



FAITH HOUSING AUSTRALIA

Part A.

From Momentum to Durable Reform

Mobilising Mission-Driven Capacity for National Housing Outcomes

Pre-Budget Submission | January 2026



Executive Summary

Across its first and now second term, the Albanese Government has re-established a substantive national role in housing policy. The creation of the Housing Australia Future Fund (HAFF), expansion of capital programs and renewed intergovernmental engagement represent meaningful and sustained progress toward rebuilding social housing supply and restoring Commonwealth leadership.

This reform momentum is significant and welcome. It has strengthened delivery architecture, improved investor confidence and repositioned social and affordable housing as a core national priority.

However, substantial latent land and provider capability remains unrealised due to early-stage funding constraints, instrument misalignment and administrative friction. Faith Housing Australia's research confirms that mission-driven and faith-owned sites across metropolitan and regional Australia represent significant untapped housing capacity that can be activated through aligned policy settings.

This submission presents eight coordinated measures across the Housing, Social Services and Health portfolios to:

- Scale housing supply;
- Unlock underutilised land;
- Strengthen delivery capability;
- Reduce severe rental stress;
- Improve administrative efficiency; and
- Align housing reform with aged care and social services systems.

Together, these measures convert reform momentum into durable system change while improving whole-of-government fiscal efficiency.

Faith Housing Australia's contribution to this reform agenda is focused on activating underutilised mission-driven and community-held land, aligning capital instruments with the financial realities of specialist housing cohorts, and improving cross-portfolio coordination across housing, social services and aged care systems.

This submission prioritises measures that increase dwellings delivered per dollar of subsidy, reduce avoidable downstream fiscal outlays, and embed durability within national housing architecture.

Summary of Recommendations

These measures operate as a coordinated package: capital scale (Measures 1–2), pipeline activation (Measures 3–4), tenancy stabilisation (Measures 5–6), demographic alignment (Measure 7), and durable governance architecture (Measure 8).

Treasury / Housing Portfolio

- 1. Scale and optimise the Housing Australia Future Fund**
Expand HAFF by \$5 billion per annum to sustain delivery momentum and unlock additional supply.
- 2. Expand capital grants under NHIF CT**
Provide \$1 billion per annum in capital grants for crisis, transitional and supported housing, with immediate reallocation of \$300 million within the NHIF envelope.
- 3. Establish a Pre-Development and Feasibility Fund**
\$300 million over four years to convert underutilised community and faith-based land into investment-ready projects.
- 4. Establish a Targeted Capacity-Building Fund**
\$100 million over four years to strengthen smaller, regional and community-controlled providers and reduce delivery concentration risk.

Social Services Portfolio

- 5. Strengthen Commonwealth Rent Assistance (CRA)**
Structural uplift of \$2–3 billion per annum, with staged implementation.
- 6. Establish a Dedicated Services Australia Housing Pathway**
Low-cost operational reform to streamline CRA processing, income verification and Centrepay arrangements for providers and state housing authorities.

Health and Aged Care Portfolio

- 7. Support Older Australians in Social Housing to Age in Place**
Provide 10,000 dedicated Support at Home allocations annually for older social housing tenants.

Whole-of-Government Structural Reform

- 8. Establish a Legislated National Housing and Homelessness Plan (NHHP)**
Legislate a National Housing and Homelessness Plan with measurable targets, cross-portfolio alignment and annual reporting, supported by approximately \$150–250 million across the forward estimates for coordination and monitoring.

Measure 1

Scale and Optimise the Housing Australia Future Fund

The delivery trajectory toward the 40,000-home target demonstrates that the HAFF's core policy architecture is functioning as intended: providing predictable revenue support that crowds in institutional and mission-aligned capital, accelerates feasibility, and converts latent development capacity into committed supply.

The program has catalysed a structural shift in the market. Social and affordable housing is increasingly embedded within mainstream capital markets as a structured, investable asset class characterised by clearer risk allocation, durable revenue settings, and programmatic scale.

Sustained scale will be critical to maintaining delivery momentum, retaining institutional participation, and avoiding pipeline volatility. Capital is demonstrably available; however, without forward certainty and program continuity, investment reverts to opportunistic or impact-aligned allocation rather than long-term infrastructure-style deployment.

Recommendation

Capital expansion and optimisation of **\$5 billion per annum (\$20 billion over the forward estimates)** through either expansion of the HAFF capital base or equivalent long-term revenue support mechanisms to unlock additional supply from community and mission-driven housing providers.

FHA pipeline analysis indicates capacity for approximately 20,000 additional homes with appropriate revenue support and aligned co-investment settings, representing scalable supply with established land contributions and delivery capability.

Program optimisation measures:

- Provide rolling, multi-year funding envelopes with forward visibility to reduce procurement risk and smooth supply pipelines.
- Maintain transparency regarding round timing, sequencing, and annual allocation volumes to support market confidence and capital planning.
- Strengthen Commonwealth–state alignment, including coordinated land contributions and co-investment frameworks, to reduce deal-by-deal negotiation risk and improve delivery efficiency.
- Explicitly recognise social and affordable housing as essential social infrastructure within Commonwealth investment and fiscal frameworks, including alignment with Infrastructure Australia planning and prioritisation processes.
- Provide regulatory and policy clarity to support the inclusion of community housing within core long-duration infrastructure allocations in superannuation and institutional portfolios.
- Require, and appropriately resource, Housing Australia to enhance transparency through regular publication of standardised delivery and performance data, strengthening market confidence, reducing perceived program risk, and supporting institutional capital participation.

Reducing classification ambiguity and embedding social and affordable housing within core infrastructure allocations will materially compress risk premiums, lower financing costs, and increase dwelling output per dollar of subsidy.

Social and affordable housing should be treated within Commonwealth fiscal and investment frameworks as core social infrastructure, comparable to transport, energy and health assets, given its productivity, workforce and intergenerational impacts.

Measure 2

Establish a Scaled Capital Grant Stream for Crisis, Transitional and Supported Housing

Specialist housing cohorts — including youth housing, domestic and family violence (DFV) accommodation, crisis and transitional housing, and supported housing for people with complex needs — are structurally unsuited to debt-based finance. Lower rental revenues, higher service intensity, shorter tenancy duration, and smaller-scale developments mean concessional loans frequently misalign with underlying project economics.

Applying debt-based finance to cohorts with structurally insufficient rental revenue misallocates capital and increases project failure risk. Aligning grant instruments to revenue-constrained cohorts improves fiscal efficiency and reduces downstream crisis expenditure.

The establishment of the NHIF Crisis and Transitional (NHIF CT) stream reflects Commonwealth recognition of this structural reality. By providing capital grants rather than loans, NHIF CT has enabled viable projects that would not proceed under debt-based settings, demonstrating that instrument selection materially affects delivery outcomes.

FHA members with established support service portfolios — including youth, DFV and homelessness services — have successfully secured grant funding to deliver housing aligned with existing service platforms. This demonstrates that delivery capability, service integration and project readiness are already present within the sector where capital is appropriately structured.

Demand for NHIF CT funding has exceeded available allocations, indicating both market readiness and structural undercapitalisation of specialist cohorts.

Recommendations

A. Immediate Budget-Neutral Optimisation

Reallocate approximately \$300 million within the existing NHIF envelope from concessional loan products to expand the NHIF C-T grant stream for crisis, transitional, youth and supported housing.

This would inlock currently constrained proposals; improve alignment between financial instruments and revenue capacity; and increase delivery without increasing total fiscal exposure.

B. Structural Reform

Establish an ongoing capital grant allocation of **\$1 billion per annum** dedicated to crisis, transitional and supported housing cohorts.

At typical specialist housing capital costs, this level of investment would enable meaningful annual scale while remaining proportionate to the recurrent downstream costs currently borne across justice, health and homelessness systems.

Fiscal and Cross-Portfolio Impact

Indicative unit costs (public administrative data, 2024-25):

- Youth detention: \$3,635 per day ([national average, 2024–25](#)) ≈ \$1.33 million per place per year.
- Adult prison custody ([including capital costs](#)): \$440.60 per prisoner per day ≈ \$161,000 per prisoner per year.
- Homelessness program evidence: [AHURI's national cost studies and tenancy-support evaluations](#) identify material offsets in health and justice system use associated with homelessness interventions and tenancy support (i.e., reduced downstream service utilisation).
- Housing outcomes: At the system level, AIHW SHS data shows that, for clients who closed support in [2024–25](#), the share in private/public/community housing increased from 50% at the start of support to 62% at end of support, indicating measurable movement toward stable housing when support and pathways are available.

Given these unit costs, relatively small reductions in custodial episodes or repeat crisis accommodation use generate substantial avoided expenditure over time. Grant capital that stabilises households and reduces high-cost system churn can substitute for recurrent outlays across portfolios, improving dwellings delivered per dollar of subsidy when assessed on a whole-of-government basis.

Measure 3

Establish a Pre-Development and Feasibility Fund

Many community and faith-based providers hold land capable of supporting social and affordable housing but lack access to early-stage capital required for feasibility studies, site investigations, planning approvals, design development and project structuring.

FHA's national faith land mapping research indicates that faith-owned sites across metropolitan and regional Australia represent significant latent housing capacity. These sites are often well-located near transport, services and established communities, but remain underutilised due to feasibility-stage funding constraints rather than land availability.

Early-stage development risk is one of the most common reasons viable projects stall before reaching HAFF or NHIF readiness. Without modest upfront funding, underutilised land remains dormant and national pipeline capacity is constrained.

Recommendation

Establish a dedicated, time-limited pre-development and feasibility funding stream of **\$300 million over four years** to support community and faith-based providers with site investigations, planning approvals, design development and project structuring, prioritising projects progressing toward HAFF, NHIF or aligned co-investment pathways.

Tenant and System Impact

A pre-development fund would:

- Convert underutilised land into investment-ready projects;
- Accelerate entry into HAFF and NHIF funding rounds;
- Improve project quality and delivery certainty; and
- Enable regional and smaller providers to progress viable sites.

Fiscal and Cross-Portfolio Impact

Early-stage capital is relatively modest compared to full development costs but has a disproportionate impact on delivery outcomes. At typical feasibility funding requirements, a \$300 million envelope could support hundreds of projects progressing to investment readiness, unlocking thousands of additional dwellings currently stalled at early stages.

International evidence and domestic program evaluations demonstrate that modest early-stage capital significantly increases conversion rates from concept to delivery. By reducing feasibility-stage attrition, this fund enhances the performance of HAFF and NHIF and lowers average subsidy per completed dwelling across the portfolio.

This measure represents catalytic investment that activates land already in community and faith-based ownership — reducing reliance on new land acquisition and improving value for money.

Measure 4

Establish a Targeted Capacity-Building Fund for Smaller, Regional and Community-Controlled Providers

National housing programs increasingly favour large-scale providers with established balance sheets and delivery track records. While scale has advantages, over-concentration within a small number of providers increases systemic risk and can limit regional participation and community-controlled delivery.

Many Tier 3 and smaller providers — including faith-based CHPs, Aboriginal CHPs, and Aboriginal Community Controlled Organisations (ACCOs) — maintain longstanding relationships within their communities and, in some cases, land assets that can support housing development. However, governance, procurement, systems and compliance constraints often limit participation in national programs such as HAFF.

Without targeted capability investment, underutilised land and community-controlled housing opportunities remain unrealised.

Recommendation

Establish a targeted, time-limited capacity-building fund of **\$100 million over four years** to strengthen governance, systems capability, aggregation models and project readiness among smaller, regional and community-controlled housing providers.

Tenant and System Impact

Targeted capability investment would:

- Enable Tier 3 and regional providers to participate in HAFF and NHIF pathways where appropriate;
- Support aggregation models that preserve local governance while achieving scale;
- Unlock underutilised land held by community and faith-based organisations;
- Strengthen alignment with the First Nations stream of HAFF; and
- Reduce geographic and institutional concentration within national programs.

This approach complements, rather than competes with, large-provider scale by broadening the delivery base.

Particular priority should be given to Aboriginal Community Controlled Organisations (ACCOs) and Aboriginal Community Housing Providers, including support for governance strengthening, aggregation models and activation of returned or community-held land. Aligning this fund with Closing the Gap housing targets would ensure capital programs translate into community-controlled delivery outcomes.

Fiscal and Cross-Portfolio Impact

Strengthening smaller and community-controlled providers reduces systemic concentration risk, improves regional equity and increases the pool of investment-ready projects. By activating land already held within communities — including returned Crown land held by ACCOs — the fund supports delivery without requiring new land acquisition.

At modest fiscal cost relative to capital programs, targeted capability investment enhances resilience, equity and long-term program efficiency.

Measure 5

Strengthen Commonwealth Rent Assistance to Reduce Severe Rental Stress

Commonwealth Rent Assistance (CRA) is the primary demand-side housing support for low-income renters in the private and community housing markets, assisting approximately 1.3 million income units (AIHW).

Recent reforms — including a 15% increase to maximum rates in 2023 and a 10% increase in 2024, alongside regular CPI indexation — have strengthened support. However, rental affordability pressures remain acute, particularly for income support recipients in high-cost markets. A significant proportion of recipients continue to experience severe rental stress.

Without further adjustment, rental stress will continue to drive homelessness inflows and increase downstream demand across crisis systems.

CRA is a necessary complement to supply-side reform. While HAFF and NHIF expand long-term housing supply, CRA mitigates acute stress during the transition period and supports stability within the regulated community housing system.

Recommendation

Provide a structural uplift of **\$2–3 billion per annum** to restore adequacy and materially reduce severe rental stress among low-income renters. A staged implementation could commence at \$1–2 billion in the first year, scaling across the forward estimates.

Implementation should be staged and monitored against rental stress indicators to ensure fiscal impact aligns with measurable reductions in severe rental stress and homelessness inflows.

Tenant and System Impact

A structural uplift to CRA would:

- Reduce severe rental stress among low-income households;
- Lower eviction risk and inflows into homelessness;
- Improve tenant affordability and reduce rental arrears;
- Strengthen predictability of rental revenue within the regulated community housing system; and
- Support debt service capacity and project feasibility under HAFF and NHIF settings.

CRA operates primarily as tenant income support. Because rents in the not-for-profit community housing sector are regulated and income-linked, improved adequacy also enhances revenue stability within existing rent-setting frameworks. Greater certainty in rental income reduces financing risk and supports sustainable housing delivery at scale.

Prevention through income adequacy reduces inflows into homelessness systems, moderates demand on crisis accommodation funding, and stabilises community housing balance sheets. The fiscal return of prevention materially exceeds the cost of crisis response.

Fiscal and Cross-Portfolio Impact

Rental stress is a primary pathway into homelessness. Prevention through income adequacy is materially less costly than crisis response.

Indicative annual system costs (Productivity Commission, *Report on Government Services 2024–25*): Crisis accommodation placements: approximately \$30,000–\$60,000 per household per year.

Reducing eviction risk and homelessness inflows moderates downstream expenditure across homelessness, health and justice portfolios.

CRA uplift should therefore be assessed not solely as income support expenditure, but as preventative housing system stabilisation with whole-of-government fiscal benefits.

Measure 6

Establish a Dedicated Services Australia Housing Pathway

Community Housing Providers (CHPs), Specialist Homelessness Services, NGOs and state and territory housing agencies frequently require timely processing of CRA applications, income verification and Centrepay adjustments to calculate rents accurately and protect tenancies.

Current arrangements often involve prolonged call centre wait times, repeated consent handling and fragmented communication channels. Delays in CRA corrections or income validation can result in inaccurate rent calculations, tenancy stress and avoidable arrears — particularly for young people and households already experiencing deep rental stress.

As social housing supply expands and CRA uptake increases, administrative friction risks becoming a structural bottleneck across jurisdictions.

Recommendation

Establish a dedicated Services Australia housing pathway or business-partner channel for CHPs, NGOs and state and territory housing authorities to enable rapid CRA processing, real-time income verification (including joint calls with tenants where required), streamlined consent-based data sharing, and efficient resolution of Centrepay and rent-related adjustments.

This is a low-cost operational reform, largely achievable within existing administrative resources through prioritised provider contact channels, clearer escalation protocols and improved coordination processes.

Tenant and System Impact

A dedicated pathway would:

- Reduce tenancy risk arising from administrative delays;
- Improve the accuracy and timeliness of rent calculations and Centrepay adjustments;
- Protect vulnerable households from arrears linked to processing backlogs;
- Improve operational efficiency for state and territory housing authorities managing large social housing portfolios; and
- Reduce administrative congestion during disaster recovery events or large-scale temporary housing activation, supporting faster stabilisation of displaced households.

FHA members regularly deliver temporary and emergency housing in disaster and recovery contexts, and streamlined access to income verification and CRA processing would materially strengthen these responses.

Fiscal and Cross-Portfolio Impact

Administrative delays in CRA and income processing create avoidable transaction costs across Commonwealth, state and non-government systems. A dedicated pathway would reduce duplication, strengthen intergovernmental coordination and improve system responsiveness at minimal fiscal cost.

This reform enhances system capability and complements supply-side investment under HAFF and NHIF.

Measure 7

Support Older Australians in Social Housing to Age in Place

More than one-third of social housing tenants are aged 55 and over (AIHW), representing over 270,000 households. This proportion is increasing as population ageing accelerates and older Australians face sustained affordability pressures in the private rental market.

Many older tenants experience avoidable entry into residential aged care due to unmet low-level support needs — including assistance with domestic tasks, mobility adaptations and minor accessibility modifications. In these cases, housing instability rather than clinical acuity can drive transition into higher-cost institutional care.

Without targeted intervention, pressure on aged care, hospital and social housing systems will intensify.

Recommendation

Provide **10,000 dedicated Support at Home allocations annually for older social housing tenants**, paired with tenancy-level navigation to coordinate appropriate in-home and environmental supports.

Delivery should prioritise structured partnerships between Support at Home providers and community housing organisations to enable integrated tenancy and care coordination.

Tenant and System Impact

Targeted ageing-in-place support would:

- Enable older tenants to remain safely housed for longer;
- Reduce preventable hospitalisations linked to falls and isolation;
- Improve tenancy sustainment;
- Delay entry into residential aged care; and
- Support more efficient utilisation of social housing stock.

This reform reduces avoidable transitions from secure social housing into higher-cost institutional settings driven by support gaps rather than housing inadequacy.

FHA members that operate both community housing and aged care or community support services are uniquely positioned to integrate housing management with Support at Home delivery, enabling coordinated, place-based ageing-in-place models.

Fiscal and Cross-Portfolio Impact

Residential aged care remains materially more expensive than home-based support delivered under the Support at Home framework.

Delaying entry into residential aged care by 12–24 months for even a proportion of eligible tenants generates substantial avoided expenditure, alongside reduced hospital admissions and health system utilisation.

Investment in ageing-in-place support, therefore, represents expenditure substitution — shifting funding from higher-cost institutional care to lower-cost community-based support while improving housing stability and system efficiency.

Measure 8

Establish a Legislated National Housing and Homelessness Plan

Australia's housing system has historically experienced stop-start reform cycles aligned to political terms. Coordination across Commonwealth, State and Territory governments remains uneven, and long-term targets and accountability frameworks are not consistently embedded in legislation.

The opportunity now is to consolidate reform momentum into a durable, legislated national framework that endures beyond individual programs and electoral cycles.

Recommendation

That the Commonwealth legislate and implement a National Housing and Homelessness Plan (NHHP) establishing measurable national housing and homelessness targets, cross-portfolio alignment and annual reporting to Parliament, supported by approximately **\$150–250 million across the forward estimates** to fund coordination, integrated data capability and independent monitoring within existing intergovernmental structures.

Key Features

The Plan should:

- Establish legislated, measurable national housing supply and homelessness reduction targets, including social and affordable housing benchmarks;
- Align capital programs, income supports and homelessness services within a unified national performance framework;
- Integrate Commonwealth, State and Territory strategies, including alignment with National Cabinet and bilateral funding agreements;
- Embed lived experience and service-provider expertise within statutory governance arrangements; and
- Require annual public reporting to Parliament, supported by independent monitoring and transparent performance data.
- Include transparent public dashboards tracking progress against national targets to strengthen accountability and policy continuity across electoral cycles.

Fiscal and Cross-Portfolio Impact

Embedding reform in legislation strengthens fiscal discipline and reduces policy volatility. A durable national framework improves coordination, reduces duplication and aligns investment with assessed need across portfolios.

By consolidating reform momentum into statutory architecture, the Commonwealth can ensure that housing progress translates into sustained, system-level reform rather than program-by-program cycles.

Conclusion

Australia now has the core capital architecture, institutional capability and reform momentum required to materially increase social and affordable housing supply.

The next phase is alignment and durability.

Scaling proven capital programs, activating underutilised community and faith-based land, stabilising vulnerable households and embedding long-term coordination through a legislated National Housing and Homelessness Plan will ensure that current progress translates into sustained system reform.

Together, these measures increase dwellings delivered per dollar of subsidy, strengthen fiscal discipline and improve cross-portfolio efficiency across housing, social services and aged care systems.

The opportunity is not simply to expand programs, but to consolidate reform momentum into lasting national architecture.

FHA recognises that housing outcomes are also shaped by taxation settings, planning reform, workforce capacity and broader investment frameworks. While this submission focuses on delivery architecture and capital alignment, durable reform will require coordinated attention to these structural levers alongside programmatic expansion.

About Faith Housing Australia

Faith Housing Australia (FHA) is the national peak body representing faith-based and mission-driven Community Housing Providers (CHPs), Specialist Homelessness Services (SHS), faith-based landholders and housing enabler organisations across Australia.

FHA members operate across metropolitan, regional and remote communities and collectively manage significant social and affordable housing portfolios. Many members hold substantial land assets capable of supporting additional housing supply and deliver integrated services including homelessness support, youth services and community care programs.

FHA's work focuses on:

- Unlocking mission-driven land for social and affordable housing delivery;
- Strengthening provider capability and participation in national capital programs;
- Supporting integration between housing, homelessness and community services systems; and
- Advancing durable, place-based housing outcomes across jurisdictions.

Through research, policy engagement and sector coordination, FHA contributes practical, delivery-focused expertise to national housing reform.

