List\\_Government-Response-to-Supportive-Housing-Assembly-Resolution.pdf](https://www.parliament.act.gov.au/__data/assets/pdf_file/0005/1621850/10_List_Government-Response-to-Supportive-Housing-Assembly-Resolution.pdf)>.

<sup>57</sup> Data from conversation with Housing Choices Australia, October 2025. Includes placemaking and community engagement.

#### 4.4 Tenant contributions

Rent paid by tenants offsets the operating costs outlined in Section 4.3. To calculate likely tenant contributions, we examined the by-name list information collected about primary source of income. We found the following outcomes:

Table 9: Tenant rental contributions

Payment type	Share of by-name list population*	Maximum annual income plus Commonwealth Rent Assistance (CRA)	Maximum rental payments, assuming 25% of income plus 100% of CRA
JobSeeker	58%	\$21,199 for singles with no children; \$22,910 for singles with children; \$19,725 for partners (per person)	\$5,968 for singles with no children; \$6,598 for singles with children; \$5,781 for partners (per person)
Disability Support Pension	31%	\$29,542 for singles; \$22,115 for couples (per person)	\$9,041 for singles; \$6,661 for couples (per person)
Youth Allowance	11%	\$17,562 for youth living away from home	\$4,628 for youth living away from home

- Notes: As at April 2025. Share of homeless population with 10+ VI-SPDAT acuity score. Excludes all other income types to reduce reporting and modelling complexity. All other income types comprise less than 15% of the population.
- Source: Data provided by Western Australia Alliance to End Homelessness from Perth Advance to Zero by-name list (note data is unavailable for Adelaide).

To estimate the average rental contribution paid by tenants, we assume rent is 25% of income. We then use by-name list data to estimate the share of homeless households that receive different income types (unemployment benefits, disability support pension, youth allowance) and calculate the average rental contribution, weighted by the share with each income type. After adding Commonwealth Rent Assistance, the average rental contribution is estimated to be **approximately \$6,800 per annum per household**.<sup>58</sup>

<sup>58</sup> Calculated based on the split between adults and youth on the Perth and Bunbury by-name lists (note data is unavailable for Adelaide).

## 4.5 Summary of costs

The following tables provide an overview of capital and ongoing PSH costs in Adelaide.

Table 10: Capital per unit costs – Adelaide

	Scattered site			Single site
	Studios and one bed units (90% of units)	Two and three bed units (10% of units)	Weighted average	All units
<b>Capital cost per unit</b>	\$238,462	\$333,846	\$248,000	\$630,000

The capital cost estimates for single site housing are significantly higher due to additional amenities such as communal spaces and on-site commercial spaces. As this program aims to support a highly vulnerable cohort, single site housing will likely be needed for a significant share of participants.<sup>59</sup> Our proposed program includes 25 per cent single site housing and 75 per cent scattered site housing.

Table 11: Annual per unit costs – Adelaide

	Costs per unit per year
<b>Operating costs</b>	\$15,250
<b>Service costs</b>	\$19,000
<b>Cost offset - tenant contribution to rent</b>	\$6,776

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<sup>59</sup> Henwood et al (n 14).

## 5 Calculating Costs

Table 12 outlines the cost of the program between 2025 and 2030.

Table 12: Permanent Supportive Housing Costs by Year and Cumulative – Adelaide

	2025	2026	2027	2028	2029	2030	Total 2025-2030
Units in Development*	31	31	31	31	31		156
A. Capital Investments	\$6,804,500	\$6,995,026	\$7,190,887	\$7,392,232	\$7,599,214		\$35,981,858
Units Developed (Cumulative)*		31	62	93	124	155	
B. Operating Costs	\$0	\$485,987	\$999,189	\$1,540,750	\$2,111,854	\$2,713,733	\$7,851,514
C. Service Costs	\$0	\$605,492	\$1,244,892	\$1,919,623	\$2,631,163	\$3,381,044	\$9,782,214
D. Tenant Rent Revenue	\$0	\$215,939	\$443,970	\$684,602	\$938,361	\$1,205,794	\$3,488,665
Net Costs (A + B + C - D)	\$6,804,500	\$7,870,597	\$8,991,060	\$10,168,095	\$11,403,995	\$4,889,139	<b>\$50,126,921</b>

\*May not add due to rounding.

In summary, the full cost of the program over 2025-2030 is estimated to be \$50.1 million, including capital, operations and service costs. The full costs and benefits of the proposed PSH program over its 60-year timeframe are outlined in our cost-benefit analysis (section 6).

To put this funding into context, recent federal government housing-related measures include<sup>60</sup>:

- The Housing Australia Future Fund, which was allocated a \$10 billion capital market investment in 2023, with \$500 million per year in associated expenditure to build 30,000 social and affordable dwellings over five years.
- The Housing Accelerator Fund, a \$2 billion one-off payment to the state and territory governments to deliver new and refurbished social homes.
- The New Homes Bonus, a \$3 billion performance-based fund for the states and territories if dwelling construction targets are met.
- Foregone tax revenue due to Negative Gearing in the 2024-25 financial year of \$6.9 billion.<sup>61</sup>

<sup>60</sup> Matt Lloyd-Cape, Margaret McKenzie, and Emma Dawson, *On Whose Account? Government Spending on Housing (Per Capita, January 2024)* <[https://percapita.org.au/our\\_work/on-whose-account-government-spending-on-housing/](https://percapita.org.au/our_work/on-whose-account-government-spending-on-housing/)>.

<sup>61</sup> Parliamentary Budget Office (n 9).

## 6 Benefits of permanent supportive housing

The following section extends earlier sections by considering the likely benefits associated with delivery of permanent supportive housing, relative to the costs. This includes benefits to the supported individuals and estimated health and criminal justice cost savings for government. We also conduct a cost-benefit analysis, to estimate the social benefits of the program, relative to net government costs.

For the literature review underpinning this analysis, see Appendix A.

### 6.1 Government cost savings

To estimate cost savings from the program, we conduct a meta-analysis of available studies. A meta-analysis is an evaluation and comparison of results from a range of independent studies to inform a specific research question.

Our meta-analysis includes a combination of Australia-based studies and an earlier meta-analysis (Jacob et al., 2022<sup>62</sup>), which summarises the results of PSH studies in North America (US and Canada). We draw on the North American review to augment the available Australia-based studies, which are impacted by sample size and ability to include control groups. In our meta-analysis, we include the estimate from Jacob et al. (2022) that relates to the highest-quality studies from North America. We also evaluate the quality of each study and weight them accordingly, based on factors such as the presence of a control group and the use of administrative data (details in Appendix A).

A weighted average of the included studies indicates that the ratio of government cost savings to program service costs is **1.44, i.e. cost savings are 1.44x higher than service costs**. This reflects the outcome of the weighted meta-analysis of existing studies, rather than a direct evaluation of PSH programs in WA.

It is important to note this ratio only refers to the ratio between cost savings and service costs. Our full cost-benefit analysis below also includes other costs (capital and operating costs, such as the cost of building and maintaining housing) and other social benefits (wellbeing benefits for supported individuals).

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<sup>62</sup> Verugheese Jacob et al, 'Permanent Supportive Housing with Housing First: Findings from a Community Guide Systematic Economic Review' (2022) 62(3) *American Journal of Preventive Medicine* e188.

Table 13: Meta-analysis of relevant studies

Study evaluation	Control group	Risk of attrition bias	Sample Size	Relevance	Weighting of study	Ratio of cost savings to service costs
<a href="#">Jacob et al. 2022</a> – highest-quality studies only	✓ (including one randomised controlled trial)	Low (all studies use administrative data)	three studies (201, 4679, and 1695)	Low (mix of program types in US)	25% (multiple high quality studies, large sample size, low relevance)	1.05
<a href="#">Seivwright et al. 2020</a>	✓ (randomised controlled trial)	Medium-high (uses survey data but has a randomised control group)	72	High (long-term housing in Australia)	30% (high quality, high relevance)	1.84
<a href="#">Parsell et al. 2017</a>	✗	Low (uses administrative data)	41	High (long-term housing in Australia)	20% (medium quality, high relevance)	1.91
<a href="#">Zaretsky and Flatau 2013 (AHURI)</a>	✗	High (uses survey data)	61	High (long-term housing in Australia)	10% (lower quality, high relevance)	1.15*
<a href="#">Conroy et al. 2014</a>	✗	High (uses survey data)	59	High (long-term housing in Australia)	10% (lower quality, high relevance)	0.58
<a href="#">Mission Australia 2012</a>	✗	High (uses survey data)	103	Medium (short-term housing in Australia)	5% (lower quality, medium relevance)	1.42
<b>Weighted average</b>					<b>1.44</b>	

\*Cost savings results in the paper are reported for single men and single women separately. A weighted average is taken based on the number of women and men who undertook the follow-up survey.

## 6.2 Cost-benefit analysis

A cost-benefit analysis (CBA) seeks to compare the full benefits of a program to its costs. Our CBA therefore estimates the social benefits to the supported individuals and the community, such as improvements in life satisfaction.

### 6.2.1 Social benefits

To estimate the social benefits of PSH, it is important to establish whether it improves the wellbeing of participants.

A randomised controlled trial in Montreal, Canada estimated the wellbeing effects of a PSH program based on a quality of life survey (QoLI-20) before and after the program.<sup>63</sup> The survey asks participants how they feel about various aspects of their life, including family, health, social relationships, and their life as a whole.<sup>64</sup> Analysis of this study in 'A Handbook for Wellbeing Policy-Making' (Frijters and Krekel 2021) converted the wellbeing benefits into wellbeing-adjusted life years (WELLBYs).<sup>65</sup> One WELLBY represents a one-point change in life satisfaction for one person for one year.<sup>66</sup> Frijters and Krekel found that two years of PSH improved the life satisfaction of participants by 0.67 WELLBYs. Therefore, one year of supportive housing is expected to **improve life satisfaction by 0.335 WELLBYs per tenant**. This represents a 0.335-point increase in life satisfaction on a 0-10 scale for one person for one year (for example, an improvement from 5 out of 10 to 5.335 out of 10 for a tenant with moderate wellbeing).

To convert the number of WELLBYs into a dollar value, we use the UK Government's proposed valuation of a WELLBY<sup>67</sup>, which is approximately \$35,000 after converting to 2025 dollars.<sup>68</sup>

Our estimate of the wellbeing benefits should be treated as a conservative estimate, as we exclude several potential benefits that could arise from a successful program.

Firstly, our cost-benefit analysis assumes that the increase in life satisfaction only accrues while the tenant resides in supportive housing. However, it is plausible that PSH could provide ongoing benefits by allowing the tenant to secure housing independently. In this case, an additional tenant

<sup>63</sup> Vicky Stergiopoulos et al, 'Effectiveness of Housing First with Intensive Case Management in an Ethnically Diverse Sample of Homeless Adults with Mental Illness: A Randomized Controlled Trial' (2015), 10(7) *PLoS One*: e0130281.

<sup>64</sup> Thomas Uttaro and Anthony Lehman, 'Graded Response Modeling of the Quality of Life Interview' (1999), 22(1) *Evaluation and Program Planning* 41-52.

<sup>65</sup> Paul Frijters and Christian Krekel, *A Handbook for Wellbeing Policy-Making: History, Theory, Measurement, Implementation, and Examples* (Oxford University Press, 2021).

<sup>66</sup> Frijters et al (n 1).

<sup>67</sup> HM Treasury's guidance on wellbeing in policymaking, published in 2021, valued one WELLBY at £13,000 in 2019 prices.

See HM Treasury, *Wellbeing Guidance for Appraisal* (Supplementary Green Book Guidance, July 2021) <<https://www.gov.uk/government/publications/green-book-supplementary-guidance-wellbeing>>.

<sup>68</sup> Applying the Consumer Price Index from 2019 to April 2025 from the Office for National Statistics, this is equivalent to approximately \$35,000 in 2025 dollars.

See Bank of England, 'Inflation calculator' <<https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>>.

could be allocated to the housing unit, and therefore our model would underestimate the benefits provided by each housing unit.

Secondly, the wellbeing benefits of the proposed program may exceed those estimated in the Montreal RCT, as the proposed design of single site buildings includes extensive amenities such as communal areas and on-site commercial spaces, whereas participants in the Montreal RCT rented existing apartments.<sup>69</sup>

Thirdly, PSH could have positive spillover effects on the life satisfaction of family, friends, and other household members. Our cost-benefit analysis only includes the benefits to homeless individuals or families who are directly supported by the program.

Fourthly, PSH could lead to broader social benefits, such as improvements in social cohesion and a shared sense of moral reassurance.

### 6.2.2 Costs

Costs are estimated over a 60-year time horizon, including capital costs from 2025 to 2029 and ongoing operating and service costs.

The program appraisal (evaluation) period is 60 years, based on a typical serviced lifespan of 40 – 60 years for residential buildings in Australia<sup>70</sup>; this is the time that buildings will perform as intended with minimal ongoing maintenance.<sup>71</sup>

High-quality new builds may continue to perform as intended beyond 60 years with modest refurbishment, and therefore benefits may extend beyond the appraisal period. However, to provide a robust and conservative cost-benefit result, we assume a building lifespan of 60 years.

Additionally, as half of the homes are repurposed from existing buildings, we include the opportunity cost of using those buildings, which is quantified as the estimated sale value. We also assume that existing buildings are halfway through their lifespan and therefore need to be replaced or significantly refurbished after 30 years. This is offset by the residual value of those buildings at the end of the program analysis period (after 60 years), in line with common practice.<sup>72</sup>

<sup>69</sup> 'The At Home/Chez Soi project', *The Douglas Research Centre* <<https://douglas.research.mcgill.ca/homechez-soi-project/>>.

<sup>70</sup> STANDARDS AUSTRALIA (n 4).

<sup>71</sup> This is also consistent with the lifespan of Victoria's current public housing stock, which is about to be redeveloped. The homes were built between 1962 and 1975, which makes them 50 to 63 years old. See Department of Families, Fairness and Housing, Submission No 623 to Legislative Council Legal and Social Issues Committee, *Inquiry into the redevelopment of Melbourne's public housing towers* (9 April 2025) <<https://www.parliament.vic.gov.au/get-involved/inquiries/publichousingtowers/submissions/>>.

<sup>72</sup> "When the economic life of an asset(s) exceeds the appraisal period, a residual value can be used as a proxy for future user benefits generated by the asset beyond the appraisal period. The residual value is included in the analysis as a benefit in the last year of the appraisal period." See Infrastructure Australia, *Guide to Economic Appraisal* (Technical guide of the Assessment Framework, July 2021) <<https://www.infrastructureaustralia.gov.au/guide-economic-appraisal>>.

Land costs are assumed to be \$0 as the land would be provided by state or local government to a PSH provider on a ‘pepper corn lease’ at low or no cost.<sup>73</sup>

### 6.2.3 Cost-benefit model

Table 14: Cost-benefit analysis: baseline parameters

Baseline Parameters	Value	Notes
Number of years of intervention	60	Estimated lifespan of new buildings with minimal ongoing maintenance
Ratio of cost savings to service costs	1.44	See Section 6.1
Impact on life satisfaction per tenant per year	0.335	See Section 6.2.1
Discount rate for WELLBY benefits	0.1%	Pure rate of social time preference; a small discount for temporal uncertainty is justified <sup>74</sup>
Value of a WELLBY	\$34,944	UK Government’s proposed valuation of a WELLBY, converted to 2025 dollars <sup>75</sup>
Discount rate for costs	7%	Infrastructure Australia estimate based on current national, state and territory guidelines on CBA <sup>76</sup>
Lifespan of existing buildings before replacement/refurbishment	30	Assumes existing buildings are halfway through their lifespan

<sup>73</sup> Our cost-benefit analysis excludes the opportunity cost of using this land, as a cost-benefit analysis is “concerned with the change in real resource outcomes, rather than financial transfers between parties”. See Department of Climate Change, Energy, the Environment and Water, *Water Conservation Cost-benefit Analysis Guidelines* (Report, September 2024) 94 <[https://water.dpie.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0011/622775/cost-benefit-analysis-guidelines.pdf](https://water.dpie.nsw.gov.au/__data/assets/pdf_file/0011/622775/cost-benefit-analysis-guidelines.pdf)>.

The transfer of land from a state or local government to a PSH provider does not change the land resource available to society, as long as there is no corresponding zoning change. Therefore, there is no value foregone by society by using the land for PSH.

<sup>74</sup> The pure rate of social time preference is commonly assumed to be zero or close to zero, because 1 unit of life satisfaction is worth the same to someone in the future as it is to someone today. See Mark Harrison, *Valuing the Future: the social discount rate in cost-benefit analysis* (Productivity Commission Visiting Research Paper, April 2010) 33-37 <<https://www.pc.gov.au/research/supporting/cost-benefit-discount/cost-benefit-discount.pdf>>.

We apply a small discount rate due to the risk of a political, economic, or social catastrophe, which could result in the benefits not eventuating. We assume an annual risk of 0.1% (which is equivalent to a 6% risk over 60 years), consistent with the 2006 Stern Review on The Economics of Climate Change. See Nicholas Stern, *The Economics of Climate Change: The Stern Review* (Cambridge University Press, 2007).

An additional discount rate could be justified if real household incomes improve over time, lessening the need for PSH. However, this is unlikely as government benefits are typically indexed to the Consumer Price Index, not the Wage Price Index.

<sup>75</sup> HM Treasury’s guidance on wellbeing in policymaking, published in 2021, valued one WELLBY at £13,000 in 2019 prices. See HM Treasury, *Wellbeing Guidance for Appraisal* (Supplementary Green Book Guidance, July 2021) <<https://www.gov.uk/government/publications/green-book-supplementary-guidance-wellbeing>>.

<sup>76</sup> Infrastructure Australia, *Guide to Economic Appraisal* (Technical guide of the Assessment Framework, July 2021) <<https://www.infrastructureaustralia.gov.au/guide-economic-appraisal>>.

Table 15: Cost-benefit analysis: benefits and costs, Adelaide (discounted benefits and costs highlighted)

Benefits and costs	Total across program lifespan (in 2025 dollars)	Notes
<b>Benefits to government</b>		
Cost savings to government	\$241.7 million	Cost savings are 1.44 times service costs; see Section 6.1, service costs below
Discounted cost savings to government	\$66.1 million	Assumes cost savings are received in the year of supportive housing provision
<b>Benefits to housed individuals</b>		
Cumulative years of supportive housing units	8,835	Number of supported units increase over 2026-2030 timeframe
Cumulative WELLBY (wellbeing-year) benefits	+24,670 WELLBYs	Total improvement in life satisfaction
Dollar value of WELLBY benefits	\$103.4 million	See section 6.2.1
Discounted value of WELLBY benefits	\$100.7 million	
<b>Capital costs</b>		
Capital costs of new builds	\$34.0 million	Cost of construction
Discounted capital cost of new builds	\$29.9 million	
Initial value of existing buildings	\$19.2 million	Construction cost of repurposed buildings
Opportunity cost of being able to sell existing buildings	\$9.6 million	The value of existing buildings at the time of repurposing for PSH; assumes buildings are halfway through lifespan; assumes straight line depreciation
Discounted opportunity cost of being able to sell/ repurpose existing buildings	\$8.4 million	Existing buildings are repurposed for PSH over the course of five years (from 2025 to 2029)
Capital cost of replacing/refurbishing existing buildings	\$19.2 million	
Discounted cost of replacing/refurbishing existing buildings	\$2.5 million	Cost of replacing or refurbishing existing buildings is incurred after 30 years
<i>Cost offset</i> from residual value of buildings at end of evaluation period	\$9.6 million	Only applies to replaced/refurbished buildings
Discounted <i>cost offset</i> from residual value of replaced/refurbished buildings	\$0.2 million	Cost offset is received after 60 years
<b>Total capital costs</b>	\$40.6 million	New build capital costs + Existing building opportunity costs + Replacement/refurbishment capital costs – Residual building value

<b>Ongoing costs</b>		
Service costs	\$167.9 million	
Discounted service costs	\$45.9 million	
Operating costs	\$134.7 million	
Discounted operating costs	\$36.8 million	
<i>Cost offset</i> from tenant rent revenue	\$59.9 million	
Discounted <i>cost offset</i> from tenant rent revenue	\$16.4 million	
<b>Total ongoing costs</b>	\$66.3 million	Service costs + Operating costs – Tenant rent revenue
<b>Totals</b>		
Total benefits	\$166.7 million	Government cost savings + WELLBY benefits
Total costs	\$107.0 million	Total capital costs + total ongoing costs
<b>Benefit-cost ratio</b>	<b>1.56</b>	

The benefits of the program are expected to exceed the costs by a ratio of 1.56:1, with a net gain in social value of \$60 million (benefits minus costs). However, this is likely to be a conservative estimate, as we exclude several potential benefits that could arise from a successful program (see Section 6.2.1).

#### 6.2.4 Sensitivity analysis

We also apply a sensitivity analysis, using a lower or higher discount rate on future costs, as recommended by Infrastructure Australia.<sup>77</sup> The benefit-cost ratio ranges from 1.37 to 1.56.

Table 16: Cost-benefit sensitivity analysis

Discount rate	Benefit-cost ratio
7% (central estimate)	1.56
4% (lower bound)	1.37
10% (upper bound)	1.73

<sup>77</sup> Infrastructure Australia, *Guide to Economic Appraisal* (Technical guide of the Assessment Framework, July 2021) <<https://www.infrastructureaustralia.gov.au/guide-economic-appraisal>>.

## 7 Conclusion

This needs assessment demonstrates both the scale of unmet demand for Permanent Supportive Housing (PSH) in Adelaide and the compelling case for investment. With an estimated 156 units required by 2030 to meet current and forecasted need, the report outlines a clear pathway for delivering housing and support that is both socially impactful and economically responsible.

The total government investment required to build and operate these units over a five-year period is approximately \$50.1 million (in nominal dollars). The annual operating and services subsidy, after being partially offset by tenant rent contributions, is estimated to be \$4.3 million (in 2025 dollars), once all units have been constructed. However, this investment is also substantially offset by government cost savings of \$1.44 for every dollar spent on service costs, through reduced use of the health, justice, and homelessness systems. Cost savings are estimated to be \$4.2 million per year (in 2025 dollars).

Beyond fiscal savings, the case for PSH is strengthened by its social return. The delivery of stable, supported housing measurably improves wellbeing—estimated to deliver over 150 wellbeing-adjusted life years (WELLBYs) from 2026 to 2030 across the target population—and enables individuals to live with dignity, autonomy, and improved health and safety outcomes. The benefit-cost ratio of the program is 1.56:1 over the 60-year analysis period.

PSH is a proven, evidence-based model with strong local and international support. Delivering the necessary infrastructure and services in Adelaide would represent a foundational step in realising the goal of ending chronic homelessness in South Australia. With coordinated leadership and strategic investment, it is possible to ensure that homelessness becomes rare, brief, and non-recurring.

## 8 Appendix A: Cost-Benefit Analysis Literature Review

### 8.1 Cost savings (health and criminal justice)

Several studies of permanent housing programs have indicated cost savings to government in the health and criminal justice system. Our review includes studies that meet the following criteria:

- Australia-based (except for one earlier meta-analysis from the US and Canada)
- Published in the last 15 years
- Relate specifically to supportive housing for people experiencing homelessness

The Journey to Social Inclusion project was a randomised controlled trial of permanent supportive housing in Melbourne.<sup>78</sup> The supported group received case management, training and skill building, and tenancy support to enter permanent housing (public housing, community housing, or private housing). Over the course of the study (3.5 years), health and justice costs decreased by \$32,293 for the supported group, while they increased by \$66,335 for the control group. This implies total cost savings of \$98,628, which exceeded the additional cost of providing supportive housing (\$53,594) for a net saving of \$45,034 per person.

Parsell et al. 2017<sup>79</sup> used administrative data to measure Queensland Government costs before and after a permanent supportive housing program, known as Brisbane Common Ground. Costs associated with health services, police, corrections, court appearances, and use of Specialist Homelessness Services were measured over 12 months before the program and over 12 months after commencement. They found that the cost savings were \$13,100 per person per year, even after accounting for the cost of providing the housing itself. Parsell et al. 2023<sup>80</sup> updated the cost savings estimate to \$17,462 based on growth in government expenses between 2016 and 2023.

A 2013 AHURI report by Zaretsky and Flatau (2013)<sup>81</sup> used a longitudinal survey to assess the impact of homelessness support programs in several Australian states. For supported accommodation programs, they found that the annual health and justice system savings to government, net of welfare payments, were \$8,920 for single women and \$1,389 for single men, compared to program costs of \$4,890. For single women, the savings were largely driven by health savings. For single men, savings were driven by justice savings, while health costs increased in the 12 months after program commencement, likely because participants were under-using health services until supportive housing allowed them to meet that need. Health cost savings might be expected over the long-term.

<sup>78</sup> Sacred Heart Mission and Centre for Social Impact, *Journey to Social Inclusion: Ending Chronic Homelessness in Melbourne* (2021) <<https://www.sacredheartmission.org/wp-content/uploads/2021/12/j2si-phase-2-final-year-outcomes-quantitative-report.pdf>>.

<sup>79</sup> Cameron Parsell, Maree Petersen and Dennis Culhane, 'Cost Offsets of Supportive Housing: Evidence for Social Work' (2017) 47(5) *The British Journal of Social Work* 1534 ('Cost Offsets of Supportive Housing').

<sup>80</sup> Cameron Parsell, Nikita Sharma and Ella Kuskoff, 'Ending Homelessness Through Permanent Supportive Housing: A Cost Offset Update' (Life Course Centre Working Paper Series, 2023-27, 2023) <<https://espace.library.uq.edu.au/view/UQ:31b3388>>.

<sup>81</sup> K Zaretsky and Paul Flatau, *The Cost of Homelessness and the Net Benefit of Homelessness Programs: A National Study* (No AHURI Final Report No. 218, Australian Housing and Urban Research Institute Limited, 2013).

The Michael Project provided short-term accommodation (typically up to 3 months) and extensive services which were delivered 'in-house'. A study of the program found that health costs decreased by \$12,496 after 12 months, while justice costs increased slightly by \$231, based on a longitudinal survey of participants.<sup>82</sup> As this project provided short-term accommodation with extensive in-house services, it may have different impacts to the program being evaluated in this report.

The Michael's Intensive Supported Housing Accord (MISHA) project provided long-term accommodation and case management over 24 months. The program used scattered site housing leased via social housing providers. A study of the program found that criminal justice costs per person per year were \$1,977 lower and health costs were \$6,567 lower, based on a longitudinal survey of participants.<sup>83</sup>

The 50 Lives 50 Homes project, which transitioned into the Zero Project, provided housing support and specialised after-hours nursing and psychosocial support to chronic rough sleepers in Perth. An evaluation found that health costs per person were \$21,500 lower after one year of the program.<sup>84</sup>

Additionally, a meta-analysis of 12 cost benefit analyses of PSH programs in the US and Canada found that the ratio of government savings to program costs was between 1:05:1 and 1.80:1, depending on which studies are included (Jacob et al., 2022).<sup>85</sup> That is, for every dollar spent there was a return of \$1.05 to \$1.80. The average ratio was 1.05 when only the highest-quality studies were included.

## 8.2 Meta analysis weighting process

To conduct the weighted meta-analysis, we assigned weightings to cost-benefit studies based on each study's **quality** and **relevance**.

**Quality** is assessed based on the following criteria:

- **Control group:** Studies without a control group (i.e. a comparison group who does not experience the intervention) are likely to overestimate the impact of the program, as vulnerable people often enter a program at a time when their circumstances are declining and they are in a period of relatively high service use. Therefore, service costs may decline after receiving housing because of a regression to the mean effect, not due to the housing itself. More rigorous study designs usually find smaller cost savings (see Ly and Latimer

<sup>82</sup> Mission Australia, *The Michael Project, 2007 - 2010: New Perspectives and Possibilities for Homeless Men*. (Mission Australia, 2012).

<sup>83</sup> E Conroy et al, *From Homelessness to Sustained Housing 2010-2013* (Mission Australia, 2014) <[https://www.westernsydney.edu.au/\\_\\_data/assets/pdf\\_file/0010/743968/MISHA-report-from-homelessness-to-sustained-housing-2010-13.pdf](https://www.westernsydney.edu.au/__data/assets/pdf_file/0010/743968/MISHA-report-from-homelessness-to-sustained-housing-2010-13.pdf)>.

<sup>84</sup> L Wood et al, *Zero Project: A Housing First Response to Ending Homelessness in Perth. Findings from the 50 Lives 50 Homes Program*. (Final Evaluation Report, Centre for Social Impact, University of Western Australia, 2022).

<sup>85</sup> Verugheese Jacob et al, 'Permanent Supportive Housing With Housing First: Findings From a Community Guide Systematic Economic Review' (2022) 62(3) *American Journal of Preventive Medicine* e188.

2015<sup>86</sup>). We therefore assign a lower weighting to studies with no control group. Additionally, the study results are more likely to be valid if it is a randomised controlled trial, where participants have been randomly assigned to the treatment or control group.

- **Risk of attrition bias:** Studies that use administrative data (such as government data or service agency data) typically have a lower risk of attrition bias, because they do not rely on participants returning for a survey. In contrast, studies using survey data may overestimate the impact of a housing program. This is because participants may avoid or miss a survey follow-up due to challenging life circumstances (although it is also possible that some participants leave the survey because they have obtained housing or employment). We therefore assign lower weight to studies that use self-reported outcomes obtained through surveys rather than linked administrative data. If the study is a randomised controlled trial, this may mitigate the risk of attrition bias, but the risk is not eliminated if attrition is related to the intervention.
- **Sample size:** Studies with larger sample sizes are more likely to be reliable because it reduces the influence of outliers.

**Relevance** is assessed based on geography and program type. If a study has a shared geography (i.e. Australia) and similar program type or cohorts, it is more likely to yield comparable insights. We therefore prioritise Australia-based studies that evaluate permanent supportive housing interventions aimed at high-acuity cohorts.

Overall, we apply the following weights:

- **Jacob et al. 2022** (highest-quality studies only) is given 25% weight as it only includes studies that use administrative data, have an appropriate control group, and have a large sample size, but all studies are from the US.
- **Seivwright et al. 2020** is given 30% weight as it is a randomised controlled trial and highly relevant (Australia-based, long-term housing).
- **Parsell et al. 2017** is given 20% weight because it uses administrative data but has no control group. It is also highly relevant (Australia-based, long-term housing).
- The remaining studies are given 5-10% weight because they use survey data (high risk of attrition bias) and have no control group. **Mission Australia 2012** is given the lowest weight as the project provided short-term accommodation, which is less similar to the nature of the program being evaluated in this report.

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<sup>86</sup> Angela Ly and Eric Latimer, 'Housing First Impact on Costs and Associated Cost Offsets: A Review of the Literature' (2015) 60(11) *The Canadian Journal of Psychiatry* 475.