Australian Community Housing submission to the Senate Economics Legislation Committee inquiry into the Treasury Laws Amendment (Tax Reform No. 1) Bill 2026 and Income Tax Rates Amendment (Tax Reform No. 1) Bill 2026

Australian Community Housing | June 2026

Australian Community Housing welcomes the opportunity to provide this submission.

ACH is the national peak body for not-for-profit community housing providers. Our members develop, own and manage 149,000 social and affordable homes across Australia, delivering homes and services that improve lives, strengthen communities and support a fairer housing system.

ACH is strongly and unequivocally supportive of the proposed changes to capital gains tax and negative gearing.

These are bold and important reforms. They recognise that Australia's housing system has been distorted by tax settings that have rewarded investment in existing housing and helped drive a widening divide between people who own housing assets and people who do not. The reforms are a serious attempt to shift Australia's housing system in a fairer direction.

ACH supports these changes because they will help rebalance incentives in the housing system. Tax settings should not encourage investors to compete with first home buyers and renters for existing homes while doing too little to add to supply. Where the tax system supports housing investment, it should support outcomes that are in the public interest: more homes, more affordability, and a fairer distribution of opportunity.

These reforms will help make Australia's housing system fairer in three important ways.

First, they will reduce the tax advantage attached to passive gains from existing housing assets. For too long, Australia has treated housing less as an essential foundation for life and more as a vehicle for wealth accumulation. Reforming capital gains tax is an important step towards a system that treats income from work and income from assets more fairly.

Second, they will better direct housing investment towards new supply. Limiting negative gearing for future residential property investment to new builds sends a clear and sensible signal: if public revenue is being used to support private investment, that investment should help add homes to the system.

Third, they will help shift the national conversation. This is not just a technical tax change. It is a recognition that government policy has shaped the housing crisis, and that government policy must help repair it.

ACH congratulates the Government for taking on difficult reform. These changes are significant, necessary and overdue.

However, tax reform on its own will not create a fair housing system. It will not, by itself, deliver the homes needed by people on low and very low incomes. It will not ensure that a single parent escaping violence, an older woman facing homelessness, a young person leaving care, a First

Nations family, or a key worker on a modest income can access a safe, secure and genuinely affordable home.

That requires the next bold step: **using the revenue from housing tax reform to build the social and affordable housing Australia needs.**

ACH urges the Government to direct a material share of the revenue raised through capital gains tax and negative gearing reform into new social and affordable housing.

This is the critical link between fairer tax settings and a fairer housing system.

Without reinvestment, the reforms will improve the structure of the tax system but fall short of their full housing potential. With reinvestment, they can do something much more powerful: help build the enduring non-market housing system Australia needs.

Australia's social housing system is not keeping pace with need. Social housing households have fallen as a share of all Australian households, from 4.8 per cent in 2011 to 4.1 per cent in 2024. (AIHW)

At the same time, need is becoming more acute. At June 2024, there were 169,000 households waiting to be allocated social housing, and 71,700 greatest-need households on the social housing waitlist, up from 43,200 in 2014. (AIHW)

A fair housing system cannot rely entirely on private markets. Even when private supply increases, the market will not reliably produce homes that are affordable for people on low or even moderate incomes. Development decisions are driven by feasibility, return and risk. They are not driven by the housing needs of people who cannot afford market rents.

That is why a strong and growing non-market housing system is essential.

Why non-market housing matters

Social and affordable housing delivered through not-for-profit community housing providers is fundamentally different from market housing.

It is not simply housing delivered at a point in time. It is long-term community infrastructure.

Community housing providers hold homes for the long term. They reinvest surpluses into housing outcomes. They manage homes in ways that support tenancy sustainment, community connection and tenant wellbeing. They preserve affordability beyond the life of a single program or grant. They provide the institutional foundation for a housing system that is not entirely dependent on private wealth, private debt and market rent.

A balanced housing system needs all parts of the system working well: home ownership, private rental, public housing, community housing, crisis accommodation and specialist housing responses. But Australia's current system is badly out of balance. The non-market part of the system is too small to meet need, and too small to act as a genuine stabilising force in the broader housing system.

If Australia is serious about creating a housing system that works for everyone, social and affordable housing must grow as a share of total housing stock. It must become a permanent, expanding part of the national housing system – not a residual safety net for people who have been failed by everything else.

The revenue from capital gains tax and negative gearing reform creates a historic opportunity to begin that shift.

ACH's recommendations

ACH recommends that the Committee support passage of the Bills and recommend that the Australian Government:

1. **Use the revenue to build additional social and affordable homes**
   The tax reform revenue should fund homes beyond the existing Housing Australia Future Fund pipeline and provide a predictable long-term investment stream for social and affordable housing delivery.

2. **Grow the non-market housing system over time**
   Australia should set a clear national ambition to grow social and affordable housing as a share of total housing stock, moving towards a more balanced housing system where everyone has access to the foundation of a safe and secure home.

Conclusion

ACH strongly supports the proposed changes to capital gains tax and negative gearing.

They are bold reforms. They will make a real difference. They will help shift Australia away from a housing system that has too often rewarded the ownership and trading of existing housing assets, and towards a system that better supports new supply, fairness and intergenerational equity.

But tax reform is not the end of housing reform. It is the beginning of the next stage.

Australia will not achieve a fair housing system through tax settings alone. It will not achieve one through private supply alone. It will only get there by building a strong, growing non-market housing system that ensures people on low and modest incomes can access safe, secure and genuinely affordable homes.

ACH urges the Committee to recommend passage of the Bills, and to recommend that the Government take the next bold step by reinvesting the revenue from these reforms into the social and affordable housing Australia urgently needs.

This is the opportunity before the Parliament: **turn fairer tax settings into more homes, more security and a fairer housing system for generations to come.**