

# NSW Budget Discussion Paper 2025-26

## Addressing Regional Homelessness Across NSW

*Prepared by Homelessness NSW for the Hon. Daniel Mookhey, Treasurer and the Hon. Rose Jackson, Minister for Housing and Homelessness*

### Executive Summary

New data from the Australian Institute of Health and Welfare (AIHW) reveals alarming regional disparities in homelessness across NSW, with significant increases in traditionally more affluent areas and a concerning rise in working people needing homelessness support. This paper analyses these trends and proposes targeted budget measures to address the crisis.

### Regional Trends: The Hidden Face of NSW's Homelessness Crisis

#### Sydney Metropolitan Region

- **Inner West Crisis:** The Inner West has experienced the largest percentage increase (16.3%) in specialist homelessness service clients in 2023/24.
- **Growing Suburban Pressure:** Northern Beaches (8.34%) and Outer West/Blue Mountains (8.3%) show significant growth in homelessness service demand, indicating the crisis is spreading to previously less affected areas.
- **City Concentration:** Sydney's City and Inner South remains one of the regions with highest absolute client numbers (3,450), continuing to place significant pressure on inner-city services.

#### Regional NSW

- **Far West and Orana:** Despite a 13.1% decrease from the previous year, this region continues to have the highest rate of people seeking homelessness services at 267.9 clients per 10,000 population – more than twice the Sydney average.
- **Growth Areas:** Hunter Valley (11.1%), Murray (7%), and New England and North West (7%) all experienced substantial increases in homelessness service clients.
- **Illawarra Pressure:** The Illawarra region saw an 8.6% increase in client numbers, now serving 3,295 people annually, making it the fourth highest region by total client numbers.

#### The Changing Face of Homelessness: Working People in Crisis



- Working people accessing homelessness services increased from 13% in 2018-19 to 17% in 2023-24, with one-third of these working full-time.
- 70% of working clients are women, and almost half (49%) are aged 18-34.
- Young working adults (18-34) have seen the most dramatic increase, rising from 14% to 19% of all working clients since 2018-19.
- Over 10,000 working people were already experiencing homelessness when they sought help in 2023-24, a significant increase from 6,000 in 2021-22.
- Working clients experiencing homelessness are more likely to become unemployed than those who are only at risk, creating a dangerous cycle of disadvantage.

## System Under Pressure: Service Capacity Crisis

Specialist Homelessness Services (SHS) across NSW are operating well beyond their funded capacity:

- For more than a decade, SHS providers have been assisting significantly more clients than their funding allows.
- Services now operate at crisis levels, unable to meet urgent and growing demand.
- 76% of people seeking long-term housing support and 49% seeking emergency accommodation cannot be assisted.
- The current approach of stretching resources further is creating dangerous service gaps and unsustainable pressure on frontline workers.

## Budget Recommendations

### 1. Immediate Funding Relief for Specialist Homelessness Services

- **30% Baseline Funding Increase:** Implement an immediate 30% increase (\$96 million) to SHS program funding to address critical service gaps.
- **Regional Loading:** Apply a 15% regional loading for services in high-need areas with rates exceeding 200 clients per 10,000 population (specifically Far West and Orana, New England and North West, and Capital Region based on current data).
- **Working Homelessness Initiative:** Establish a dedicated \$15 million program to support working people experiencing or at risk of homelessness with targeted rental subsidies and employment stability support.

### 2. Regional Social Housing Investment

- **Targeted Regional Construction:** Direct \$500 million of the planned social housing investment specifically to the five highest-need regions identified in the AIHW data (Far West and Orana, New England and North West, Capital Region, Sydney's Inner West, and Illawarra).
- **Fast-Track Approvals:** Implement planning priority pathways for social housing developments in LGAs with the highest per-capita homelessness rates.



- **Head-Leasing Program:** Expand the head-leasing program in regional areas experiencing rental market pressure with a \$50 million allocation.

### 3. Systemic Reform and Prevention

- **Working Youth Housing Package:** Develop a \$30 million housing support package specifically targeting working people aged 18-34, including rent-to-own pathways and first home buyer supports.
- **Private Rental Support Expansion:** Increase private rental assistance and bond loan availability by 40% in regions with the highest growth in homelessness service utilisation.

## Conclusion

The regional data reveals that homelessness in NSW is no longer confined to traditional areas of disadvantage. The alarming rise in working people seeking homelessness assistance points to a critical failure in our housing system that requires immediate and targeted intervention.

Inaction will not only deepen individual suffering but create significant long-term social and economic costs as more working people lose housing stability and potentially their employment. The NSW Budget provides a critical opportunity to implement the recommended measures and begin addressing this escalating crisis.

This budget represents an opportunity to respond to the clear evidence with policy solutions that acknowledge the regional diversity of homelessness in NSW and the changing nature of housing insecurity affecting working people, particularly young adults.

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