



Hume Community Housing

Submission to the Productivity Commission inquiry into housing supply regulation

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June 2026

In brief:

The largest untapped source of new social and affordable housing in Australia is land governments already own. This submission recommends a staged, conditioned program of transferring title of public housing to regulated community housing providers, and tests the decade-old balance sheet objection against the rating agencies' own published methodology. It does not hold. Governments are protecting an accounting entry at the price of the homes it could build. Title transfer does not shrink government's role. It multiplies its capacity to deliver, by bringing specialist community housing providers on as balance sheet partners who can borrow and build alongside it.

Who we are and why our evidence matters

Hume Community Housing is a Tier 1 community housing provider with more than 30 years of operation, registered under the National Regulatory System for Community Housing. We house thousands of people across New South Wales and provide the full housing continuum, from temporary accommodation through to social and affordable housing. We are also an active developer, delivering new social and affordable homes through Commonwealth and state programs and through partnerships with institutional capital.

We provide homes and services to more than 9,000 people across approximately 4,500 properties, concentrated in two of the communities where housing need is most acute: South West Sydney, including Fairfield and Liverpool, and the Hunter region, including Maitland and Port Stephens. The people we house are not an abstraction in a supply forecast. They are women and children rebuilding their lives after domestic and family violence, people exiting homelessness, people living with disability, older women facing housing insecurity for the first time, and key workers priced out of the communities they serve. Every reform discussed in this submission is, for us, measured against a simple question: does it produce a home for one of these households sooner.

In 2019, Hume completed the largest transfer of public housing from government to a community housing provider in Australia's history. We therefore have lived experience of what transfer can potentially unlock, what management transfer (without title) does not, and where the difference lies. That experience sits at the centre of this submission.

We welcome the inquiry's focus on approval processes, land availability and infrastructure frameworks. Each matters, and we support reform in all three. Our purpose in this submission is to bring evidence from the delivery side of the system, where planning, funding and infrastructure settings meet a real project budget, and to put one significant land enablement reform squarely on the inquiry's agenda: the transfer of title, not just management, of public housing to regulated community housing providers.

Summary of recommendations

Recommendation 1. In order to make better use of existing social housing dwellings and associated land, Australian state and territory governments should commit to a staged program of transferring title of public housing assets to regulated community housing providers, with transfers conditioned on binding commitments from receiving providers to deliver additional social and affordable homes. Title transfer is the single most powerful land enablement measure available to governments at little or no net budget cost, because title is bankable: providers can borrow against transferred assets to finance new supply.

Recommendation 2. Government land release programs should be feasibility tested before release, so that sites offered for social and affordable housing are accompanied by funding and planning settings under which the housing can actually be delivered.

Recommendation 3. Planning systems should include purpose-designed pathways for social and affordable housing, rather than requiring below-market housing to compete through processes designed for market product.

Recommendation 4. Infrastructure contribution frameworks should recognise that social and affordable housing cannot absorb the same charges as market housing, and should provide consistent, transparent concessions rather than ad hoc relief.

Recommendation 5. Commonwealth subsidy programs and state planning timeframes should be aligned, so that funding windows and approval timelines stop missing each other and consuming sector capacity.

These reforms can be progressed through structures that already exist. The financial questions at the heart of the resistance, the balance sheet treatment, the credit rating concern and the interaction between Commonwealth and state funding, are precisely the matters the Council on Federal Financial Relations was designed to work through, chaired by the Commonwealth Treasurer and bringing the state and territory Treasurers to the same table. The assurance framework that protects transferred assets and manages provider risk also already exists, in the National Regulatory System for Community Housing, which needs strengthening rather than reinventing. We encourage the Commission to recommend that title transfer be taken up through these existing mechanisms: the fiscal and balance sheet questions resolved between Treasurers through the Council on Federal Financial Relations, which is expressly empowered to commission work and advance cross-cutting reforms of exactly this kind, and the regulatory settings modernised so the National Regulatory System can carry the larger role this reform would ask of it.

Approval is not delivery

Australia's housing debate often treats approval as the finish line. For social and affordable housing, it is closer to the starting line. The binding constraint on our sector's delivery is rarely the development application itself. It is the gap between what a project costs to build and what it can sustain in revenue (bearing in mind the obligation to set rents at a level affordable for low to moderate income households), and the way planning, funding and infrastructure settings each quietly assume that someone else will close that gap.

We therefore encourage the Commission to measure the success of any reform agenda by homes delivered and by who those homes serve, not by approvals granted or land released. The evidence in this submission shows how projects with willing landowners, willing developers and no planning obstacle still fail to proceed, and what changes would convert that lost pipeline into delivered homes.

The key reform: transferring title, not just management

Government-held land is the largest under-enabled land bank in the country

The inquiry asks how land is released, zoned and enabled for housing. We submit that the question must include land governments already hold. Public housing estates occupy some of the best located residential land in Australia, much of it built at low density decades ago, close to transport, jobs and services. Almost all of it is held by entities that cannot leverage it, cannot attract Commonwealth Rent Assistance, cannot access charitable tax settings, and have limited capacity to redevelop.

Between 2010 and 2023, across Australia, community housing-managed dwellings more than doubled from 47,000 to 114,000 (Report on Government Services: Housing). Most of this increase came about via the transfer of former public housing, with tenants in situ. The state governments concerned saw advantages in facilitating these transactions, partly because of the financially advantaged position of community housing providers. In the main, however, transactions were limited to management transfer, that is, the delegation of management responsibility to a recipient CHP on a long lease basis. Only a small proportion of transferred tenancies also entailed transfer of title.

Transferring title (as well as delegated management responsibility) to a regulated community housing provider converts what could be termed dormant land into financeable development capacity, because title is bankable. A provider holding title can borrow against the asset, and the unencumbered equity sitting in public housing portfolios today represents billions of dollars of construction finance that no one can currently access. A managing agent cannot borrow against the value of properties it does not own; a government landlord will not. Title transfer is therefore a land enablement measure in the fullest sense, and it requires little or no new budget expenditure. We believe it is the single most significant housing supply reform available to Australian governments that is not currently on the table.

Under deliberately conservative assumptions, our modelling suggests each 1,000 dwellings transferred could enable several hundred additional homes. Appendix A sets out the mechanics and the assumptions, and we invite the Commission to test them.

What title unlocks that management transfer does not

Hume's history makes us unusually well placed to speak to this distinction. Management transfer brought real benefits: tenant outcomes improved, maintenance responsiveness improved, and Commonwealth Rent Assistance became available to eligible tenants, strengthening Hume's operating cash flow. We do not understate those gains.

But, in terms of additional housing supply, management transfer leaves the most powerful tools locked away. The same dwelling on the same land supports materially more housing under CHP title than under government ownership, because:

- title allows borrowing against the asset, turning equity that currently sits idle into construction finance for new supply
- community housing tenants are eligible for Commonwealth Rent Assistance, where public housing tenants are not, improving the operating revenue that services debt (under the standard CHP rent-setting formula, 25% of tenant household income plus 100% of CRA)
- registered CHPs access GST concessions, and land tax and payroll tax exemptions, as charities, lowering the cost of every dwelling delivered and operated (compared with the government ownership scenario)
- title allows redevelopment and densification of under-built estates, which a managing agent cannot initiate and a government landlord rarely prioritises

This is not only Hume's view. Recent independent research published by AHURI reached the same conclusion: across a quarter century of transfers, the sector's potential to expand supply remained largely unrealised because most arrangements were long-term management transfers rather than ownership transfers, and the absence of title constrained providers' ability to raise debt to invest in upgrades or new development. The research found that growth stalled in particular where programs transferred liabilities rather than prime assets.¹

Under management-only transfer, the provider carries the responsibility for tenants and properties while the balance sheet capacity stays with an owner who does not use it. The result is the worst of both worlds: the state retains an asset it cannot leverage, and the provider operates housing it cannot grow.

The balance sheet objection does not survive contact with the rating methodologies

Historically, a key reason given for state government reluctance to contemplate large-scale title transfer has been the mistaken claim that the budgetary impact would imperil a state's credit rating. This refers to the fact that, under standard accounting practice, public housing is valued as if it were a saleable asset unencumbered by its current use, and the full value of any such asset is recorded on a state's balance sheet and, in the event of disposal, this value is logged on the

¹E. Liu et al., Public housing transfers: longer-term impacts on investment, tenant experience and sector outcomes, AHURI Final Report No. 458, March 2026.

profit and loss account for the year in question. However, actual transfer practice, as documented in AHURI Final Report 273, indicates that long lease transfers have been treated for public accounting purposes as disposals in substance, rather than merely as ongoing management arrangements.² Therefore, the long lease arrangement that has become the standard management transfer model in any case impacts on state government balance sheets as if the transaction involved title transfer.

Nevertheless, claims continue to be made that state governments cannot contemplate conversion of long lease public housing transfers to title transfers because of the balance sheet, and therefore credit rating, implications.

The claim that balance sheet robustness is the key determinant of a government's credit rating is, in any case, mistaken. We invite the Commission to test such claims against the rating agencies' own published methodologies, because it does not hold. Rating agencies assess state and territory governments on their capacity to service debt from revenue, not on what they own. S&P Global Ratings' methodology for rating local and regional governments outside the United States treats the ratio of tax-supported debt to consolidated operating revenues as the most appropriate measure of debt burden, assessed alongside budgetary performance, liquidity, the economy and financial management. Even sellable assets enter the analysis only in narrow liquidity contexts.³

Illiquid, non-income-producing social infrastructure receives effectively no credit in a rating. Public housing, as currently held, is worse than rating-neutral: it consumes operating revenue every year through below-cost rents, and it carries multi-billion dollar maintenance backlogs that are, in substance, deferred liabilities. In the metrics that actually drive ratings, the honest characterisation of title transfer is mildly credit positive. It removes a recurring operating cost and a contingent liability from the state's accounts.

Revealed preference confirms the point. Over the past decade, Australian states have sold or long-leased ports, electricity networks and land registries, all income-generating assets, without rating damage where proceeds reduced debt. The rating movements that have occurred in Australian states have followed debt trajectories and operating deficits, exactly as the published methodologies predict. If shedding revenue-producing assets did not harm ratings, holding a loss-making one cannot be protecting them.

We acknowledge that a transfer at nil or nominal consideration produces a one-off reduction in reported net worth in the year of transfer, and that some states reference net worth in their fiscal strategies. That is an accounting presentation question, not a rating input, and it is solvable through transfer structure. It should not be the reason Australia forgoes the homes.

The cost-shift objection, answered

A second objection to public housing transfers, with or without title, is that the Commonwealth Rent Assistance (CRA)-generated uplift in landlord revenue is merely a cost shift from state

² Pawson, H., Martin, C., Flanagan, K. and Phillips, R. (2016), Recent housing transfer experience in Australia: implications for affordable housing industry development, AHURI Final Report No. 273, Australian Housing and Urban Research Institute, Melbourne. The report states that recent transfer experience clarified the accounting treatment of transfers by long-term contract, with the relevant assets appropriately recorded as "disposals" on public accounts.

³ S&P Global Ratings, Methodology For Rating Local And Regional Governments Outside Of The U.S., July 2019.

balance sheets to the Commonwealth rather than new money. We think this should be addressed directly rather than avoided. CRA is an existing, legislated entitlement that follows eligible tenants. Therefore, title transfer of a formerly CHP managed-but-not-owned dwelling does not create the payment; it converts a recurrent payment that already exists into financeable cash flow that builds homes. The alternative is well-located land sitting under-leveraged while waiting lists grow and the Commonwealth funds housing need through more expensive channels, including homelessness services and crisis accommodation. If governments wish to manage the fiscal interaction, that is properly a matter for the federal financial relations framework, not a reason to leave the land idle.

The asset does not leave public purpose

Title transfer is sometimes characterised as privatisation. It is not. Properly understood, title transfer does not reduce government's role in housing. It expands government's delivery capacity by bringing community housing providers on as balance sheet partners, so the sector can borrow and build alongside government rather than in place of it. Registered community housing providers operate under the National Regulatory System for Community Housing, with assets locked to community housing purposes, ongoing regulatory oversight, intervention powers, and wind-up provisions that return assets to the system. The state does not give the asset away. It moves the asset to a regulated, mission-locked vehicle that can finally put it to work, while retaining the policy and regulatory levers that protect the public interest. Therefore, while it is admittedly true that the NRSCH is in need of modernisation and strengthening, the system can provide required assurance that publicly funded assets continue to be used according to CHP contractual and social obligations.

Public housing transfer programs can and should be staged, conditional and performance-managed. As well as requiring recipient CHPs to bring all transferred homes up to a decent standard within a defined period, governments could require receiving providers to commit to delivering additional social and affordable homes as a condition of transfer, with the commitment sized against the borrowing capacity the transferred portfolio creates. Structured this way, title transfer ceases to be a transfer of ownership and becomes a contracted supply program: the state exchanges an asset it cannot leverage for a binding, regulated pipeline of new homes it does not have to fund. International experience, including large-scale transfer in the United Kingdom, demonstrates that well-designed programs deliver renewed stock, increased supply and stronger tenant outcomes. Australia has been debating this reform for over a decade. The evidence base has only strengthened. What has been missing is a forum with the independence and authority to test the objections honestly. This inquiry can be that forum.

Evidence: where the system breaks down in practice

The Commission has asked for case studies and practical examples. The following draw on Hume's recent delivery experience. We would welcome the opportunity to provide further detail to the inquiry, including on a confidential basis where commercial sensitivities apply.

Before turning to specific projects, it is worth noting that Hume's experience reflects a national pattern now documented in the research. The same AHURI study found that the condition of

stock transferred to CHPs has worsened over time: of 14 providers surveyed, twelve reported that more than half the homes in their most recent transfer were in poor or very poor condition, and a majority felt governments had been motivated by a desire to offload the most problematic stock. For many providers, the financial impact of absorbing poor-quality stock without upgrade funding took years to stabilise, directly reducing their capacity to contribute new social housing. This is the practical reality that title transfer, properly conditioned and resourced, is designed to fix: it gives providers the borrowing capacity to bring stock up to standard and to build, rather than leaving them to absorb inherited backlogs from constrained operating revenue.⁴

Feasibility, not approvals, is what kills projects

Hume recently assessed a portfolio of five government-released sites offered for social and affordable housing through an expression of interest process. There was a willing government landowner, a willing and capable developer, and no planning obstacle of any significance. Yet on detailed assessment, most of the portfolio did not stack up: the gap between delivery cost and sustainable revenue could not be closed under the settings attached to the release. Only one site remained feasible.

This pattern is common across the sector and is largely invisible in approvals data. Land was released; nothing was built; no approval was refused. Each unsuccessful assessment also consumes significant provider capacity in due diligence and bid costs. Feasibility testing land before release, and attaching funding settings under which the housing can actually be delivered, would convert these processes from capacity drains into pipelines.

The same dwelling, two different answers

In a current major project under a Commonwealth housing program, our deal analysis shows that the project is viable at a delivery cost in the order of \$520,000 per dwelling if rents are set at affordable levels supported by subsidy, and is not viable at market rents under the same cost structure. The determinant of viability is not the approval pathway and not construction cost alone. It is the interaction of subsidy design, debt cost and rent settings.

The practical implication for the inquiry is this: reforms that accelerate approvals will increase delivery only where the funding stack closes. Where it does not, faster approvals produce faster non-starts (which is largely why, as reported in the Sydney Morning Herald in December 2024, there were at that time 75,000 planning-approved units in un-commenced development projects across Sydney). When it comes to the development of social and affordable housing, aligning subsidy instruments with planning and infrastructure settings is as important to supply as any single reform within those systems.

Complexity is a cost that ends up in the per-dwelling number

To deliver social and affordable housing at scale, a CHP must today assemble special purpose vehicles, blended and mezzanine capital, licensing analysis across state regimes, trust accounting structures and multiple regulator relationships, before a single dwelling is built. Every

⁴ AHURI Final Report No. 458 (as above)

layer adds professional fees, time and risk margin, and all of it lands in the cost per dwelling. A community housing provider should not need a corporate platform of this complexity to build homes. Much of this complexity is the direct product of fragmented and misaligned settings across planning, funding, licensing and regulation, and it is within the power of governments to simplify.

Conclusion

Australia does not only have a supply problem. It has a system problem, and the non-market housing sector sees that system from the inside. The reforms within the inquiry's three focus areas are necessary, and we support them. But the largest single unlock available to governments sits in plain sight: the well-located residential land they already own, held in a form that prevents it from working. Transferring title to regulated community housing providers would convert that land into homes, at little or no net budget cost, with the public interest fully protected by regulation.

The objections to this reform have stood largely untested for more than a decade. We ask the Commission to test them. We would welcome the opportunity to appear at hearings and to provide further evidence, data and project-level detail to support the inquiry's work.

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Appendix A: What title transfer unlocks – a worked example

The figures in this appendix are illustrative, not forecasts. Their purpose is to show the mechanics of what title transfer unlocks and the order of magnitude of the opportunity, not to predict outcomes. They are produced by a transparent model with stated assumptions, which we will provide to the Commission on request. Assumptions are deliberately conservative, and the national base data is drawn from the AIHW and the Commission's own Report on Government Services.

The micro view: one transferred portfolio, step by step

Consider the transfer of title of 1,000 public housing dwellings to a regulated community housing provider. Nothing about the homes or the tenants changes on day one. What changes is what the portfolio can do.

Step	Per 1,000 dwellings transferred	
1. Portfolio	Asset value transferred	\$450m
2. Operating uplift	CRA and tax settings, net operating income p.a.	\$4.5m
3. Bankable capacity	Debt serviceable from that uplift	\$50m
4. Homes from uplift	New dwellings financed from cash flow alone	~130
5. Redevelopment	Net additional homes from densification	~300
Result	Additional homes enabled per 1,000 transferred	~430

The mechanics are straightforward. Title makes the provider's tenants eligible for Commonwealth Rent Assistance and brings the portfolio inside charitable tax settings, which together lift net operating income by around \$4.5 million each year. That income stream, tested against standard lender covenants, supports roughly \$50 million of senior debt, which is what we mean when we say title is bankable: a managing agent cannot borrow against properties it does not own. That capacity alone finances around 130 new dwellings net of program co-funding. Title also enables redevelopment of the low-density share of the portfolio, which under conservative assumptions adds roughly 300 further homes over a decade. In total, each 1,000 dwellings transferred enables in the order of several hundred additional homes that do not exist under management-only transfer or continued government ownership.

The macro view: three national scenarios

Australia has approximately 298,000 public housing dwellings, being 66 per cent of the 451,754 social housing dwellings recorded by the AIHW at June 2024. Applying the per-portfolio mechanics above to staged national transfer programs suggests the following order of magnitude.

	Scenario A (10%)	Scenario B (25%)	Scenario C (50%)
Dwellings transferred	~30,000	~75,000	~149,000
Asset value transferred	~\$13bn	~\$34bn	~\$67bn
Annual CRA flow unlocked	~\$120m	~\$300m	~\$600m
Bankable debt capacity	~\$1.5bn	~\$3.7bn	~\$7.4bn
Total additional homes enabled	~13,000	~32,000	~64,000

Scenario A approximates a cautious first stage, comparable in national scale to a single large state program. Scenario B reflects a committed decade-long program across jurisdictions. Scenario C is the ambition case, under which public and community housing would sit in broad balance nationally. In every scenario, the homes shown are additional: additional to the transferred stock itself, and additional to anything the status quo delivers. No scenario requires a new recurrent budget program. The capacity is created by moving an existing asset into a form in which it can be put to work.

Limitations

The model deliberately does not capture several factors that would shape a real program: construction market capacity, transaction and transition costs, the pace at which providers can scale, staging over a decade or more, and significant variation in portfolio condition and value between jurisdictions. Some of these factors would reduce the figures above; others, including the compounding effect of each new dwelling joining a regulated, income-generating portfolio that itself supports further borrowing, would increase them. The conclusion this appendix supports is therefore not any particular number. It is that the unlock is large, real and currently forgone, and that it deserves rigorous, independent quantification, which the Commission is better placed than any participant to provide.