

Social Housing Inquiry

The Social Housing Legal Program is a joint initiative of Inner Melbourne Community Legal and the West Heidelberg Community Legal Service in response to the rapid transformation of social housing delivery in Victoria from the public sector to not-for-profit organisations. The program provides free legal assistance to renters in public and community housing, with a focus on urgent need and systemic issues.

Our direct experience of providing legal assistance and support to people in housing insecurity and navigating public and community housing systems, alongside research expertise in housing policy and urban housing systems, gives the authors of this submission a unique perspective from which to assess the conditions that affect access to, supply of, and outcomes from public and community housing in Australia.

The submission is prepared by the following members of the IMCL/WHCL's Social Housing Legal Program Advisory Committee:

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Dr David Hayward, Emeritus Professor of Public Policy and the Social Economy, RMIT University.

We call for:

- Direct government investment in public housing
- Strong consistent minimum standards for community and public housing tenants
- Transparency and accountability in government investment in public and community housing, including impact on tenant experience and outcomes

* We note that social housing is the umbrella term for public and community housing. We use the separate terms where appropriate to distinguish between the two forms: public housing is owned and managed by government; community housing is managed by non-government providers.

Both serve the same broad social purpose but operate under different economic, governance and regulatory arrangements. These differences matter because they can produce different outcomes and protections for renters. Understanding the differences is therefore critical to considering how government can grow social housing while ensuring that all renters receive consistent and secure housing outcomes.

Economic and Social Benefits of public and community housing

Terms of Reference A: the economic and social benefits of investment in social housing, including its impact on housing access, affordability, renting, homelessness and housing security;

Social housing supports people's wellbeing, health, financial security, and sense of community. At Inner Melbourne Community Legal a quarter of the clients we assist experience or are at risk of homelessness: the legal issues they faced often relate to the impact of living their lives in public spaces, such as fines¹ and criminal matters² ranging from traffic offences to assaults.

Having a safe, secure and affordable home – however it is provided – provides fundamentally positive economic and social benefits. There is extensive evidence of this:

- Australian Housing and Urban Research Institute (AHURI) research found a person experiencing homelessness costs Government an additional \$29,450 per year than one not experiencing homelessness, in today's money that would be \$40,581 a year.³
- Australian Institute of Health and Wellbeing (AIHW) that shows public and community housing tenants' own reporting of health, social and economic benefits.⁴
- Evaluation of the Homelessness to Homes (H2H) program rolled out in Victoria during COVID found that providing housing created a cost-offset of \$6.4-7.3 million under the program, with Emergency Department presentations decreasing by 20 per cent.⁵

Access, affordability and housing security are critical to delivering benefits to tenants. However, at Social Housing Legal Program, we observe differences between conditions for tenants depending on whether they are living in public or community housing, and this has impact on their financial stress, health and wellbeing.

To maximise the economic and social benefits of social housing, governments can ensure regulation focuses on tenant outcomes particularly across affordability, access and security.

Affordability

Affordable rent matters because the purpose of social housing is not simply to provide a dwelling—it is to provide a secure home that people can realistically afford to sustain. Housing stress can affect physical and mental wellbeing. Affordable housing reduces the financial pressure associated with meeting basic needs, such as food, energy, transport, healthcare and education.

Renters in public housing overall benefit from greater affordability than those in community housing.

¹ 46 per cent of all fines related matters we addressed were from people who were homeless. Inner Melbourne Community Legal, *Centring People Changing Systems: Annual Report 2024-25*. (2025)

² 38 per cent of clients IMCL assisted with criminal matter were at risk of or experiencing homelessness. Ibid.

³ Accounting for inflation (RBA calculator), in 2013 the estimated annual cost to government services of an individual experiencing homelessness is \$29,450 higher than for the rest of the Australian population. See Zaretsky K. et al, Australian Housing and Urban Research Institute (AHURI), *The cost of homelessness and the net benefit of homelessness programs: a national study*: [AHURI Final Report No 205](#) (2013) 14.

⁴ Australian Institute of Health and Wellbeing, "National social housing survey 2025" Chapter: Reported benefits of social housing" (8 May 2026)

⁵ Gower, A., Nygaard, C., Alves, T., Brackertz, N. and Randall, S. (2024) From Homelessness to a Home (H2H) Outcomes Evaluation, AHURI Professional Services for Department of Families, Fairness and Housing Victoria, Australian Housing and Urban Research Institute Limited, Melbourne. (April 2024) Available at: https://www.homes.vic.gov.au/sites/default/files/2025-03/05246%20H2H%20Outcomes%20Evaluation%20Snapshot%20Report%20REV%205-7-24_accessible.pdf p6

Public housing rent is calculated at 25 per cent of a household's income or market rent, whichever is higher; while community housing rent in Victoria can be set at 25-30 per cent of a household's income, plus Commonwealth Rental Assistance (CRA).

Nearly 35 per cent of community housing renters in Victoria pay more than 25 per cent of their income in rent, compared to just 2 per cent of people living in public housing.⁶ Victorian Public Tenants Association found a single parent with a five-year old child could be an additional \$450 to \$1500 (excluding CRA) a year worse off in community housing compared to public housing.⁷

In community housing, rent-setting policies vary between providers, and these differences have material impact on renters. For example, some providers undertake income assessments less frequently and may not backdate rental rebates. In practice, this can mean that when a renter's income falls—for example, because they lose employment or shifts—their rent may not be reduced promptly to reflect their reduced capacity to pay. While some community housing providers allow renters to seek a backdated rental rebate, the process can be complex and may require assistance. Where the policy does not clearly establish when and how a rebate will be backdated, the outcome may depend on the exercise of provider discretion, resulting in inconsistent outcomes for renters.

This is particularly significant because rent arrears can result in the termination of tenancies. The ability to promptly identify and correct overcharging, including by backdating a rental rebate where a renter's circumstances have changed or an error has occurred, is an important safeguard for both housing affordability and security of tenure.

Community housing renters may also be required to pay a service fee. One of our clients on a disability support pension paid an additional \$45 a week in management fees to his community housing provider. For renters it can be difficult to understand what fair and appropriate service fee is, it is an issue that often requires legal assistance.

For the social and economic benefits of affordability to be intrinsic to all social housing, minimum standards in rent setting policies, which can adapt to changes in tenants' income and limit extraneous fees and costs, need to be applied equally across public and community housing.

Access: through equitable allocation policies

Social housing is critical to providing access to homes for those in financial distress and need; often access is seen as supply issue. From Social Housing Legal Program point of view, access also requires an equitable selection process for offering homes. While public housing allocates housing to the next household on the Victorian Housing Registry (VHR) list with the most urgent need,⁸ community housing providers have the flexibility to select tenants on less transparent grounds.⁹

Allocations in community housing can come from referrals and 'recommendations' from support agencies¹⁰ with community housing providers selecting people by name from the VHR. While there

⁶ Productivity Commission. *Report on Government Services 2026* (June 2026). Table 18A.25

⁷ Victorian Public Tenants Association, submission to Homes Victoria, *Ten Year Social and Affordable Housing Strategy*, March 2021, 5

⁸ Home Victoria, "Public housing allocations operational guidelines" (April 2026) p27. Available at: <https://providers.dffh.vic.gov.au/public-housing-allocations-operational-guidelines> Accessed on 29/9/26

⁹ See Unison, 'Allocation Policy' (version 4.0 Reviewed March 2025). Available at: <https://unison.org.au/wp-content/uploads/2025/10/20230817-Allocations-Policy.pdf> Accessed at: 29/9/26; See Housing First, 'Allocation and Sign-up Policy' (approved 4/9/2024). Available at: https://www.housingfirst.org.au/images/policy_documents/Allocations-and-Sign-Up-Policy.pdf Accessed on: 29/9/26

¹⁰ Ibid, see also St Kilda Community Housing "Housing Allocation" (May 2026) Available at: <https://stkch.org.au/wp-content/uploads/2026/05/SCH-Housing-Allocations-Policy-v6.1-May-26.pdf> Accessed 29/9/26

are many advantages to agencies working together to support people in need, the lack of transparency affects equity of access and can lead to community housing providers "cherry picking" tenants with less complex needs. This has impact not just on those on the list who miss out, but on public housing overall which tends to receive the households rejected by community housing providers.

Increasingly, public housing is used as the place for people experiencing multiple complexities and highest disadvantage, with 87 per cent of residents in public housing requiring active and ongoing support from a social worker.¹¹ Such concentrations affect the experience of home of all tenants of public housing.

Housing Security

Social and economic benefits of affordable housing are multiplied by the security of the tenure: a long-term home assists people in accessing consistent health care, education and other services – as well, it allows communities to develop and thrive. In addition to saving government an estimated \$40,581 a year per person who experiences homelessness.¹²

People living in community housing are two to three times more likely to be evicted than a public housing renter.¹³ This data echoes the experience of community lawyers, with community housing providers making eviction applications to the Victorian Civil and Administrative Tribunal at three times the rate of Department of Housing/Homes Victoria.¹⁴

Community housing research report, "*Who stays, who leaves, and why*" found that almost half of their tenancies ended within 18 months.¹⁵ Most of these exits (59 per cent) were from what the research report describes as "negative push factors" such as rent arrears or conflict with neighbours. For some groups the exit numbers were higher: for people who had left prison (or other institutions) only 1 in 3 were still housed in 6 months, for those who had been homeless, half left their tenancy within 12 months.¹⁶

The difficulty for community housing providers is that they are intended to be financially independent (more on this below, under 'monetisation of social housing') which means they do not have the flexibility to support tenancies in rental arrears. This, alongside inconsistent and incomplete policies for calculating and correcting rents, may contribute to higher eviction rates for community housing renters compared to public housing.

Countries such as Wales have policies of no eviction into homelessness, and provide a positive duty to sustain tenancies.¹⁷ Similar recommendation was made by Victoria's Social Housing Regulation Review.¹⁸ Given the importance of preventing evictions into homelessness, policies that deliver on this objective would be worth exploring and considering in Australian context.

¹¹ Price, S & Millard, B (2018). *Improving housing and health outcomes: understanding and addressing barriers to VCAT attendance*. West Heidelberg, Victoria; West Heidelberg Community Legal, Banyule Community Health, 35

¹² AHURI, n3. 14.

¹³ West Heidelberg Community Legal, "[Victoria Law Foundation - Knowledge Grant No. K20-023 The growth of community housing: what does it mean for tenants? Preliminary Research Report](#)" (November 2020).

¹⁴ Ibid.

¹⁵ Guy Johnson, Susan McCallum, Juliet Watson. *Who stays, who leaves and why: Occupancy patterns at Unison Housing between 2014-2016* (Research Report No. 2, February 2019).

¹⁶ Ibid 3.

¹⁷ Llwodraeth Cymru Welsh Government, "Ending Homelessness in Wales: A High-level Action Plan 2021-26" (2021),

¹⁸ Recommendation 3.8 in Social and Affordable Housing Regulation Review, *Social and affordable housing regulation in Victoria: Final Report* (May 2022).

The case for tenant centred investment models

Terms of Reference

B: Historical levels of investment in social housing, and public housing in particular, including the reasons for its decline as a share of Australia's housing stock;

C: the case for establishing a target for social housing as a proportion of Australia's housing stock, including consideration of what an appropriate target may be;

F: the benefits of a steady pipeline of social housing investment for the development of Australia's modern construction industry;

G: opportunities for further investment in public and community housing, including consideration of direct public spending along with different delivery and investment models in Australia and internationally;

Direct investment in public housing: it worked before

The historical shift from largely self-sustaining public housing in the 1960s and 1970s to the financial and operational challenges facing social housing today is examined by Professor David Hayward in his essay, *For public or profit?*, attached at [Appendix A](#). The essay provides important context for considering how changes in social housing policy and financing have influenced the balance between the financial sustainability of social housing and its core purpose of meeting the needs of tenants.¹⁹

At its peak in the 1960-70s public housing made up 8 per cent of Australia's housing supply. The entire social housing stock is currently half this, at 4 per cent, and is on a steady decline.²⁰

Public housing can be self-sustaining. The rents received by Housing Commissions in Australian states from 1950s to the 1970s were sufficient to cover maintenance cost *and* generate surplus to build more homes.²¹ However, once public homes were sold off during the 1970s, which saw the wealthier tenants moved out of the system and the poorer quality housing stock remain, pressure was placed on the system to limit housing just to those most in need. Rental income struggled to cover costs of maintaining let alone growing the public housing system, creating a spiral of decline. In Victoria rental income from public housing is \$520 million a year, while its operating expenses including maintenance and management tenancy costs are \$710 million a year and growing.²²

Productivity Commission data shows that public housing has decreased across Australia in the decade from 2016 to 2025 by 26,963 dwellings.²³ Community housing has increased by almost 50 per cent, with 38,288 dwellings added since 2016. Indigenous housing, both public owned (7214 homes) and community owned (3017 homes) has increased marginally.²⁴ In the same period Australia's population has increased by 3.7 million.²⁵ People in urgent need of housing across

¹⁹ Hayward, D. *Parity* "For Public or Profit?" (Vol.39 Issue 2) April 2026. [Appendix A](#)

²⁰ Australian Institute of Health and Wellbeing, "Housing assistance in Australia" (23 June 2026) Available at: <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2026/contents/households-and-waitlists>

²¹ Hayward (n18)

²² Victorian Auditor General's Office, "Planning Social Housing" (19 June 2024). Available at: https://www.audit.vic.gov.au/report/planning_social_housing Accessed on 2/10/26

²³ Productivity Commission, "Report on Government Services 2026" (3 June 2026), Part G, Section 18. Table 18A.4.

²⁴ Ibid.

²⁵ Australian Bureau of Statistics. "Population Clock and Statistics". Available at: <https://www.abs.gov.au/statistics/people/population/population-clock-pyramid> Accessed on 2/10/2026

Australia are waiting for an average of eight months (with great variation between states, from 3 months in NSW to 41 months in NT).²⁶ Private rental markets have become increasingly unaffordable.²⁷

There is a compelling case for public and community housing targets, at least to focus state and federal government efforts on redressing the decline. Targets for public and community housing growth as a proportion of Australia's housing stock need to be ambitious and emphasise public housing rather than community housing alone. Various organisations are advocating for this, including the Victorian Housing Peaks Alliance which shows that the state will need an additional 80,000 new social homes in the next ten years just to meet the national average.²⁸ The national average is still well short of meeting Australia's social housing needs, however.

ACTU Housing Policy calls for 10 per cent of new builds to be public housing, with the long-term goal of 6 per cent of Australia's total housing stock.²⁹

Targets alone are not sufficient of course. Their realisation requires direct government investment rather than relying on financing and other models that have not stemmed the decline in the percentage of social housing across the country.

Curbing the monetisation of social housing

Government financial support, assisted loan schemes, planning fast-track approval processes and other incentives for new community housing builds have been ineffective in stemming the overall decline. Not only do private community housing builders fail to build at the scale necessary, but the monetisation of 'social and affordable housing' has instead diverted public funds into private gains.³⁰

Unlike in other states, community housing providers in Victoria must be not-for-profit.³¹ This has not prevented leakage of public money into private profits however. Victoria has seen sudden growth of the registration of community providers since the state government's Big Housing Build, some of which are investment firms with community housing provider "shop fronts" to access government funding. There is low visibility of the financial schemes established, with one news report finding a firm received \$2.7 million in development management fees.³² It is often difficult to establish what is occurring as arrangements are hidden through commercial-in-confidence and do not have the same transparency and accountability as they would if they were built by a government agency. This means taxpayers do not know whether the arrangements provide value for money.

Without appropriate oversight and transparency, we cannot understand if the right guardrails are in place.

²⁶ Productivity Commission (n23) Part G, Section 18. Table 18A.28.

²⁷ Anglicare Australia, *Rental Affordability Snapshot National Report 2026: Seventh edition* (2026) Available at: <https://www.anglicare.asn.au/wp-content/uploads/2026/04/Rental-Affordability-Snapshot-2026-National-Report.pdf> Accessed 2/10/26.

²⁸ Victorian Housing Peak Alliance, "[Growing Social Housing: data, insights, and targets](#)" (SGS Economics & Planning, May 2025)

²⁹ Australian Council of Trade Unions, "ACTU Housing Plan 2026" (August 2026). Available at: <https://www.australianunions.org.au/wp-content/uploads/2026/08/Housing-Plan.pdf> Accessed on: 2/10/26.

³⁰ Hayward (n19) p15.

³¹ Table 6.1 outlines difference between Victoria regulation and National Regulatory System. Social and Affordability Regulation Review (n18), p143.

³² Aston, K. "Victorian charity linked to proposed Greensborough tower controlled by for-profit Melbourne firm Tetris Capital" (ABC, 8 Oct 25) Available at: <https://www.abc.net.au/news/2025-10-08/together-housing-tetris-capital-greensborough-affordable-tower/105818280> Accessed on 2/10/26

This monetisation has meant that there is no long-term accountability or requirement to retain the social housing after the taxpayer benefit has been provided. Examples of what happens to long-term housing developed by non-government providers with support of government funding include:

- The National Rental Affordability Scheme, which after ten years no longer required owners to rent the homes at affordable prices, resulting in over half of the stock being rented at full market price.³³
- Developers offering a community housing component to access fast-tracked government approval processes and higher densities, only to substantially decrease the number as the development nears completion.³⁴
- Land being gifted by a local council to a trust to provide community housing for elderly people, only for the trust to be restructured and land sold off by the community housing provider, evicting the tenants from their forever homes.³⁵

The focus on investment models and supply, rather than long-term tenants' rights and needs, is delivering poor outcomes. Regulation and policy settings need to be developed with a focus on delivering outcomes for tenants, rather than financial returns to investors. Conditions should be put on investment that achieve government policy objectives in both short and long-term.

Fundamentally however, the problem of monetising an essential social service provision can be avoided through direct government investment. Directly funding new public housing provides an opportunity for public funds to be invested in an appreciating asset that has proven economic and social benefit. Public housing should be treated as essential government infrastructure program.

Transfer of costs to tenants, false economies in failing to put tenants at centre of Australia's social housing policies

The growth in community housing has come at the expense of public housing. This is due largely to the purported financial savings to governments from facilitating the building of community housing rather than investing directly in public housing.³⁶ However, comparisons of the relative cost-effectiveness of community and public housing do not capture the full costs and benefits of each model. A proper assessment would consider whole-of-government costs, as well as outcomes for renters including affordability, tenancy security and access to support services.

For example, some of the "savings" are simply transfers of expenses from one government to another. When the Victorian Big Housing Build had a potential budget overspend and decreased the amount of public housing in favour of community housing: the Auditor General's office noted:

"Homes in delivery channel 3 [community housing builds] have a lower average cost to Homes Victoria because they do not need the same amount of state funding. This is because community

³³ Hayward (n19).

³⁴ Ashton, K. "Developer Assemble withdraw significant promised near-completed affordable homes" (ABC, 26 April 2026) Available at: <https://www.abc.net.au/news/2026-04-26/victorian-developer-assemble-withdraws-affordable-housing/106606762> Accessed 2/10/26.

³⁵ Dexter, R. "These apartments were donated for social housing for the elderly. Now they are being sold" (The Age, 4 April 2026). Available at: <https://www.theage.com.au/politics/victoria/these-apartments-were-donated-for-social-housing-for-the-elderly-now-they-re-being-sold-20260401-p5zkng.html> Accessed on 2/10/26.

³⁶ Victorian Auditor General's Office, "Managing Public Housing" (2017) see Chapter 3.2.2 The future role of the community housing sector.

housing providers can access other funding sources, including funding from philanthropists and the Australian Government."³⁷

That is, the costs were simply shifted from the state budget to the federal budget. It must be noted too that there is a very small amount of philanthropic funding directed to community housing. The larger community housing providers are becoming far more reliant on institutional and corporate investors who demand financial returns, increasing the incentive to increase costs to tenants.

Other examples of false economies are in cost shifting by the community housing provider back to government, or on to the tenants themselves. Examples we see through the Social Housing Legal Program:

- (a) **Disability Modification:** public housing tenants are generally able to apply for disability modifications, but this is not straightforward in community housing. The Social Housing Regulation Review compared public and community housing policies and concluded that tenants in community housing 'often need to secure alternative funding sources'.³⁸ Inevitably, these funding streams are government funded, such as National Disability Insurance Scheme (NDIS) and My Aged Care packages.
- (b) **Security of tenure:** As discussed above, West Heidelberg Community Legal research found that community housing tenants in long term housing are two to three times more likely to be evicted than public housing renter.³⁹ The higher rate of evictions increases the likelihood of evictions into homelessness, with the resulting costs in health, justice and welfare services an additional \$40,000 per person experiencing homelessness a year.⁴⁰
- (c) **Temporary absences:** public housing allows renters to pay a reduced rate of rent during temporary absences from the property. Some community housing providers have similar policies but there is no consistent standard. Temporary absences allow people to attend residential health services to address mental health and addiction issues, which if addressed early prevent snowballing health, justice costs to the community. Additionally, they help prevent homelessness after time in prison. Half of all people leaving prison expect to be homeless on release.⁴¹ The temporary absence policy allows those who had homes before prison to maintain them after short stints in prison, reducing not only recidivism rates but other costs associated with experience of homelessness on the health, justice and welfare systems.⁴²
- (d) **Allocation policies:** Community housing providers set their own allocation policies, which include considerations of financial viability alongside urgency of need.⁴³ Unison Housing Research report notes that community housing providers have an incentive to provide housing for those with on higher welfare payments such as the disability support pension.⁴⁴

³⁷ Victorian Auditor General's Office, "Planning Social Housing" (19 June 2024). Available at: https://www.audit.vic.gov.au/report/planning_social_housing

³⁸ Social Housing Regulation Review (n18), p71.

³⁹ West Heidelberg Community Legal, "Victoria Law Foundation - Knowledge Grant No. K20-023 The growth of community housing: what does it mean for tenants? Preliminary Research Report" (November 2020).

⁴⁰ AHURI (n3)

⁴¹ Justice Connect, "Closing the Revolving door between justice system, prison and homelessness: Submission to Victoria's Criminal Justice Inquiry" (September 2021). P4.

⁴² Ibid. p38.

⁴³ See (n 9).

⁴⁴ Taylor, S. & Johnson, G. (2021) *Sustaining social housing: Profiles and patterns*. Melbourne: Unison Housing. p24-25

The ability for community housing providers to select more desirable tenants places further financial pressure on public housing and government services.

Costs that we see increasingly pushed onto community housing tenants include:

- Higher rents than public housing tenants, in terms of percentage of income and rent adjustment policies;
- Higher prices for electricity and other utilities, through developers making agreements for embedded networks in new builds;
- Management and service fees;
- Pest control issues where tenants are told they must pay for fumigation (despite room fumigation being ineffective, particularly in modern apartments with shared airways);
- Purchase of whitegoods etc, when moving to newer builds without shared facilities.

Federal policy settings create further incentives for investment in community housing over public housing. Access to Commonwealth Rent Assistance for community housing renters means that overall community housing providers have more funding for maintenance. A similar funding inequity occurs when community housing providers receive charitable status GST concessions to build and maintain the homes. This concession is not available for state governments when building and maintaining public housing.

When assessing the most cost-effective model for delivering social housing, government should consider the full costs and benefits of each model, including the costs to government and the outcomes for renters. This requires greater transparency, reliable and comparable data, independent analysis, and stronger accountability than is currently available.

Recommendation 1:

Create incentives for state governments to invest directly in public housing by:

- a) providing Commonwealth Rent Assistance to public housing renters
- b) allowing GST exemption for maintaining and building public housing

Recommendation 2:

State and federal governments work together to invest directly in building new public housing.

Term of reference H: appropriate governance and administrative arrangements to deliver social housing at a scale to meet current and future need;

Positive outcomes for tenants increase the economic and social benefits in providing social housing.

The governance and administrative arrangements for social housing should be designed around the purpose of social housing: to provide accessible, affordable, appropriate and secure homes for people who cannot access suitable housing in the private market.

This means that the success of social housing should not be measured only by the number of additional dwellings created. Government investment in social housing should also deliver positive and sustainable outcomes for renters. Regulation is therefore an essential part of the governance framework for a growing public and community housing system.

A consistent regulatory framework for public and community housing

While promoting the growth of the social housing system, there is a particular need to ensure that growth in community housing does not create a two-tier system of renter protections.

The Victorian Ombudsman identified this risk directly, noting that different policies and processes for public and community housing can create confusion and inequity for renters.⁴⁵ Similar concerns were raised in the Social Housing Regulation Review in Victoria.⁴⁶

Government investment should therefore be accompanied by regulation that establishes consistent and enforceable minimum rights across public and community housing.

In particular, this should include consistent standards relating to:

- **Security of tenure**, including tenancy sustainment policies consistent with ‘no eviction into homelessness’ policy⁴⁷
- **Affordable and consistent rent setting and rental rebates**, including timely adjustment when household income changes
- **Rent arrears**, including requirements for providers to identify and address the causes of arrears and support tenancy sustainment
- **Temporary absence**, recognising circumstances where a renter may need to be away from their home for an extended period, including hospital or other long-stay healthcare
- **Utilities**, including access to affordable utilities and available concessions
- **Service and management fees**, including transparency, itemisation and limits on charges
- **Allocation policies**, including transparent and equitable processes for determining who is offered social housing
- **Disability modifications and accessibility**, so that people with disability can access and sustain appropriate housing
- **Complaints, reviews and appeals**, including a consistent and accessible external avenue for review.

The objective should be harmonisation without reducing existing protections. Where public housing provides a stronger protection, harmonisation should not be achieved by reducing that protection for public housing renters.

RECOMMENDATION 3

Create regulations and public policy settings to ensure government investment in public and community housing maximises the economic and social benefits for individuals and communities, including through creating consistent and enforceable minimum standards for renters in public and community housing, which do not reduce existing rights.

⁴⁵ Victorian Ombudsman (2022), *Investigation into complaint handling in the Victorian social housing sector*, Victorian Ombudsman, Melbourne.

⁴⁶ Social and Affordable Housing Regulation Review, *Social and affordable housing regulation in Victoria: Final Report* (May 2022): Chapter 2.

⁴⁷ See recommendation 3.8 of Social and Affordable Housing Regulation Review (n18).

APPENDIX A

Professor David Hayward

For Public or Profit?

Parity – Volume 39 Issue 2 – April 2026



Aerial views of new housing commission residences in Ascot Vale, Victoria, 1954. State Library Victoria.

For public or profit?

In its early days, public housing in Australia was designed to be a self-sustaining system, available to anyone. How has it become increasingly monetised?

David Hayward, Emeritus Professor of Public Policy and the Social Economy, RMIT University

In this topsy turvy world in which we now live, social housing and even homelessness offer an opportunity for the already wealthy to make more money.

Not so long ago, this wasn't the case. Homelessness services were primarily not-for-profits operating on the smell of an oily rag, using underpaid but dedicated staff to do the hard work and relying on modest government grants, donations and volunteers to get by.

All that may be about to be upended as we watch the monetisation of our social services. Big bucks are to be had by a new class of company: asset managers.

We should all be nervous. But how did we get here?

The old way: public housing for the public

When public housing first took off in post-World War II Australia, the underlying aim was to mobilise public institutions and finance to provide housing – one of life's necessities – for everyone, irrespective of capacity to pay.¹

Australia was suffering from an acute shortage of housing. Returning servicemen needed accommodation, plus there had been a lack of housebuilding during the war and, before that, the Depression. A baby boom made the situation even more dire, as did the continued existence of the inner-city slums.

The Chifley Labor Commonwealth Government decided the best way to deal with these problems was a mass public housing program. The Commonwealth would provide loans and grants to the states, who were to establish Housing Commissions which would build and rent dwellings to the public. This was all done through the Commonwealth State Housing Agreement (CSHA), a five-year contract with the states.

This was a remarkable piece of policymaking, for it was designed to create a system that was both sustainable and self-sustaining.² Tenants' incomes were high enough for the Commissions to be able to charge rents to cover all costs as well as

generate surpluses that could be invested in new construction.

Throughout the 1950s, public housing expanded rapidly, reaching around 8 per cent of the national dwelling stock by the mid-1960s, around double what it is today.^{3,4}

Tenants' incomes were high enough for the Commissions to be able to charge rents to cover all costs as well as generate surpluses that could be invested in new construction.

The old way tweaked: public housing for home ownership

Public housing was not the only form of government housing support. In the aftermath of World War 1, State and Commonwealth governments had begun to support home ownership in a large way, through their savings banks and also the War Service Homes Scheme.

From 1956, the Menzies Coalition government tweaked the CSHA so that a portion of the funds previously earmarked for public housing were allocated to an expanded scheme enabling public housing tenants to buy their own homes at discounted rates.

This was popular and expanded in scale through to the 1980s, partly driven by the paternalism of the Housing Commissions, which made life as a public housing tenant decreasingly attractive.⁵ Around one third of the stock was sold off in this way.

This had three consequences.

First, it meant the growth of the public housing stock slowed to a trickle, even though overall construction rates remained high.

Second, it meant that the Commissions were left with the worst stock in the worst locations.

And third and most importantly, it meant the system was no longer self-sustaining. The discounted sale prices of the homes being sold robbed the Commissions of the revenue needed to replace the sold stock. At the same time, the tenants who were most likely to buy were those on the highest incomes who had been able to afford the higher rents needed to make the system self-sustaining.

The mid-way: public housing for the poor

In the 1970s and 1980s, the woes of the Housing Commissions worsened. Governments decided public housing should be reserved for the needy. Allocations policies became increasingly harsh. The Commissions' rental base collapsed and their cost base grew, due to having to support tenants in increasingly desperate circumstances while simultaneously picking up the tab of an ageing stock. Investments in public housing waned when the CSHA first started to allocate money for crisis and emergency housing.

By the 1990s, Commonwealth and State governments had lost their enthusiasm for public housing, as this new manifestation as welfare housing had become an increasing drain on the public purse. Cost rents by this time had given way to income-based rents, with a growing proportion of tenants on incomes so low they needed a rebate from the housing authorities in order to get by.

The Commonwealth responded to the growing shortage of affordable accommodation by increasing subsidies for private tenants and landlords. This was never going to be a long-term solution; a social and affordable housing crisis was in the making.

The newer way: from public housing to social housing

State governments turned with increased ferocity to targeting as a solution to the acute shortage of public housing. NSW led the charge, replacing life-time tenure with short-term leases, at the end of which tenants were expected to leave to enable other needy tenants to take their place. The costs of serving the tenant base ballooned, at the same time as the revenue needed to pay for it was diminishing.

The other solution was to transfer the public housing stock to not-for-profit community housing providers, whose tenants from the 1990s onward were eligible for Commonwealth private rent assistance. The states could shift some of the financial burden of public housing back onto the Commonwealth at the stroke of a pen.

The idea of public housing was replaced with a new notion, that of social housing. That was code for welfare housing delivered increasingly by not-for-profits in a system that was no longer self-sustaining or sustainable. The stock of public housing began to shrink. The stock of community housing grew. But the stock of social housing continued its long-term decline as a percentage of the total to extreme lows of barely 4 per cent.

The newest way: monetising social housing

By 2010, the situation had become dire. The CSHA became something different and eventually more modest. In the wake of the 2008 global financial crisis, the Rudd Labor Government announced two new social housing programs.

One involved a short-term but massive injection of funds for more and better public housing,⁶ which was bound to end badly given that public housing was now firmly loss-making by

courtesy of its expensive and low-income tenant base.

The second was to trial a new program designed to inject private finance into the social housing system. Faced with the reality that rent assistance and generous tax breaks for private landlords were insufficient to induce the private sector to invest in low-income housing, the Government decided more subsidies were the solution in the form of the National Rental Affordability Scheme (NRAS). About half of the subsidies were awarded to community housing providers. The remainder went to other private investors.⁷

This scheme was not well designed, with a small but significant proportion of the dwellings being built by universities for accommodation for fee-paying international students. Also, there were no checks or balances on the capacity of the landlords to properly look after their tenants.

Finally, at the end of the 10 years of subsidy, the dwellings no longer needed to be rented at affordable prices; the owners were free to do with them as they wished.⁸ It is estimated that half of the stock has ended up being rented at full market rents, with many of the original tenants having been forced to move out of their homes.⁹ As of June 2026, all dwellings will have exited the scheme.

NRAS was anything but a policy success or a long-term housing solution – and it was mightily expensive. So began the monetisation of social housing policy.

Monetisation of social housing on steroids

Around the world, the 2008 global financial crisis sparked the initial move by asset managers, who invest funds on behalf of clients, into housing on a big scale. Mass mortgage foreclosures opened the possibility of these

large investment houses buying up large real estate portfolios at bargain basement prices.

But they did not restrict themselves to housing alone, for there were richer pickings elsewhere. In his recent and quite brilliant book, *Our Lives in Their Portfolios. Why Asset Managers Own the World*,¹⁰ Brett Christophers shows in great detail how they have found ways to make serious money by buying up monopoly assets that used to be owned by government.

Christophers outlines how these companies have developed a business model under which they load themselves up with debt to buy what are mainly formerly government-owned monopoly assets. Interest on debt is a tax deduction and debt offers a way to leverage small amounts of equity into something vast. Monopoly assets mean the managers can charge fat prices for what they do under the less-than-watchful eyes of euphemistically called “light touch regulators”. Add in government subsidies that are typically tied to essential services, and the end point is a business model that can’t fail.

From airports to water and electricity companies, to toll roads, buses and railways, these asset managers now increasingly rule the roost. The secret sauce is being able to establish a business entity that is able to charge enough to fully recoup high debt interest costs, and still pay handsome management fees after delivering a bare bones level of service required by contracts.

So, how do housing and homelessness fit into this equation?

Housing is an expensive asset that doubles as one of life’s necessities, which appreciates in real terms over time. It is an ideal investment for asset managers. And that is exactly what has happened in Europe and the United States as

large asset managers, such as Blackstones, have gone about assembling giant property portfolios of rental housing just as widening inequalities mean that owning a home is out of reach for a growing number of people.¹¹

Overseas, the asset managers are not known for treating their tenants so well, using every opportunity available to push up rents to the legal limit while housing the least costly tenants they can find.¹²

This new model has now come to Australia on the back of generous subsidies that have given rise to a large build-to-rent segment in the major capital cities.¹³ It has also come to social housing courtesy of a sudden surge in the number of newly minted providers that have managed to secure registration through some clever footwork. These asset managers have come to realise that it is possible for them to become registered as social housing providers.

All that is needed is to form a ‘shop front’ social housing entity with the same directors who run the asset manager in charge but with a constitution that commits that shop front to being a not-for-profit serving those in need. No evidence of social housing experience, expertise or qualification is required.¹⁴

Armed with that registration certificate, those shop fronts are able to bid for new forms of government finance, of which the most extraordinary is the Commonwealth Government’s \$10 billion Housing Australia Future Fund,¹⁵ which has a stream of funding for crisis and transitional housing.

Those who succeed can tap into Commonwealth rent assistance paid to low-income tenants as a secure income stream needed to make it all stack up. There is no need to look after the social housing tenants. That can be done through ‘Special Purpose Vehicles’



Houses on the Ashburton Estate built by the Housing Commission of Victoria, 1953.
State Library Victoria.

involving a partnership with genuine social housing providers who have the experience needed to do that tough work. Alternatively, it can be subcontracted directly.

It is even less onerous for these asset managers to move into affordable housing. Here there are no clear definitions or even regulators. The very loose definitions in play mean that when median rents in a local area rise, so too can those of the so-called affordable housing provider, whose properties paradoxically may no longer be affordable for the tenants.¹⁶ That matters not a jot in this topsy turvy world where making a financial return from housing matters most.

Being a 'provider' of social and affordable housing means that the shop front can apply for fast-track planning approval in states like Victoria to build up and out on a scale that was previously prohibited.¹⁷ Those flexible rules mean it is possible for affordable housing providers to get approval to build at a higher density and then afterwards change their minds on the number of properties that will be offered at affordable rents.¹⁸

Even superannuation funds have found a way to get a slice of the action, with one buying a previously

for-profit company and turning it into an asset manager of social and affordable housing run by former bankers and estate agents.¹⁹

There is no suggestion here that what is happening is illegal, or that anyone has broken the law. The issue is not individual behaviour. It is the system.

Housing is an expensive asset that doubles as one of life's necessities, which appreciates in real terms over time. It is an ideal investment for asset managers.

What's the problem?

Our social and affordable housing system is now very different to what it was when it began. It is no longer sustainable or self-sustaining. The CSHA in its new form – the National Agreement on Social Housing and Homelessness – continues to offer support for public and community housing, but that pales by comparison to the amount the Commonwealth spends on private rent assistance

and tax breaks for private landlords. Crisis and emergency housing continue to be supported, but at a fraction of the Commonwealth's private rental spend.

And that's why the recent trend to ramp up the monetisation of social and affordable housing should be of great concern.

There are those who wonder why this is a problem, for doesn't it mean we have more social, affordable and even emergency housing than would otherwise be the case?

In the short run there is some truth to that objection, even though it might be an expensive proposition when all those government subsidies split across state and federal governments are added up. That business model also leaks desperately needed money into private pockets in the form of higher interest costs on private debt, high executive and director fees, and profits. That leakage grows dramatically over time.

So, where to from here?

There is a desperate need to renew and significantly bolster the social and affordable housing regulatory framework. It is currently focused on provider, not tenant,

and has so many holes in it that almost anything is now possible in the name of helping the poor.

In these highly unusual times, where people and organisations of all sorts of pedigree are able to enter the fray, genuine providers of social and affordable housing are being left to make difficult choices.

Some have begun to re-define themselves, with one big player describing itself as a 'profit-for-purpose' entity, whatever that might be.²⁰ Others are forming, at a pretty fast clip, Special Purpose Vehicles with the asset managers. And one social housing provider has grown so large it is reportedly considering an eye-watering increase to executive salaries.²¹

There are others for whom this new world is a bridge too far. They see in this new system the overriding goal of profiting from social and affordable housing, with the right to housing now a secondary consideration at best. They worry about the ethics of allowing social and affordable housing to be monetised, and scarce public cash being diverted for private gain.

Monetisation of social and affordable housing is the biggest challenge in the housing policy town right now. And, as providers and workers attempt to negotiate this topsy turvy world, it shows no sign of going away. ■

End notes

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12. See news reports, for example: <https://www.nytimes.com/2025/04/25/realestate/spain-rents-prices-homes.html>; <https://www.ft.com/content/5ac750a5-c454-485d-8974-17627c47ea20>; <https://www.theguardian.com/commentisfree/2025/jul/07/europe-financial-sector-house-prices-politics>.
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15. The Housing Australia Future Fund is an intriguing example of the way social and affordable housing has been monetised. It involves the Commonwealth Government borrowing \$10 billion and investing the proceeds in the Future Fund, which pays stockbrokers to purchase shares on the stock exchange. The returns from this share portfolio are then made available to Housing Australia, another government owned entity, to finance the Housing Australia Future Fund, which subsidises investments in social and affordable housing on a competitive basis. There have been three funding rounds so far, including streams which pay 'availability payments' to successful bidders that make it possible for private for-profit entities to make a return while being able simultaneously to house tenants dependent on Commonwealth rent assistance.
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