

Home
in Place

SUBMISSION

Homes for NSW Discussion Paper



“The overwhelming impression obtained from our inquiries is one of widespread deficiencies in quantity and quality of housing, and the acuteness of the present shortage. We feel strongly that action should be taken immediately to alleviate this shortage. The limited programme inaugurated this year by the Commonwealth Government through the agencies of the States should be increased... rapidly.”

- Final Report of the Commonwealth Housing Commission.
August 25, 1944.

Introduction:

Home in Place welcomes the opportunity to provide feedback on the Homes for NSW Plan discussion paper.

At Home in Place we provide homes for those in need, and create places where people can thrive. With close to 8,000 properties under management, and a track record stretching back more than 35 years, Home in Place is one of the largest and most experienced not-for-profit housing charities in the Asia Pacific.

Our tenants benefit from a model of service delivery which integrates tenancy and property management within a broader network of services designed to help clients maximise their economic and social participation. With our government and private sector partners, we have also delivered close to a thousand new homes over the past decade, achieving profound social and economic benefits, at scale.

We share the NSW Government's ambition for a housing system in which everyone has access to a decent home and the support they need. This ambition maps neatly onto our company vision for a world in which all people have adequate and affordable housing and are engaged in sustainable communities.

The analysis and recommendations below address those questions from the discussion paper we believe to be the most relevant to addressing the severe housing crisis currently gripping the state.

This submission outlines both the extent, and structural nature, of the reforms required to create a housing system that provides everyone with the dignity and security of a safe and affordable place to live.

Have we missed any challenges or possible reforms around customer-driven service?

The challenges facing the system are well defined. The interrelated issues of prioritisation and tenancy sustainability identified in the discussion paper merit closer attention as it is the former that is heavily impacting the latter.

The collective failure of governments over the past three decades to deliver social housing at a rate commensurate with growth in demand has resulted in severe rationing with access reserved for an ever smaller section of the population. The residualisation of the housing stock has coincided with the almost universal adoption of "Housing First" based allocation policies which, as the discussion paper has noted, see most homes allocated to applicants on the "priority" section of the waiting lists. Members of this cohort often experience a variety of complex social and health problems which frequently manifest in behaviours that are inconsistent with the terms of a residential tenancy agreement. The rationing of stock to the most vulnerable households, combined with inadequate investment in medical and social support for tenants, have contributed heavily to the stigmatisation of social housing as having "a significant association with crime and criminality, disorder, anti-social behaviour, (and) welfare dependency..." (Jacobs et al, 2011). The progression of social housing from its origins as

a vehicle to advance the economy by providing suitable accommodation for low-income workers, to its current role as “housing of last resort”, has contributed to a steady erosion of public support for what was once a broadly accepted form of housing tenure.

Home in Place believes there is a deeper question to be asked about the current approach to prioritisation. Housing First policies became fashionable in the social housing sector roughly 30 years ago, replacing what its proponents deemed to be unfair and ineffective “linear” models of supported housing in which people were expected to progress through a series of shelter and group-based residential settings and meet certain preconditions, such as sobriety, before being allocated a property of their own. As the name suggests, Housing First based programs reverse this approach. While this is no doubt a positive development from the perspective of people who would not be capable of, or interested in, meeting the various preconditions associated with a linear model, it is far from clear that it is an optimal way to operate, particularly in an environment of extreme scarcity, primarily because it involves the deliberate exclusion of other groups on the basis of some questionable assumptions.

At its core, Housing First is a philosophy which says that anyone who is experiencing homelessness in a given location, regardless of where they come from, or how they came to be where they are, is entitled to a heavily subsidised home, in a neighbourhood of their choice, with almost no strings attached. In practice, it also says that people whose homelessness is due to psychosocial factors like addiction and mental illness have a greater entitlement to assistance than people whose homelessness is purely based on affordability. The motivating theory underpinning this idea is that people will be more capable of addressing the issues that caused them to become homeless if they are appropriately housed. At face value this seems plausible, but the real-world results are inconclusive. While it is true that Housing First based programs have shown impressive results in terms of helping clients stay housed, this is at least partially due to the willingness of housing providers, influenced in some instances by contract KPIs, to tolerate behaviours that would generate a much more severe response in the private rental market. In terms of helping clients address the underlying issues causing those behaviours, the results have been less impressive with multiple studies (e.g. Johnson et al, 2012, and Baxter et al, 2019), revealing that participants in Housing First programs show little to no behavioural change, particularly with regard to addiction and illicit drug use. Because housing is offered with no preconditions, many of the most distressing aspects of street homelessness – including the tri-morbidity of substance use, mental illness, and chronic physical health problems - are often still present. Viewed through this lens social housing could be described as simply a form of homelessness that has been brought indoors.

Housing First and other supportive housing interventions... it might be said, help individuals graduate from the trauma of homelessness into the normal everyday misery of extreme poverty, stigma, and unemployment.

- Johnson G, Parkinson S, & Parsell, C. 2012

Thanks to rapid escalation of construction costs over the past five years, the cost of providing a single unit of social housing in a major Australian city is rapidly approaching three quarters of a million dollars. The argument that these homes should be reserved primarily for people with complex psychosocial challenges who are often unable to access the support they need, and

are at liberty to disengage from support that *is* available, even if this means they will struggle to abide by the terms of a residential tenancy agreement, is increasingly difficult to sustain if for no reason other than that it ensures that low-income households, who do not require intensive support, but would benefit greatly from reduced rent, are left to experience damaging levels of financial hardship in the private rental market. Deciding who wins and loses in this zero-sum situation involves a highly subjective value judgement. There would seem no moral or ethical reason why people experiencing homelessness due to addiction and disaffiliation should be deemed more deserving of the state's assistance than low-income working families or elderly retirees priced out by spiralling rents. Indeed, many would argue the opposite should be the case. This is certainly not to suggest that people with complex issues should not be provided with social housing, but the wisdom of providing it almost exclusively to this cohort, with almost no strings attached, is, at the very least, contestable.

With close to 90 per cent of social housing tenancies allocated to applicants deemed to be in “greatest need” – typically defined as disability, poor physical health, mental illness, trauma, old age/frailty, family violence, homelessness, exiting institutions, or a combination of the above – it is crucial that governments wishing to pursue Housing First based allocation policies, invest appropriately in wraparound support services to enable the Housing First approach to operate as intended, i.e. with tenants receiving the appropriate support, with the frequency and intensity that is required, to be able to sustain their tenancies.

What changes do you think we should make to improve social housing access and tenancy management?

We consider that a dwelling of good standard and equipment is not only the need but the right of every citizen.

- Commonwealth Housing Commission. 1944

Rapid inflation in housing costs means social and/or affordable housing is the only form of tenure that a large, and growing, share of the population can afford without experiencing severe financial hardship. The discussion paper notes that in NSW alone at least 315,000 households would be eligible for social housing based on their income. Less than 20 per cent of these households are on the official housing register, quite possibly because the remainder have concluded there is little point in applying as their chances of securing a property are close to zero. This phenomenon was explored in some detail in a Home in Place research paper from 2021 – [Meeting Social Housing Need: A Tipping Point for Federal Intervention](#). However, social housing policies that narrowly restrict eligibility to individuals with severe addiction, physical, or mental health challenges risk creating segregated, stigmatized environments and fail to address broader housing needs within society. Opening social housing to a wider range of the public could yield significant social, economic, and community benefits.

First, broadening eligibility fosters social diversity. Concentrating social housing solely on vulnerable populations can create ghettos of disadvantage, reinforcing stigma and isolating residents from broader community networks. By including people from a wider range of socio-

economic backgrounds, social housing developments can reflect the natural diversity of society, promoting inclusivity and mutual support among residents.

Secondly, expanding eligibility can alleviate the broader housing crisis. Housing affordability challenges are increasingly affecting working class, and even middle-income, families who generally do not qualify under current social housing criteria. Recent [research from Anglicare](#) has revealed that a vanishingly small proportion of rental properties are affordable for essential workers, including teachers, nurses, paramedics, and other frontline emergency services workers. A well-functioning society does not allow the people it relies on to keep its members healthy, educated, and safe, to live lives of extreme precarity. Social housing was originally conceived as economic infrastructure that allowed low and moderate income workers to live with dignity and security in relative proximity to the areas in which their labour was required. A return to this approach could help ensure more equitable access to stable, affordable housing and prevent households from falling into crisis situations that ultimately strain emergency services and social safety nets.

Broadening eligibility for social housing would also address increasing concerns from employers who struggle to attract qualified staff because potential employees can no longer afford to live close to employment hubs. A recent KPMG Australia survey, titled "[Keeping Us Up At Night 2025](#)," highlights that housing availability and affordability have become significant concerns for Australian business leaders. Nearly half of the surveyed executives identified the lack of progress on housing affordability as a major issue with high housing costs affecting employee decisions regarding workplace locations, thereby complicating recruitment and retention efforts for businesses.

Mixed-income social housing models have also been shown to stabilise neighbourhoods and attract investment. By integrating working-class and lower-income households, such communities can become more sustainable and resilient, benefiting from a shared sense of responsibility and pride in their living environments. Broadening access to social housing can also help normalise the concept, reducing the stigma associated with it. This normalisation fosters greater public support for investing in and expanding social housing programs, creating a positive cycle of improvement in housing quality and availability.

We recognise the concern, noted in the discussion paper, that adopting a less restrictive set of eligibility criteria would likely result in an increase in the number of households on the housing register, however, a register that fails to capture more than 80 per cent of those households whose income would already qualify them for eligibility is clearly not fit for purpose. It is our view that the case for broadening eligibility is vastly stronger than that for maintaining the existing approach purely to obscure the true extent of the need.

How do we make sure the homes we build in the next few years are the right ones to meet the current urgent need, and the needs of our customers in the long term?

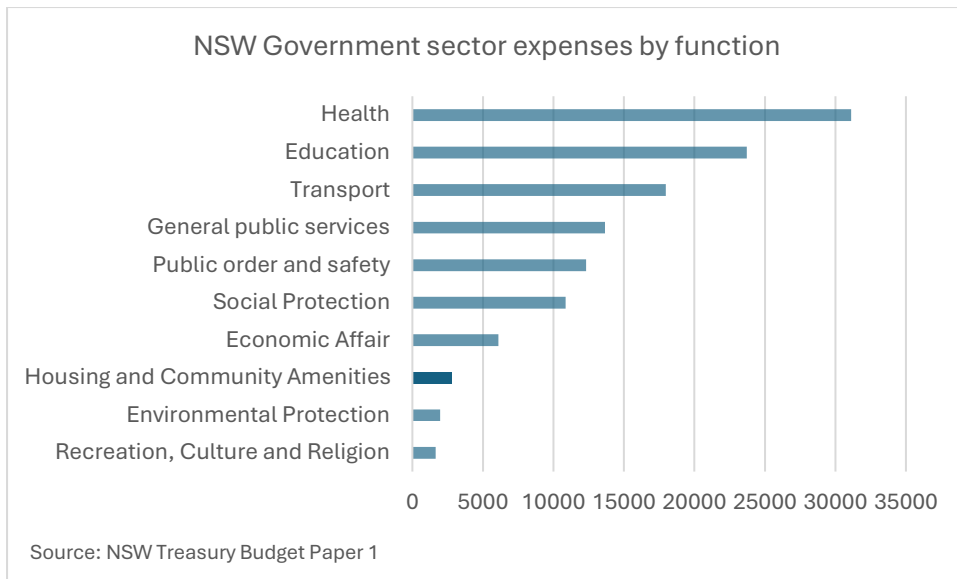
We commend Homes NSW for acknowledging the importance of measurable targets for new social housing construction to drive accountability and transparency. We note the acknowledgement that on current trends the proposed targets will not meet existing levels of demand, let alone anticipated future demand. What we find concerning is the assumption implicit in the supporting content, that this state of affairs is simply the natural order of things. In our view, far from being a fait accompli, the inability of the housing assistance system to meet demand is simply a policy choice on the part of both state and federal governments. This submission began with a quote from the final report of the Commonwealth Housing Commission produced in 1944. Then, as now, the nation was confronting a severe shortage of housing. The critical difference is that the government of the day, and its successors, did not conclude that they were incapable of doing much about it. Instead, they confronted the challenge head on. Crucially, they did not look to the private sector to solve the problem for them. Indeed, they recognised that it would not.

During more recent times, private enterprise has failed to provide new good standard housing for the low-income group of the people because it has not been profitable to do so at a rent these people could afford to pay... The Commission considers that the housing of the people of the Commonwealth adequately, soundly, hygienically, and effectively, each according to his social and economic life, is a national need, and, accordingly, should cease to be a field of investment yielding high profits.

- Commonwealth Housing Commission. 1944

In the decades that followed the publication of that report, government housing agencies made massive investments in the delivery of new housing, ultimately creating the conditions for the rapid expansion of home ownership and the rise of what these days is fondly eulogised as the Great Australian Dream. The legacy of this period can also be seen on the balance sheets of present-day housing agencies which have inherited billions of dollars' worth of assets built during the era of widespread public sector housing construction.

By contrast, in the 2024-25 Budget the Australian Government allocated just 0.6 per cent of its annual expenditures to housing and just 0.2 per cent to social housing through the National Agreement on Social Housing and Homelessness. This compares with 7 per cent of spending allocated to education and 15 per cent to healthcare. Likewise, the 2024-25 NSW Budget allocates just 2.3 per cent of expenditure to housing and community amenities compared to 19 per cent on education and 25 per cent on healthcare.

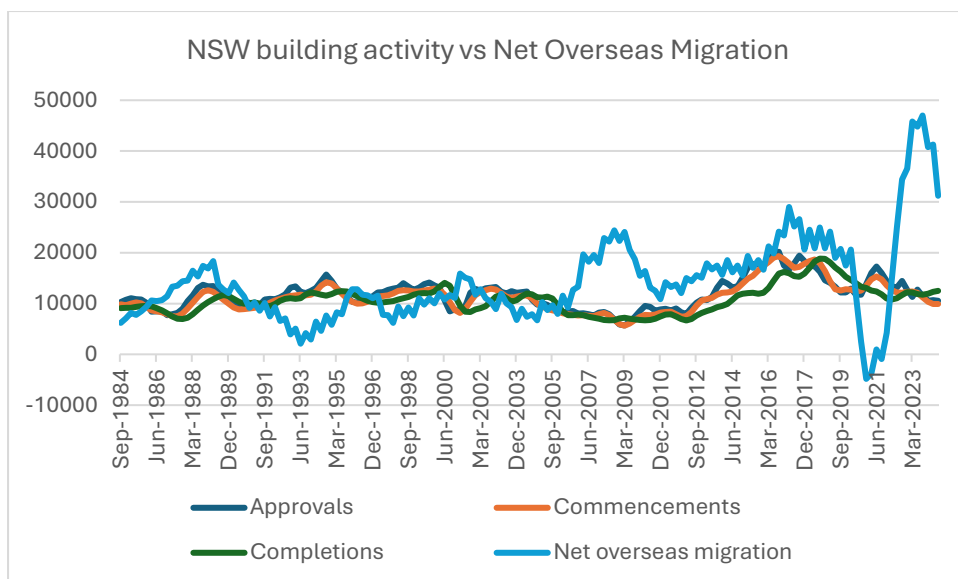


The relatively modest delivery targets of the Building Homes for NSW program coupled with the stated ambition to “meet the current urgent need”, raises the prospect that the state has not fully grasped the enormity of the challenge ahead.

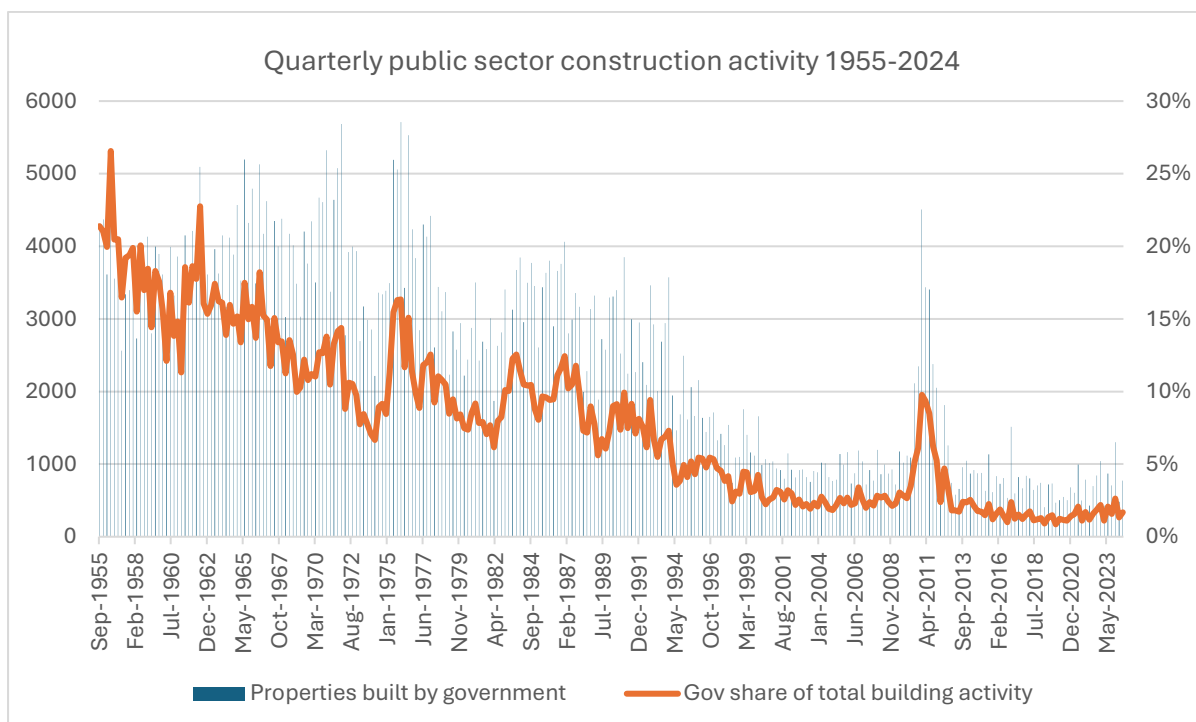
As of November 2024 there were 10,836 priority approved applications on the NSW Housing Register, and a further 51,756 in the general stream. A target of 8,400 new social homes over four years will there meet less than 14 per cent of existing demand. It is reasonable to assume demand will continue to increase over the period in question strong population growth and constrained supply likely to put additional upward pressure on rents.

Population growth in NSW is driven primarily by net overseas migration which, in the year to June 24, was 142,473, equivalent to 390 people per day. This is slightly down on the previous period but still extremely high by historic standards. Accommodating an additional 390 people per day without impacting existing housing supply would require the construction of a new home every 9 minutes. If this rate were sustained it would also mean that the state’s annual contribution to new housing supply would be enough to house less than two weeks’ worth of immigration.

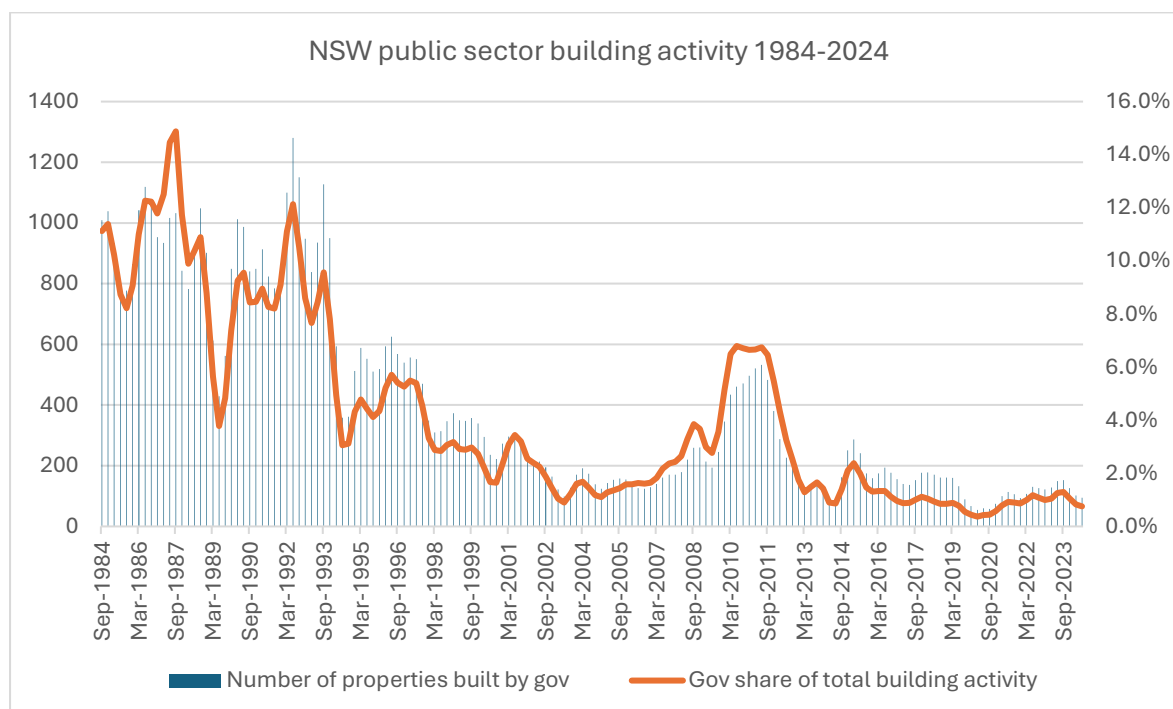
The current rate of population growth vastly exceeds the ability of the building industry to deliver new homes. Approvals and commencements are both trending down with the 30-40 per cent increase in construction costs over the past five years having rendered many projects commercially unfeasible, despite strong demand.



These challenges are not unique to NSW, and similar comparisons can be made at the national level however they do suggest a case for Homes NSW to adopt substantially more ambitious targets for new social housing. Indeed, as noted above, there is a strong historic precedent. The last time Australia's population was growing this quickly, in percentage, if not absolute, terms at least, was in the 1950s and 60s. Then, as now, growth was heavily driven by net overseas migration, yet that era was not plagued by a persistent housing crisis. The most likely explanation is that governments of the post-war era were much more active in the housing market, delivering 15-20 per cent of new housing stock. For the past two decades, states have delivered barely 2 per cent of new housing.



As recently as the early 1990s the public sector accounted for 10-15 per cent of all construction activity in NSW. Today that figure has fallen below 1 per cent.



Home in Place recognises that the NSW Government has no direct control over migration policy. However, urgent engagement with federal counterparts as to the necessity and sustainability, or otherwise, of the current policy, along with more vocal advocacy for additional funding for public sector housing delivery is clearly warranted.

From the perspective of the Commonwealth, population growth contributes to economic expansion, which in turn leads to increased generation of taxation revenue... However, state and local governments are often faced with the direct costs associated with accommodating this growth.

- KPMG, *Keeping Us Up At Night*. 2025

Governments that have elected to run large immigration intakes are obliged to deliver housing and infrastructure at a rate commensurate with the growth in population. Failure to do so locks in a reduction in living standards for everyone. Absent a substantial injection of federal funds, the NSW Government has little chance of contributing to new housing supply at a rate sufficient to alleviate crisis. Home in Place is currently campaigning for the Commonwealth to increase funding for social and affordable housing to at least 2 per cent of annual budget outlays. We encourage Homes NSW to lend its support to this [campaign](#).

Recommendations

Recognise it is a foundational duty of governments to ensure the fundamental needs of its citizens are being met.

State constitutions generally ascribe power to governments to “make laws for the peace, welfare and good government” of their citizens. Adequate housing for its citizens through public policy is a fundamental expression of welfare and good government.

Housing belongs to that select group of goods and services – along with healthcare and education – which are expensive, but essential, and which a substantial share of the population will be unable to afford unless the public sector is delivering a significant portion of the supply. Just as the withdrawal of the state from the healthcare and education sectors would result in millions of people being unable to afford to see a doctor, or educate their children, the almost total withdrawal of the state from the business of home building has resulted in millions being unable to afford a decent place to live.

We consider it essential, not just in NSW, but in Australia as a whole, that governments recognise their responsibility for ensuring the adequate housing of their citizens.

Lobby for increased funding for social and affordable housing

The National Agreement on Social Housing and Homelessness currently provides insufficient funds to support state housing departments to provide an effective service and develop new stock.

Australia’s well-documented vertical fiscal imbalance places state governments in an invidious position when it comes to delivering on their obligation to their citizens. This point was examined in some detail in Home in Place’s 2021 research which concluded that Australia had reached a tipping point, whereby state governments could no longer be expected to deliver on their obligations without significant additional support from the Commonwealth.

To date, additional Commonwealth support has been modest, and slow moving. The Australian Government’s flagship Housing Australia Future Fund is projected to deliver just 40,000 homes over five years; a tiny fraction of what is required.

As noted above, Home in Place is currently campaigning for the Commonwealth to increase funding for social and affordable housing to at least 2 per cent of annual budget outlays, a figure equivalent to approximately \$15 billion per annum in current dollars, which we estimate would be sufficient to return public sector construction to around 10 per cent of new supply. We encourage Homes NSW to lend its support to this [campaign](#).

Recognise social housing dwellings as assets

In the majority of public commentary on the subject, social housing is viewed as a form of welfare. This is a mistake. Social housing, like all housing, is an asset that generates returns over time.

“The total return on the typical Australian home has exceed the total return on the Future Fund... since its inception in 2006. The bulk of this housing return comes from capital gains, which are returns that also accrue to public housing agencies.

- Murray, 2023.

The reluctance of governments to invest directly in housing is particularly curious given the remarkable returns on Australian property in recent decades. Over the past 20 years, residential property in Australia, including social housing, has appreciated in value at a rate of approximately 7.7 per cent per annum. Notably, the returns on residential property in Australia have proven so attractive that individual investors are willing to operate at a loss in order to achieve these capital gains, a process known as “negative gearing.”

Experiencing an operating loss in order to realise a capital gain is the exact same proposition available to government housing agencies. Due to the willingness of former policymakers to make that choice, state housing agencies are today the custodians of billions of dollars’ worth of property assets. This is the correct lens through which to view the merits of greater investment in social housing.

Invest in supports to make “Housing First” allocation policies fit for purpose.

Currently, nearly 90 per cent of social housing tenancies are allocated to those classified as being in “greatest need.” This includes individuals and families facing challenges such as disability, poor physical health, mental illness, trauma, old age or frailty, family violence, homelessness, or transitions from institutional care. However, this approach, combined with inadequate investment in medical and social support services for tenants, has significantly contributed to the stigmatisation of social housing, and the erosion of public support for new developments, no matter how badly needed.

In the absence of intensive support, many tenants struggle to sustain tenancies. Severe antisocial and destructive behaviour from this cohort, while infrequent, can also result in large maintenance bills and extended vacancy periods. As well as increasing workload for housing officers, repeated allocations to individuals who are not equipped to sustain a tenancy unsupported can create unnecessary “churn” in the system meaning properties are not being used efficiently due to high levels of turnover.

Housing First is a noble idea, but its success is predicated on the availability of intensive support to enable people experiencing challenging circumstances to address their issues and sustain their tenancies. It is therefore crucial that governments increase investment in comprehensive support services to ensure they are available with the frequency and intensity that high needs tenants require.

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