Australian Community Housing

Turning housing tax reforms into homes.

A Budget brief on how Capital Gains Tax and negative gearing reform can fund the social and affordable homes Australia needs.

Budget response brief – based on the Government's announced housing tax reform package

Analysis draws on Polis Partners modelling prepared for Australian Community Housing.

1. The Budget opportunity

At a minimum, Australia needs 510,000 more social and affordable homes by 2050, and the budget just created a way to fund them.

Housing tax reform is a chance to make Australia's housing system fairer but only if the revenue is turned into homes.

With the Commonwealth raising $3.6 billion through changes to Capital Gains Tax and negative gearing, Australian Community Housing is calling for a dedicated share of that revenue to be reinvested in social and affordable housing.

The $3.6 billion raised through Budget housing tax reform could deliver 15,500 new social and affordable homes by 2030

Tax reform should not disappear into consolidated revenue. It should be turned into safe, affordable homes for people the market is not reaching.

THE TASK AT A GLANCE

4.1%
Social housing share in 2024

55,000
Homes funded through Commonwealth commitments

510,000
Additional homes needed by 2050

THE PATHWAY TO 2050

CURRENT TRAJECTORY
3.5%
by 2050

TARGET PATHWAY
6%
by 2050

REQUIRED DELIVERY
23,000
homes per annum from 2030

Source: Polis Partners modelling for Australian Community Housing, drawing on AIHW, AHURI and dwelling stock projections. Revenue-to-homes estimates use ACH analysis based on Polis Partners delivery assumptions.

Three things are clear

1. Housing tax reform raises real money.
Capital Gains Tax and negative gearing changes can generate a new, sustained revenue stream. That revenue should be linked directly to better housing outcomes for everyone in Australia.

2. Current commitments are not enough.
The 55,000 social and affordable homes funded so far by the Albanese Government are an important step forward. But they still leave Australia well short of what is needed for a fair housing system.

By 2050, Australia should, at a minimum, be aiming for 6% of all housing stock to be social or affordable, bringing us closer to comparable OECD nations. To achieve this, we need to start building around 23,000 social and affordable homes each year.

3. Community housing can turn revenue into permanent public value.
Not-for-profit community housing providers reinvest surpluses back into homes, services and communities – not shareholder returns. Public investment through community housing stays in the system and supports future generations.

2. The housing trajectory problem

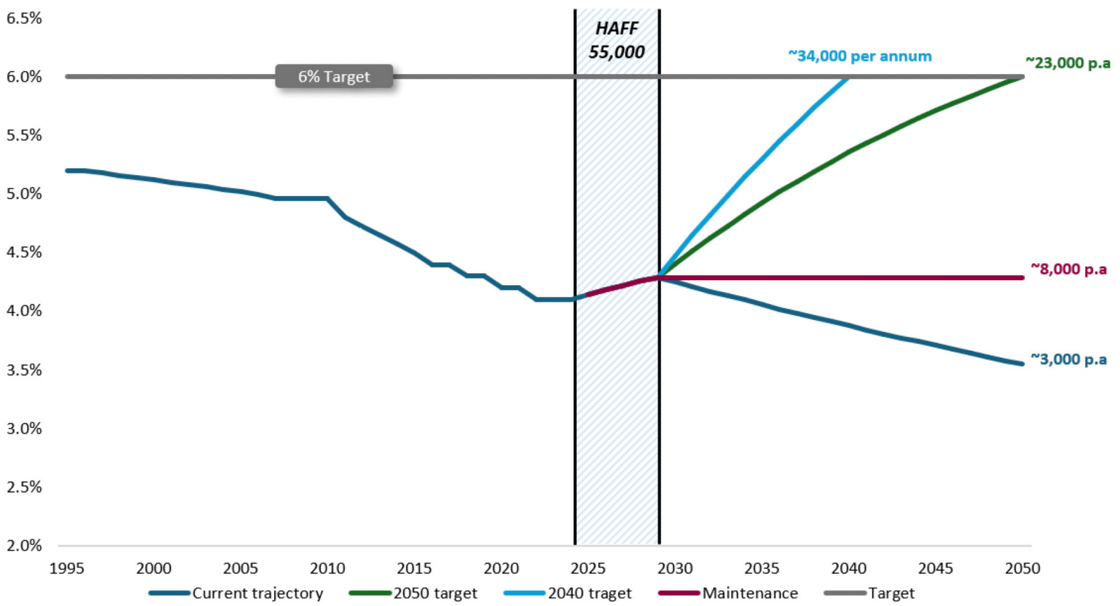
Australia does not just need more housing; it needs more of the right housing.

Market supply matters, but it will not deliver affordability for low- and moderate-income households on its own. Development decisions are driven by feasibility and return, not by need. Without targeted investment, new supply will continue to be least accessible to the people under the greatest pressure.

Social and affordable housing is core housing system infrastructure - it's not just a residual safety net.

The below figure illustrates the trajectory of SAH stock under a business-as-usual trajectory and compares with pathways to achieving a 6% target from 2030.

FIGURE 1: SOCIAL AND AFFORDABLE STOCK PROPORTIONS BY FUTURE SCENARIO



Source:
Polis Partners modelling for Australian Community Housing, drawing on AIHW, AHURI and dwelling stock projections. Revenue-to-homes estimates use ACH analysis based on Polis Partners delivery assumptions.

What the modelling shows

Social housing accounted for around 4.1 per cent of total housing stock in 2024. Current programs, including the Housing Australia Future Fund (HAFF) and the Social Housing Accelerator, are helping reverse the long-term decline. But without a permanent successor, Australia risks sliding backwards again.

If Australia returns to pre-HAFF and pre-Housing Accord settings after 2030, social and affordable housing is projected to fall to around 3.5 per cent of total stock by 2050.That is not a path to housing fairness.

CURRENT COMMITMENTS AND THE REMAINING TASK

METRIC	HOMES / SHARE	
Social and affordable homes funded through current Commonwealth commitments	55,000	homes
Additional homes needed by 2050 to reach 6%	510,000	homes
Approximate remaining task after current commitments	455,000	homes
Annual delivery requred from 2030 to 2025	23,000	homes per year
Risk without further intervention	3.5%	of total stock by 2050

Source: Polis Partners modelling for Australian Community Housing

Current commitments represent roughly one-tenth of the additional homes needed to reach a 6 per cent social and affordable housing target by 2050.

CURRENT COMMITMENTS AND THE REMAINING TASK

DELIVERY PATHWAY	APPROXIMATE ANNUAL HOMES REQUIRED	
Maintain current share only (4.1%)	8,000	homes per year
Reach 6% by 2050	23,000	homes per year
Reach 6% by 2040	34,000	homes per year

Source: ACH analysis informed by Polis Partners modelling of grants and availability payments scenarios.

The modelling shows the scale of the choice. Maintaining the current share requires one level of investment. Reaching a 6 per cent target requires a national step-change.

4. What Budget revenue could build

The Budget revenue figures should be assessed against one simple question:

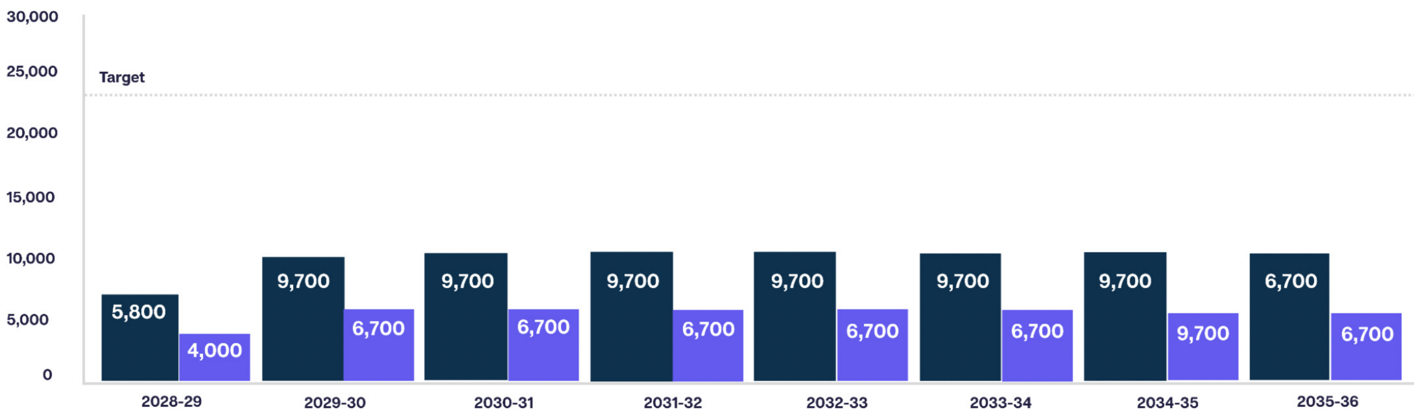
How many social and affordable homes could this support?

ACH's modelling translates Budget revenue into potential housing delivery under two broad investment models: a capital grants model and a HAFF-style availability payment model.

Every additional **$100 million** reinvested in social and affordable housing could support approximately 300 to 400 homes, depending on the investment model.

INDICATIVE HOUSING DELIVERY SUPPORTED BY FUTURE EARNINGS FUNDING

Number of homes



Indicative homes supported through grants

Indicative homes supported through HAFF-style availability payments

Source: ACH analysis using Polis Partners delivery assumptions. Indicative scenarios only; final outcomes depend on revenue dedicated, program design and delivery conditions.

The exact number of homes delivered will depend on final policy design and market conditions. The direction is clear: dedicating housing tax reform revenue to social and affordable housing would make a material contribution to the national delivery task.

5. Why community housing is the right delivery vehicle

Public investment should create public value that lasts.

Not-for-profit community housing providers are designed to do exactly that. They reinvest every surplus into maintaining homes, supporting tenants and growing supply. They do not distribute profits to shareholders.

That matters for housing tax reform.

If revenue raised from housing tax changes is directed through not-for-profit community housing providers, the value stays in the housing system permanently. It supports homes today, strengthens provider balance sheets, and creates capacity for future growth.

The community housing sector is ready to deliver.

Community housing providers already manage around 149,000 social and affordable homes across Australia. The sector has established delivery systems, strong partnerships, growing development pipelines and a track record of working with governments, institutional investors, developers and local communities.

With the right funding certainty, the sector can deliver more homes, faster – and keep them affordable over the long term.

6. Funding design matters

The Commonwealth should not only ask how much revenue is raised. It should also ask how that revenue is invested.

The Polis modelling shows that different funding models produce different outcomes. HAFF-style availability payments can support faster early delivery. Capital grants can build permanent stock that continues delivering public value over generations. Australia needs both speed and permanence.

SPEED AND PERMANENCE - FUNDING TOOL MODEL MATTERS

MODEL	WHAT IT DOES WELL	RISK / LIMITATION	BEST USE
HAFF-style availability payments	Supports faster early delivey and leverages private finance	More complex; long-term stock retention depends on design and retention rules	Large-scale pipeline projects
Capital grants	Builds permanent stock; simpler; strong long-term public value	Fewer homes upfront	Regional, specialist and long-term stock
Blended model	Balances speed, flexability and permanence	Requires clear governance and long-term funding certainty	Permanenet national investment mechanism

Source: ACH analysis informed by Polis Partners modelling of grants and availability payment scenarios.

7. What ACH is calling for

ACH recommends the Commonwealth Government use the Budget tax reform package to create a direct link between housing tax reform and housing investment.

1: Reinvest revenue into social and affordable housing
The Commonwealth should reserve a dedicated share of new revenue from Capital Gains Tax and negative gearing reform for social and affordable housing.

Australia needs a long-term investment framework beyond time-limited programs. This should build on the Housing Australia Future Fund while adding simpler and more flexible funding tools, including capital grants.

2: Prioritise not-for-profit community housing delivery
Investment should be directed through registered, not-for-profit community housing providers to ensure public value is preserved and reinvested over generations.

3: Adopt a 6 per cent social and affordable housing target
The Commonwealth should adopt a long-term target of 6% social and affordable housing as a share of total stock by 2050, with transparent reporting against progress. In the longer term, moving to 10% of total stock is needed.

4: Leverage states, territories and institutional capital
Commonwealth investment should crowd in contributions from states, territories, local governments, institutional investors and community housing providers, while ensuring risk is allocated fairly and public value is protected.

8. Conclusion

Housing tax reform is a chance to make Australia's housing system fairer.
But the test is not only whether the tax settings change. The real test is whether the revenue helps deliver homes for people who need them.

Australia can use this moment to build a stronger, fairer and more balanced housing system. That means taking a meaningful share of new housing tax revenue and reinvesting it in social and affordable housing through not-for-profit community housing providers.

Tax reform should not stop at rebalancing incentives; it should build homes.

Technical appendix: how to read the modelling

The modelling in this brief is indicative. It is designed to show the scale of social and affordable housing that could be supported if revenue from Capital Gains Tax and negative gearing reform were reinvested through community housing.

These figures are **scenarios, not forecasts.** Final outcomes will depend on the final design of the tax reforms, the amount of revenue dedicated to housing, state and territory co-investment, land availability, construction costs, financing conditions and delivery capacity.

Revenue assumptions
The revenue figures in the main report are drawn from the Budget papers and the Government's announced housing tax reform package.

Estimates utilising additional revenue arising from CGT and negative gearing changes over a time horizon beyond the budget's forward estimates assume constant revenue from the last FE year.
The modelling translates the Government's published revenue estimates into potential housing delivery. It does not independently estimate tax revenue.

Housing delivery assumptions
Two broad investment models are used to illustrate potential housing outcomes.

Grants model
The grants scenario assumes a Commonwealth capital contribution equal to **30 per cent of an average dwelling cost of $780,000**. This implies an indicative public contribution of approximately **$234,000 per dwelling**, with concessional finance, state or territory contributions, land, planning concessions, provider equity and other sources completing the funding stack.

HAFF-style availability payment model
The availability payment scenario applies an indicative annual payment of **$23,900 per dwelling.** This is used to estimate the number of homes that could be supported through an annual subsidy model similar to the Housing Australia Future Fund.

Interpreting the results
The grants model generally shows a higher number of homes for each dollar of upfront public investment in this simplified comparison. However, in practice, the best investment approach is likely to be a blended model that combines capital grants, HAFF-style availability payments, concessional finance and state or territory co-investment.

The purpose of the modelling is not to choose a single delivery mechanism. It is to show that even a modest dedicated share of housing tax reform revenue could make a material contribution to the social and affordable housing pipeline.