



FIT FOR PURPOSE: ALIGNING AFFORDABLE HOUSING WITH NEED

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IN PARTNERSHIP WITH



FIT FOR PURPOSE: ALIGNING AFFORDABLE HOUSING WITH NEED

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This is the third in a series of CEDA papers focused on the housing crisis in Australia. The crisis has been decades in the making, with multiple policy and planning failures across the country contributing to a shortage of affordable homes for Australians.

Each paper in this series will tackle one key housing challenge. Combined, the solutions we propose will help to solve the housing puzzle.

Without more urgent action, we risk making the “great Australian dream” of home ownership unattainable, reserved only for the lucky few with access to generational wealth.

We can and should ensure that all Australians have access to the housing they need to participate fully in life. This aspiration is a key goal of CEDA’s Progress 2050 vision.

CEDA’s objective in publishing this report is to encourage constructive debate and discussion on matters of national economic importance. Persons who rely upon the material published do so at their own risk.

ABOUT THIS PUBLICATION

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ABOUT URBIS

Urbis is a multidisciplinary urban consultancy bringing transformation to cities and communities around the world. From inspiration to implementation, our team of more than 900 consultants and specialists create communities and places that address the complex needs of society.

Our approach to liveability extends beyond the built environment and involves sustainable, ethical, commercial, social and natural elements to deliver future-focused housing and precincts solutions.



Only 19%

of private rentals affordable to a social-housing-eligible household actually go to one, and

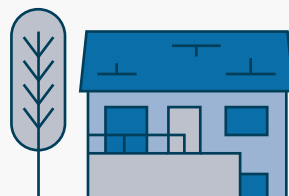
just 36%

of these households are in a rental they can afford.



Social housing has shrunk as a share of all dwellings, from

**5.2% in 1997 to
3.9% in 2025**



The social housing waitlist grew from

**155,000
households
in 2014**

to around

**190,000 in
2025**

and the share classified as "greatest needs" rose from 28 to 41 per cent.



If one in ten households on the social housing waitlist could be adequately moved into affordable housing, almost

**19,000
families**

would then have access to safe and secure housing.



Australia would need an extra

**21,000 social
dwellings a
year**

to house every waitlisted household by 2035.

CONTENTS

Executive summary	5
Recommendations	6
Social housing and the households it supports	7
Social housing supply is not matching need	8
Inadequate social housing pushes households into the private market	10
Increased Commonwealth Rent Assistance	11
Low-income households need better support to compete in the private rental market	12
The role of affordable housing	14
Boosting feasibility for social and affordable housing	15
Targeted delivery depends on a functioning market	18
References	19

EXECUTIVE SUMMARY

Australia's social and Affordable housing system is failing the households who need it most. Social housing has shrunk from 5.2 per cent of total dwellings in 1997 to 3.9 per cent in 2025, while waitlists have climbed from 155,000 households in 2014 to 190,000 in 2025.^{1,2} The share of applicants classified as “greatest needs” has risen from 28 per cent to 41 per cent over the same period.³

Households shut out of social housing are pushed into a private rental market that increasingly cannot accommodate them and that they cannot afford. Advertised rents have risen 48 per cent over the last ten years, well ahead of wages.⁴ One in five renter households is a low-income household in financial stress, and two in five Commonwealth Rent Assistance recipients remain in rental stress even after receiving the payment.⁵ Rental stress is commonly defined as housing costs above 30 per cent of gross income for households in the lowest 40 per cent of the income distribution.^{6,7}

At the same time, the lower-cost housing that does exist is not reaching the households that most need it. Nationally, fewer than one in five rentals (19 per cent) that would be affordable for a low-income, social-housing-eligible household goes to one. Meanwhile, just 36 per cent of these households are in a private rental they can afford.⁸

Government and industry have recognised the need to take action to provide housing relief. The Federal Government created the Housing Australia Future Fund (HAFF) to build 40,000 additional social and Affordable homes, backed by an initial \$10 billion investment. Despite these supports, the challenge continues to grow.

Australia's housing shortages have grown over more than two decades, through inadequate housing supply and underinvestment in social housing. Building the supply of social housing back up to a level that meets the level of need requires sustained investment and long-term commitment, both in its construction and maintenance.

The annual recurrent expenditure cost to Government of public housing is \$55,981 per dwelling, well above what public housing tenants can reasonably pay.⁹

As the social housing stock expands, funding must grow to support the new homes alongside the operation, maintenance and renewal of existing homes.

Affordable housing could relieve some of the pressure on social housing waitlists. At present though, it does not support those households most in need. Affordable rents are set at a discount to market rates, not as a share of what a household earns. In an expensive market, a discount applied to a high rent is still a high rent, and the lowest-income households the scheme is meant to serve cannot pay it. Eligibility runs from very-low to moderate incomes, so people who earn more absorb the stock while very-low and low-income households are crowded out.¹ Those in greatest need get little relief, and the social housing waitlist barely moves. If one in ten households on the social housing waitlist could be adequately moved into affordable housing, almost 19,000 families would then have access to safe and secure housing.

Like social housing, Affordable housing also faces a structural funding gap. The rent that very-low and low-income households can afford does not cover the cost of land, construction, finance and maintenance. That gap has widened as construction and finance costs have risen faster than the incomes of households this housing is meant to serve. Incentive-based schemes that allow density uplift for the provision of Affordable housing, allow that gap to be covered through the construction of additional market-rate dwellings in the development.

However, the value generated by uplift is often not deep enough to reach the households with the greatest need, so these schemes tend to deliver dwellings affordable to moderate-income earners while the gap for very-low and low-income households remains. Ongoing and consistent funding is needed to fill this gap. Even where the scheme covers delivery costs, managing the dwellings or engaging a community housing provider adds complexity, compliance cost and long-term risk to an otherwise straightforward project.

Australia needs more housing and it especially needs more affordable housing that can be accessed by those who need it most.

i. ‘Very-low-income’ households are the lowest quintile of income earnings. ‘Low-income’ households are the second-lowest quintile of income earnings. Together, they account for the lowest 40 per cent of income earners.

RECOMMENDATIONS

1. Fund social housing consistently.

Stable, ongoing government funding, not stop-start rounds.

2. Lift Commonwealth Rent Assistance.

Raise the maximum rate and track it to actual rental costs.¹⁰

3. Unlock institutional land.

Incentivise and permit institutional landowners to deliver social and affordable housing on their own sites.

4. Provide incentive schemes to construct Affordable housing.

Increase density uplift for the inclusion of social and affordable housing, or cash-payments funnelled directly to the provision of new social housing.

5. Fast-track approvals.

Faster, more certain planning pathways for social and affordable housing projects.

6. Close the data gap.

Publish consistent data on the stock and occupancy of Affordable dwellings.

Box 1: What is Social and Affordable housing?

Social housing and Affordable housing are often used interchangeably, but they are distinct tenure types serving different cohorts.

Social housing is subsidised, long-term rental housing provided at below-market rents to people on very-low incomes or with specific housing needs, generally rented at less than 30 per cent of incomes.

The main forms are:

- Public housing: owned and managed by state and territory governments.
- Community housing: managed (and sometimes owned) by not-for-profit housing organisations such as Community Housing Providers (CHPs), often supported through government grants, loans, transferred dwellings, or operational funding.

Affordable housing has no single, agreed definition in Australia. Generally, Affordable housing refers to housing that is priced below prevailing market rates for low-to-moderate income households. Many jurisdictions have multiple definitions for Affordable housing. For example, in NSW and Victoria, Affordable housing can be set at either a discount to market rent, or as a proportion of household income (less than 30 per cent). The Housing Australia Future Fund provides funding for Affordable housing when the rent of the dwelling is set at 74.9 per cent or less of the market rent.¹¹

Across jurisdictions, Affordable housing can include both rental housing and housing for purchase. It is often delivered through government funding, planning incentives, and partnerships with community housing providers and private developers.

SOCIAL HOUSING AND THE HOUSEHOLDS IT SUPPORTS

Social housing is publicly funded to support people who cannot secure or sustain housing in the private market. Demand on the social housing system comes from two directions. Short-term and crisis need comes from people experiencing homelessness, escaping family violence, leaving institutional care or in acute housing distress, who require rapid, often temporary accommodation. Long-term, structural need comes from households who require stable housing indefinitely because their income will not support market rent. Many of the households with long-term need, will spend their lives in social housing and will not be able to sustain a private tenancy. These two streams are distinct but connected. When the long-term system cannot meet demand, the unmet need does not disappear, but presents later as an episode of crisis. Investments into social housing also create broader benefits and avoided costs for governments, through reduced health service use and hospitalisation rates.¹²

For households who miss out on public housing, Commonwealth Rent Assistance (CRA) is the main instrument supporting them in the private rental market. The rationale for adequate CRA is the same rationale that justifies social housing in the first instance. If government accepts responsibility for housing people whose incomes will never meet market rent, that responsibility does not lapse because the queue is long. CRA is necessary because payments such as JobSeeker fall well short of what a market rent requires.

Both short-term and long-term answers are needed. In the short-term, alongside increasing support with CRA, low-cost and Affordable housing needs to reach the households under the most pressure. Tightening eligibility for Affordable housing and supporting low-income households in the private rental market would direct capacity to those in need.

In the long term, the answer is supply. Social housing is the only durable response to structural need. But it will not get built at the scale needed without sustained public investment. Rents that are affordable to low-income households cannot cover the full cost of provision. In 2024-25, the annual net recurrent costs for public housing averaged \$55,981 per dwelling.

Governments must commit not just to building more homes, but to funding their operation, maintenance and renewal as the stock grows.

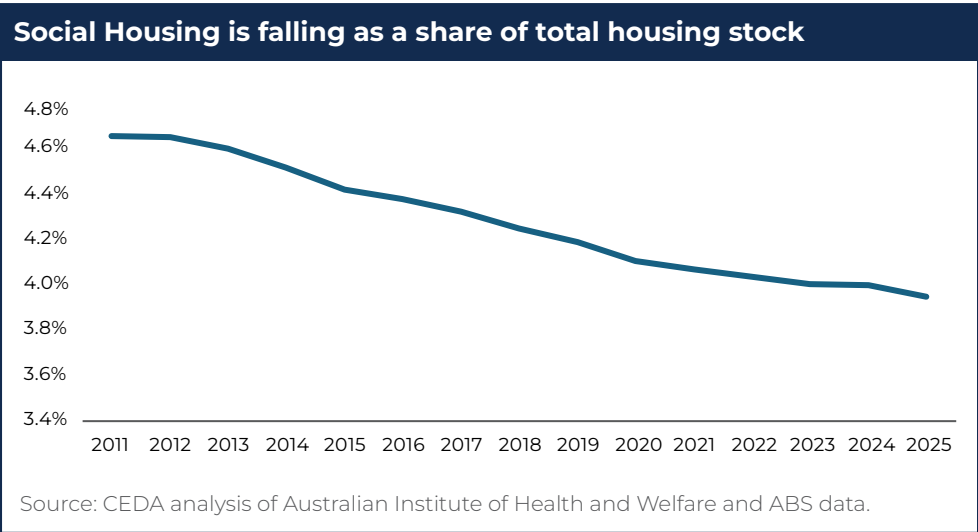
Alongside social housing, supply needs to grow across the housing market. A market that is not building enough homes at any price point pushes higher-income households into the housing stock that lower-income households depend on. Previous CEDA research has examined ways to boost overall housing supply.^{13,14}

SOCIAL HOUSING SUPPLY IS NOT MATCHING NEED

Social housing made up 5.2 per cent of total housing stock in 1997. By 2025, that share had fallen to 3.9 per cent, even as the total stock grew from 387,000 to 452,000 dwellings.¹⁵ The fall sits against a broader housing supply shortfall. Australia is not building enough homes overall, and social housing is falling further behind within that constrained pipeline.

Excess need for social housing is growing. The number of households on the social housing waitlist increased from 155,000 in 2014 to 190,000 in 2025.^{16,17}

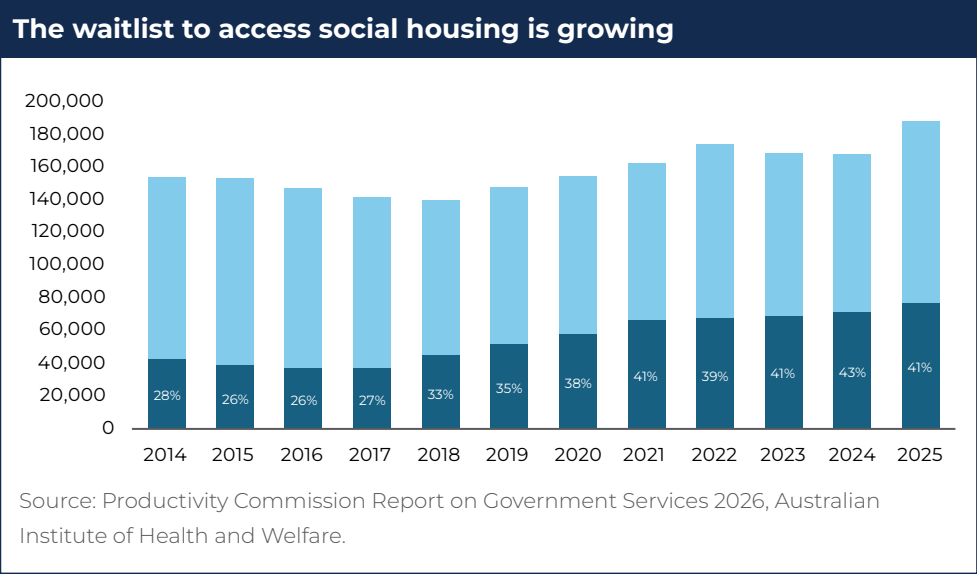
Figure 1: Social housing as a proportion of total dwellings



Further, the waitlist is increasingly made up of households defined as “greatest needs”, whose share of the waitlist has risen from 28 per cent in 2014 to 41 per cent in 2025 (Figure 2).ⁱⁱ

Supply pressures are also affecting the suitability of social housing. The share of social housing that is overcrowdedⁱⁱⁱ increased from 5.0 per cent in 2014 to 5.6 per cent in 2024, suggesting the system is not delivering the right mix of dwellings to meet household needs.¹⁸

Figure 2: Households on the social housing waitlist

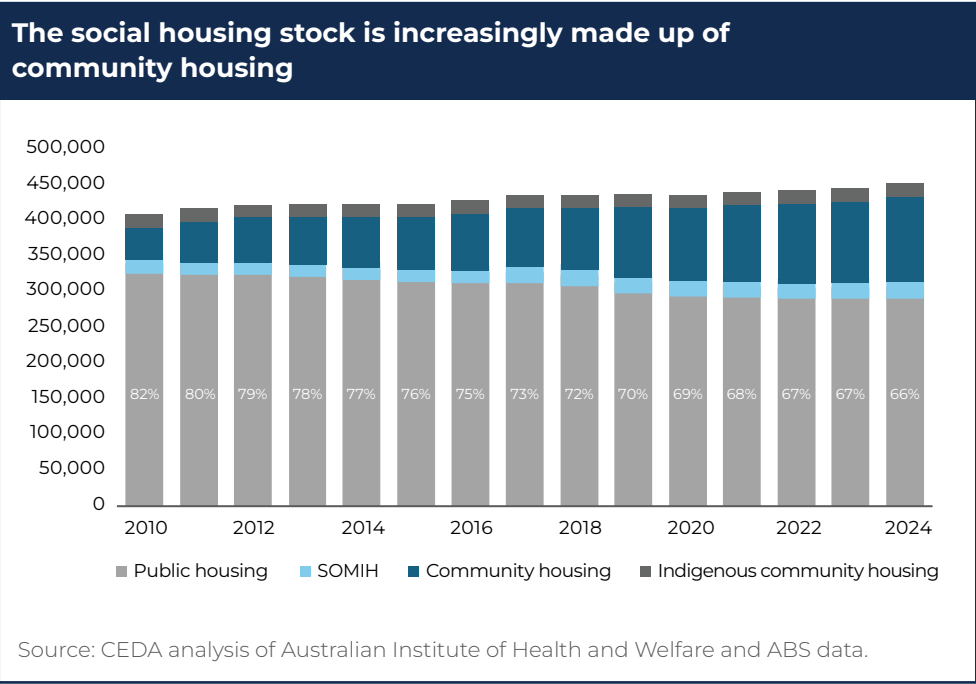


ii “Greatest needs” are households that are experiencing homelessness or at risk of homelessness. (Australian Institute of Health and Welfare).

iii Housing is defined as overcrowded when it requires at least one more bedroom, as per the Canadian National Occupancy Standard.

Community housing is playing an increasingly important role in social housing provision. However, headline growth in community housing overstates the expansion of social housing overall. Community housing stock is now four times larger than in 2005, but much of this growth reflects transfers of dwellings from public housing rather than newly constructed supply. Public housing has contracted over the same period, offsetting the gains (Figure 3). The net effect is that the social housing system has changed shape more than it has grown, with a larger share now delivered by community housing providers and a smaller share by state and territory governments.

Figure 3: Trends in the social housing stock



With growing social housing waitlists across the country, the need to shift people into affordable housing is great. If we were to better allocate affordable housing to those who need it most, and managed to shift one in ten off the social housing waitlist, almost 19,000 families would then have access to safe and secure housing. In NSW, almost 6,000 families could access a home. This would mean that support goes to households with less ability to compete in the rental market, rather than those with the means to rent privately.

Even under an ambitious construction program, the stock of social housing is unlikely to expand fast enough to meet the needs of households on the waitlist within the next decade, highlighting the importance of better targeted affordable housing. Australia would need an additional 21,000 new social dwellings each year to provide for all households on the waitlist by 2035. The Housing Australia Future Fund's (HAFF) target of 40,000 new social and Affordable homes by 2029 is a useful start, but well short of the gap, and excess need is likely to persist. Delivering new social housing also expands the recurrent funding task, as each additional dwelling carries operational funding is necessary alongside the capital program to sustain the stock. Meeting this need requires a sustained commitment from government to the households that depend on this housing.

Table 1: Number of households that could come off the social housing waitlist with a 10 per cent reduction

State	Households on waitlist	10% reduction on waitlist
NSW	59,077	5,908
VIC	56,230	5,623
QLD	24,112	2,411
WA	22,409	2,241
SA	13,687	1,369
TAS	5,152	515
ACT	3,402	340
NT	5,467	547
AUS	189,536	18,954

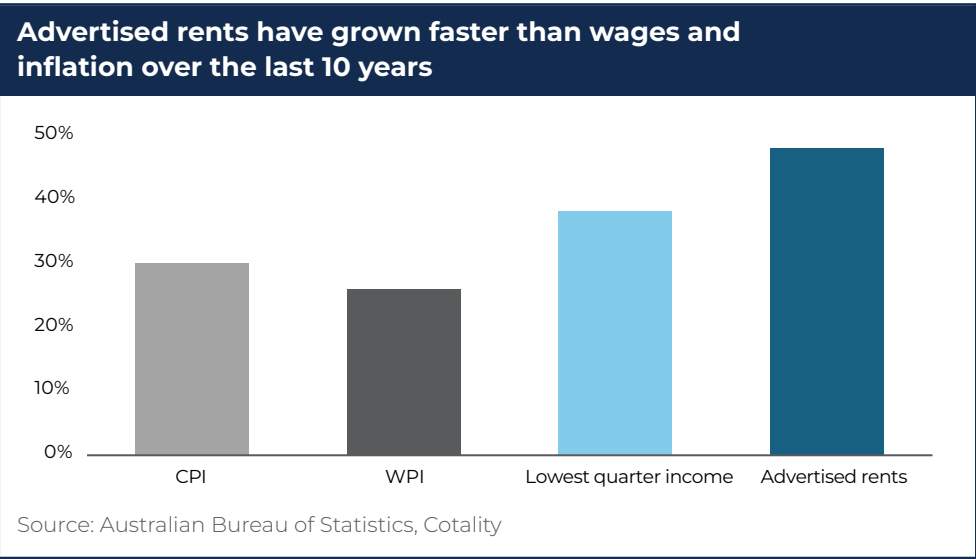
INADEQUATE SOCIAL HOUSING PUSHES HOUSEHOLDS INTO THE PRIVATE MARKET

When social housing fails to keep pace, households on the waitlist are pushed into a private rental market that is becoming less affordable by the year. Advertised rents have risen 48 per cent over the 10 years to 2025, outpacing rises in the employee incomes of the lowest 25 per cent of earners (Figure 4).

For low-income households, the squeeze is sharper still. These households must compete with higher-income earners for a shrinking pool of lower-priced rentals, and they routinely lose. One in five renter households is a low-income household in financial stress.¹⁹

Social housing is not growing fast enough to meet the need, and the private rental market that is meant to absorb the overflow is itself pricing out households in need.

Figure 4: Advertised rents, wage price index and consumer price index growth over the ten years to 2025



INCREASED COMMONWEALTH RENT ASSISTANCE

The main instrument the government uses to support these households in the private market is Commonwealth Rent Assistance and it is not doing enough. Around two-thirds of CRA recipients rely on the Age Pension, Disability Support Pension or JobSeeker as their primary income.²⁰ These payments sit well below the cost of renting in Australia, so CRA plays a structural role in closing the gap between income support and housing costs, and it is not large enough to close it.

CRA does help to reduce rental stress for many households. Without receiving CRA, 74 per cent of recipients would be in rental stress. However, the current payment levels are often insufficient to fully address housing affordability challenges. Even after receiving CRA, two in five households remain in rental stress.²¹

As of December 2025, 71 per cent of CRA recipients were eligible for the maximum payment rate, meaning further rent rises generate no additional support.²² Indexation is tied to CPI, which has lagged actual rental growth. For these households, CRA functions as a lump-sum income supplement rather than a subsidy tied to the price of a particular rental. This weakens the link between the payment and what tenants bid for housing, so CRA is likely to put less upward pressure on rents than a price-linked subsidy of equivalent value and any impact is likely to be small.^{23,24} The impacts of increased CRA on rents are likely to be lower where housing supply generally is responsive to changes in demand. Pairing increased CRA with more housing supply can ensure the benefits of CRA are primarily passed through to recipients. Without a supply response, rents will continue to outpace CPI indexation, pushing more recipients onto the maximum rate and eroding the value of the payment against the rents they actually face.

CRA is a portable payment that follows the recipient. It allows recipients to choose the home that best meets their needs, letting renters stay within their existing community while accessing the support, facilitating social and economic participation.²⁵

An immediate lift in the maximum CRA rates, combined with linking CRA payment thresholds to other measures that are specifically tied to rental costs, would allow the payment to better track the housing costs faced by the lowest income renters.

CRA does more than just ease rental stress today. Access to secure housing means children in recipient households are less likely to experience homelessness later in life and more likely to attend university, if the payment is set at an adequate level.²⁶ Adequate income support also works upstream of the crisis system, since households that can afford rent are less likely to reach the point of eviction or homelessness that generates urgent need for social housing. Adequate payments that can support private rental tenancies, are also an important vehicle to move households out of the social housing system and create capacity for households in greatest need on the waitlist.

LOW-INCOME HOUSEHOLDS NEED BETTER SUPPORT TO COMPETE IN THE PRIVATE RENTAL MARKET

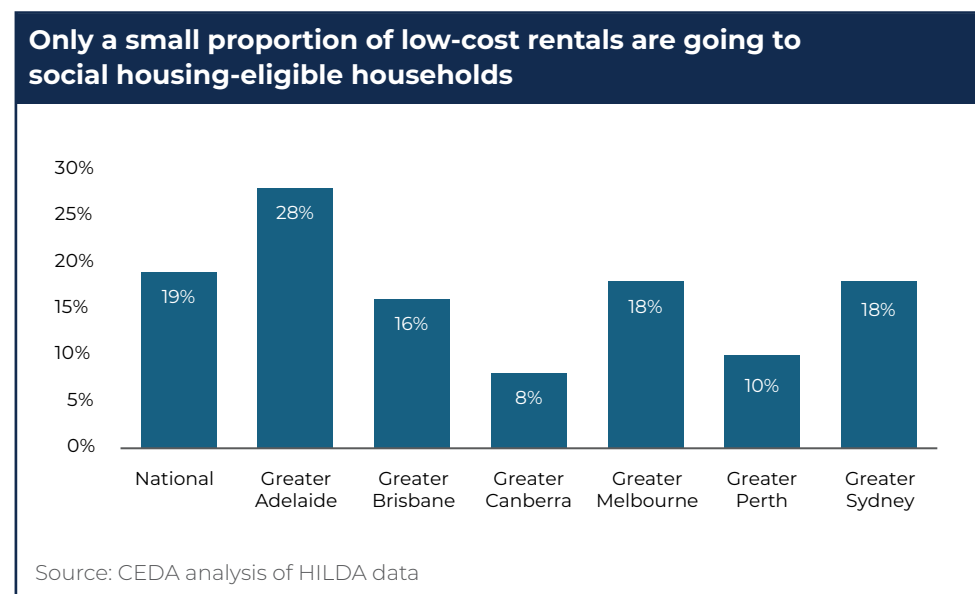
Low-cost private rentals can play an important role as a pressure release valve, easing rental stress for households on the social housing waitlist that cannot be accommodated within the existing stock. For this pressure release valve to function, the supply of lower-priced rentals needs to reach these households. CEDA analysis of Household, Income and Labour Dynamics in Australia (HILDA) Survey data suggests it largely does not.

Nationally, fewer than one in five rentals (19 per cent) affordable to a social-housing-eligible-household actually goes to one (Figure 5).^{iv} The degree of mismatch varies across jurisdictions. Canberra and Perth have some of the lowest rates in the country, at 8 per cent and 10 per cent respectively. In Sydney and Melbourne, the figure is 18 per cent.

This analysis is limited to capital cities, where HILDA sample sizes support reliable estimates. There is little reason to expect regional markets perform better. Over the year to December 2025, the rent-to-income ratio for a new lease rose to 35.4 per cent in regional areas, compared with 31.4 per cent in capital cities.²⁷

The core driver of the mismatch is competition from higher-income households. In a tight rental market, lower-priced dwellings attract applications from across the income distribution rather than only from households with low incomes. Landlords and agents, faced with multiple applicants, tend to favour those with higher incomes, more stable employment and stronger rental references, all of which act as informal proxies for perceived risk.

Figure 5: Proportion of low-cost rentals that are being affordably rented by social housing-eligible households



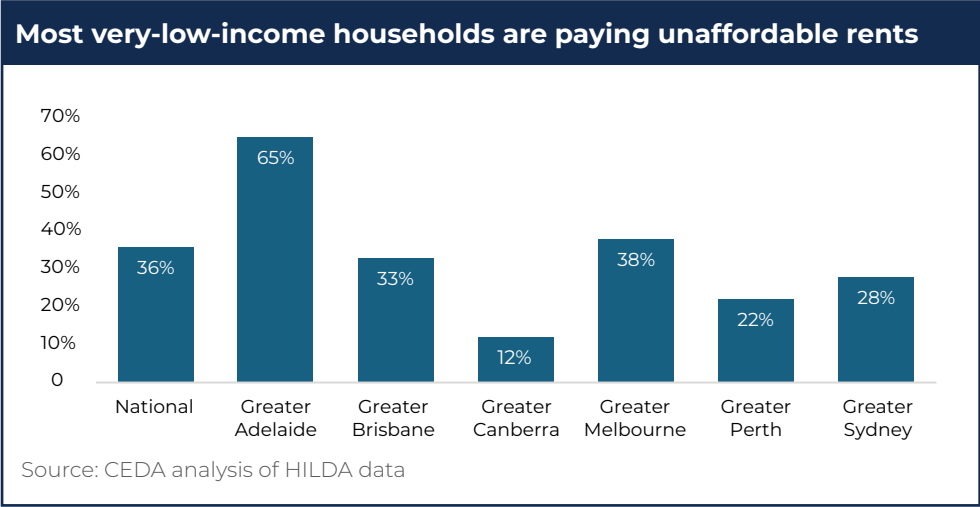
^{iv} A rental is affordable for a household where rent does not exceed 30 per cent of gross household income for a low-income household.

The outcome is that most very-low-income households are unable to access the homes that are nominally affordable to them. Nationally, just 36 per cent of households with an income low enough to be eligible for social housing are in a private rental that is affordable for that household. In Sydney, Perth and Canberra, that figure is below 30 per cent (Figure 6).

Some of this reflects choice. A household may accept a higher rent to stay near work, family or a child’s school, trading affordability for something else it values. However, that so few of the households with the least capacity to pay are in the housing priced for them, points to stock that is poorly matched to need. Better connecting low-income households to existing low-cost rentals could take meaningful pressure off social housing waitlists.

Unlike supply-side measures, which take years to deliver new dwellings, reallocation mechanisms can shift the occupancy of existing low-cost rentals toward low-income households now. Governments have introduced bond loan schemes and rental guarantees to reduce these frictions and help eligible households secure dwellings that are nominally affordable but practically out of reach.^{28,29}

Figure 6: Proportion of social housing-eligible households paying less than 30 per cent of their income in rent



THE ROLE OF AFFORDABLE HOUSING

Affordable housing is a key priority for the Australian government, with the Housing Australia Future Fund (HAFF) aiming to deliver 20,000 new Affordable homes over five years. Unlike social housing, Affordable homes often have rents set at discounts to market rates and do not income-test tenants to the same thresholds. Eligibility extends across very-low, low, and moderate-income bands, with individuals earning up to 120 per cent of median income qualifying. In Sydney, an individual earning \$148,000 can still be eligible.³⁰ As a result, Affordable housing is frequently not reaching those who need it most.

Even at a discount to market, “Affordable” dwellings can remain out of reach for low-income households. A three-bedroom apartment in St Leonards, NSW, was listed as Affordable at a rent of \$1,046 a week, over \$54,000 a year.³¹ The income cap to qualify for this listing was \$129,600 for a couple, who would still need to spend more than 40 per cent of their income to live there.

With social housing so far short of need, Affordable housing should be directed to households under the most pressure.

Box 2: The Affordable housing data gap

Australia does not know how much Affordable housing it has, or who lives in it. There is no consistent, nationally reported figure for the stock of Affordable dwellings, no shared definition of what counts as Affordable housing across jurisdictions, and no publicly available data on the income profile of the households occupying it.

Affordable housing is delivered with public investment that supports institutional investment, through direct grants, concessional finance, tax concessions and planning incentives. Yet the basic question of whether this investment is reaching the households it was designed to help **cannot be answered from the available data**. Without data on the stock and occupants of Affordable housing, governments cannot evaluate whether the program is working and the public cannot hold delivery agencies to account.

The number and location of Affordable dwellings is fixed at the point of funding or approval, and the community housing providers and agents that manage these dwellings already income-test tenants at allocation. Reporting both should be made a continuing condition of public funding: stock recorded when an agreement is signed or a planning concession granted, and tenant income profiles reported periodically over the life of the agreement.

BOOSTING FEASIBILITY FOR SOCIAL AND AFFORDABLE HOUSING

FUNDING AND CAPITAL

To maintain a strong social compact, support systems must ensure the adequate provision of social housing and that housing is in place for those who cannot sustain tenancies in the private market. The costs of not providing social housing do not simply disappear, but surface elsewhere later on. Young people who experienced homelessness incur significantly higher health and justice costs the following year.³² Where the private market cannot house people on the lowest incomes, social housing is what makes participation in work, education and community life possible.

Recent federal policy architecture

The HAFF, Housing Accord funding, availability payments, concessional loans, grants, the Affordable Housing Bond Aggregator and the National Housing Infrastructure Facility together are more recent attempts to finance social and Affordable housing. Housing Australia reported that contracts under early funding rounds supported 18,650 social and Affordable homes with a total funding commitment of \$14 billion, with later rounds intended to contribute toward the broader 40,000-home target.³³

These models recognise that Affordable housing requires a blend of capital grants, long-term revenue support, low-cost debt, discounted or subsidised land, credit guarantees and non-profit/mission-driven operators.

Effective funding models

The biggest challenge in Australian social housing funding is not only the amount of subsidy. It is also the episodic, stop-start nature of the system.

CHPs, developers, financiers and builders are expected to form teams, design projects and prepare complex applications for funding rounds that appear intermittently, with changing rules, tight windows and uncertain pipelines. This inherently creates inefficiency.

An effective funding system should operate as a continuous development facility rather than as a succession of disconnected competitions. It should provide a pathway from site investigation and planning through to construction, permanent finance and operations, with progressively stronger evidence and commitments required at each stage. Early support should be relatively small and risk-tolerant; later commitments should be larger, conditional and subject to rigorous viability and delivery testing.

A better policy environment would include:

- **Standing application models:** Eligible social and Affordable housing projects should be able to seek funding through an ongoing intake, not only through intermittent bursts of funding.
- **Pre-approved funding envelopes:** Governments could pre-qualify organisations and allocate notional funding capacity subject to project-specific confirmation. This would give providers certainty to build pipelines.
- **Portfolio-based funding:** Capable community housing providers could be assessed against multi-year development portfolios rather than required to secure every commitment project by project. This would allow providers to manage a pipeline in which some sites proceed, some change and some are abandoned following due diligence.
- **Early-stage feasibility support:** Many projects fail before reaching funding because CHPs (particularly smaller, regional, First Nations and culturally specific providers) cannot absorb the at-risk costs of site investigation, planning, design, legal structuring and financial modelling. Stage-gated grants or recoverable loans can convert unknown risks into priced risks, allow unsuitable projects to fail early and cheaply, and produce an investment-ready pipeline with credible designs, costs and approval pathways.
- **Milestone-based funding:** Payments can be tied to land acquisition, planning approval, financial close, construction commencement and completion, reducing risk while maintaining accountability.
- **Simpler contracts:** Contracts should protect public value, but they should not be so complex that only the largest providers can participate or so slow that projects become unviable during negotiation due to prohibitively expensive legal costs.
- **Revolving funds:** Where affordability obligations are long-term and asset values grow, some public support can be structured to recycle over time rather than being consumed once.

The core objective must be to create a predictable funding system that allows capable providers to build and manage pipelines rather than lurch from round to round.

DENSITY UPLIFTS FOR AFFORDABLE HOUSING PROVISION OR CASH PAYMENTS

Some jurisdictions allow developers to exceed standard planning limits if a share of the development is delivered as Affordable housing. NSW's Infill Affordable Housing (IAH) bonus offers a floor space ratio bonus of 20-30 per cent and a height bonus of 20-30 per cent for projects that include at least 10-15 per cent of total gross floor area as Affordable housing, run by registered community housing providers at rents at least 20 per cent below market.³⁴

These bonuses mean a developer can construct more apartments on the same parcel of land than standard zoning would otherwise permit. By lifting the total yield on a site, they create additional market-rate dwellings alongside dedicated Affordable homes. The IAH has already led to additional Affordable and market-rate dwellings.³⁵

The bonus, however, is a one-off uplift in development value at the point of construction, while the Affordable housing it requires carries an ongoing management obligation. For many developers, whose business is building and delivering projects rather than managing tenancies, that ongoing obligation is a large burden relative to the one-off value of the bonus. Even where the bonus covers the cost of building the Affordable units, the requirement to manage them, or to contract a community housing provider to do so, adds complexity, compliance cost and long-tailed risk to an otherwise straightforward market-rate project.

State governments should offer a cash-payment option in exchange for density uplift, with revenue channelled directly to support CHPs delivering social housing for the households in greatest need. Developers would gain the flexibility to deliver more market-rate housing without the long-term burden of managing Affordable units, while the funds collected support efforts to expand the social housing pipeline. Cash contributions can allow community housing providers to aggregate funding and deliver purpose-built housing at greater scale.

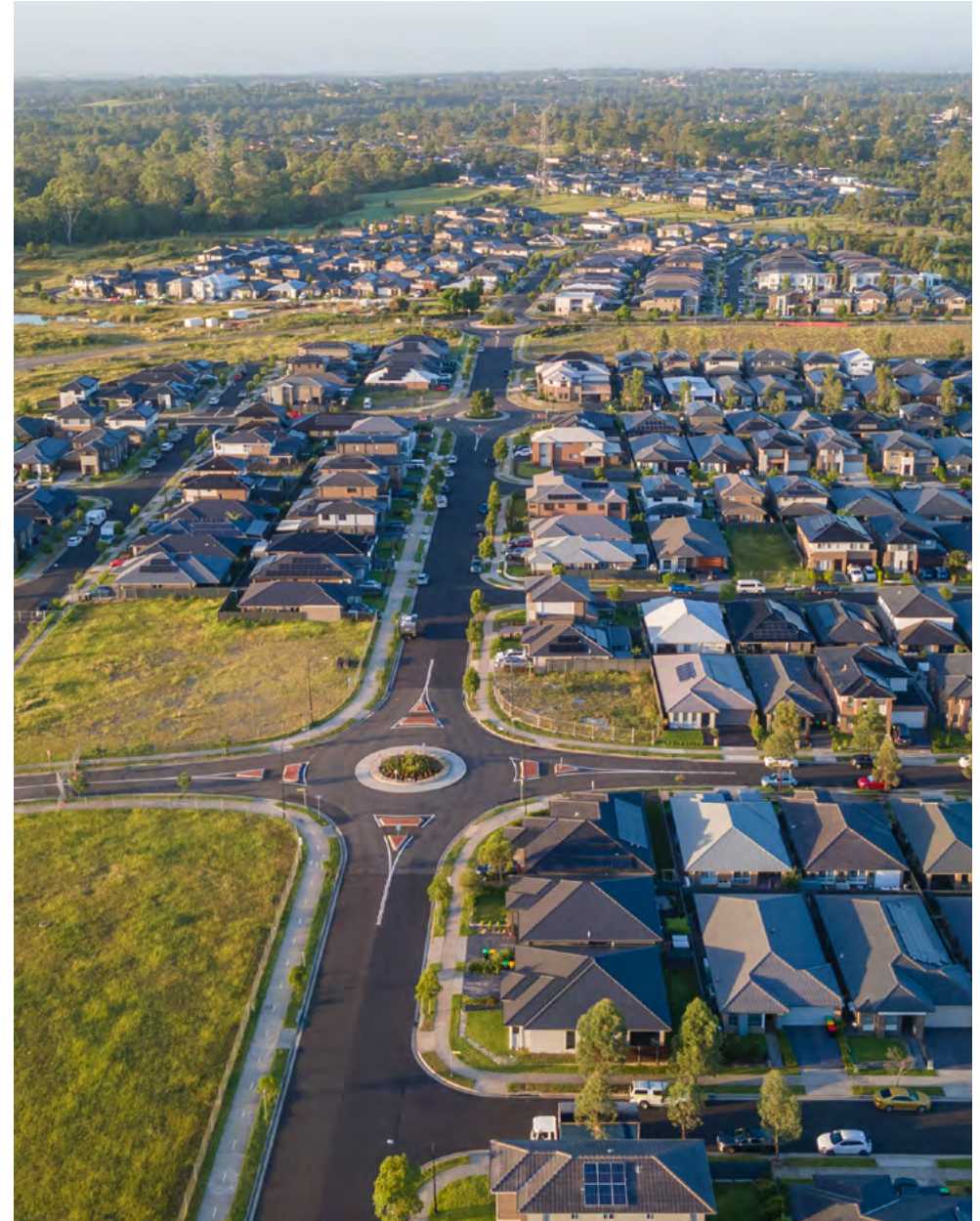
This option is provided in Victoria with the Development Facilitation Program, where developers are provided the option to make a cash contribution equal to 3 per cent of the development cost to the Social Housing Growth Fund, which is directly funnelled towards the provision of social housing.³⁶

CODE-ASSESSABLE PATHWAYS AND CERTAINTY

For Affordable housing providers, delay directly undermines feasibility by increasing holding costs, construction costs and financing risk. Projects that meet clear standards should receive:

- Faster, more transparent assessment
- Code-assessable pathways where appropriate
- Coordinated agency referrals
- Fewer opportunities for delay once requirements are met (for example, through capped assessment timeframes and limited third-party appeals for compliant projects)

Speed alone will not deliver Affordable housing, but in a high-cost environment, delay can easily impede it. Victoria's Clause 53.23, introduced in September 2023, offers a voluntary fast-track planning pathway for residential developments worth at least \$50 million in Melbourne or \$15 million in regional Victoria that deliver at least 10 per cent Affordable housing. The pathway shifts decision-making to the Minister for Planning, guarantees a four-month assessment, removes third-party appeal rights, and permits variation of mandatory height, setback and garden area controls.³⁷ Together, these concessions reduce approval time, cost and risk, creating a tangible incentive for developers and institutional investors to embed Affordable housing in larger schemes.



TARGETED DELIVERY DEPENDS ON A FUNCTIONING MARKET

Boosting overall housing supply matters too. New homes built at higher price points gradually free up older dwellings at lower prices, moderating rents across the market.³⁸

A more accessible private rental market also helps social housing function as a safety net rather than a destination. When rents are high and vacancies scarce, tenants face real barriers to leaving subsidised housing, so turnover falls and access narrows for households with more acute needs. Homelessness and crisis services face the same dynamic.

The connection runs deeper. Outside public housing, the private market is the vehicle being asked to cross-subsidise social and Affordable housing, in partnership with community housing providers. Density uplift, contribution schemes and cash-in-lieu payments all depend on development being viable enough to contribute. When feasibility is weak, the contribution base narrows at exactly the point that need is greatest.

The reform task is broader than a supply target. The system needs to deliver housing that is viable to build, that meets the needs of the households who live in it, that is Affordable across a range of incomes, and that comes with better ways of paying for and allocating homes to households who cannot support themselves in the private market.

Market-rate supply cannot replace targeted intervention, and social and Affordable housing will remain essential for households in greatest need. But the clearer funding pathway for very-low and low-income households lies between the two: a development system viable enough to contribute, and a public funding system predictable enough to turn those contributions into homes that reach the households who need them most.



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Our purpose is to achieve sustainable, long-term prosperity for all Australians.

For more than 60 years, CEDA has influenced Australia's public policy debate and been a catalyst for change on economic and social issues.

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