FAITH HOUSING AUSTRALIA

Submission to the Select Committee on

Intergenerational Housing Inequity

Mobilising Mission-Driven Capacity to Restore Housing as Infrastructure Across Generations

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Contents

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Front Cover Image: Salvation Army Housing, Cairns Social Housing and Community Hub

Executive Summary

Australia's housing system is no longer reliably providing secure, affordable and appropriate housing across the life course. While recent reforms have re-established a stronger Commonwealth role and improved delivery frameworks, intergenerational housing inequity continues to deepen. This reflects not a lack of policy activity, but structural misalignment across housing, land, capital, income support and service systems, including distortions that limit access for younger cohorts at a critical life stage.

Recent Commonwealth reforms and investments represent a significant and necessary re-engagement in the housing system, helping to stabilise delivery settings and rebuild national capability after a prolonged period of underinvestment. However, the scale of current need and accumulated supply shortfalls means further investment will be required alongside continued system reform.

Housing has historically functioned as both social infrastructure and a mechanism for household wealth accumulation. These roles were once broadly aligned, but have diverged over time. Housing now operates increasingly as a financial asset class, with sustained price growth, financialisation and policy settings—including investor tax settings—reinforcing its role in wealth accumulation and intergenerational transfer.

Australia also faces a persistent structural shortfall in housing supply relative to underlying demand. However, supply expansion must be aligned to deliver the right type of housing—secure, affordable and appropriate across cohorts and life stages.

As a result, access to housing is increasingly mediated by capital, including inherited wealth and family support, rather than income or labour market participation. This represents a fundamental shift in how opportunity is allocated. Younger cohorts and those without access to intergenerational support face increasing barriers to stable housing, while existing owners benefit from compounding gains. The system is therefore not only reflecting inequality; it is actively reinforcing it.

At the same time, the housing system is not operating efficiently. FHA member evidence demonstrates substantial latent delivery capacity within mission-driven providers, community housing organisations and faith-based landholders. However, this capacity is constrained by misalignment: capital instruments are not matched to cohort economics, early-stage feasibility barriers limit project progression, and administrative and cross-portfolio systems introduce avoidable friction.

The result is a system that is both inequitable and inefficient. Housing instability is increasing, particularly at key life transitions, while demand for homelessness and crisis services continues to rise. At the same time, public investment is not consistently generating maximum system yield.

The opportunity before government is to convert current reform momentum into durable system performance. This requires coordinated structural adjustment rather than incremental expansion. By aligning capital with cohort economics, unlocking underutilised land, expanding delivery capability, strengthening demand-side stability, improving administrative efficiency and integrating housing with broader social systems, it is possible to increase dwellings delivered per dollar of subsidy, reduce downstream expenditure and restore housing as a foundation for participation across generations.

Realising this opportunity will require both increased and better-targeted investment. While improving system alignment can significantly increase delivery efficiency, current levels of public investment, while substantial, remain insufficient to meet underlying need and correct accumulated shortfalls in social and affordable housing supply.

FHA's contribution is deliberately practical. Its members bring direct delivery experience, evidence of fiscal and social returns from integrated housing and support, and emerging models that can be scaled. This submission therefore identifies the system settings required to mobilise mission-driven capacity for national housing outcomes.

At its core, intergenerational housing inequity in Australia is no longer primarily a question of supply or affordability in isolation, but of how the housing system allocates access to stability, opportunity and wealth over time.

Priority Recommendations for the Committee

These recommendations are designed to correct structural misalignment in the housing system and can be implemented within existing institutional frameworks.

Faith Housing Australia recommends that the Select Committee consider the following priority reform directions in its final report:

1) **Recognise housing as national social and economic infrastructure,** and require Commonwealth housing programs to be evaluated on their impact on avoided downstream costs across health, aged care, homelessness, justice and income support systems.

2) **Continue to increase overall Commonwealth investment in social and affordable housing, and align housing capital instruments with cohort economics, including:**
    - Remove structural disincentives to youth housing provision, including income-linked rent settings that create operating shortfalls, by introducing targeted adjustments to restore viability and expand supply for young people.
    - Grant-based capital for crisis, transitional, youth, domestic and family violence, and supported housing where rental revenues are structurally insufficient, with capital structures explicitly matched to the revenue characteristics of each housing cohort; and
    - Concessional finance and long-term revenue support for social and affordable rental housing capable of sustaining debt.

3) **Establish a dedicated national pre-development funding stream** to unlock mission-driven and community-held land and accelerate the conversion of latent sites into an investment-ready housing pipeline.

4) **Embed intermediate tenure pathways, including Limited Equity and shared equity models,** as a permanent component of Australia's housing system to address the growing gap between private rental and full home ownership.

5) **Strengthen demand-side stability,** including Commonwealth Rent Assistance adequacy and administrative reform, to reduce tenancy failure and homelessness inflows while supply-side reforms are delivered.

6) **Integrate housing, aged care and community support policy** to enable ageing in place, reduce premature entry into residential aged care and improve fiscal efficiency across portfolios.

7) **Establish durable national housing governance,** including a legislated National Housing and Homelessness Plan with long-term targets, cross-portfolio accountability and transparent reporting.

Together, these reforms would reduce reliance on inherited wealth for housing access, improve system efficiency and restore housing as a stable foundation for participation across generations.

1. Introduction

Faith Housing Australia (FHA) welcomes the opportunity to contribute to the Select Committee's inquiry into intergenerational housing inequity. FHA is the national peak body representing faith-based housing providers, mission-driven landholders and aligned sector partners. FHA members operate across metropolitan, regional and remote Australia and collectively provide housing and support to tens of thousands of Australians each year. Their work spans the full housing continuum, including community housing, specialist homelessness services, youth housing, domestic and family violence responses and aged care.

This submission is grounded in that experience. It reflects not only macroeconomic analysis and national datasets, but the practical realities of delivering housing within complex and constrained systems. FHA members operate at the interface between policy intent and lived experience. They engage with households experiencing housing stress and instability, develop and deliver housing projects, and navigate the financial, regulatory and administrative frameworks that shape outcomes.

The inquiry's focus on intergenerational housing inequity is particularly important because housing has become one of the principal mechanisms through which advantage and disadvantage are transmitted across generations. The question is not only whether younger Australians face higher barriers to home ownership than previous generations. It is whether the housing system as a whole continues to provide stable, affordable pathways across the life course, or whether it increasingly allocates opportunity according to prior wealth.

FHA's submission proceeds from the view that intergenerational housing inequity cannot be understood through a single lens. Supply shortages are real, but they do not fully explain the depth of the problem. Affordability pressures are acute, but they are not simply the result of cyclical market conditions. Declining home ownership rates among younger cohorts are significant, but they sit within a broader system in which access to rental security, social housing, homelessness pathways, aged care supports and community infrastructure are all interacting.

This submission therefore takes a system-level approach. It begins by examining the changing role of housing within the Australian economy and society. It then considers the structural drivers of intergenerational inequity, including wealth concentration, intergenerational transfers and housing as a transmission mechanism. It examines failures within the housing delivery system and then grounds that analysis in the evidence and experience of FHA members. The submission then considers impacts across the life course and sets out a reform approach focused on converting structural insight into durable system performance.

1.1 How this submission addresses the Terms of Reference

This submission responds directly to the Committee's central concern: how intergenerational housing inequity is produced through the operation of Australia's housing system, and what reforms would improve access to secure, affordable and appropriate housing over time. While declining home ownership among younger Australians is a critical indicator, it is not the whole problem. The deeper issue is that the housing system no longer provides reliable pathways across the life course, and increasingly allocates opportunity according to access to capital and inherited wealth. Effective reform therefore requires structural investment in non-market and intermediate housing, supply activation, delivery capability and tenure stability, rather than a narrow focus on demand-side assistance to first home buyers.

Inquiry Term of Reference	Primary Sections
a. The extent and nature of intergenerational housing inequity in Australia	Sections 3, 4, 7, 11
b. The effectiveness of current laws, policies and services in addressing housing needs	Sections 5, 8, 12
c. The impacts of housing inequity on different population cohorts	Sections 7, 6.5, 10.2, 10.7

Inquiry Term of Reference	Primary Sections
d. The causes of housing inequity, including supply, rental, tax and homelessness system settings	Sections 4, 5, 6, 11
e. The factors that promote or impede reform	Sections 8, 9, 10
f. Policy, legislative and other options to improve housing outcomes	Sections 8–10, 12
g. Any other related matters	Sections 3, 6, 11, 12

Table 1. Alignment with Terms of Reference

1.2 Causes of intergenerational housing inequity

The causes of intergenerational housing inequity are cumulative and mutually reinforcing. Housing price growth has increased the asset position of existing owners while raising entry barriers for non-owners. The tax and transfer system has historically treated owner-occupied housing favourably, while investor tax settings have further shaped the allocation of capital within the housing system. (ACOSS, 2024) Credit markets have expanded purchasing capacity, but the benefits of that expansion have been unevenly distributed. Planning constraints and delivery bottlenecks have limited the ability of supply to respond where demand is strongest.

At the household level, these dynamics have changed the meaning of family support. Parental assistance was once helpful; it is now increasingly decisive. This represents a structural shift in how housing access is determined. The Bank of Mum and Dad is not simply a private family arrangement. It has become a structural feature of housing access. Where parental assistance is available, it can bring forward entry into ownership and enable wealth accumulation. Where it is not available, households face delayed entry, longer exposure to rental insecurity and reduced lifetime asset accumulation. (Cigdem-Bayram et al., 2025)

These dynamics are particularly concerning because they operate through apparently ordinary market transactions. A parent helps a child with a deposit. A household uses inherited wealth to purchase a dwelling. A renter competes unsuccessfully against households with greater family-backed capital. None of these individual actions is inherently problematic. The inequity arises when such actions become systemic conditions of access. At that point, the housing system allocates opportunity through inherited advantage.

The inquiry should also recognise that intergenerational inequity is not only vertical, between older and younger people. It is also horizontal, within younger cohorts. Young people with access to family wealth experience a fundamentally different housing system from those without it. The same is true for working-age households and older renters. The central divide is increasingly between households connected to housing wealth and those excluded from it.

1.3 Social, economic and fiscal consequences

The consequences of intergenerational housing inequity extend beyond fairness. High housing costs reduce disposable income and constrain household formation. Insecure rental housing weakens community connection and disrupts education and employment. Delayed ownership reduces lifetime wealth accumulation and increases the likelihood of housing stress in retirement. Homelessness and housing instability increase demand across health, justice, social services and aged care.

From a productivity perspective, housing stress affects labour mobility. Workers may be unable to live near employment centres, may face long commutes, or may be forced to move away from established labour markets. This is particularly relevant for care, service and essential workers whose incomes may be insufficient to secure housing in the communities where their labour is needed. The result is not only individual hardship but broader economic inefficiency.

From a fiscal perspective, the costs of housing instability are dispersed. They appear in hospital presentations, mental health services, domestic and family violence systems, child protection, youth justice, adult corrections, homelessness services and aged care. This dispersion can obscure the value of preventative housing investment.

The budget line that funds stable housing may sit in one portfolio, while the avoided costs accrue elsewhere. This is why cross-portfolio evaluation is critical.

The BaptistCare SROI evidence is important in this context because it quantifies what service providers know from practice: stable housing and support generate value beyond the housing system. (BaptistCare, 2022) Similarly, The Salvation Army's evidence demonstrates that when households fall into crisis, service systems bear the consequences. (The Salvation Army, 2025) These sources together demonstrate that housing reform should be treated as fiscal discipline, not merely preventative infrastructure investment.

1.4 Cohorts requiring particular attention

Young people require particular attention because early housing instability can shape long-term trajectories. A young person who experiences homelessness or repeated moves at the point of transition to adulthood may lose education, employment and social supports. These losses compound. By contrast, stable youth housing pathways can support education completion, workforce participation and long-term independence.

A specific structural barrier affecting this cohort is the interaction between income support settings and social housing financing. Because rents in social and community housing are linked to income, and youth income support payments are structurally lower, providers receive significantly reduced rental revenue when housing young people. This creates a system-level disincentive to allocate dwellings to young tenants, particularly those without family support.

This reflects a measurable pipeline failure within current system settings: young people represent a significant proportion of those presenting to homelessness services, yet are materially underrepresented as lead tenants in social housing. This reflects a structural distortion in system settings that suppresses supply for this cohort rather than a lack of need.

Older renters require particular attention because the Australian retirement system has been built around assumptions of home ownership. The Age Pension, superannuation settings and aged care arrangements all operate more effectively where housing costs are low or predictable. Older people in private rental face a different set of risks. Their income is often fixed, their capacity to move is reduced, and insecurity can drive health decline or premature entry into institutional care.

Families with children are also critical. Housing instability can disrupt schooling, social development and parental employment. Uniting's research on the village demonstrates that stable housing supports the networks of informal care and connection that enable families to function. When those networks are disrupted, demand on formal systems increases.

People experiencing homelessness sit at the acute end of the system, but they should not be treated as separate from the intergenerational question. Homelessness is both a consequence of housing inequity and a mechanism through which inequity is transmitted. Children who experience homelessness may carry the effects through education and health outcomes. Adults who experience homelessness may face long-term barriers to employment and stability.

2. Faith Housing Australia and Member Contribution

FHA's distinctive contribution to this inquiry lies in the position its members occupy across the housing continuum. FHA members do not engage with housing solely as developers, landlords, service providers or advocates. Many operate across several of these functions simultaneously. They manage social and affordable housing, deliver homelessness and family services, support young people, provide aged care and community care, and steward land assets held for mission and community purposes.

This integrated position provides a practical understanding of how housing systems function in real time. Members see how macro-level housing pressures translate into rental arrears, family stress, homelessness presentations, delayed exits from crisis accommodation, premature entry into aged care and lost opportunities for young people. They also see where policy settings enable delivery, and where misalignment prevents viable projects from progressing.

The evidence base informing this submission includes member-led research and national sector evidence. Uniting NSW.ACT's research partnership with the UNSW Social Policy Research Centre provides insight into the relationship between housing stability, family wellbeing and social connection. BaptistCare's social return on investment analysis quantifies the fiscal and economic value generated through integrated housing and service responses. The Salvation Army's housing and homelessness data provides direct evidence of household-level stress and the growing pressure on crisis systems. Anglicare's Rental Affordability Snapshot demonstrates the limits of the private rental market for low-income households. Mission Australia's Youth Survey highlights the extent to which housing insecurity is shaping the aspirations and concerns of young Australians.

FHA's own policy and research work contributes a further layer. National faith-owned land analysis demonstrates that there is significant latent supply within mission-driven landholdings, much of it well located near transport, services and established communities. FHA's policy work on crisis, transitional and supported housing demonstrates that capital instrument selection materially affects delivery outcomes. Its work on older Australians in social housing highlights the relationship between housing stability, aged care and avoidable downstream expenditure. Together, these sources create a composite evidence base that is both analytical and practical.

This matters for the inquiry because intergenerational housing inequity is not simply a matter of aggregate supply or household income. It is the product of how systems work together or fail to work together. FHA members bring evidence from those intersections: housing and homelessness, housing and youth transitions, housing and family support, housing and aged care, and housing and land stewardship.

FHA’s distinctive system contribution

FHA members combine three forms of capacity that are rarely held together within the housing system: land already held for public and community purpose; long-horizon, mission-aligned governance willing to preserve affordability over time; and integrated delivery of housing, homelessness, aged care and community services. This combination enables FHA members to deliver housing as infrastructure rather than as a speculative asset, and positions them as a complementary delivery partner to both government and mainstream community housing providers.

3. Housing as Social and Economic Infrastructure

Housing occupies a foundational role within Australia's economic and social system. As social infrastructure, it provides the stability required for individuals and families to participate in employment, education and community life. As an asset, it provides a mechanism for wealth accumulation and financial security. The tension between these two roles sits at the centre of intergenerational housing inequity.

For much of the post-war period, housing's infrastructure and asset functions were broadly aligned. Home ownership was accessible to a relatively wide cross-section of the population, and social housing played a larger role in providing a safety net for those unable to access the market. Housing supported household formation, labour market participation and community stability, while also enabling wealth accumulation over time.

That alignment has weakened. Housing has become increasingly financialised. Sustained price growth, expanded credit markets and policy settings that favour investment in residential property have elevated the asset function of housing. As housing has become more central to household wealth accumulation, its distribution has become more consequential. Those who own housing assets have benefited from compounding gains, while those outside ownership face rising costs and reduced pathways to entry.

This shift has altered the nature of access. Housing access is not determined primarily by income, savings or labour market participation, but by access to capital. This includes family assistance, inheritances, parental guarantees and other forms of intergenerational support. The result is a system in which opportunity is increasingly allocated through prior wealth.

The consequences extend beyond home ownership. When housing functions primarily as an asset, rental markets also change. Investors seek returns, renters absorb rising costs, and security becomes secondary to market flexibility. Households that cannot access ownership are therefore not simply missing an asset pathway; they are exposed to a less secure and more expensive form of tenure.

Housing's infrastructure role is compromised when households cannot rely on stability. Insecure housing disrupts education, employment, health care, community connection and family life. It increases demand for services and reduces household capacity to plan for the future. The economic costs are significant, but so too are the social costs: weakened communities, reduced cohesion and diminished trust in the fairness of the system.

Understanding housing as both infrastructure and asset is therefore essential. Reform cannot proceed as if housing were only a market commodity, nor can it ignore the reality that housing is deeply embedded in household wealth, retirement planning and the financial system. The task is to rebalance the system so that housing can again function as a foundation for participation while retaining an appropriate role in household security.

Market delivery remains central to Australia’s housing system. However, market mechanisms alone are structurally insufficient to deliver secure and affordable housing outcomes for lower-income and transitional cohorts, requiring complementary non-market and intermediate housing pathways.

4. Structural Drivers of Intergenerational Housing Inequity

Intergenerational housing inequity has emerged through the interaction of wealth concentration, housing price growth, policy settings, financialisation and demographic change. These forces have developed over several decades and are now reinforcing one another.

4.1 Wealth concentration and generational imbalance

A central feature of the current system is the concentration of wealth among older cohorts. Productivity Commission analysis of wealth transfers highlights that wealth in Australia is increasingly held by older households and is retained for longer periods before being transferred. (Productivity Commission, 2021) This pattern reflects both ordinary lifecycle accumulation and structural changes in asset values, particularly housing and superannuation.

Housing is central to this pattern. For households that entered the market decades ago, sustained price growth has generated substantial capital gains. These gains are often held in owner-occupied housing, which provides shelter, security and a tax-advantaged store of wealth. For younger households, the same price growth operates as an entry barrier. The asset appreciation that strengthens one generation's balance sheet increases the cost of entry for the next.

Research by Saul Eslake reinforces this generational imbalance, showing that wealth is distributed more unequally than income and that the distribution of wealth has become particularly stark when viewed through an intergenerational lens. (Eslake, 2025) Older Australians disproportionately hold financial assets and owner-occupied property, while younger households hold a greater share of liabilities. This is not simply a normal lifecycle effect. It reflects the scale of housing price growth and the changing relationship between incomes, debt and asset ownership.

The intergenerational dimension matters because wealth is not merely a private resource. It shapes access to housing, education, security and opportunity. Where wealth is concentrated among those already securely housed, and where access to housing increasingly depends on wealth, inequality becomes self-reinforcing.

4.2 Intergenerational transfers and the limits of inheritance

Intergenerational transfers are large and growing, but they do not operate as an equalising mechanism in the way sometimes assumed. Productivity Commission analysis indicates that annual transfers through inheritances and gifts are substantial and likely to increase over coming decades. However, the timing of these transfers is critical. Inheritances are often received later in life, after key decisions about housing, employment, education and family formation have already occurred. (Productivity Commission, 2021)

This means that inheritance does not usually solve the problem of early-life access. It may increase wealth later in the lifecycle, but it does not necessarily assist a young person to secure stable housing, commence independent living or enter ownership when the benefits of earlier entry would compound over time. In this sense, inheritance can reinforce existing positions rather than equalise starting points.

The distribution of transfers is also uneven. Wealthier households are more able to transfer larger amounts to their children, either during life or through inheritance. This can take the form of direct financial assistance, help with deposits, guarantees, co-residence, payment of education costs or transfer of property assets. These forms of support are not available equally. The result is a system in which family wealth increasingly mediates housing access.

4.3 Housing as the primary mechanism of intergenerational transmission

Housing is the primary mechanism through which intergenerational wealth is transmitted and amplified. Academic research on the 'Bank of Mum and Dad' demonstrates that parental transfers and bequests hasten entry into first home ownership in Australia. (Cigdem-Bayram et al., 2025) This matters because earlier entry into ownership has cumulative effects. It allows households to benefit from capital gains over a longer period, reduce exposure to private rental costs and build equity earlier.

The research also shows an important nuance. Intergenerational transfers may have only modest first-order effects on aggregate measures of wealth inequality at a point in time, but they can have significant effects on housing pathways. A transfer that enables a household to enter the market earlier may shape decades of wealth accumulation. In this way, the impact is not fully captured by static inequality measures. It is pathway-based and cumulative.

This dynamic shifts the basis of housing access. Where previous generations could more plausibly access ownership through earnings and savings alone, contemporary entry increasingly requires external capital. This undermines the relationship between work and housing security. It also means that two households with similar incomes may experience very different outcomes depending on whether family assistance is available.

The housing system therefore becomes a transmission mechanism for advantage. Those whose parents own housing are better positioned to enter ownership themselves. Those whose parents do not hold housing wealth face greater barriers. Over time, this reproduces inequality across families and cohorts.

4.4 Investor tax settings and system amplification

Investor tax settings, including the capital gains tax (CGT) discount and negative gearing, play a significant role in shaping housing system outcomes and reinforcing intergenerational inequity. (ACOSS, 2025; Ong ViforJ & Phelps, 2023)

While not originally designed as housing policy instruments, these settings materially influence investment behaviour. They increase the relative attractiveness of leveraged property investment, particularly in established housing markets where capital gains are more predictable. This directs capital toward existing dwellings rather than new supply, limiting the extent to which investment contributes to net additions to the housing stock.

In combination, these settings amplify demand-side purchasing power without a corresponding requirement to increase supply. This places upward pressure on prices and intensifies competition for existing housing, particularly in high-demand urban markets.

The distributional effects are significant. Households with access to capital and borrowing capacity are better positioned to benefit from these settings, while households without such access face higher barriers to entry. This reinforces a system in which housing access and wealth accumulation are increasingly shaped by existing asset ownership rather than income or participation in the labour market.

From a system perspective, these settings operate as implicit public expenditure through foregone revenue. However, unlike direct housing investment, they are not calibrated to deliver specific supply, affordability or equity outcomes. In effect, these settings reinforce a system in which public policy settings amplify private wealth advantages, rather than moderating them in the context of a constrained housing system.

These settings should be systematically reviewed to assess their alignment with housing system objectives, including supply, affordability and intergenerational equity, with transitional reform pathways designed to avoid market disruption.

4.5 Economic mobility, productivity and fiscal implications

The consequences of these dynamics extend beyond household balance sheets. When access to housing is mediated by inherited advantage, economic mobility weakens. The perceived fairness of the system is undermined, particularly where education, effort and work no longer provide a credible pathway to secure housing for many households.

There are also productivity implications. High housing costs reduce disposable income and can limit labour mobility. Workers may be unable to live near employment centres, or may accept longer commutes that reduce wellbeing and productivity. Capital is also disproportionately directed into residential property rather than more productive forms of investment.

From a fiscal perspective, the consequences are significant. Households excluded from ownership and exposed to insecure rental markets are more likely to experience housing stress in later life. Older renters face greater risk of poverty, homelessness and reliance on public systems. Housing instability also increases demand across health, justice, homelessness and aged care portfolios. These are not separate costs; they are downstream consequences of housing system design.

5. Structural Failure in Housing Delivery

Australia faces a persistent structural supply-demand imbalance, but the consequences of this shortfall are determined by how the housing system allocates and delivers different types of housing across cohorts.

The structural drivers of intergenerational housing inequity are reinforced by failures within the housing delivery system itself. The issue is not only that housing wealth has become increasingly important. It is also that the system is not producing enough secure and affordable housing in the places and tenures where it is needed.

The National Housing Supply and Affordability Council's State of the Housing System analysis confirms that Australia faces persistent supply-demand imbalance. (NHSAC, 2025) Recent delivery has fallen short of underlying demand, and the gap is projected to continue under current settings. This under-delivery reflects structural constraints rather than temporary market fluctuation, including a sustained gap between required and actual levels of public investment, reflecting both historic underinvestment and the scale of current demand for social and affordable housing.

Planning systems remain a major constraint. Zoning, approval processes, local opposition and infrastructure sequencing affect the speed and type of housing that can be delivered. These processes often increase cost and uncertainty, which in turn affect feasibility. Where affordable housing is required, feasibility pressures become even sharper because revenue is intentionally constrained.

Construction capacity is another constraint. Labour shortages, material costs, low productivity and fragmentation in the construction sector affect delivery volumes and costs. These pressures are particularly acute for community housing and specialist housing projects, which often operate with tighter margins and more complex service requirements.

Financing conditions also shape what is delivered. Affordable housing is not simply a lower-priced version of market housing. Its economics differ because rents are capped, tenants may have lower incomes, and service integration may be required. Debt-based finance can support some projects, particularly where revenue streams are stable and sufficient. However, it is poorly aligned to cohorts where rental revenue cannot support debt. This is especially relevant for crisis, transitional, youth, domestic and family violence, and supported housing.

This misalignment is particularly acute for youth housing. Because rental income from younger tenants is lower, projects targeting this cohort generate larger operating shortfalls and require higher subsidy to remain viable. In competitive funding environments, this can render such projects less attractive relative to those targeting higher-income tenants. The result is a structural bias in delivery settings that limits housing supply for young people, even where need is highest.

The decline of social housing as a share of total housing stock has placed further pressure on the system. As social housing availability has reduced relative to need, low-income households have increasingly been pushed into the private rental market. The private rental market, however, is not structured to provide long-term affordability or security for households with limited capacity to pay.

Anglicare's Rental Affordability Snapshot demonstrates this structural failure. For many low-income households, there are effectively no affordable rental properties available. Even where rental listings increase, affordability for households reliant on income support or low wages does not necessarily improve. (Anglicare Australia, 2025) This shows that supply volume alone is not enough. The type, tenure, price and allocation of housing matter.

These delivery failures interact with intergenerational wealth dynamics. When supply is constrained and affordability deteriorates, those with access to capital can still enter or remain securely housed, while those without capital are increasingly excluded. The housing delivery system therefore amplifies, rather than offsets, wealth-based inequality. These delivery constraints do not operate neutrally. They disproportionately affect households without access to capital, reinforcing the intergenerational dynamics outlined earlier.

6. FHA Member Evidence: The Housing System in Practice

Macro-level analysis is essential, but it does not fully capture how the housing system is experienced by households or how policy settings affect delivery on the ground. FHA members operate at multiple points in the housing system. Their evidence demonstrates both the costs of system failure and the potential for reform.

6.1 Housing as social infrastructure

Research led by Uniting NSW.ACT in partnership with the UNSW Social Policy Research Centre demonstrates that housing stability is foundational to social connection. The research centres on the idea of the 'village': the networks of family, neighbours, schools, community organisations, faith communities and services that provide informal support and enable participation. (Uniting NSW.ACT & UNSW, 2025)

Stable housing allows these networks to form and deepen. Families who can remain in place are better able to build relationships with neighbours, maintain school continuity, access local services and participate in community life. These networks reduce isolation and can reduce reliance on formal services by enabling informal care, mutual assistance and community-based problem solving.

Housing instability disrupts this social infrastructure. Frequent moves, insecure tenure and financial stress make it difficult to build relationships and sustain participation. Children may change schools. Parents may lose access to informal care networks. Households may become isolated precisely when support is most needed.

The following case study illustrates this dynamic in practice:

Case Study 1: Housing Stability as Social Infrastructure
Uniting NSW.ACT - Families, Housing and Social Connection Research

The role of housing as social infrastructure is often under-recognised within policy frameworks, which tend to prioritise supply, affordability and tenure outcomes. Research led by Uniting NSW.ACT in partnership with the UNSW Social Policy Research Centre demonstrates that housing stability plays a foundational role in enabling social connection, informal care networks and community participation.

The research examined the experiences of families, particularly those on low to moderate incomes, across a range of housing tenures. A consistent finding was that stable housing conditions are essential for the formation and maintenance of social networks. These networks, comprising extended family, neighbours, schools, faith communities and local services, function as an informal support system that contributes to resilience, wellbeing and participation in economic and civic life.

Families experiencing stable housing reported stronger connections to their communities, greater participation in local activities and increased access to informal support. These networks reduced reliance on formal services by enabling shared care, mutual assistance and community-based problem solving.

In contrast, families experiencing housing instability, particularly in the private rental market, reported significantly weaker connections. Frequent moves disrupted relationships with neighbours and local institutions, while uncertainty of tenure created ongoing stress. Children experienced disruptions to schooling and social development, while adults faced challenges in maintaining employment and engaging in community life.

From a policy perspective, this case study demonstrates that housing outcomes cannot be assessed solely in terms of physical supply or affordability. Stability and continuity are critical dimensions. Housing policy that fails to account for these dimensions risks undermining broader social outcomes and increasing demand on public systems.

This evidence demonstrates that housing stability is not only a determinant of individual wellbeing. It is a structural condition for the functioning of social systems. When housing policy fails to provide stability, the consequences are borne across education, health, social services and community systems.

6.2 Quantified economic and fiscal impact

The social value of housing stability is strengthened by economic evidence from FHA members. BaptistCare's social return on investment work provides a quantified assessment of the value generated when housing is integrated with support. (BaptistCare, 2022) This is important because policy decisions are often shaped by fiscal frameworks that distinguish between expenditure and investment. Housing interventions are frequently treated as costs, while their avoided downstream costs are dispersed across other portfolios.

The BaptistCare modelling demonstrates that integrated housing and support can generate measurable social and economic value. The value arises through improved health outcomes, reduced use of crisis services, increased workforce participation, improved family stability and strengthened community connection. These outcomes are interconnected. Stable housing enables people to engage with services, maintain routines, seek employment and remain connected to support networks.

The following case study illustrates this dynamic in practice:

Case Study 2: Quantifying the Economic Value of Housing Interventions
BaptistCare - Social Return on Investment Analysis

While the social benefits of stable housing are well understood, translating these benefits into economic terms is essential for informing policy and investment decisions. Economic modelling undertaken for BaptistCare provides a detailed assessment of the social and fiscal value generated by integrated housing and service delivery.

The analysis applies a Social Return on Investment framework to quantify outcomes associated with housing interventions that combine stable accommodation with support services. These services include health support, employment assistance, financial counselling and community engagement.

The findings indicate that for every dollar invested in these interventions, approximately $2.22 in social and economic value is generated. This value reflects both direct and indirect benefits, including improved health outcomes, increased workforce participation and reduced interaction with crisis systems.

One of the most significant areas of impact is health. Stable housing reduces exposure to environmental stressors, supports adherence to treatment and improves mental health outcomes. This leads to reduced demand on emergency departments and hospital services, generating savings within the healthcare system.

Workforce participation is another key area. Housing stability enables individuals to maintain employment by providing a secure base from which to engage in work. This reduces income volatility, increases tax contributions and decreases reliance on income support.

The modelling demonstrates that these benefits are not isolated. Improvements in one area, such as housing stability, generate positive effects across multiple domains, amplifying the overall impact.

This modelling demonstrates that investment in housing operates as a form of expenditure substitution. It shifts costs away from high-intensity crisis systems and towards preventative and stabilising interventions. In doing so, it reframes housing investment from a fiscal burden to a mechanism for long-term cost containment and system efficiency.

6.3 Lived experience of housing instability

Evidence from The Salvation Army provides a direct account of how housing system pressures are experienced at the household level. (The Salvation Army, 2025) This evidence is essential because structural analysis can sometimes obscure the immediacy of housing stress. For households living close to the margin, rent increases, arrears, insecure tenure or unexpected expenses can trigger crisis.

The Salvation Army's research shows that many households are allocating substantial shares of income to housing costs, leaving insufficient capacity for food, health care, transport and other essentials. Financial stress is widespread. Missed rent or mortgage payments can quickly become eviction risk, and eviction risk can become homelessness.

The following case study illustrates this dynamic in practice:

Case Study 3: Lived Experience of Housing System Failure
The Salvation Army - Housing and Homelessness Data

Research conducted by The Salvation Army provides a detailed account of the experiences of households facing housing stress and instability. The data shows that a significant proportion of households are allocating a substantial share of their income to housing costs, often exceeding levels that are considered sustainable. This leaves limited capacity to meet other essential expenses, including food, healthcare and education.

Financial stress is widespread. Many households report missing rent or mortgage payments, with some experiencing ongoing arrears. This creates a heightened risk of eviction or forced relocation, contributing to instability.

Housing instability takes multiple forms. Some households experience frequent moves due to rent increases or lease termination. Others experience more severe forms of instability, including temporary homelessness, couch surfing, staying with friends or family, or living in vehicles.

The drivers of these experiences are complex and often interrelated. Financial hardship is a primary factor, but it is frequently compounded by domestic and family violence, health issues and disability. These factors create barriers to accessing and sustaining stable housing.

Service data indicates that demand for housing and homelessness services is increasing. Services are required to respond not only to acute crises, but also to ongoing instability.

This evidence confirms that the housing system is increasingly functioning as a crisis response system rather than preventing instability at its source. This approach is both socially damaging and fiscally inefficient. Earlier intervention through stable and affordable housing would reduce the need for crisis services and improve outcomes for households.

6.4 Market failure and the limits of private rental

The Anglicare Rental Affordability Snapshot provides a population-level complement to the lived experience evidence. It shows that, for many low-income households, the private rental market is not simply difficult; it is effectively inaccessible at an affordable price. (Anglicare Australia, 2025) This matters because the private rental market has increasingly been asked to perform a role it was not designed to perform: to provide stable, long-term housing for households with limited capacity to pay.

The market allocates housing according to price and capacity to pay, not according to need. Where social housing supply is insufficient and affordable rental supply is limited, low-income households are forced into unaffordable rental arrangements, overcrowded housing, unstable accommodation or homelessness. This is a structural limitation of relying on the private rental market as the default safety valve for housing need.

This reinforces the importance of non-market and intermediate housing models. A functional housing system requires more than private ownership and private rental. It requires a spectrum of tenure pathways capable of supporting households at different income levels and life stages.

6.5 Youth pathways and early intervention

Mission Australia's Youth Survey demonstrates that housing is now a central concern for young people. This is significant because housing insecurity at the beginning of adult life can have long-term effects. It influences education, employment, mental health, relationships and the capacity to form independent households. (Mission Australia, 2025)

For young people leaving care, family violence, homelessness services or unstable family environments, the absence of secure housing can set in train a trajectory of instability. Without housing, education and employment become harder to sustain. Without employment, housing becomes harder to access. This circularity creates a pathway into entrenched disadvantage.

This dynamic is reinforced by system settings that disincentivise youth tenancies within social and community housing. Recent modelling demonstrates that providers may experience up to a 54 per cent reduction in rental revenue when housing young people compared to older cohorts. (Equity Economics & HomeTime, 2026)

This contributes to a structural imbalance in the system: while 13.2 per cent of specialist homelessness service clients are young people, only 2.6 per cent of social housing households have a young person as the lead tenant. (Equity Economics & HomeTime, 2026)

The system is therefore not only responding to youth homelessness—it is structurally limiting pathways out of it.

6.6 System innovation: Limited Equity housing

FHA members are not only documenting system failure; they are developing new models. The Limited Equity housing model, developed through work commissioned by Uniting NSW.ACT and undertaken by FERN, responds to a structural gap in the Australian housing system: the absence of viable intermediate pathways between renting and full home ownership. (FERN Associates, 2026)

This gap is increasingly important. A growing cohort of households is ineligible for social housing but unable to access ownership. These households may have stable incomes and capacity to contribute to housing costs, but not enough capital to meet deposit requirements or carry market debt. The private rental market provides insufficient security and no asset pathway. Full ownership is increasingly out of reach.

The following case study illustrates this dynamic in practice:

Case Study 4: Creating an Intermediate Housing Pathway
Uniting NSW.ACT / FERN - Limited Equity Housing Model

A key structural gap in the Australian housing system is the absence of viable intermediate pathways between renting and full home ownership. The Limited Equity housing model, developed through work commissioned by Uniting NSW.ACT and undertaken by FERN, provides a practical response to this gap.

The model is designed to support households who are unable to access home ownership through conventional market pathways but who have the capacity to contribute to housing costs. These households are often excluded from both social housing and ownership, leaving them reliant on insecure private rental.

Under the Limited Equity model, residents make a modest equity contribution, typically in the range of five to ten per cent of the property value. The remaining cost is financed through a combination of debt and concessional capital. Housing costs are structured on a cost-recovery basis rather than market rent, ensuring long-term affordability.

A key feature of the model is the restriction of capital gains. While residents benefit from security of tenure and stable housing costs, the capacity to realise full market gains is limited. This ensures that the housing remains affordable for future occupants and prevents the model from being absorbed into speculative markets.

In the Australian context, the model offers a pathway to expand access to secure housing without relying solely on traditional market delivery or ongoing subsidy. It also aligns with broader policy objectives, including improving affordability, reducing reliance on private rental and supporting long-term stability.

The relevance of this model lies not only in its ability to expand access to secure housing, but in its capacity to preserve affordability over time. It provides an institutional form through which housing can function as infrastructure rather than as a speculative asset. With appropriate financing and regulatory settings, Limited Equity housing could become a durable component of the Australian housing system.

6.7 Delivery capability and land activation

FHA members also bring significant delivery capability through land, institutional trust and local relationships. Faith-based organisations hold substantial land assets, often in established areas with access to transport, services and community infrastructure. These assets are frequently underutilised from a housing perspective, not because there is no willingness to activate them, but because activation requires planning clarity, feasibility capital, partnership structures and risk management.

FHA's national faith-owned land analysis demonstrates that the constraint is not solely land scarcity. In many locations, land exists but is not yet capable of being converted into housing because the enabling frameworks are missing. This is a crucial distinction. It shifts the policy question from whether land exists to how existing land can be mobilised for public value.

The following case study illustrates this dynamic in practice:

Case Study 5: Unlocking Institutional Land for Housing Supply
Faith Housing Australia - National Faith-Owned Land Analysis

A significant constraint within the housing system is the availability of well-located land for development. FHA's national analysis of faith-owned land demonstrates that this constraint is not solely a matter of physical scarcity, but of institutional and policy barriers.

Faith-based organisations collectively hold substantial land assets, often in established urban areas with access to infrastructure, services and transport. These sites are frequently underutilised or used for purposes that do not fully reflect their potential within the housing system.

FHA's analysis identifies thousands of sites with development potential, including a significant proportion located within proximity to public transport corridors. These sites represent an opportunity to deliver housing in locations that support economic participation and reduce infrastructure costs.

However, activating this land is not straightforward. Planning frameworks, zoning restrictions and approval processes can limit the ability to develop housing on these sites. Financing structures and risk allocation also present challenges, particularly for organisations whose primary mission is not property development.

Despite these challenges, FHA members have demonstrated the capacity to deliver housing on such sites through partnerships with community housing providers, developers and government. These projects often integrate housing with community services, reflecting the broader mission of the organisations involved.

This case study demonstrates that supply constraints are not solely a function of land scarcity, but of the planning, financing and institutional frameworks that govern land use. Reform in these areas has the potential to unlock significant volumes of well-located land for housing delivery while preserving mission-driven stewardship.

7. Intergenerational Impacts Across the Life Course

The structural dynamics outlined above do not affect all households in the same way. They manifest at key points across the life course, where housing stability is most important to future outcomes. A life-course lens is therefore essential to understanding intergenerational housing inequity.

7.1 Young people and transition to independence

For young people, the transition to independent living has become increasingly constrained. High rents, low vacancy rates, insecure work and limited savings make it difficult to establish stable housing. Where family support is available, young people may remain at home for longer, receive financial assistance or access guarantees. Where family support is not available, the risks are significantly greater.

Young people leaving out-of-home care face a particularly acute transition. At eighteen, they may be expected to navigate adult housing markets without the family safety net that many peers rely on. This transition is occurring in a rental market that is expensive, competitive and insecure. Without stable housing, education, training and employment become harder to sustain.

The intergenerational dimension is clear. A young person whose family can provide housing or financial assistance has a materially different pathway from a young person who exits care or family violence with no support. The issue is not simply affordability; it is the unequal distribution of the safety nets that make adulthood possible.

The following case study illustrates this dynamic in practice:

Flagship Case Study: A Youth Housing Trajectory
Illustrative system trajectory based on FHA member experience

A young person exits out-of-home care at the age of eighteen. Without access to family support or sufficient savings, they enter the private rental market, where affordability constraints limit their options. They secure short-term accommodation, often in shared or unstable arrangements, and move frequently as rents increase or leases are terminated.

Each move disrupts their ability to maintain employment and complete education. Transport costs increase as housing is located further from employment centres. Social connections are weakened, reducing access to informal support. Financial stress accumulates, and periods of unemployment become more likely.

Over time, the young person experiences episodes of homelessness, including couch surfing and temporary accommodation. Re-engagement with employment becomes more difficult, and reliance on income support increases. By the time they reach their late twenties, the opportunity to enter stable housing has diminished significantly.

This trajectory is not the result of individual failure. It reflects system conditions. The absence of stable, affordable housing at a critical transition point creates cumulative disadvantage that becomes harder and more expensive to reverse.

This case illustrates why youth housing pathways should be treated as an intergenerational equity intervention. Stabilising housing at the point of transition can improve education, employment and wellbeing outcomes, while reducing future demand on crisis systems.

7.2 Working-age households and the missing middle

For working-age households, particularly those on moderate incomes, the housing system presents a different but equally significant challenge. These households may not qualify for social housing, yet cannot access ownership under current market conditions. They are often described as the missing middle, but the term should not obscure the structural nature of the problem.

The absence of intermediate tenure pathways means that households are effectively forced into a binary choice between insecure private rental and full market ownership. As ownership becomes more expensive, the gap between these options widens. Households may remain in rental housing for longer periods, facing rent increases, insecure tenure and limited capacity to save.

Family wealth again becomes decisive. Two households with similar incomes may have very different outcomes depending on whether one can access parental assistance for a deposit or guarantee. This creates within-cohort inequality and reinforces intergenerational inequality. It also has macro effects, as households without assistance delay family formation, reduce consumption or relocate away from employment centres.

Intermediate housing models, including Limited Equity housing, directly address this structural gap. They provide secure housing without requiring full market purchase and can preserve affordability over time. For the missing middle, such models can provide stability and a modest asset pathway without exposing households to unsustainable debt. These approaches align with emerging shared equity models and provide a structured pathway into ownership for households otherwise excluded from market entry.

7.3 Older Australians and insecure retirement

At the later stages of the life course, housing outcomes accumulated over decades become highly consequential. Older Australians who own their homes outright generally experience greater security and lower housing costs. Older renters face a very different reality. Rental costs can consume a large proportion of fixed incomes, and insecurity of tenure creates ongoing stress.

Older women are particularly vulnerable. Lower lifetime earnings, interrupted workforce participation, caring responsibilities, relationship breakdown and limited superannuation all contribute to housing insecurity in later life. For many older women, the private rental market does not provide a viable platform for ageing in place.

Housing insecurity in older age also has cross-portfolio consequences. Without stable and appropriate housing, older people may enter residential aged care earlier than clinically necessary, experience preventable hospitalisations or require more intensive support. These outcomes increase public expenditure and reduce quality of life.

FHA members operating across housing and aged care are well placed to develop integrated ageing-in-place models. These models combine tenancy stability, community connection and in-home support. They demonstrate that housing policy and aged care policy cannot be treated as separate systems.

7.4 Homelessness and system entrenchment

Homelessness represents the most acute manifestation of housing system failure, but it should not be understood as a separate issue. It is part of the same continuum. Households enter homelessness through pathways shaped by affordability, insecure tenure, family violence, health issues, income inadequacy and lack of suitable housing.

Once homelessness occurs, barriers to exit are significant. The longer a person or household remains without stable housing, the more complex their needs may become. Employment may be lost, health may deteriorate, family relationships may strain and trust in institutions may weaken. The system then requires more intensive and expensive responses.

From an intergenerational perspective, homelessness can have lasting effects. Children who experience homelessness or repeated moves may experience disrupted education and social development. Adults may experience reduced lifetime earnings and increased service reliance. These impacts can carry into the next generation.

This underscores the importance of prevention. Housing stability at key transition points is not merely a social objective; it is a system efficiency measure. Preventing homelessness is less costly and more effective than responding after crisis occurs.

8. System Reform: Converting Structural Insight into Durable Performance

The evidence presented in this submission demonstrates that intergenerational housing inequity is not the result of a single policy failure, but reflects misalignment across multiple components of the housing system. Addressing this requires strengthening both market delivery capacity and non-market mechanisms, ensuring that each is applied where it is most effective.

This includes misalignment between income support settings and housing delivery frameworks, which in the case of young people creates a structural disincentive to provide housing despite high levels of need. Addressing it therefore requires coordinated adjustment across capital settings, delivery pathways, tenure models and cross-portfolio integration. The objective is not only to increase supply, but to improve system yield—that is, the number, type and durability of housing outcomes generated per dollar of public investment.

The opportunity is not simply to expand existing programs, but to improve the efficiency, alignment and yield of the housing system as a whole. This approach is consistent with FHA's broader policy position: current reform momentum should be converted into durable system change by mobilising mission-driven capacity, aligning instruments with need and reducing avoidable downstream expenditure. This reform momentum provides a strong foundation. The next phase is to extend it to the scale required to meet underlying demand and correct accumulated supply shortfalls —particularly for low-income and high-need cohorts where market delivery is structurally insufficient.

A first priority is the alignment of capital instruments with the economic characteristics of different housing cohorts. Specialist cohorts, including youth housing, domestic and family violence accommodation, crisis and transitional housing and supported housing, are structurally unsuited to debt-based finance where rental revenues are insufficient to sustain debt. Applying debt-based finance to these cohorts misallocates capital and increases project failure risk. Grant-based capital is more appropriate where revenue is constrained and service intensity is high.

For social and affordable housing capable of supporting revenue-based models, long-term revenue support and concessional finance can crowd in institutional and mission-aligned capital. However, such mechanisms require forward certainty, transparent allocation and alignment across Commonwealth and state settings. Program volatility increases risk premiums and reduces delivery efficiency. Durable funding architecture lowers risk and increases dwellings delivered per dollar of subsidy.

The system also requires mechanisms to convert latent capacity into active supply. FHA's work on faith-owned and community-held land demonstrates that many potential projects are constrained at the feasibility stage. (Faith Housing Australia, 2025) Early-stage capital for site investigations, planning advice, design development and project structuring can have a disproportionate impact by moving projects from concept to investment readiness. Such funding is modest relative to full development costs but critical to pipeline formation.

A related issue is delivery concentration. National programs have understandably relied on larger providers with established balance sheets and delivery track records. However, over-reliance on a small number of providers can increase systemic risk and limit regional and community-controlled participation. Targeted capability investment can broaden the delivery base while preserving scale through aggregation models and partnerships.

Demand-side stability remains essential. Supply-side programs will take time to deliver, and households experiencing severe rental stress need stabilisation now. Commonwealth Rent Assistance and related administrative systems play a critical role in tenancy sustainment. Adequacy of support affects rental arrears, eviction risk, homelessness inflows and community housing revenue stability. Strengthening demand-side stability should therefore be understood as housing system stabilisation, not merely income support.

Administrative systems also require attention. FHA members regularly encounter delays in income verification, Centrepay adjustments, Commonwealth Rent Assistance processing and consent handling. These administrative issues can create tenancy risk for vulnerable households and transaction costs for providers. Dedicated housing pathways within Services Australia would be a low-cost reform with material system benefits.

Demographic alignment is also necessary. Population ageing and housing insecurity among older Australians are increasing pressure across housing, health and aged care systems. Older social housing tenants with low-level support needs may be able to age in place with modest assistance, avoiding premature entry into residential aged care. Integrating housing and aged care support represents expenditure substitution, shifting from higher-cost institutional care to lower-cost community-based support.

Finally, durable reform requires governance architecture. Australia's housing system has historically experienced stop-start policy cycles. A legislated National Housing and Homelessness Plan with measurable targets, cross-portfolio alignment and transparent reporting would provide continuity and accountability. It would also help align capital programs, income supports, homelessness services and planning reforms within a coherent national framework.

Taken together, these adjustments do not represent a departure from current reform directions. They represent an extension and consolidation of them. The objective is to increase dwellings delivered per dollar of subsidy, reduce avoidable downstream expenditure and align housing policy with broader economic and social objectives.

9. Implementation Architecture and Sequencing

A reform agenda of this kind requires sequencing. Immediate action should focus on stabilising households and unlocking stalled delivery capacity. This includes strengthening rental support where severe rental stress is driving homelessness inflows, expanding grant-based capital for crisis and transitional housing cohorts, and establishing pre-development pathways to move mission-driven land into investment-ready pipelines.

Medium-term reform should focus on institutionalising intermediate housing pathways, expanding provider capability and improving planning and financing alignment. Limited Equity housing, aggregation models for smaller providers, and partnership structures for faith-owned land should be developed as durable system components rather than one-off pilots.

Long-term reform should focus on embedding housing as social and economic infrastructure within national policy architecture. This means aligning housing with health, aged care, social services, transport, productivity and fiscal frameworks. It also means sustaining transparent reporting and accountability beyond electoral cycles.

The sequencing matters because intergenerational inequity is cumulative. Delayed action increases downstream costs. Conversely, early intervention at key transition points can reduce long-term service demand and improve participation. A well-sequenced approach allows government to respond to immediate pressures while building the architecture required for durable reform.

10. Detailed Reform Architecture

The reform directions proposed in this submission are deliberately framed as system settings rather than discrete program asks. This reflects FHA's view that intergenerational housing inequity requires alignment across capital, land, provider capability, income support, administration, aged care and governance. The measures below are expressed in a style consistent with FHA's broader budget and policy work: they focus on converting reform momentum into durable system performance.

10.1 Capital alignment for different housing cohorts

Capital instruments should be aligned with the economic characteristics of the housing being delivered. Social and affordable housing projects with stable, long-term rental revenue may be supported through revenue subsidies, concessional finance and institutional capital. Specialist cohorts such as youth housing, domestic and family violence accommodation, crisis and transitional housing, and supported housing often require grant capital because rental revenues are structurally insufficient to service debt.

In the case of youth housing, this misalignment is compounded by the structure of income-linked rents, which results in materially lower operating revenue per tenancy. Without adjustment, this creates a persistent viability gap that reduces project feasibility and suppresses supply.

When capital instruments are misaligned, projects either fail to proceed or carry inappropriate risk. Applying debt to revenue-constrained cohorts can create the appearance of fiscal efficiency while reducing actual delivery outcomes. Conversely, grant capital for specialist cohorts can represent whole-of-government efficiency where it reduces downstream costs in homelessness, justice, health and child protection systems.

Capital alignment should therefore be assessed through a whole-of-system lens. The relevant question is not only the upfront cost to the housing portfolio, but the cost avoided across government when stable housing prevents crisis. This requires Treasury, housing agencies and service portfolios to evaluate investment through shared outcomes and avoided expenditure.

This approach aligns capital allocation with expected fiscal outcomes, improving the efficiency of public investment by directing grant funding to cohorts where avoided downstream costs are highest. Capital alignment improves the effectiveness of investment, but does not remove the need for sufficient overall funding to meet demand at scale.

Why this matters for intergenerational equity:
Without capital aligned to cohort economics, housing for those without access to family wealth does not proceed at scale, reinforcing a system in which secure housing is increasingly determined by inherited advantage rather than need or participation.

10.2 Closing the gap for young renters

The treatment of young renters within social and affordable housing settings represents a correctable structural distortion with significant human and fiscal consequences.

Because rental revenue is linked to income, and youth income support payments are lower, providers experience reduced revenue when housing young people. This creates a system-level disincentive that limits supply for a cohort with high levels of housing need and limited access to family support.

This distortion is reinforced in competitive funding programs, where projects targeting young people may require higher subsidy to achieve viability and are therefore less competitive under standard assessment settings. The result is not value-for-money optimisation, but cohort exclusion embedded within system design.

Addressing this issue does not require new system architecture, but targeted adjustment to existing settings to restore neutrality and enable access.

Modelling indicates that correcting this distortion delivers net fiscal benefits. Housing 1,000 young people is estimated to generate $30.2 million in Commonwealth savings over four years against a policy cost of $21.6 million, with substantially larger long-term economic benefits. (Equity Economics & HomeTime, 2026)

This positions youth housing not as a cost pressure, but as a fiscally responsible intervention that improves long-term system performance.

Why this matters for intergenerational equity:
Without reform, current system settings delay or prevent access to stable housing at the point of transition to adulthood, reinforcing intergenerational disadvantage through disrupted education, employment pathways and prolonged exposure to insecure rental.

10.3 Pre-development and feasibility as pipeline infrastructure

Early-stage feasibility is one of the most important and under-recognised components of housing delivery. Many mission-driven and community-held sites have housing potential but cannot progress without funding for site investigations, planning advice, design development, environmental due diligence, service authority engagement, financial modelling and partnership structuring.

Without such support, land remains latent. The absence of early-stage capital can prevent projects from reaching the point at which they are eligible for HAFF, NHIF or state co-investment pathways. This creates a false impression of insufficient pipeline when, in reality, pipeline exists but is not investment-ready.

Pre-development funding should therefore be treated as pipeline infrastructure. It is relatively modest compared with capital construction costs but has a catalytic effect. It increases the conversion rate from concept to delivery and improves the performance of larger capital programs by ensuring that more projects are ready, feasible and well structured.

Why this matters for intergenerational equity:
Without pre-development capability, land held for public and community purpose remains inactive, constraining supply and reinforcing reliance on family wealth as the primary pathway into secure housing.

10.4 Provider capability and aggregation

National housing programs increasingly require sophistication in governance, procurement, compliance, finance and delivery. Larger providers are often better positioned to meet these requirements, but relying primarily on large providers risks narrowing the delivery base and limiting regional or community-controlled participation.

Smaller, regional and community-controlled providers may hold land, local trust and relationships that are essential to place-based delivery. However, they may need support to participate in national programs. Capability investment can strengthen governance, systems, procurement, project readiness and aggregation models.

Aggregation is particularly important. It allows smaller providers to preserve local governance and community connection while achieving the scale required for finance, procurement and compliance. This approach can broaden participation without compromising delivery discipline.

In parallel, demand-side ownership pathways should be calibrated to expand access without inflating prices. Shared and limited equity models offer a mechanism to support low-to-moderate income households into secure tenure while moderating debt exposure and preserving affordability over time.

Why this matters for intergenerational equity:
Without investment in capability and aggregation, delivery remains concentrated among a limited set of providers and locations, reducing access for communities and cohorts already excluded from wealth-based housing pathways.

10.5 Demand-side stability and tenancy sustainment

Supply-side reform is essential but will take time. During the transition, severe rental stress continues to drive instability and homelessness inflows. Demand-side supports, including Commonwealth Rent Assistance, therefore play a critical role in stabilising households and protecting tenancies.

Strengthening rental assistance should be understood not only as income support but as housing system stabilisation. Adequate support reduces arrears, eviction risk and homelessness presentations. In the regulated community housing system, it can also improve rental revenue stability, supporting financing and operational sustainability.

Prevention through income adequacy is materially less costly than crisis response. The fiscal case should therefore account for avoided homelessness, health and justice costs, not simply the direct cost of assistance.

Why this matters for intergenerational equity:
Without adequate demand-side support, the system exposes low-income households without family safety nets to avoidable eviction and homelessness, reinforcing intergenerational disadvantage through early and repeated housing instability.

10.6 Administrative efficiency as tenancy protection

Administrative systems can either support or undermine housing stability. Delays in income verification, CRA processing, Centrepay adjustments and consent-based information sharing can create avoidable arrears and tenancy stress. For vulnerable households, administrative delay can become a housing risk.

A dedicated Services Australia housing pathway for community housing providers, homelessness services and state housing authorities would improve system responsiveness at relatively low cost. Such a pathway would reduce duplication, improve accuracy and support tenancy sustainment.

This represents a system-level delivery constraint. As national housing programs expand, administrative friction can become a structural bottleneck. Improving administrative pathways is therefore part of delivery architecture.

Why this matters for intergenerational equity:
Without efficient administrative systems, routine delays and errors translate into arrears and eviction risk for households without financial buffers, reinforcing disadvantage through avoidable tenancy failure.

10.7 Ageing in place and cross-portfolio integration

Older social housing tenants and older renters sit at the intersection of housing, health and aged care systems. Many older tenants can remain safely housed with modest in-home support, accessibility modifications and tenancy-level navigation. Without such support, they may enter residential aged care earlier than necessary or experience avoidable hospitalisation.

Supporting older people to age in place is both humane and fiscally efficient. It allows people to remain connected to community and reduces pressure on higher-cost institutional systems. FHA members operating across community housing, aged care and community support are well positioned to deliver integrated models.

This is a clear example of expenditure substitution. Investment in low-level support and tenancy coordination can prevent higher-cost interventions. It also demonstrates why housing policy cannot be separated from aged care reform.

Why this matters for intergenerational equity:
Without support to age safely in place, housing insecurity is carried into later life, increasing reliance on higher-cost systems and reinforcing cumulative disadvantage across generations.

10.8 National governance and durability

Australia's housing policy has historically suffered from stop-start reform cycles. Programs are announced, funding rounds open and close, and delivery systems adjust to shifting priorities. This volatility undermines institutional investment, provider planning and long-term pipeline formation.

A durable national housing and homelessness framework should establish measurable targets, cross-portfolio alignment, transparent reporting and accountability across Commonwealth, state and territory systems. Such a framework would not replace program design, but would provide the architecture within which programs can operate coherently.

Durability matters for intergenerational equity because the effects of housing policy unfold over decades. A system that changes direction every electoral cycle cannot reliably support long-term investment, land activation or provider capability. Legislative and governance architecture should therefore be understood as a delivery tool, not merely an accountability mechanism.

Why this matters for intergenerational equity:
Without durable policy settings and long-term funding certainty, housing supply and system reform remain constrained, shifting the costs of instability onto younger and future generations.

11. Policy Logic: From Structural Diagnosis to Delivery Reform

The logic of this submission can be expressed as a sequence. First, housing has become increasingly central to wealth accumulation. Second, access to housing is increasingly mediated by capital. Third, capital is unevenly distributed and increasingly transferred through families. Fourth, housing delivery constraints intensify this inequity by making secure housing more scarce and more expensive. Fifth, households without access to family wealth are exposed to insecure rental, delayed ownership, housing stress or homelessness. Sixth, these outcomes create downstream costs across public systems. Finally, mission-driven land, integrated services and alternative tenure models provide practical mechanisms to restore housing's infrastructure function.

This sequence matters because it demonstrates that intergenerational housing inequity is produced through the interaction of system settings, not through isolated policy failures. Wealth inequality, planning constraints, rental stress and homelessness are not separate policy domains. They are linked through the housing system. A young person leaving care, an older woman in rental stress and a moderate-income family unable to buy are experiencing different points on the same system failure.

In the case of young people, system settings can actively constrain the transition from homelessness to stable housing. Where financing and rent structures disincentivise youth tenancies, the system fails to convert high-need demand into stable housing outcomes, reinforcing long-term disadvantage.

Policy design should therefore aim to interrupt this sequence at multiple points. This includes consideration of how system-wide settings affect housing access and wealth distribution across cohorts. It should reduce the extent to which access depends on family capital. It should increase the supply of secure non-market and intermediate housing. It should stabilise renters before they enter homelessness. It should unlock land already held for mission and community purposes. It should align aged care, health and housing supports so that older people are not forced into higher-cost settings because housing support is missing.

This includes consideration of how investor tax settings can be calibrated to better support new supply and long-term rental outcomes, rather than primarily amplifying demand for existing housing assets.

The most effective reforms will be those that improve both equity and efficiency. For example, grant capital for youth housing is equitable because it supports a cohort without family safety nets. It is also efficient because it can reduce downstream justice, homelessness and welfare costs. Pre-development funding is equitable because it enables more diverse providers and landholders to participate. It is efficient because it improves the performance of larger capital programs. Limited Equity housing is equitable because it provides a pathway for households excluded from ownership. It is efficient because it preserves affordability over time.

Similarly, ageing-in-place support is equitable because it allows older tenants to remain safely housed. It is efficient because it can delay entry into residential aged care and reduce hospitalisation. Administrative reform is equitable because it protects vulnerable tenants from arrears caused by processing delays. It is efficient because it reduces transaction costs across providers and government.

This is why FHA favours a system-performance approach rather than a list of isolated recommendations. The challenge is not to add programs to an already fragmented system. The challenge is to align instruments, institutions and incentives so that the system produces better outcomes with the capacity it already has.

12. Practical Implications for Government

For the Commonwealth, the practical implication is that housing policy should be evaluated as economic and social infrastructure. This means assessing not only capital outlays and recurrent subsidies, but also avoided expenditure, productivity effects, labour market participation, health outcomes and aged care impacts. It also means designing funding instruments according to the revenue capacity and service intensity of the cohort being housed.

This includes ensuring that funding and assessment frameworks do not unintentionally disadvantage cohorts such as young people, where lower income settings create structural viability gaps that suppress housing supply despite strong long-term fiscal returns.

The Commonwealth is uniquely positioned to align these settings through its control of tax policy, income support, national funding architecture and macroeconomic settings.

For states and territories, the practical implication is that planning, land and service systems must be aligned with national capital programs. Housing Australia funding can only deliver at scale if projects are feasible, approved and supported by local infrastructure and services. State land contributions, planning pathways and co-investment settings are therefore not ancillary; they are central to delivery.

For local government, the practical implication is that community acceptance, planning interpretation and local infrastructure coordination affect national outcomes. Local governments are often closest to faith-owned and community-held land opportunities. Clear guidance, consistent planning treatment and partnership support can convert local sites into housing outcomes.

For community housing providers and specialist homelessness services, the practical implication is that delivery capability must be strengthened and diversified. Larger providers will remain essential, but smaller, regional, faith-based and community-controlled providers also hold critical capability. Aggregation and capability-building can enable participation without sacrificing governance or local connection.

For faith-based landholders, the practical implication is that land activation requires specialist support. Mission alignment alone is not sufficient. Landholders need feasibility advice, governance support, partnership models, risk management and access to appropriate capital. With these settings, faith-owned land can contribute materially to national housing outcomes.

For people experiencing housing stress, the practical implication is that reform must produce tangible pathways: stable youth housing, affordable rentals, intermediate tenure, secure ageing-in-place options and exits from homelessness. System reform should ultimately be judged by whether households experience more stable, affordable and appropriate housing across the life course.

13. Conclusion

Intergenerational housing inequity in Australia reflects a structural transformation in the housing system. Housing has shifted from being broadly accessible social and economic infrastructure to operating increasingly as a financial asset class and intergenerational wealth transmission mechanism. This shift has changed how opportunity is allocated and has increased the importance of inherited advantage.

The consequences are evident across the life course. Young people face barriers to independence. Working-age households are caught in the missing middle. Older renters face insecurity in retirement. Homelessness services are absorbing the consequences of upstream failure. These are not isolated problems; they are connected manifestations of system misalignment.

The evidence from FHA members demonstrates that solutions exist. Stable housing strengthens social infrastructure. Integrated housing and support generate measurable economic value. Lived experience evidence confirms the urgency of prevention. Limited Equity housing offers an intermediate pathway. Disused and underutilised faith-owned land provides latent supply. Housing and aged care integration can reduce downstream costs.

The Committee has an opportunity to reframe housing reform as a question of system performance over time. Reforms that align capital with cohort economics, unlock mission-driven land, stabilise renters, embed intermediate tenure pathways and integrate housing with aged care and community support would improve equity, productivity and fiscal sustainability simultaneously. Faith Housing Australia urges the Committee to recommend reforms that reduce reliance on family wealth for housing access and restore housing as foundational social and economic infrastructure for current and future generations.

Removing structural distortions that limit access for younger cohorts, including those embedded in current rent and funding settings, represents a practical and fiscally responsible step toward restoring system balance. Without such adjustments, the housing system will continue to exclude young people not by design intent, but through embedded financial settings that constrain supply.

The Commonwealth has taken important steps to re-establish a national housing framework and increase investment. The next phase of reform is to ensure that this investment reaches the scale and alignment required to deliver durable outcomes across the housing system.

FHA and its members stand ready to contribute to this work. The opportunity is to restore housing as foundational social and economic infrastructure for participation, stability and opportunity across generations. The central policy choice is therefore whether housing continues to operate as a mechanism of intergenerational wealth amplification, or is restored as foundational social and economic infrastructure enabling broad-based participation across generations.

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Appendix 1: Source Integration and Evidentiary Contribution

This submission draws on a range of sources that perform different evidentiary functions. Their value lies not only in the facts they contain, but in how they combine to explain the housing system as a whole. The macroeconomic sources explain how wealth and housing markets have changed. The national housing system sources explain how delivery constraints are operating. The member sources explain how these dynamics are experienced in households and services, and how solutions can be designed.

The Productivity Commission material provides the structural wealth-transfer frame. It shows that intergenerational transfers are large, growing and unevenly distributed, and that their timing limits their capacity to equalise opportunity. This evidence supports the submission's argument that housing inequity is not simply about current affordability, but about how wealth is accumulated, retained and transmitted.

The Eslake material provides an intergenerational inequality lens. It shows that wealth inequality is more pronounced than income inequality and that the distribution of wealth is increasingly generational. It also highlights that younger Australians are carrying more liabilities while older Australians hold more assets. This supports the submission's argument that the housing system is operating within a broader pattern of asset-based inequality.

The academic research on the Bank of Mum and Dad provides the pathway mechanism. It shows that parental transfers and bequests can hasten entry into home ownership. This is important because it demonstrates how intergenerational wealth affects not only static wealth measures but housing trajectories. The evidence shows why two households with similar incomes may experience very different housing outcomes depending on access to family capital.

The National Housing Supply and Affordability Council's work provides the delivery-system frame. It shows that Australia faces persistent under-supply, affordability pressures and structural constraints across planning, construction and finance. This supports the submission's argument that wealth dynamics are being amplified by delivery failure.

The Anglicare Rental Affordability Snapshot provides the private rental market failure evidence. It shows that for many low-income households, affordability is effectively absent from the private rental market. This reinforces the need for non-market and intermediate housing pathways, because the market alone is not producing housing for households with limited capacity to pay.

The Mission Australia Youth Survey provides the early-life evidence. It shows that housing is now a significant concern for young people, which is a signal that housing stress is shaping aspirations, expectations and transitions before young people have had an opportunity to establish economic independence.

The Salvation Army evidence provides the lived experience and crisis-system evidence. It demonstrates how housing costs and instability are experienced by households and how they translate into demand for services. This evidence grounds the submission in the reality of households cycling through stress, arrears, displacement and homelessness.

Uniting NSW.ACT's research with UNSW provides the social infrastructure evidence. It demonstrates that housing stability enables the networks of informal care and support that families rely on. This is essential to the submission because it shows that housing is not only an economic platform but a relational and community platform.

BaptistCare's SROI evidence provides the fiscal and economic return evidence. It shows that integrated housing and support generate measurable value across health, employment, safety and service demand. This supports the submission's argument that housing investment should be treated as preventative infrastructure.

The FERN Limited Equity report provides the model-design evidence. It demonstrates that an intermediate tenure pathway can be structured to provide security and affordability while preserving public value. This supports the submission's reform argument that the housing system requires more than private rental, social housing and full ownership.

FHA's faith-owned land analysis provides the latent supply evidence. It shows that mission-driven land exists and can be mobilised where planning, feasibility, finance and partnership frameworks are aligned. This is central to FHA's distinctive contribution: the sector does not only describe need; it holds assets and capability that can be activated.