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Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Senate Economics References Committee inquiry on social housing

National Housing Supply and Affordability Council submission

The National Housing Supply and Affordability Council (the Council) thanks the Economics References Committee for inviting submissions to the Inquiry on Social Housing.

The Council's vision is for a housing system that provides affordable, fit for purpose and secure homes for all households of all incomes and in all locations. The Housing Outcomes Framework, introduced in the 2026 State of the Housing System report, translates this vision into measurable objectives. The framework therefore places people's housing outcomes, not simply the volume of new construction, at the centre of assessing the performance of Australia's housing system. For social housing, the Framework assesses both whether the quantity of social housing stock is growing relative to need and whether tenants report satisfaction with the security, condition and location of their homes.

Safe and secure housing is fundamental to people's wellbeing, stability and participation in community life. Housing that is safe, suitable, accessible and secure in tenure helps households maintain health, education and employment, while reducing the disruption and insecurity associated with homelessness or repeated moves. Improving these conditions requires focus on not only the physical quality of housing, but also whether homes are accessible, affordable to live in and capable of providing households with a stable base.

The approach of Australian governments to social and affordable housing has varied considerably over time. From the 1940s to the 1980s, government housing agencies directly built large volumes of new public housing. Since then, governments have shifted from the direct provision of non-market housing towards increased subsidies (such as rent assistance payments) to enable more households to rent in the private market.

The Council views social and affordable housing as essential infrastructure that delivers significant social and economic benefits. It reduces homelessness and the incidence of poverty, supports economic productivity and labour market participation, saves health, community care and justice system costs, and fosters stronger, more cohesive and sustainable communities. It provides secure accommodation for tenants, and in some



remote areas of Australia, social housing is the main form of available rental accommodation.

The Council has consistently identified the need for sustained long-term investment to support social and affordable housing infrastructure. Recent initiatives, including the Housing Australia Future Fund (HAFF), the Social Housing Accelerator and the National Agreement on Social Housing and Homelessness have been welcomed steps towards a coordinated and sustained national approach. The Council recommends maintaining the momentum created through these programs by expanding the HAFF, reflecting a broader view that investment in social housing should be ongoing, predictable and embedded within national policy settings. This is consistent with treating social housing like other forms of essential public infrastructure, like health and education, where long-term funding arrangements are maintained and strengthened over time.

The Council recommends restoring social housing to 6 per cent of stock

The Council recommends restoring social housing to 6 per cent of total housing stock over the medium term. This target would be a substantial expansion from the current share of social housing, which was 4.0 per cent in 2024-25 and would begin to restore the role that social housing played in previous decades. Framing the objective as a share of total housing stock recognises that social housing must grow in line with population growth and housing demand.

Social (and affordable) housing is needed as the private housing market, even when it is operating efficiently, cannot provide affordable and fit-for-purpose housing for all Australians. Relying on vacancy chains and downward filtering to improve the supply of affordable housing is slow, uneven and insufficient on its own. Filtering operates through vacancy chains and can make rents cheaper over time, although the effect is the weakest at the lower end of the rental market where affordability pressures are most severe (Garvin & Maltman, 2024). Some households will continue to require non-market housing due to income constraints, complex needs, location requirements or barriers to accessing private rental housing.

The shortfall in social housing reflects a long-term policy and investment failure over the past three decades. The Council considers this prolonged underinvestment and loss of stock as a central system weakness and reason why the social housing system now services a substantially smaller proportion of Australian households, despite growing need. The Council has linked the shortage of social housing to increased rental stress, pressure on specialist homelessness services, homelessness and long public housing waiting lists.

The Council's target of restoring social housing to 6 per cent of total housing stock is based on the historical share of social housing nationally and within jurisdictions, as well as the average share of social housing across other OECD countries. Social housing in Australia peaked at 5.6 per cent in 1991, while the current OECD average is around 7 per cent.



The Council recognises that increasing social housing from 4 per cent to 6 per cent of the housing stock would represent a large number of homes. Given the current dwelling stock of 11.5 million (in June 2026), 2 percentage points represents around 231,000 additional social housing dwellings. Many years of substantially increased new social housing construction would be required to meet a 6 per cent target.

Further, the Council acknowledges that the 6 per cent target will not necessarily meet the full scale of unmet demand for social housing, with some estimates of housing need ranging higher¹. Rowley et al. (2017) estimated that housing need could rise to 1.7 million households by 2025, or around 16 per cent of households. These estimates highlight the large scale of housing need facing the housing system. The Council is undertaking the development of housing demand modelling to build the evidence base and investigate the extent and drivers of housing need in Australia.

The Council's priorities for social housing in Australia

The Council's key priorities for housing system reform include increasing investment in social and affordable housing through proven mechanisms and reviewing regulatory frameworks for the social and affordable housing sector. The priorities should guide both the pathway for increasing social housing to 6 per cent of the total housing stock and the design of any strategy prepared by governments.

In preparing this submission, the Council identifies the following four priorities for social housing in Australia:

1. National leadership and collaboration
2. Providing certainty for long-term investment
3. Supporting the social housing sector
4. Enhanced reporting, data and evaluation.

National leadership and collaboration

Addressing the shortage of social housing crisis requires enduring national leadership. The Council recommends the Commonwealth adopt a sustained leadership role in social housing, recognising its fiscal capacity and ability to drive coordination, reform and performance improvement across governments.

National leadership is needed as social housing is a shared system problem that requires ongoing cooperation across all levels of government and industry to address. The Commonwealth, state and territory governments, and developers all have roles in

¹ Housing need is defined as the aggregate of households unable to access market provided housing or requiring some form of housing assistance in the private rental market to avoid a position of rental stress (Rowley et al. 2017). It includes households whose needs are currently being met by the housing system (for example, through social housing).



supporting social housing supply, reflecting the wider economic, social and fiscal benefits it delivers.

Direct and ongoing public funding must remain central in delivering social housing because the benefits extend beyond what rents can recover. However, public funding cannot meet the scale of unmet need alone. A balanced funding approach is needed, combining direct public investment, private and institutional capital, and contributions from the development sectors.

Enduring, long-term investment pathways to provide certainty

Increasing social housing supply requires a sustained, long-term commitment to investment. While recent Commonwealth and state and territory investments are welcome and are improving the development pipeline, the Council considers these programs will not be sufficient to reverse the long-term decline in social housing as a share of total housing stock or support the long-term viability of the sector.

Long-term investment will be necessary to deliver the scale of housing required to meet current and future demand. An enduring national investment approach would provide a clear framework for delivery and accountability, while giving the private and not-for-profit sectors confidence to make long term investment commitments.

A long-term commitment from the Commonwealth and state and territory governments would also provide the certainty needed to plan and deliver housing at scale. A large, predictable delivery program can give developers, builders, manufacturers and investors confidence to invest in modern construction methods, workforce skills and productive capacity, lifting productivity and reducing the time and cost required to deliver housing.

A sustained pipeline of new social homes can expand the supply of lower-cost rental housing, easing pressure in the private rental market. It can also provide a countercyclical source of activity in construction and residential development during downturns in market-led building, which could help retain industry capacity and smooth otherwise volatile development cycles.

The benefits of scale can then be combined with a diverse provider sector where regulated, charitable providers can bring tenant protections, prudent stewardship of public funds and specialist, renter-focused tenancy management. This model can capture the efficiency of scale while retaining local responsiveness, diversity of service provision and accountability for tenant outcomes.

The Council's view that social and affordable housing is essential infrastructure enables a shift in the policy and investment settings, from a welfare safety net to a core component of national infrastructure.



Social and affordable housing is increasingly recognised by Australian infrastructure bodies as a form of social or community infrastructure that supports economic participation, community wellbeing and national productivity. Infrastructure Australia identifies social housing as social infrastructure and notes significant gaps in suitability and serviceability (Infrastructure Australia, 2019), while Infrastructure NSW explicitly labels social and affordable housing as community infrastructure (Infrastructure NSW, 2025). Social housing is recognised as a long-lived, spatially fixed asset that delivers housing security, economic participation and community-wide benefits, while the cost of inaction is borne across health, homelessness, justice and productivity systems.

Investment in social and affordable housing can drive economic growth, improve housing affordability and supply, support vulnerable households and increase productivity (OECD 2020). Appropriate, well-located non-market housing can also have a net positive fiscal impact, with estimates suggesting that for every dollar invested in increasing the supply of social and affordable housing, the community saves two dollars (SGS Economics and Planning 2022).

The Council believes that the Commonwealth, in its leadership role, should develop a comprehensive non-market housing strategy for the next 15 years. Investment in social (and affordable) housing should be embedded within Commonwealth, state and territory fiscal and housing policy frameworks. Commonwealth investment should also incentivise reforms across all levels of government, setting benchmarks for contributions and performance (for example, supply and quality of social housing). This should include embedding improvements to First Nations housing outcomes into 'mainstream' housing strategy, investment and reform. Improving First Nations Housing outcomes is a responsibility that should be spread among all stakeholders, with the Commonwealth playing a key strategic coordination role.

A long-term funding plan could be effected through the next iteration of the intergovernmental National Agreement on Social Housing and Homelessness, plus a simple broad based and low inclusionary requirement on all land development.

Supporting social housing sector

The Council recommends reviewing regulatory frameworks for the social and affordable housing sector to ensure adequate regulatory settings are in place to oversee and protect the increased investment to improve tenant outcomes. A modernised regulatory approach is essential for improving the efficiency and capability of community housing providers to deliver social housing at scale centred around meeting tenant needs.

Furthermore, governments should consider how social housing is allocated to tenants to ensure that access is determined transparently and consistently according to housing need. Allocation settings should take into account of factors that affect the intensity of need associated with specific cohorts, such as young people or pension recipients. Aligning



allocation with need ensures that the benefits of additional investment reaches those households least able to secure housing in the private market, while improving the effectiveness and fairness of the social housing system.

Commonwealth support in the social housing sector could improve the effective utilisation of existing social housing stock, alongside investment in new supply. This could include adequate and predictable funding for the ongoing operation and maintenance of properties, and targeted assistance to bring uninhabitable or vacant dwellings back into service.

Enhanced reporting, data and evaluation

To support the increase and better utilisation of social housing, the Council recommends that the Commonwealth enhance reporting, data collection and evaluation. Governments should improve the consistency, timeliness and transparency of data to help identify where unmet needs are greatest and to improve social housing client experience.

Improvements to the evidence base will also be critical to support these priority initiatives—better policy design, more effective targeting of resources and investment and stronger accountability for outcomes. Better data is needed on housing need, the condition and availability of social housing stock, waiting lists, tenant outcomes and the effectiveness of assistance programs.

Improved data and reporting leads better evaluation of social housing and associated programs, and provides opportunity for future reforms. For example, there is a need for greater transparency about the costs of delivering new social and affordable homes and operating those homes at different levels of subsidy, in different locations, and for different cohorts. The Council suggests investigating cost rental methodology.



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