

Home
in Place

HOME IN PLACE

SUBMISSION TO THE

**Australian
Government
Economic Reform
Roundtable**

25 JULY 2025



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INTRODUCTION: HOUSING AS A FOUNDATION FOR PRODUCTIVITY

Home in Place is one of Australia's largest and most experienced not-for-profit community housing providers. With over 7,000 properties under management and 40 years of service, we see every day the impact of the housing crisis on individuals, families and the economy and its lasting impact on productivity.

We commend the Australian Government and the Treasurer for convening the Economic Reform Roundtable and for placing productivity, resilience and fiscal sustainability at the centre of the national reform agenda.

We welcome the opportunity to contribute to this important national conversation and strongly believe that housing, particularly social and affordable housing must be recognised as essential to lifting Australia's productivity performance.

As Treasurer Chalmers recently noted at the National Press Club earlier this year, "Productivity is our primary focus." Too often misunderstood as a cold or technical measure, productivity is in fact the best way of making people better off over time, creating more opportunities, growing wages, and strengthening economic dynamism.

Unlocking innovation, investment and labour mobility is critical to lifting productivity. We believe that housing sits at the very heart of this. Without access to safe, stable and affordable housing, individuals and families cannot participate fully in the economy. The connection between housing and productivity is clear.

In addition to being a fundamental social good, housing is a powerful economic reform lever. Secure housing enables workforce participation, reduces absenteeism, and supports economic mobility, particularly for low-income workers and essential service providers. It improves the functioning of our labour markets by increasing flexibility, reducing commuting times, and making it easier for people to live where the jobs are.

Australia's housing challenge is also a productivity challenge. The Treasurer has rightly drawn attention to the decline in housing construction productivity: today, we build half as many homes per hour as we did three decades ago. This decline directly impacts housing supply, affordability and ultimately, economic opportunity.

Investment in social and affordable housing also pays dividends across the broader economy. It improves education and health outcomes, strengthens family stability and supports intergenerational mobility. Children who grow up in stable homes are more likely to complete school, enter the workforce and contribute to long-term economic growth.

That is why we believe social and affordable housing must be viewed as economic infrastructure. It is just as essential as roads, energy and digital connectivity. It should be a central feature of the Australian Government's productivity, competition and investment agenda.

We thank the Treasurer and Treasury for the opportunity to contribute to this dialogue and stand ready to work with government, business and the community to ensure Australia's housing system supports a more productive, resilient and inclusive economy



HOUSING: AUSTRALIA’S PRODUCTIVITY ENABLER

If Australia is serious about lifting productivity, it must get serious about housing. Without access to secure, affordable and well-located homes, people cannot get to work, stay in work or perform at their best. Housing stress keeps essential workers out of job-rich areas, drives up absenteeism and forces families into crisis. It is dragging on our economy every day.

The evidence is clear: better housing leads to a stronger, more productive workforce. The following table sets out five ways housing reform can directly boost economic output, reduce government spending, unlock participation at scale and overcome the productivity challenge.

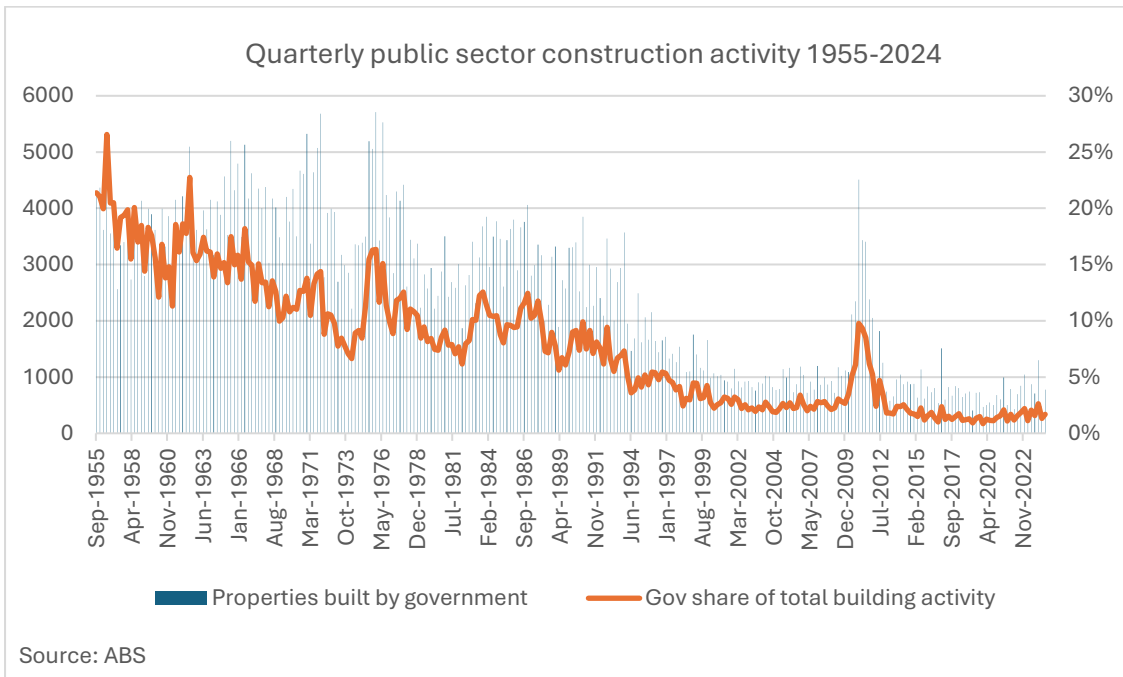
Productivity lever	Impact	Evidence
Labour market efficiency	Affordable housing close to jobs reduces commuting times and improves job matching.	<ul style="list-style-type: none"> • High housing costs push workers to outer suburbs, reducing productive time and increasing stress. • Sydney’s housing affordability crisis costs \$10 billion each year, including \$6.8 billion in lost productivity. (Committee for Sydney, 2023) • Affordable rental housing supports geographic labour mobility. (Productivity Commission, 2014)
Workforce stability and participation	Affordable housing supports reliable employment, reduces staff turnover and increases participation especially for women and low-income workers.	<ul style="list-style-type: none"> • Housing stress increases lateness, absenteeism and job turnover. • Affordable housing in high-demand areas boosted female workforce participation by 4 to 10 percentage points. (NSW Productivity Commission, 2024)
Education outcomes	Secure housing supports consistent education and improves long-term outcomes.	<ul style="list-style-type: none"> • Stable housing supports family mental health and helps children stay in school longer. (Australian Institute of Family Studies) • Overcrowded housing disrupts sleep, concentration and study. (AIHW)
Health outcomes	Secure housing reduces illness, improves mental health and lifts workplace performance.	<ul style="list-style-type: none"> • Housing stress contributes to anxiety, depression and chronic illness. (CEDA, 2022)



Productivity lever	Impact	Evidence
		<ul style="list-style-type: none"> • Social housing provides greater tenure security, improving physical and mental health. (AIHW, 2023) • Mental illness reduces workforce participation and costs \$12.2 to \$39.9 billion each year. (Productivity Commission, 2020)
Economic inclusion and disposable income	Affordable housing frees up income for essentials, increases household resilience and strengthens local economies.	<ul style="list-style-type: none"> • Lower housing costs allow households to spend more on food, healthcare, education and services. (AIHW, 2024) • Renters on low incomes now spend more than 51.6 percent of earnings on rent, reducing capacity for other spending. (ANZ Housing Affordability Report, 2023)

A MISSING PILLAR IN AUSTRALIA’S PRODUCTIVITY PLAN

Over the past 40 years, social housing’s share of total residential construction has fallen dramatically, from more than 10 percent to less than 2 percent.

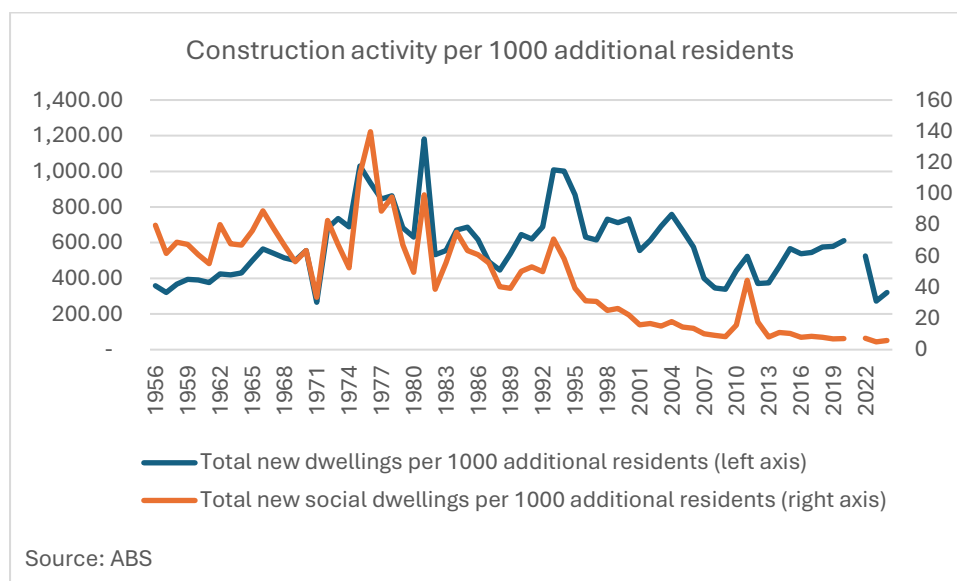


Consequently, social housing's share of total housing stock has fallen to a historic low of less than 4 percent.¹

It is notable that total construction activity per 1000 new residents over the past 30 years has not been appreciably lower than in the post-war years.

What has changed is the rate of social housing construction per 1,000 new residents. Between 1955 and 1995, government housing agencies delivered an average of 67 new homes for every 1,000 additional residents. Over the past 30 years that figure has more than halved to just 31 homes per 1,000 additional residents. In the past ten years, it has fallen to just 11.1

Over the past two years, government housing agencies have delivered less than six new homes for every 1,000 additional residents.

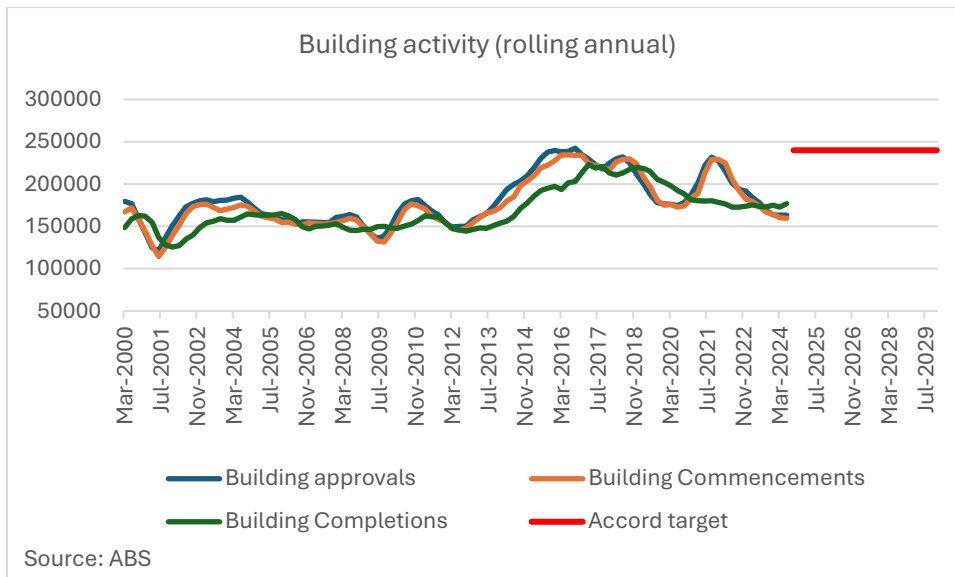


Home in Place recognises that the Australian Government has announced several measures aimed at boosting private sector supply and note the work that has gone into the Housing Accord and its target of adding 1.2 million homes over five years.

On current trends, there seems little chance of that target being met. The most recent State of the Housing System report produced by the National Housing Supply and Affordability Council concluded that total construction over the period of the accord was likely to fall more than quarter of a million dwellings short of the target.

¹ [Budget Paper No. 1](#)





THE SOLUTION TO REBUILDING AUSTRALIA'S PRODUCTIVITY

Australia has faced a housing crisis before and solved it with ambition, investment and national leadership.

In 1943, it was the wartime Labor Government of Prime Minister John Curtin that established the Commonwealth Housing Commission, recognising that secure housing was critical to post-war recovery and national resilience. The Commission's initial report was blunt in its findings:

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.²

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 often 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.

Importantly, governments at the time understood something Australian policy makers have since forgotten: the private sector alone could not solve the crisis. And they didn't ask it to. They recognised that low-income households would never be served by profit-first models, and they acted.

² Ministry of Post-War Reconstruction. (1944) Commonwealth Housing Commission Final Report. <https://nla.gov.au/nla.obj-851519579/view?partId=nla.obj-851584172#page/n4/mode/1up>



As the 1944 Commonwealth Housing Commission report made clear:

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.

RECOMMENDATIONS: PUTTING HOUSING AT THE CENTRE OF AUSTRALIA'S PRODUCTIVITY AGENDA

The Economic Reform Roundtable is rightly focused on lifting national productivity, improving budget sustainability and building long-term economic resilience. To achieve these objectives, housing must be treated as core economic infrastructure not just a social policy issue.

Secure, affordable and well-located housing enables people to participate in the workforce, engage in education and training and contribute to a more productive economy. It reduces commuting times, stabilises household budgets, and supports physical and mental health, key foundations for sustained economic performance.

Home in Place recommends that the Australian Government through the Economic Reform Roundtable place housing at the heart of its productivity strategy.

The following recommendations outline how targeted public investment and housing tax reform can turn the housing system into a driver of inclusive economic growth, stronger labour market outcomes and long-term fiscal savings.

1. Supercharge productivity by making 1 in 10 new homes public or community housing

Australia's productivity challenge starts at the front door.

More than 640,000 households are in housing need, a figure forecast to reach 940,000 by 2041. Without urgent action, this shortfall will be a significant drag on workforce participation, increase pressure on essential services and undermine national growth and Australia's standard of living.

Home in Place is calling for a bold, productivity-focused housing target: one in every ten new homes built nationally must be public or community housing.

This simple but powerful shift that is anchored to the Housing Accord's goal of 240,000 homes per year would:

- Deliver 24,000 social and affordable homes annually
- Contribute to meeting the Accord's target of 1.2 million dwellings.
- Support women, carers, and essential workers to live closer to jobs
- Cut commuting times and increase labour mobility
- Strengthen workforce retention, particularly in health, aged care and education

This is a practical reform with real nation-building impact. It would drive inclusive growth, lift productivity and reduce the long-term costs of housing insecurity across health, justice and welfare systems.



2. Rewire tax settings to reward supply and boost economic participation

Australia is spending over \$20 billion a year on housing tax concessions that do little to build new homes and nothing to boost productivity.

Negative gearing and capital gains tax discounts are overwhelmingly directed toward existing properties, fuelling asset inflation, squeezing renters and misallocating capital.

Home in Place recommends the Australian Government take a clear productivity lens to tax reform, by:

- Redirecting incentives toward new housing construction, especially affordable and build-to-rent stock
- Supporting institutional investment that delivers long-term housing supply near jobs and transport
- Aligning tax settings with economic inclusion and workforce participation goals

Australia cannot lift productivity while the tax system rewards speculation over supply. It's time to make housing policy work for all Australians so that we can successfully secure the nation's economic future.

FINAL COMMENTS: GOOD POLICY. BETTER ECONOMICS. NOW GO FURTHER.

Home in Place supports the Australian Government's recent investments in social and affordable housing, including the Housing Australia Future Fund and the Social Housing Accelerator.

But to confront the scale of the housing crisis, Australia must go further. These initiatives should be expanded and matched with structural reform to housing tax settings.

Social and affordable housing is nation-building infrastructure. It strengthens economic resilience, reduces demand on crisis services, and builds stronger, more stable communities.

It is also a smart economic investment. The evidence is clear: social housing reduces long-term government spending and delivers better outcomes in health, education and employment. It is a fiscally responsible strategy for inclusive, sustainable growth.

Now is the time to act—decisively and ambitiously.

