

12 June 2026

Danielle Wood and Alison Roberts
Commissioners
Housing Supply Regulation Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

By email: housing.supply@pc.gov.au

Dear Ms Wood and Dr Roberts,

Re: Submission to the Productivity Commission inquiry on Housing supply regulation

Mission Australia welcomes this inquiry into regulation that affects housing supply and affordability and appreciates the chance to contribute through this submission.

Mission Australia Housing (MAH) is a Tier 1 Community Housing Provider (CHP) which currently owns or manages more than 4,700 social and affordable homes with over 8,000 residents across six states and territories. Under our *Strategy 2030*, we're seeking to deliver an additional 5,000+ homes across the country, expanding our ownership and management to 10,000 homes by 2030, so we can assist thousands more Australians in need to thrive in safe, secure and affordable homes.

Australia needs dedicated social and affordable housing, not just broad supply

The Commission's *Call for submissions* paper assumes that general increases to supply will lead to increases in housing affordability across the board. However, evidence and experience demonstrate that, even when ambitious targets are met, simply increasing market housing supply is not enough to make housing affordable for households on lower and, in some cases, average incomes.

Social and affordable housing should be considered essential infrastructure that provides a necessary foundation to economic and social participation, while promoting improved health and wellbeing outcomes. It helps to ensure that all Australians have access to a safe, secure and affordable home.

Australia has a well-documented shortage of social and affordable housing that has been at least three decades in the making. At the time of the 2021 Census, it has been estimated that there were more than 640,000 households whose housing needs were not being adequately met. Based on projected household growth, this number is estimated to increase to more than 940,000 by 2041.

Recent measures from Federal, State and Territory governments have recognised this challenge and begun to address the shortage of non-market housing by investing in new dedicated supply. We welcome these measures, but much more needs to be done.

Pleasingly, it is now accepted as orthodoxy by both independent experts and governments that new non-market housing must constitute a significant proportion of new housing stock. The National Housing Supply and Affordability Council has proposed that a target of 6 per cent of all housing stock be social and affordable in the medium term, with a further increase in the longer term – ultimately closer to 10 per cent. More recently, the Federal Government’s *Homes for Australia Plan* acknowledges that further work is needed to deliver a steady pipeline of social and affordable housing.

A well-functioning housing system must deliver high quality market and non-market housing at pace and at scale. The Commission’s *Call for submissions* paper positions requirements around social and affordable housing as barriers that increase the cost and time to deliver new supply. However, non-market housing must be seen as an essential component of the solution.

Approvals processes should fast-track social and affordable housing

Mission Australia welcomes reforms from state governments to introduce state-led approvals processes which fast-track the delivery of housing developments with dedicated social and/or affordable housing. For example:

- The New South Wales Government has established the Housing Delivery Authority (HDA) to increase housing supply and affordability throughout the state. Through an expression of interest (EOI) process, the HDA recommends that certain major housing proposals be declared State Significant Developments. One objective of this process is to drive quality and affordable housing by focusing on housing development proposals that are well-located, have enabling infrastructure and contribute to affordable housing supply.
- The Victorian Government’s Development Facilitation Program (DFP) seeks to provide fast-tracked planning pathways and facilitation services for significant residential developments, including those with an affordable housing component. The Victorian Government expects its DFP reforms will lead to an additional 13,200 homes which would otherwise have faced delays. At the same time, it seeks to cut application times for these types of projects from more than 12 months to just four months.

We welcome such efforts to strengthen and standardise approval pathways for significant residential developments that will add to the supply of non-market housing, including through mixed tenure and dedicated social and affordable housing developments.

The Federal Government must play a leadership role in facilitating and incentivising such state government reforms, including through the agreed measures in the National Planning Reform Blueprint and, most importantly, through the use of incentive payments to states in recognition of the productivity and competition benefits of increased non-market housing supply.

State planning reform should also be encouraged to implement inclusionary zoning provisions, whereby well-located large-scale residential developments are required to allocate a small proportion for much-needed social and affordable housing.

Reforms should prioritise densification

Mission Australia also supports increased densification in established suburbs in major cities and regional centres – the middle ring – as part of efforts to boost housing supply. This can include measures such as mixed tenure developments in brown- and grey-field sites, subdivisions and secondary dwellings such as granny flats.

However, lessons from rapid and unplanned densification must be heeded to minimise community opposition and to avoid solving one problem only to create several more. Key considerations must include the updating of overstretched and neglected essential infrastructure in middle ring suburbs, and ensuring the community dividend is sufficient and not outweighed by wealth accumulation and transfer to land holders and developers through unlocking additional value to already lucrative land assets.

Community Housing Providers like Mission Australia Housing are well placed to contribute to this work with our extensive experience. In particular, we (and other CHPs) manage social housing in locations where the land, owned by state governments, is under-developed and ripe for densification. CHPs' proposals to redevelop such sites for additional social and/or affordable housing are frequently stymied by state governments' lack of capital, which incentive payments could help to unlock.

Under properly managed plans, which include a community change management component, densification of the middle ring can play a significant role in increasing the supply of social and affordable housing.

In summary, regulatory reform to increase housing supply must include the objective of increasing the supply of non-market housing, in order to boost productivity and deliver better outcomes for all members of the community.

Mission Australia would be happy to expand on these insights through further submissions or consultation throughout this inquiry.

Yours sincerely

Marion Bennett

Executive, Practice, Evidence and Impact, Mission Australia