PO Box 4093
Ainslie ACT 2602
T (02) 6230 1775
F (02) 6230 1704
anglicare@anglicare.asn.au
www.anglicare.asn.au

29 September 2026

Danielle Wood and Alison Roberts
Commissioners
Housing Supply Regulation Inquiry
GPO Box 1428 Canberra City ACT 2601
By email: housing.supply@pc.gov.au

Dear Commissioners,

Re: Housing supply regulation inquiry interim report

Anglicare Australia welcomes the opportunity to provide feedback on the Productivity Commission's Housing supply regulation inquiry interim report.

The increased public discussion of Australia's housing crisis has led to many politicians, policy thinkers and commentators coming to different conclusions about where the heart of the problem lies and proposing their own silver bullet solutions. Many have settled on the idea that a simple lack of supply is driving the housing crisis, and that slashing regulatory burden on developers is the answer that will suddenly make housing affordable.

With the Intergenerational Report estimating that Australia's population will reach 40 million over the next 40 years, ensuring there is enough affordable housing for everyone will be vital to tackling inequality. However, slashing red and green-tape and alleviating regulation for private developers and wealthy investors, with no care or consideration for the kinds of housing being built, or the wider environment will not solve the housing crisis as it exists and will not ensure homes are available to every Australian into the future.

The policy context

Developers and the property lobby have long insisted that the cause of Australia's housing crisis has solely been the result of a shortage of supply, and that if they were freed from 'burdensome' regulatory requirements, they would build more homes, and the crisis would be over. These claims have been proven false.

Firstly, Anglicare Australia has long maintained that the root driver of housing inequality has been the financialisation of housing. This has been fuelled by generous tax concessions gifted to investors, which have locked first-home buyers out of the housing market and driven up rental costs, pushing private renters into rental stress. The changes to the tax system announced in the 2026-27 Federal Budget will begin the process of balancing the scales away from investors. In fact, they have already started achieving their intended goal to make housing more affordable. Data from the Australian

Bureau of Statistics shows that new home loans for property investors has fallen, giving potential owner-occupier buyers greater ability to purchase.[i] Similarly, house prices across the country have begun to slow or fall.[ii]

Secondly, contrary to popular opinion, research suggests that planning authorities have gone to great lengths to ensure that zoning capacity can cater to growth and new development.[iii] In spite of this, there has been no great rush to take up the increased capacity. One study found that the vast majority of sites were not developed within five years of zoning changes, and that 71 percent of extra capacity still remained unexploited twenty years after becoming available for development.[iv]

The argument goes that Australia has a shortage of housing, but the reality is that Australia has an oversupply of dwellings compared to our demographic needs.[v] Building statistics from the Australian Bureau of Statistics show that Australia completes around 145,000 new dwellings each year.[vi] New supply is of course welcome, but the housing crisis cannot be solved if there isn't the right mix of housing. Without ensuring that genuinely affordable homes are built, then housing will continue to remain out of reach for low-income households.

For at least the last four decades, successive Federal Governments have made the bargain that the private rental market would be better at delivering affordable homes to Australians than social housing programs. This policy has failed. The housing market only became more unaffordable for Australians, and more expensive for governments. Anglicare Australia's own analysis of federal expenditure suggests that Australia spends ten times more on private market solutions than it does on social housing. Research from the Australian Housing and Urban Research Institute shows that the shortage of affordable rentals for low-income households grew between 1996 and 2011, contradicting the theory of trickle-down housing making the private market more affordable.[vii]

Building the right supply

Ensuring that every Australian can find an affordable home will require more thoughtful policy interventions than just releasing property developers from their obligations. There must be a sustained investment in public and community housing to ensure that genuinely affordable homes are in the broader housing stock. As a result of governments walking away from social housing, it has entered a slow and steady decline. In 1981, 4.9 percent of all housing was public or community housing.[viii] By 2021, the share had fallen to 3.8 percent.[ix] According to the Australian Institute of Health and Welfare, there were 452,000 public or community housing dwellings across the country.[x]

The demand for social and affordable housing has only grown greater as governments have let supply dwindle and juiced the private market. Estimates show that the shortfall of social and affordable homes is over 640,000.[xi] By 2041, this shortfall is expected to have reached almost one million homes.[xii] Since coming to office, the Albanese Government established the Housing Australia Future Fund and described it as its signature policy to invest in social housing. While this scheme is welcome, with a target of supporting the construction of 30,000 social homes by the end of its first five years in operation, it cannot meet the scale of investment required to close the shortfall. This is where this inquiry should be putting its focus on supply.

Instead of letting private developers shirk social responsibility and free them from regulations, policy settings should recognise that the private construction market can be put to use to support new social and affordable home building. Current regulatory frameworks provide important protections for builders, residents and the environment, and should not be ripped up or passed over without good reason or public benefit. Governments have the power and ability to require something in return for lenient regulation and reduced red tape. As they ultimately control the planning and approval levers, they should exercise this power to shape how developers act. They should therefore use them to require investment in the social and affordable homes that are desperately lacking in the overall stock. Victoria has modelled how this might work through its Development Facilitation Program. Under this scheme, proposals for significant residential developments can receive expedited planning approval if they demonstrate that at least ten percent of the total number of dwellings are affordable housing.

The interim report highlights that this has been raised in the initial consultation process and explains that the Commission will consider this further in the final report. This is welcome, and the provision of social and affordable housing should form a key focus given the critical nature of this type of housing to solve the housing crisis.

We appreciate the opportunity to provide input to this consultation and look forward to continued engagement as the consultation process progresses. We would welcome the opportunity to further discuss anything raised in this submission. Please do not hesitate to contact us at Anglicare@anglicare.asn.au.

Yours sincerely

Kasy Chambers
Executive Director

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[i] Australian Bureau of Statistics (2026) Lending indicators: June Quarter 2026
[ii] PropTrack (2026) PropTrack Home Price Index: July 2026
[iii] Murray, C., and Limb, M. (2020) Supply and price effects of upzoning over twenty years.
[iv] Ibid.
[v] Centre for Social Research and Methods (2017) Regional housing supply and demand in Australia.
[vi] Australian Bureau of Statistics (2026) Building Activity, Australia.
[vii] Australian Housing and Urban Research Institute (2015) Supply shortages and affordability outcomes in the private rental sector: short and longer term trends.
[viii] Australian Housing and Urban Research Institute (2022) What is the right level of social housing for Australia?
[ix] Australian Institute of Health and Welfare (2026) Housing assistance in Australia.
[x] Ibid.
[xi] University of New South Wales (2022) Quantifying Australia's unmet housing need: A national snapshot.
[xii] Mission Australia (2026) Submission to the Productivity Commission Inquiry on Housing supply regulation.