

How to grow Australia's social housing system



What this research is about

This research examined Australia's multi-provider social housing system and analysed changes over time to social housing delivery. The system includes public housing, managed by state and territory government agencies; community housing, managed by not-for-profit providers; and some housing provided through the NDIS and National Rental Affordability Scheme.

Why this research is important

There has been minimal growth in social housing stock in Australia over the past three decades. This has led to a reduction in the share of the total dwelling stock and annual new dwelling supply. To date, programs to boost social housing have been sporadic and often customised and complex. Australia lacks long-term, sustainable social housing growth models. This research offers policymakers options to reverse the decline.

Based on

Final Report No. 452: *Australia's multi-provider social housing system: contest or growth?*

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Key findings

The current state of Australia's multi-provider social housing system

Australia's social housing multi-provider system has emerged through ad hoc policy decisions. The intention was a system in which public housing stock would sit alongside an expanding stock of community housing.

However, this system has generated very little overall growth. Social housing stock has declined. This decline has been masked by growth in community housing, which has largely resulted from stock transfers from public housing.

Community housing growth has been concentrated among the largest providers, with over two-thirds of the stock managed by the largest 36 organisations.

A lack of sustainable growth pathways

Australia has no sustainable long-term social housing growth models. There are no reliably funded targets to increase the rate of social housing provision, given recent sharp increases in housing costs.

Current growth models reflect the allocation policies of the social housing waiting list and the project feasibility models of housing providers—rather than a broader demographically defined assessment of housing needs.

Current social housing provision models do not cater for the needs of low- to moderate-income households, which are increasingly finding themselves in rent stress.

Rents collected from social housing tenants do not cover the full costs of delivery, development and capital.

Finance-driven vs needs-driven approaches

Australia's finance-driven approach to funding social housing fundamentally differs from European needs-based systems that have built up, protected and reinvested equity over generations.

More sustainable approaches accumulate equity towards a self-sustaining and growing social housing system. This is based on a commitment to continuous improvement in supply, management and maintenance.

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Policy actions

Strategic planning for growth

New mission-focused policies with long-term investment strategies could reverse Australia's decline in social housing. These policies should focus on achieving area-based growth targets, addressing existing needs and addressing the backlog in social housing.

A long-term investment strategy could strengthen social housing development, direction and innovation—provided it is linked to funded needs-based targets and realistic performance indicators and outcomes.

Funding multi-provider social housing

Developing frameworks for cost efficiency, equity and effectiveness would improve Australia's social housing multi-provider system by better utilising operating surpluses. These frameworks would consider land, finance, construction, maintenance and management costs, and should reference international best practice.

Australian social housing providers often make a surplus. These surpluses should fund long-term growth—not pay for high-cost private finance. With suitable regulation, surpluses from the operation of social housing provision can contribute equity to be used to grow new social housing stock.

Better regulation

Good regulation is an integral part of an effective social housing multi-provider system.

It can provide for a rent-setting framework that is based on cost-recovery principles. This allows for more inclusive allocation policies that work for communities and the financial health of providers.

It can also set and require decent housing standards across all providers—and ensure that they reinvest operating surpluses and receipts from the sales of assets in continuous improvement and growth.

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Research design

The project involved five phases of research involving data and document analysis, interviews, and international and cross-sector case studies, informed by an expert working group.

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