Driving Housing Finance Innovation

Reforming Australia's housing sector for equity, access and innovation

September 2026

percapita FIGHTING INEQUALITY IN AUSTRALIA

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Executive Summary

This report examines the potential of atypical housing finance models to address the deepening crisis of housing affordability and tenure exclusion in Australia, particularly for structurally marginalised populations. Amid persistent pressures in the rental and ownership markets, and despite the introduction of policy mechanisms such as the Housing Australia Future Fund and the National Housing Accord, Australia continues to rely on conventional mortgage-based finance structures that remain poorly suited to a rapidly diversifying demographic and economic reality. This report positions housing finance not merely as a conduit for banking access, but as a critical lever for equity, sustainability, and structural resilience.

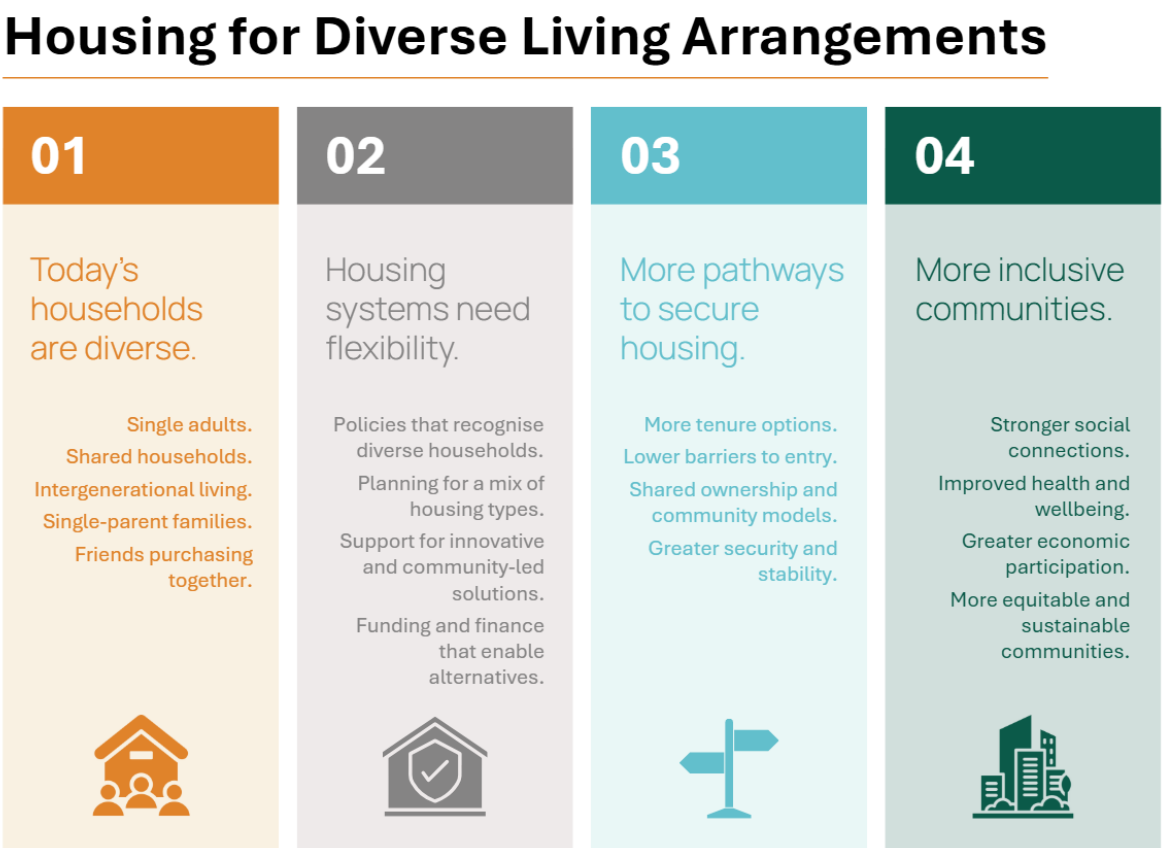

Figure 1. *Housing for diverse living arrangements. As household composition diversifies, expanding tenure and ownership options widens access to secure housing and builds more inclusive communities. Source: Per Capita analysis.*

The analysis draws on domestic and international innovations in housing finance, including cooperative tenure frameworks in Sweden, Denmark, Austria and Germany, granting and microfinance approaches in Kenya and Brazil, public-private partnerships in India and South Africa, and digital mortgage tools emerging in Brazil and Australia. The study gives special attention to underutilised or emergent models such as shared equity finance, climate-linked bond issuance, impact investment vehicles, and community land trusts. These models are evaluated not only for their financial architecture but for their institutional compatibility, inclusivity, and delivery performance.

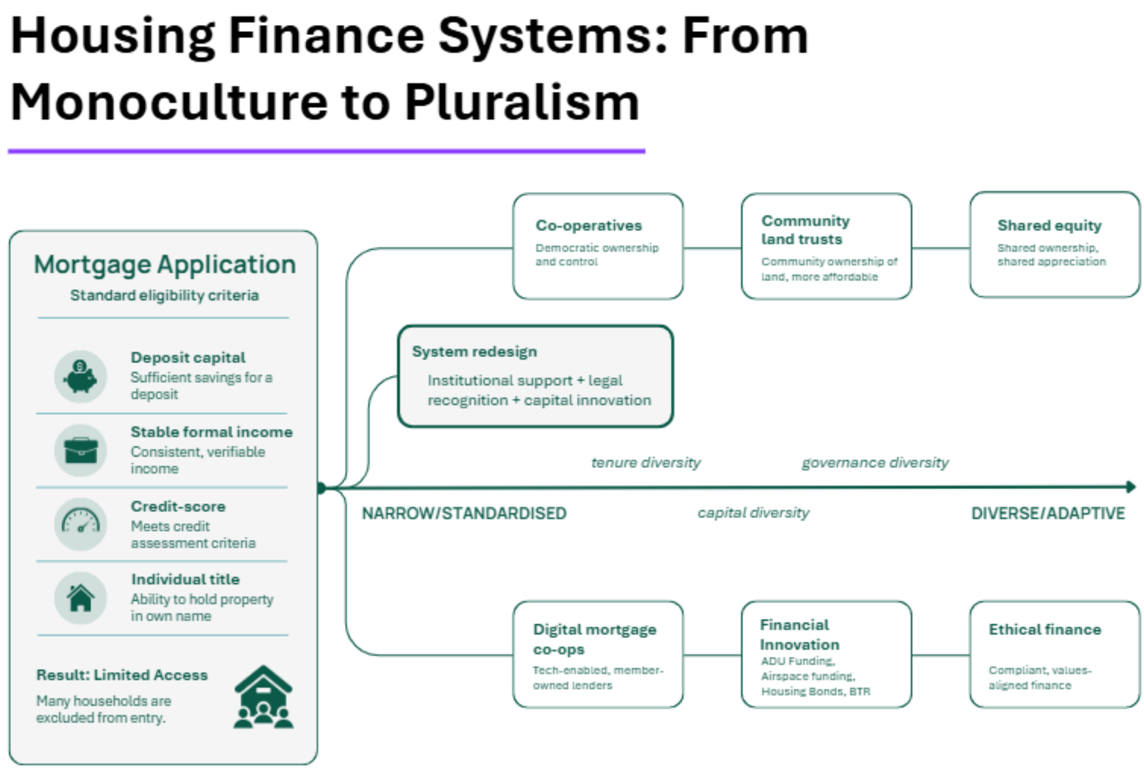

Figure 2. *From Monoculture to Pluralism. The Australian housing finance system is dominated by a narrow set of ownership and lending pathways centred on the conventional mortgage. Alternative models illustrate a more diverse housing finance ecosystem capable of expanding access, resilience and tenure choice. Source: Per Capita analysis.*

The analysis identifies that atypical housing finance models, when supported by appropriate governance and regulatory infrastructure, can outperform traditional models in several dimensions. Cooperative housing models, demonstrate lower default risk and greater community stability, yet remain underdeveloped in Australia due to legal and financing constraints. Similarly, shared appreciation mortgages and intergenerational equity swaps offer new (plausible) avenues for wealth mobility and tenure access but are stymied by institutional inertia and risk-averse lending practices. Community land trusts uncouple the costs of housing, providing equitable solutions for groups traditionally excluded from traditional financial solutions.

Australia's underutilisation of these approaches stems from five structural constraints:

- **Capital depth is shallow:** the absence of dedicated intermediaries and pooled capital vehicles limits the scalability of community-led or hybrid finance models.

- **Delivery velocity is undermined by fragmented planning regimes and slow development approvals,** which disincentivise innovation.
- **Market concentration in speculative development** has narrowed the scope of institutional finance to product types with limited social or tenure diversity.
- **Tenure exclusivity remains entrenched**, with little policy support for alternative forms of ownership or non-market dwellings.
- **Climate or social value alignment in the housing finance system remains weak,** with limited integration of environmental or social performance metrics or resilience mandates within finance instruments.

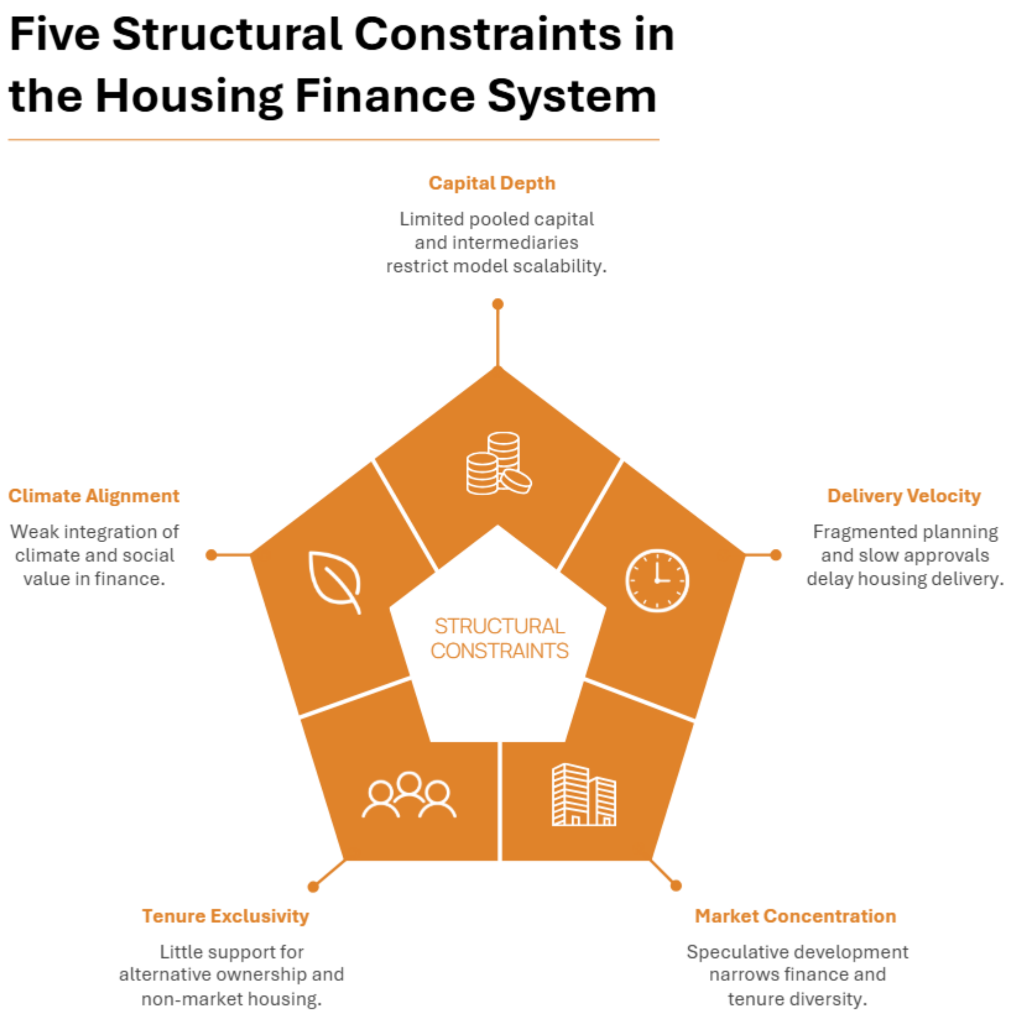

Figure 3. *Five constraints shape the performance of Australia's housing finance system: capital depth, delivery velocity, market concentration, tenure exclusivity, and climate alignment. Source: Per Capita analysis.*

To respond to these systemic challenges, the report proposes a reform strategy grounded in institutional redesign, capital innovation, and legislative coherence. Key recommendations include;

1. The establishment of a ***federally capitalised Australian Housing Finance Corporation*** with an institutional leverage mandate to aggregate and deploy large-scale capital through outcome-linked instruments.
2. An aligned ***Alternative Housing Authority*** to drive model diversity, and sector education/uplift.
3. Enabling legislation supportive of improved airspace rights management
4. The introduction of ***performance-based bonds***, such as (non-exhaustively) Green Transition Accelerator Bonds, is proposed to incentivise low-carbon construction and emissions reductions.
5. ***Grants and low interest finance to support ADUs***, including most notably a proposed Secondary Dwelling Finance model. Normalising the support of 'gentle density' initiatives such as roof top development.
6. The introduction of ***digital infrastructure,*** including the National Housing Cloud, to enable greater transparency, real-time asset management, and new finance platforms such as distributed ledger (blockchain-backed) cooperative mortgages.
7. ***Explore equity-linked instruments, such as Shared Appreciation Mortgages and Intergenerational Equity Swaps,*** are recommended to engage older, asset-rich homeowners in supporting younger cohorts into home ownership, while preserving long-term fiscal sustainability.

These proposals are not envisioned as isolated interventions. Rather, they comprise an integrated reform architecture capable of restructuring housing finance as a system, not merely as a market.

In articulating this agenda, the report advances a view of housing as a shared public good; one that requires systemic innovation in how it is financed, governed, and owned. The findings make clear that pilot schemes, or piecemeal adjustments will not suffice. What is needed is a coordinated realignment of capital, institutions, and regulation to produce a finance system that is not only functional but fair.

> *"Pilot schemes or piecemeal adjustments will not suffice."*

The opportunity presented by recent reforms to Capital Gains Taxation and Negative Gearing present a valuable enabling environment for the market to become more pluralistic, shifting from a monocultural financial framework to one that is genuinely diverse, meeting the varied needs of all Australians.

Purpose of the Report

Australia's housing system is undergoing intensifying stress. Decades of underinvestment in social and affordable housing, combined with speculative market dynamics, have entrenched housing as both a source and amplifier of socio-economic inequality. The housing affordability crisis, once considered cyclical, has become structural. As seen in Figure 1, the trajectory is unambiguous; the ratio of housing prices to household disposable income, and of household debt to income, has ratcheted upward over two decades rather than oscillating around a stable mean. What was once a cyclical pressure has hardened into a permanent feature of the system.

"Housing as a shared public good; one that requires systemic innovation in how it is financed, governed, and owned."

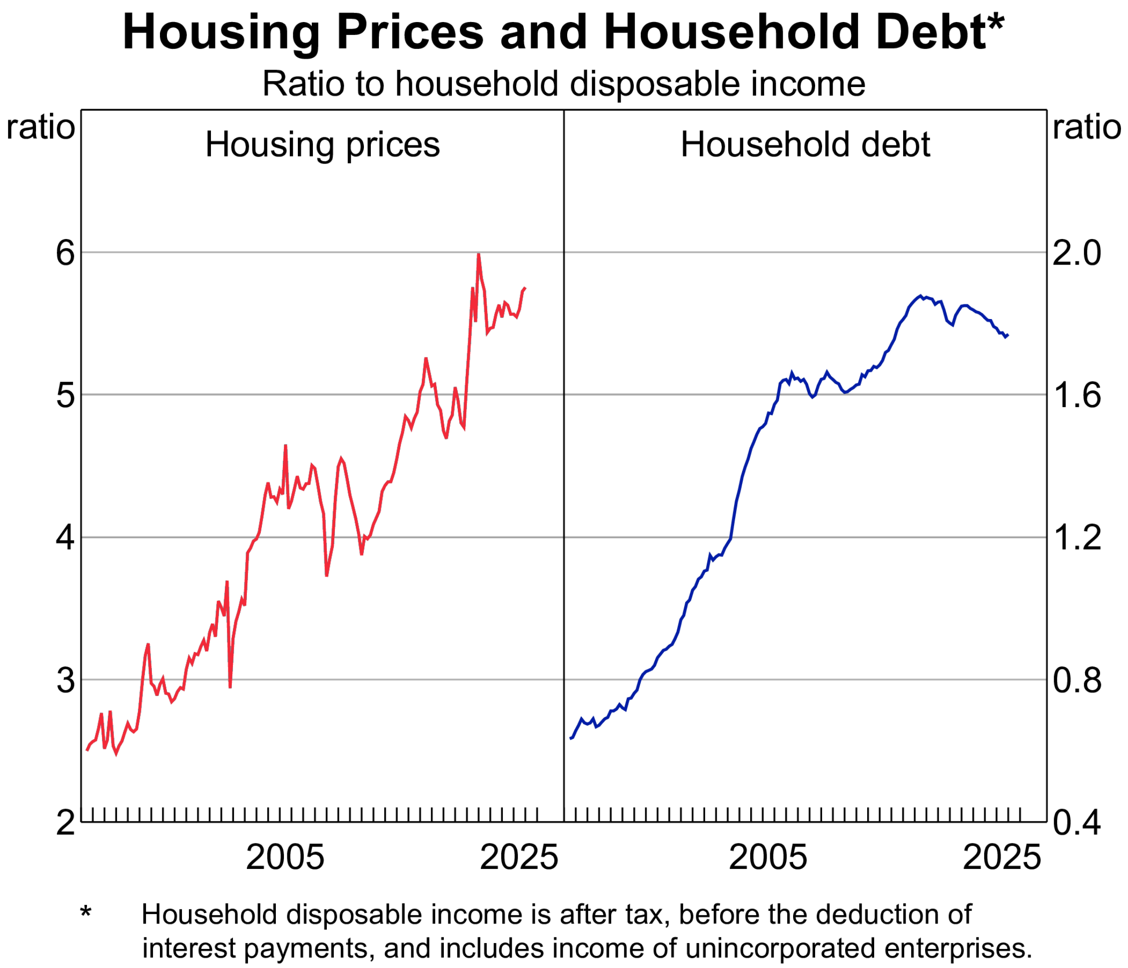

Figure 4. Housing prices and household debt as a ratio to household disposable income.

Source: RBA, 2026 (data as of 30 April 2026)

This is acutely felt among those traditionally excluded from conventional finance and ownership pathways; low-income households, single older women, renters with disabilities, Aboriginal and Torres Strait Islander communities, and people living in regional, remote, or precarious urban settings.

5.8x
Housing price to income ratio

170%
Household debt to income ratio

Housing prices and household debt remain elevated relative to household disposable income.

Source: Reserve Bank of Australia, April 2026

Mainstream housing finance models, particularly fixed and adjustable-rate mortgages and the build-to-sell development model, are structurally misaligned with the capacities and aspirations of these groups. They rely on stable, high incomes, formal employment histories, and access to generational wealth or deposit capital. These models also reinforce tenure rigidity and asset-based inequality, with homeownership narrowly framed as both the goal and the only route to housing security.

The recent proliferation of government responses, the National Housing Accord, the Housing Australia Future Fund, and a renewed interest in supply targets, reflects a growing recognition of the scale of the crisis. However, these efforts remain bounded by traditional paradigms. They are shaped by constraints in institutional design, risk perception, and tenure orthodoxy. While increasingly ambitious in rhetoric, Australia's housing finance system has not yet evolved in structure or scope to accommodate new financial instruments, alternative ownership models, or demand-side diversity.

This report challenges the assumption that only conventional finance can deliver affordable housing outcomes. It reframes the discussion by centring on *atypical housing finance models*, a spectrum of mechanisms that lie outside or adjacent to mainstream lending. These models include co-operative housing finance, ethical finance, microfinance for incremental housing, ADU finance, public-private co-financing, shared equity structures, and digital mortgage innovations. While underutilised in Australia, they are operational in numerous jurisdictions and have shown promise in addressing financial exclusion, fostering tenure diversity, and aligning capital flows with broader social objectives.

More importantly, the focus here is not simply on financial alternatives for their own sake, but on their applicability to vulnerable groups, those systematically underserved by the current system. The case studies and analytical frameworks presented throughout this report are selected for their relevance to intergenerational equity, gender-responsive finance, cultural safety, and disability inclusion. They recognise that housing finance, when restructured appropriately, can be a platform for resilience, not merely a means to acquire property.

In doing so, the report also draws attention to an emerging international consensus: that housing finance systems must evolve to incorporate non-market values, such as environmental sustainability, community wealth-building, and social cohesion. This reconfiguration is not theoretical. It is already underway in many countries through instruments like Green Bonds for social housing (Kenya, Germany), municipal land trusts (Austria, the Netherlands), and co-operative equity-sharing platforms (Canada, Singapore). Australia has much to learn, adapt, and apply.

Research Objectives

The report pursues the following key objectives:

i. *Diagnose structural limitations* in Australia's housing finance system that constrain access, affordability, and tenure diversity for vulnerable and marginalised groups
ii. *Examine atypical housing finance models* that have been implemented internationally, with a focus on operational design, funding structures, and inclusion outcomes
iii. *Assess the conditions for local adaptation*, identifying where regulatory, institutional, and fiscal environments in Australia may support or inhibit replication
iv. *Propose a strategic framework* to transition Australia's housing finance system from a narrow, mortgage-dependent model to a plural, responsive, and resilient ecosystem

These objectives are grounded in the understanding that vulnerable populations are not merely passive recipients of housing policy but are often innovators in collective models of living and resilience. The analysis therefore includes financial models that support co-creation, tenant equity, and local governance, not just consumer access.

Scope of the Report

This report limits its scope to housing finance models with demonstrated or potential applicability to *low-income and excluded populations*, paying special attention to models that promote system diversity and access.

While the analysis is centred on Australia, it adopts a comparative geographic scope, drawing systematically on empirical examples and case studies from Kenya, Brazil, Austria, Germany, the Netherlands, the United Kingdom, Singapore, the United States, and Denmark. These countries offer tested precedents in atypical finance design, delivery innovation, and inclusive housing governance relevant to Australia's existing policy debates or its institutional reform trajectories.

The report also targets a range of tenure types, including rental, ownership, co-ownership, and transitional forms, and does not assume that secure housing must equate to private title. This reflects a more dynamic and inclusive understanding of tenure security and financial capability.

Structure of the Report

The report is structured into six interconnected sections:

- **Executive Summary** provides an overview of the report, methods, findings, and policy implications.
- **Part A: The Housing Finance Landscape** examines conventional finance models, their exclusionary features, and their limitations in the current Australian context.
- **Part B: Alternative Housing Finance Models** provides detailed comparative case studies, examining operational frameworks, target populations, and financing mechanisms across atypical models.
- **Part C: Barriers to Implementation** explores the regulatory, institutional, financial, and cultural constraints to adoption of alternative models in Australia.
- **Part D: Recommendations** outlines 21 key recommendations to drive housing access through financial, and regulatory reform.
- **Part E: Roadmap and Reform Strategy** synthesises findings, assesses models against key criteria, and proposes a reform agenda including specific policy instruments, institutional changes, and capital mobilisation strategies.

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Part A

The Housing Finance Landscape: Models and Market Dynamics

Overview of Housing Finance Models

Australia's housing finance system has historically been dominated by conventional lending instruments, underpinned by a strong policy emphasis on individual homeownership (Parliamentary Library, 2024). Fixed-rate and adjustable-rate mortgages, delivered primarily through private financial institutions, remain the principal mechanism for housing acquisition (NHSAC, 2025). These arrangements are supported by government initiatives such as the First Home Guarantee and shared-equity programs designed to improve access to mortgage finance (AHURI, 2026; NHSAC, 2025).

Throughout much of the post-war period, rising wages, relatively affordable land, and expanding access to credit enabled substantial growth in homeownership (Pawson et al., 2018). However, over the past two decades, the effectiveness of this model has weakened as housing prices have outpaced income growth, land values have risen, and labour-market conditions have become increasingly fragmented (NHSAC, 2025; Maclennan et al., 2021). These developments have contributed to declining homeownership rates and a growing population of long-term renters (AHURI, 2024).

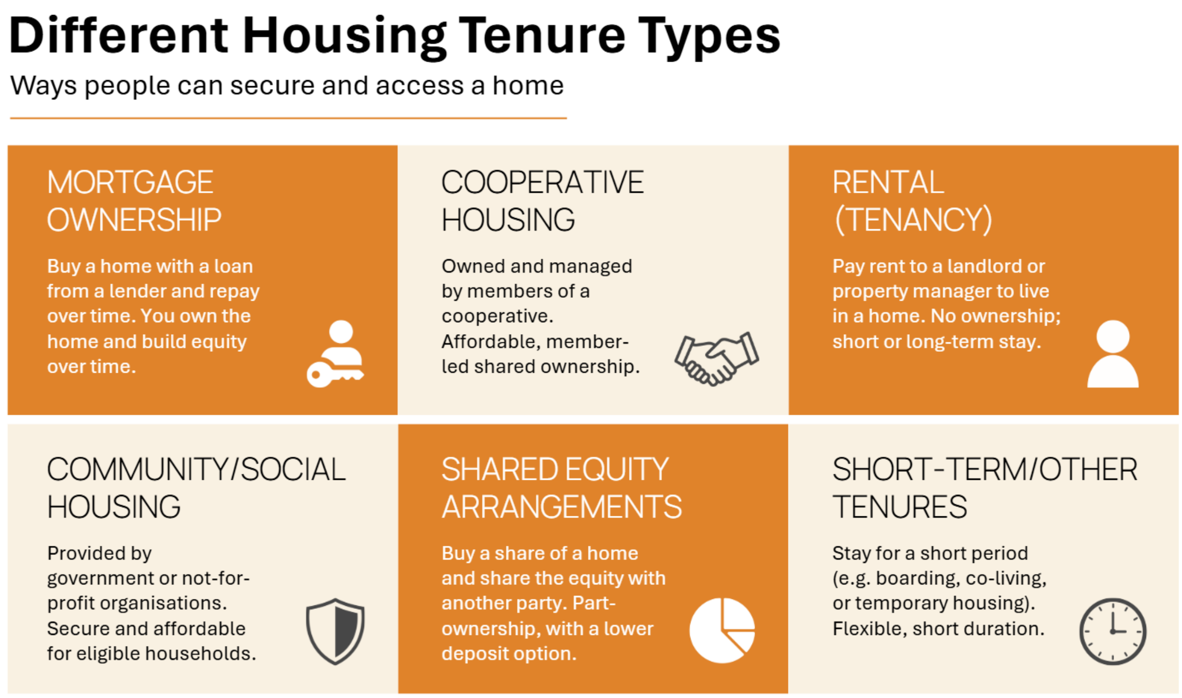

Figure 5. *Housing tenure types. Security of tenure can be achieved through mortgages, co-operatives, shared equity, rental and community housing; a plural system offers options suited to different needs and life stages. Source: Per Capita analysis.*

Atypical models, such as shared equity schemes, community housing finance, cooperative ownership, and impact-linked instruments, are either nascent or marginalised in Australia's finance landscape. This imbalance has created a systemic exclusion for populations without stable or high incomes, multigenerational wealth, or access to traditional mortgage instruments. The lack of tenure diversity and capital innovation constrains not only housing access but also affordability, resilience, and social cohesion.

To understand where intervention is required, this section surveys the architecture of mainstream finance instruments and highlights their exclusionary features, before introducing models that have succeeded internationally in achieving more inclusive and sustainable outcomes.

"Traditional 'vanilla' mortgage structures have become a source of policy inertia."

Traditional Mortgage Models

Traditional mortgage models sit at the centre of Australia's housing finance architecture. They have shaped not only the way Australians access housing, but the way housing itself is imagined, anchored in private ownership, standardised tenure, and individualised debt. While these instruments emerged during an era of stable employment and steady property appreciation, their limitations are increasingly evident as labour market precarity deepens and demographic realities shift.

Because they are structured around fixed eligibility criteria, traditional mortgages remain largely inaccessible to those whose economic lives fall outside a narrow band of risk tolerance defined by lenders and regulators. Yates and Milligan (2007) describe this model as one that institutionalises exclusion, whereby access to home ownership is effectively rationed by a set of criteria that privilege intergenerational wealth transfers, dual incomes, and continuous waged employment. The reliance on standard credit scoring mechanisms and high deposit thresholds ensures that this form of housing finance is systematically biased against low-income and asset-poor households.

This exclusion is not incidental. It is reinforced by a broader policy and regulatory environment that continues to treat mortgage finance as a market efficiency mechanism, rather than a tool for equity or social stability. Australia's housing policy has largely been defined by its unwillingness to intervene in mortgage product design or distribution, preferring demand-side subsidies and tax measures that exacerbate price inflation rather than broaden access. These frameworks fail to reflect the realities of single-parent households, renters with disability needs, or individuals reliant on income support, all of whom face compound barriers to accessing secure tenure or asset accumulation through the mortgage system.

Government-backed schemes, where they exist, tend to operate at the margins. Programs such as the First Home Guarantee or limited shared equity offerings have done little to recalibrate the mainstream model. These interventions have not meaningfully altered lender risk appetites or regulatory practice, nor have they created the enabling conditions for more diverse or culturally responsive forms of housing tenure to emerge.

In short, *traditional 'vanilla' mortgage structures have become a source of policy inertia*, replicating exclusion under the guise of neutrality, and entrenching inequality through the language of financial prudence. Their underlying assumptions do not simply neglect housing diversity, they actively constrain it.

To engage meaningfully with the potential for reform, it is necessary to first articulate the structure and function of the current system. The following sub-sections examine the mechanics of fixed and adjustable-rate mortgages, the limited suite of government-backed interventions, and the specific exclusions these products reproduce. This foundation sets the stage for a consideration of alternative and atypical models that respond more directly to contemporary housing needs.

Models and Structural Frameworks

Traditional mortgage models form the cornerstone of Australia's home ownership finance system. These models are typically structured around principal and interest repayment terms, where the borrower gradually repays both the loan capital and interest over a 25–30 year period. Most lenders require deposits of at least 10–20 percent, with tighter loan-to-value ratio (LVR) limits applied to borrowers assessed as higher risk (Australian Prudential Regulation Authority [APRA], 2021).

Interest rate mechanisms are either fixed for a defined period or adjustable (variable), based on lender policy or reference rates such as the Reserve Bank of Australia's cash rate. While this structure offers lenders and investors predictability and enforceable repayment schedules, it assumes that borrowers possess financial stability, secure employment, and access to upfront capital.

Eligibility is generally determined through credit scoring models, with reference to formal income documentation, serviceability ratios (typically benchmarked at 25–30 percent of household income), and internal risk-weighted metrics applied by lenders under the prudential oversight of APRA. These eligibility settings align closely with Basel III risk frameworks and APRA's Prudential Practice Guide APG 223 on Residential Mortgage Lending[1].

While effective for creditworthy, middle-income households with stable dual incomes and intergenerational support, traditional mortgage models can disadvantage households whose income patterns, tenure circumstances, or housing needs fall outside conventional lending criteria (Whelan et al., 2023; Pawson et al., 2020). In particular, these models are not well suited to households with irregular or insecure incomes, including many casual workers, gig economy participants and carers. Furthermore, conventional mortgage frameworks often struggle to accommodate alternative tenure arrangements, shared ownership structures, and specialised housing requirements that fall outside standard risk assessment processes (Whelan et al., 2023; Pawson et al., 2020).

Fixed-Rate Mortgages (FRMs)

Mechanisms and Risks

Fixed-rate mortgages offer borrowers predictable repayment obligations, where interest rates remain unchanged for a fixed period. This enables borrowers to plan long-term without exposure to market rate fluctuations, which is particularly important during periods of rising inflation or monetary tightening. In the United States, fixed-rate mortgage terms of 15 to 30 years are the norm, supported by public backstops such as Fannie Mae and Freddie Mac.

Market Adoption

In Australia, however, fixed-rate mortgages represent a minority share of the market. Most fixed products offer short-term rate security; commonly between 1 and 5 years, after which loans revert to variable terms. The rate structure underlines the point shown in Figure 6: fixed products are priced and held only over short horizons, lacking the long-dated architecture that makes 15- to 30-year fixed lending viable elsewhere.

[1] APG 223: Residential Mortgage Lending https://www.apra.gov.au/sites/default/files/apg-223-residential-mortgage-lending_0.pdf
APRA webpage for APG 223 https://www.apra.gov.au/prudential-practice-guide-apg-223-residential-mortgage-lending

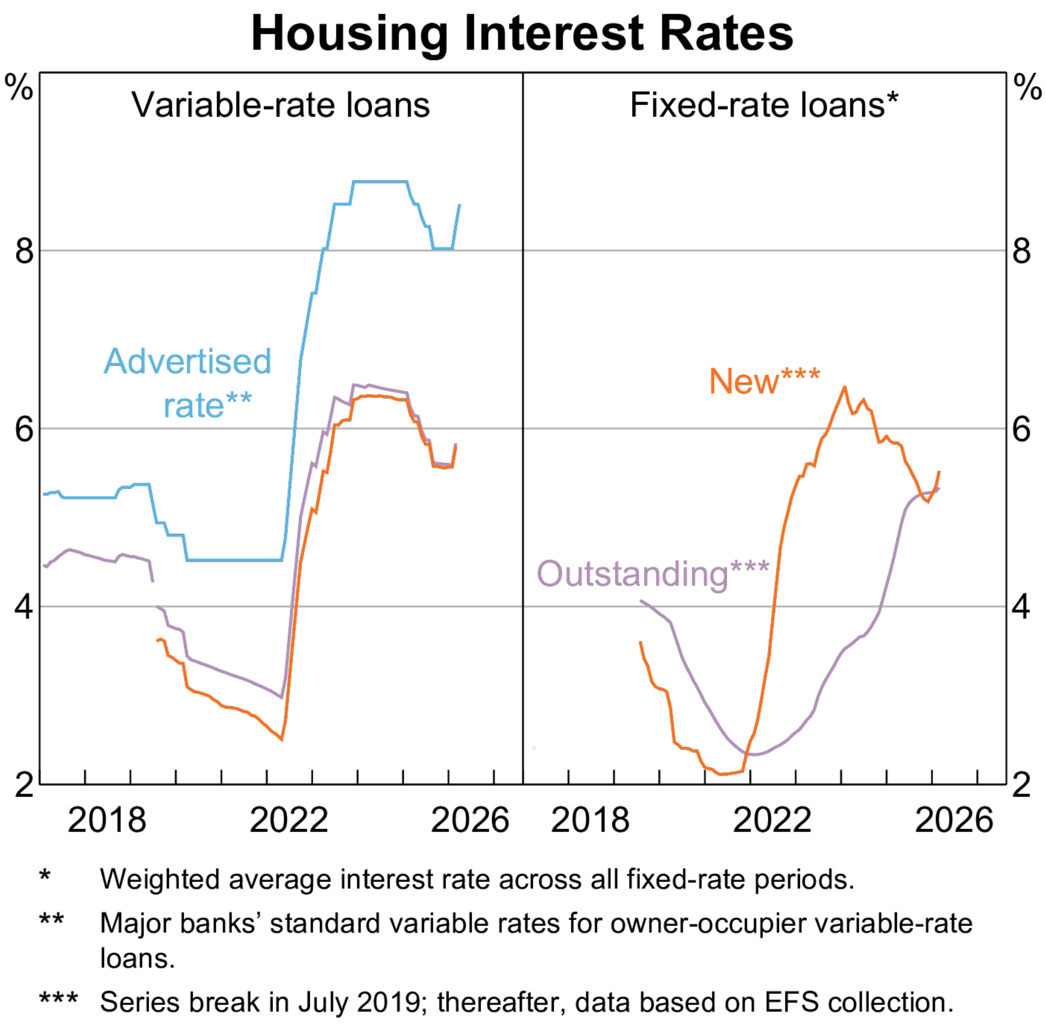

Figure 6. Average housing loan interest rates: fixed and variable rates for new and outstanding lending

Source: RBA 2026 (data as of 30 April 2026).

The structural dominance of variable-rate lending in Australia reflects an institutional configuration that differs markedly from housing finance systems such as that of the United States. Stewart et al. (2013) note that Australia is characterised by a mortgage market dominated by variable-rate lending and observe that fixed-rate mortgages historically accounted for less than one-fifth of new housing loans. Unlike the tracker mortgage systems used in several European countries, Australian variable mortgage rates are generally determined at the discretion of lenders rather than being contractually linked to an independent benchmark rate (Stewart et al., 2013).

Implications for Vulnerable and Marginalised Populations

Because most of these loans reprice automatically, the rise fed straight through to the rates actually paid on outstanding balances (Figure 6), with the sharpest burden falling on households with the least buffer.

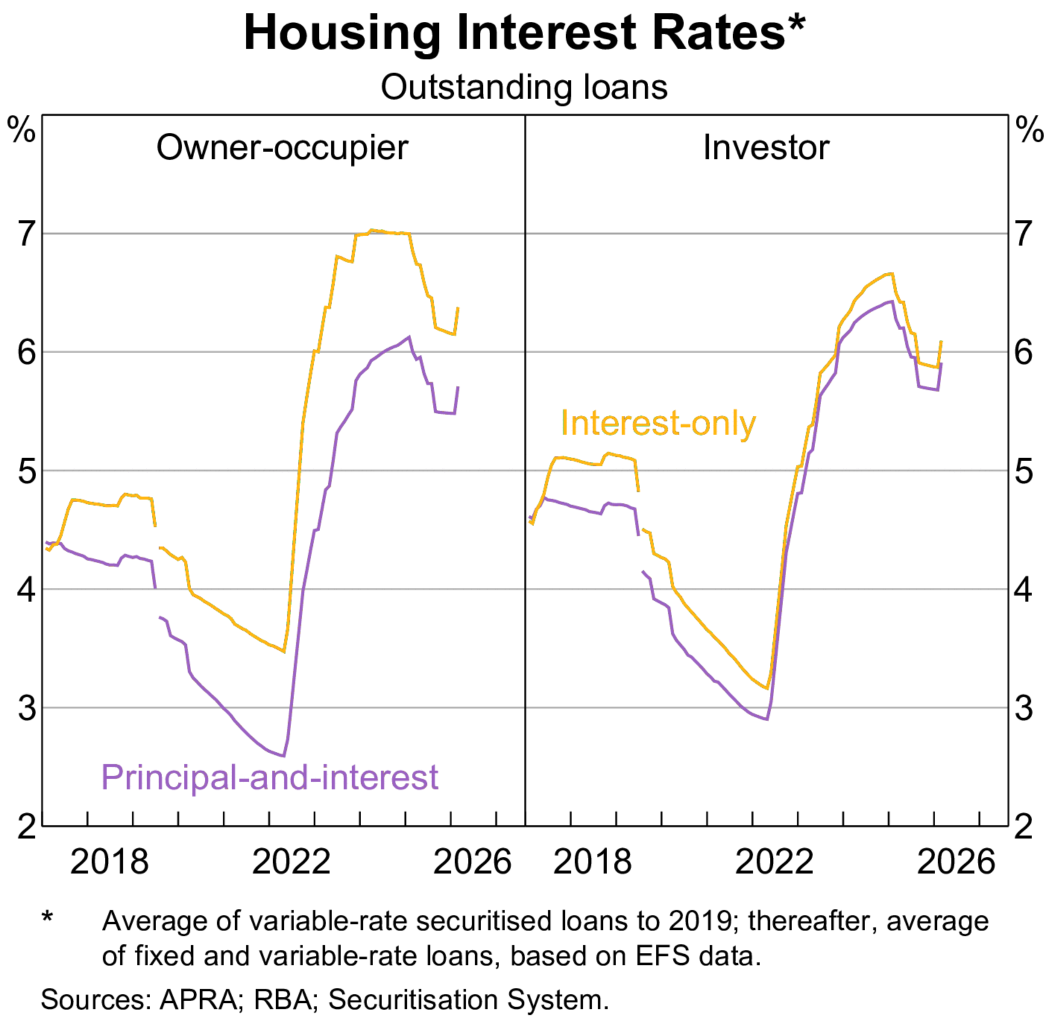

Figure 7. Average housing interest rates on outstanding loans (based on variable-rate securitised loans to 2019 and the average of fixed and variable-rate loans thereafter, using EFS data)

Source: RBA April 2026 (data as of 30 April 2026) Original data (APRA, RBA; Securitisation System).

The structural inaccessibility of fixed-rate mortgages for low-income borrowers stems from several factors. These products often require higher initial deposits, and lenders may impose stricter credit filters due to the long-term risk exposure. Furthermore, the rigid format of FRMs does not align with alternative forms of dwelling or ownership. Individuals pursuing housing through modular builds, cooperative tenure, or non-traditional landholding structures may be deemed unsuitable under conventional product assessment frameworks.

Adjustable-Rate Mortgages (ARMs)

Mechanisms and Risks

Adjustable-rate mortgages, also known as variable-rate loans in Australia (herewith ARMs), offer borrowers a lower initial rate with periodic adjustments based on prevailing market indices. These products dominate Australia's mortgage landscape and are attractive during periods of low interest rates. However, as noted by Ellis (2006), the flexibility of ARMs comes with significant volatility, exposing borrowers to affordability shocks as rates increase.

Market Adoption

ARMs account for over 80 percent of all Australian mortgage lending, reflecting lender preferences and the absence of structural incentives for long-term fixed-rate lending. This differs markedly from systems in which fixed-rate borrowing is incentivised through secondary markets and public guarantees.

Implications for Vulnerable and Marginalised Populations

For low-income households, ARMs pose particular risks. Borrowers with variable or insecure income streams are highly susceptible to interest rate shocks, which can push repayment ratios beyond sustainable thresholds. Between May 2022 and November 2023, the Reserve Bank of Australia increased the cash rate target from 0.10 per cent to 4.35 per cent, resulting in substantial increases in mortgage repayments for households with variable-rate loans. Because housing costs consume a larger proportion of disposable income among lower-income households, rising interest rates contributed to heightened financial stress and affordability pressures across lower-income groups (National Housing Supply and Affordability Council [NHSAC], 2025).

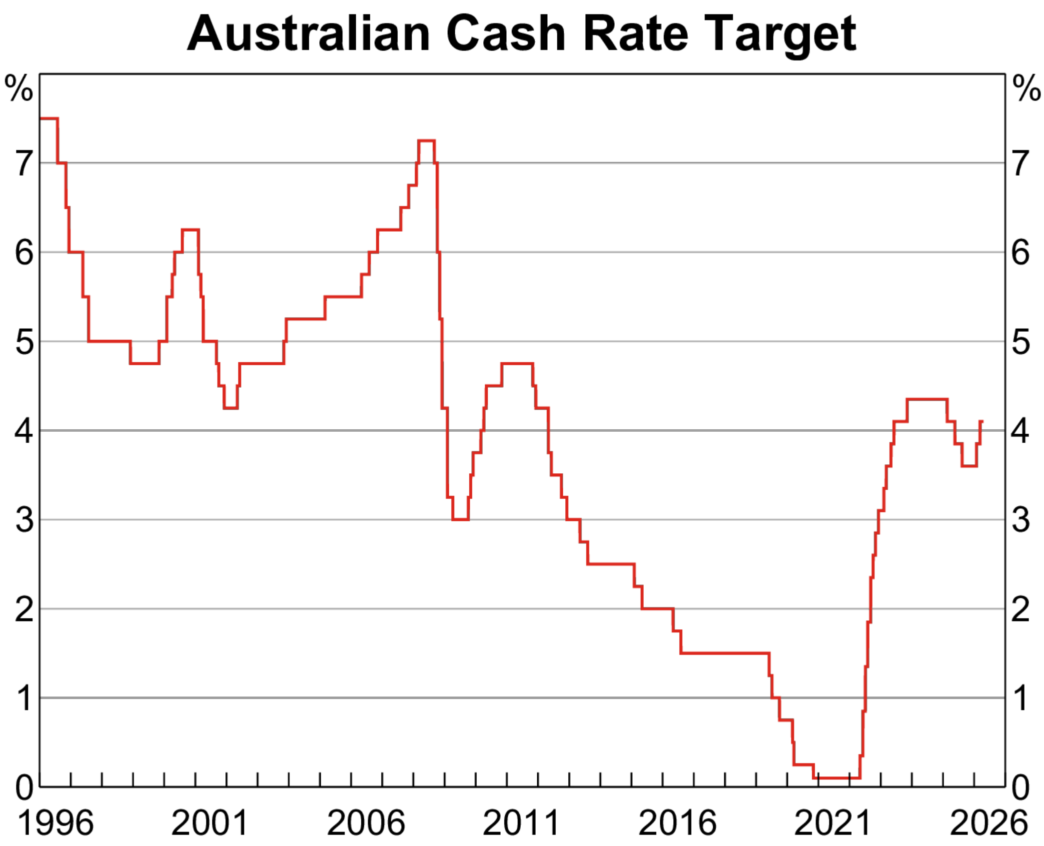

Figure 8. Australian cash rate target from 1996 to 2026.

Source: RBA 2026 (data as of 30 April 2026).

The scale of that shock is evident in the cash-rate path (Figure 8), which rose steeply through 2022–23 after a decade near historic lows; a movement transmitted almost immediately to the four-in-five Australian borrowers on variable terms.

over
80%

of Australian mortgage lending is variable-rate

Changes in the cash rate are transmitted rapidly to household mortgage repayments.

Source: Reserve Bank of Australia, April 2026

These risks are amplified for single parents, casual workers, and individuals with health-related income disruptions.

Government-Backed Mortgages

Utilisation and Scope in Australia

Government-backed mortgage products in Australia remain limited in scale, scope, and institutional robustness compared with international housing finance systems that incorporate large-scale public lending or mortgage guarantee programs. Current policy instruments are primarily targeted at facilitating market entry for eligible households rather than providing comprehensive affordability solutions. The most significant initiative is the *First Home Guarantee*, which enables eligible first-home buyers to purchase a dwelling with a deposit of as little as 5 per cent, with the Australian Government guaranteeing a portion of the loan to reduce the need for lenders mortgage insurance (Housing Australia, 2025). In addition, several jurisdictions have implemented *shared equity schemes*, whereby a government entity contributes part of the purchase price in exchange for an equity stake in the property. Examples include Western Australia's Keystart[2] program and Victoria's Homebuyer Fund[3], both of which are intended to reduce deposit and borrowing requirements for eligible purchasers (Housing Australia, 2025). Beyond these measures, government support for home ownership continues to rely heavily on tax concessions, grants, and targeted subsidies, which generally assist households to enter the existing housing market but are not designed to address long-term housing affordability challenges or structural barriers to home ownership (for a broader discussion see inter alia National Housing Supply and Affordability Council [NHSAC], 2025).

Limitations and Equity Concerns for Vulnerable Groups

While government-backed mortgage interventions in Australia aim to support first-time buyers and lower-income households, they frequently fall short of meeting the housing finance needs of the most vulnerable. These limitations arise not only from scale and eligibility design, but also from deeper structural misalignments between existing schemes and the lived realities of marginalised groups.

First, many schemes presume stable, formal employment and the ability to service a mortgage over time, inadvertently excluding those with episodic income, such as casual workers, carers, and people with disabilities. As Groenhart and Gurran (2015) note, schemes like the First Home Guarantee do not adequately account for credit histories shaped by precarity, nor do they accommodate irregular savings trajectories common among the economically disadvantaged.

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[2] Keystart Home Loans | Low Deposit Loans in WA
[3] Victorian Homebuyer Fund | State Revenue Office

Second, schemes that rely largely on conventional owner-occupation models often fail to support alternate pathways to housing security, such as community-led housing, long-term rental equity arrangements, or Aboriginal housing trusts. Individuals from culturally and linguistically diverse backgrounds, or First Nations communities, may find government offerings ill-suited to their tenure preferences, land relationships, or household structures.

Finally, without robust public institutions to coordinate finance and delivery, existing schemes lack the agility to respond to changing economic conditions or rising cost burdens. As housing stress grows, especially for those in the bottom income quintiles, the absence of a durable, centralised infrastructure risks leaving vulnerable groups unsupported at the most critical junctures.

Comparative Insights

By comparison, international schemes are more expansive. The United States' Federal Housing Administration (FHA) provides federally insured mortgages to low-income buyers, significantly lowering entry barriers. The United Kingdom's Help to Buy[4] scheme offered equity loans backed by government to increase new build access. Singapore's Housing Development Board[5] (HDB) administers both development and mortgage finance directly, embedding housing affordability within a centralised model.

As stated by Milligan and Pinnegar (2010), Australia's reliance on private financial intermediaries limits the reach and adaptability of its interventions. Without a central public finance institution for housing, support is fragmented and frequently subjected to political cycles rather than coordinated systems planning.

Market Limitations and Exclusions

Despite its centrality to the Australian housing system, the mainstream mortgage finance models consistently fail to accommodate a wide spectrum of demographic groups. These exclusions are not merely incidental to individual financial circumstances. Rather, they reflect structural features of the mortgage system itself: features that prioritise narrowly defined creditworthiness (and narrow scoring methodologies) and risk-based pricing models over inclusive and adaptive finance practices.

Systemic Exclusion Profiles

There are a number of groups that are systematically excluded from financial products the reasons for which are varied. The common source of ex

[4]HM Government. (n.d.). *Help to Buy: Equity Loan*. GOV.UK. https://www.gov.uk/help-to-buy-equity-loan
[5]Housing & Development Board (HDB)

Figure 9. *Systemic exclusion profiles. Different population groups face distinct barriers to accessing secure and affordable housing. Structural factors combine to exclude many households from conventional housing finance markets. Note that the barriers asserted are non exhaustive. Source: Per Capita analysis.*

Single Older Women

Single older women are the fastest growing cohort of people at risk of homelessness in Australia, a trend driven by the intersection of lifetime income inequality, divorce or widowhood, and inadequate superannuation (AHRC, 2019). Traditional mortgage finance, with its reliance on formal income histories and asset-based risk assessment, is often inaccessible to this group. Gendered life-course events and structural inequalities in the labour market translate directly into exclusion from mainstream finance and secure tenure in later life.

> *"Single older women are the fastest growing cohort of people at risk of homelessness in Australia."*

Low-Income Renters
Low-income renters face a structural lockout from ownership. With no capacity to save for a deposit while meeting high rental costs, and no credit scaffolding built around rental payment histories (unlike other advanced OECD nations), many remain in perpetual tenure precarity. Australia's mortgage system is not designed to convert stable rental history into credit eligibility, unlike emerging practices in Canada and parts of the EU where rent tracking is integrated into credit scoring algorithms.

People with Disabilities
The housing finance system structurally disadvantages people with disability. Accessibility-related housing modifications raise costs above standard valuation thresholds, and income assessments often penalise recipients of the Disability Support Pension. As observed by Wiesel et al. (2018), insurance markets fail to accommodate the real costs and legal obligations of accessible housing. The result is a dual exclusion, both from adequate housing and from the finance that could facilitate it.

Aboriginal and Torres Strait Islander Peoples
In regional and remote contexts, Aboriginal and Torres Strait Islander peoples face additional structural barriers. These include insecure or communally held land titles (e.g. ALRA or native title land), a lack of banking infrastructure, and the literature also notes systemic discrimination in lending (Habibis et al., 2016). D'Rosario (2016) notes that the withdrawal of banking and financial service centres, that enabled physical access to providers, and a point for service orientation has certainly impacted access, and, potentially resulted in self exclusion through time. Even where income is stable, standard mortgage assessments often disregard cultural obligations, mobility needs, or locally defined risk. Programs such as the IBA Home Loan Scheme remain impactful but largely undercapitalised and isolated from broader mortgage market reforms.

Young Adults and First-Generation Migrants
For younger Australians and first-generation migrants, deposit constraints, insecure work, and limited access to familial capital compound exclusion. Risk-weighted lending models penalise contract or gig workers, despite long-term earning potential.

Serviceability assessments remain out of step with labour market realities, disproportionately excluding households with informal or non-linear income histories, and failing to account for favourable rental histories.

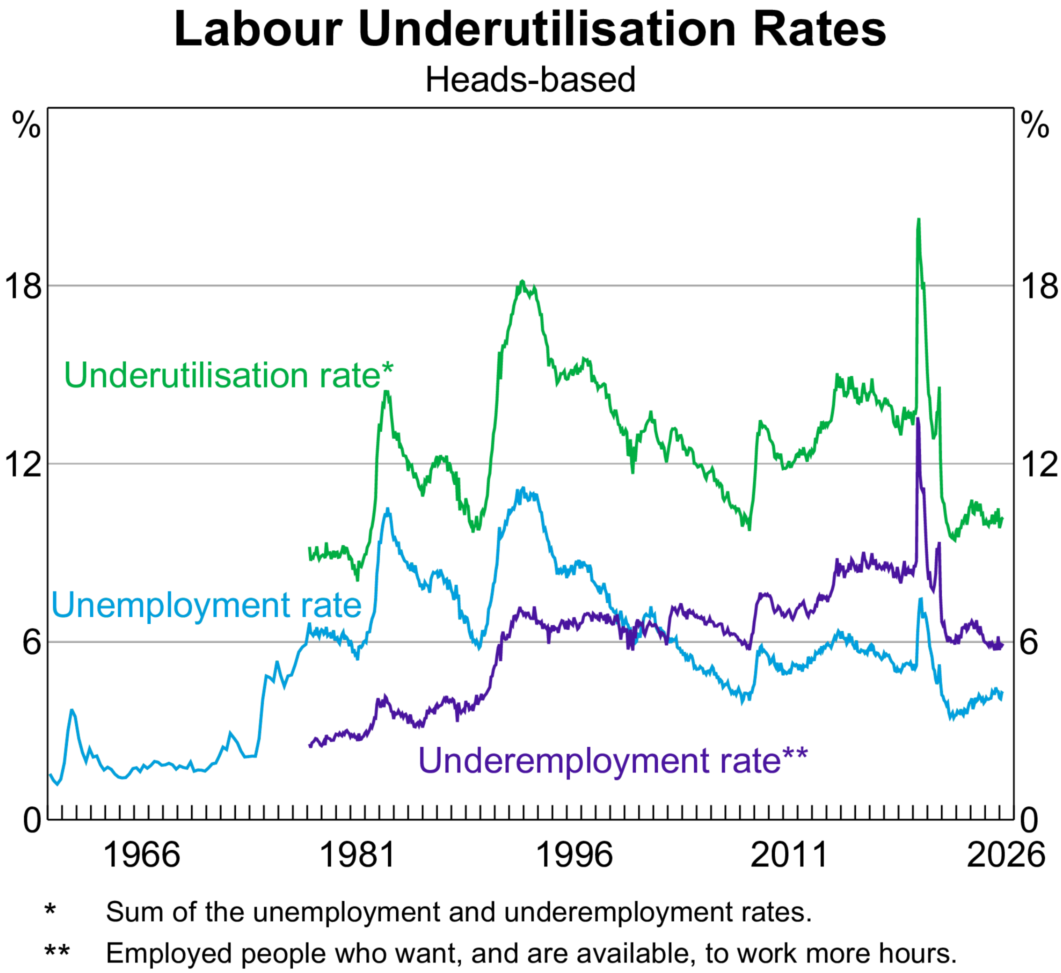


Figure 10. A comparison of heads-based labour underutilisation rates (1966-2026).

Source: RBA, 2026 (data as of 30 April 2026) Original Source: ABS.

Persistent underemployment and underutilisation (Figure 10) are the labour market conditions that mortgage underwriting reads as “instability”, penalising precisely the casual, contract, and gig workforce that now makes up a growing share of younger and migrant households. This is notwithstanding evidence of consistent rental payment histories for many persons within these cohorts.

Structural Dimensions of Exclusion

These patterns of exclusion are not solely due to unaffordability. Rather, they are embedded in the *architecture of Australia’s mortgage finance system*, including lender approaches to risk, collateral, few risk sharing mechanisms and limited financial innovation.

i. The primacy of property as both collateral and wealth-building instrument

ii. Lender risk modelling that equates irregularity with instability

iii. Lack of public risk-sharing mechanisms for alternative borrowers

iv. Regulatory frameworks that do not mandate inclusion benchmarks or innovation in credit evaluation

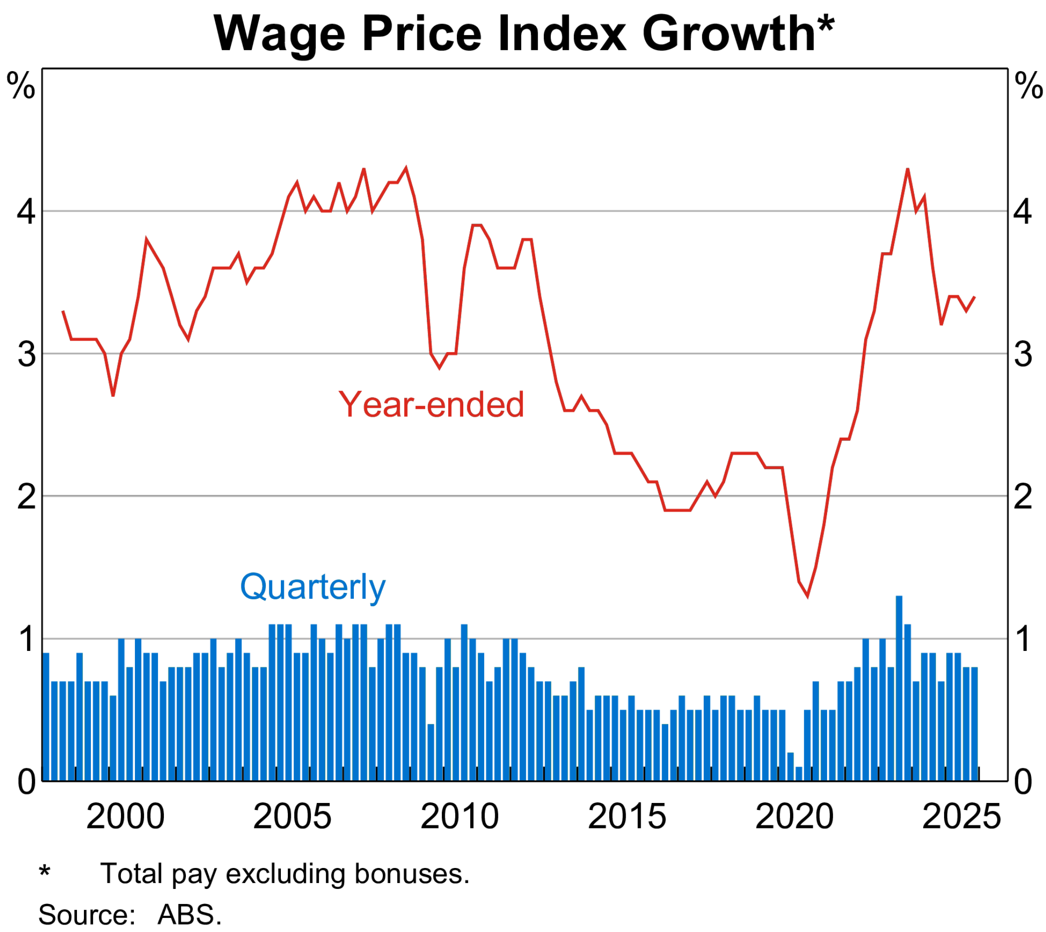


Figure 11. Year-ended and quarterly wage price index growth from 2000 to 2025.

Source: RBA (2026) (data as of 30 April 2026).

Set against the price and debt ratios above, wage growth (Figure 11) has been far too slow to close the deposit gap, so the barrier compounds even for households in stable employment and becomes insurmountable for those without it. As Burke and Hulse (2010) argue, the current system conflates financial viability with social deservingness, perpetuating a housing finance monoculture where only those who resemble the idealised borrower profile gain access to long-term security.

"...a housing finance monoculture where only those who resemble the idealised borrower profile gain access to long-term security."

Implications for Sector Reform

The dominance of traditional mortgage models in Australia has produced a *monocultural housing finance regime*, where capital allocation is narrowly channelled to standardised products and tenure types. The composition of new housing lending illustrates this monoculture directly (Figure 12); commitments flow almost entirely to owner-occupier and investor mortgages over conventional dwellings, with no visible channel for co-operative, shared-equity, or community-land-trust finance.

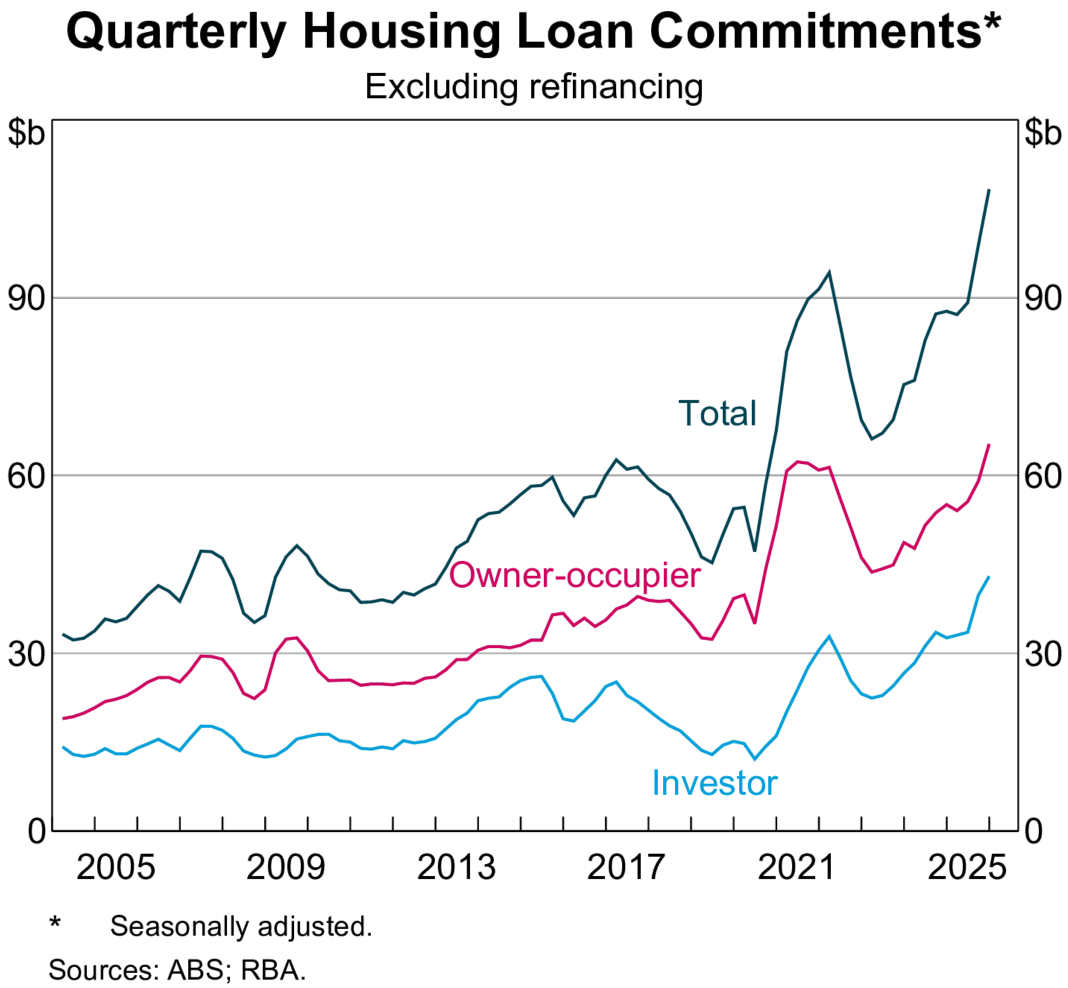


Figure 12. Quarterly housing loan commitments (seasonally adjusted).

Source: RBA 2026 (data as of 30 April 2026)

This model fails to account for the complex realities of income volatility, intergenerational inequality, cultural practice, and housing diversity. As a result, entire cohorts remain locked out of housing pathways that offer stability, autonomy, and equity accumulation.

A more *diversified and pluralistic housing finance system* must challenge this paradigm. Specifically, reform should seek to achieve the following key outcomes.

i. **Enable shared ownership and long-term rental security**, supported by mechanisms such as shared equity mortgages, limited-equity cooperatives, and secure tenure rental finance
ii. **Support community-governed housing delivery** by offering patient capital, risk-sharing arrangements, and institutional backing to trusts, co-operatives, and non-profit developers

iii. **Facilitate access to ethical and religiously aligned finance**, including interest-free lending schemes and sharia-compliant models, backed by public guarantees or philanthropic capital layering
iv. **Incentivise low-carbon, climate-resilient housing development**, through concessional financing tied to emissions benchmarks, circular construction, and climate adaptation indicators
v. **Broaden credit eligibility frameworks**, incorporating alternative data such as rental history, utility payment consistency, and informal income assessments, as has been adopted in pilot schemes across Canada and the UK

Achieving these outcomes requires *institutional and regulatory redesign*, not just financial innovation. It calls for new public institutions (such as the AHFC and AHA as proposed herein), revised risk assessment protocols (considering international best practice), interoperable credit databases, and explicit equity goals embedded in public finance architecture. The following section of this report explores these alternative models in detail. Drawing on both Australian pilot/scale-up programs and international case studies, it demonstrates that *a fairer and more inclusive housing finance system is not only necessary, but feasible*.

Alternative Housing Finance Models

Australia's housing finance system, dominated by mortgage-centric lending, is increasingly misaligned with the economic and social conditions facing many households. As outlined in the preceding sections, this system is structurally exclusionary, built on assumptions of stable dual incomes, intergenerational wealth transfers, and standardised dwelling formats. The persistence of housing precarity among single older women, renters with disabilities, First Nations families, and low-income workers highlights the inadequacy of existing instruments to provide equitable and enduring housing access.

Figure 13. *Beyond conventional home ownership. Co-operatives, shared ownership, and community land trusts offer additional routes into secure housing while improving social and economic outcomes. Source: Per Capita analysis.*

In contrast, a range of jurisdictions have developed and institutionalised *atypical housing finance models* that operate either outside or alongside conventional markets. These models often embed community governance, public risk-sharing, ethical investment principles, and tenure pluralism within their core design. Importantly, they are not fringe or experimental; many have been in operation for decades, and several have achieved national scale while delivering strong outcomes on affordability, stability, and inclusion.

Global Precedents for Housing Finance Innovation

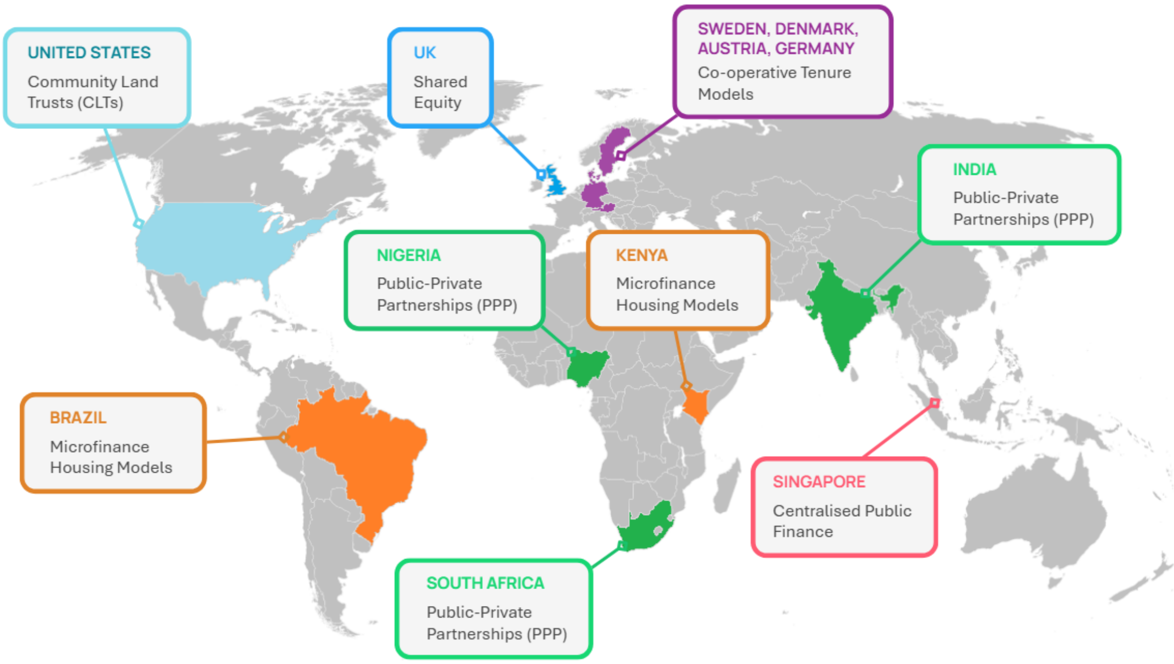


Figure 14. *International Evidence Map of Alternative Housing Finance Models. International experience demonstrates that co-operative tenure, community land trusts, shared equity, microfinance, public–private partnerships and public finance institutions can expand housing access while supporting broader social and economic objectives. Source: Per Capita analysis.*

The international evidence suggests that when supported by enabling policy, regulatory alignment, and institutional infrastructure, alternative finance models can outperform conventional lending across a range of metrics. These include lower default rates, stronger retention outcomes, and improved housing resilience. In particular, models such as co-operative tenure systems in Europe, shared equity frameworks in the UK and US, public–private partnerships in Africa and Latin America, and land trust models in North America provide clear evidence of feasibility and replicability.

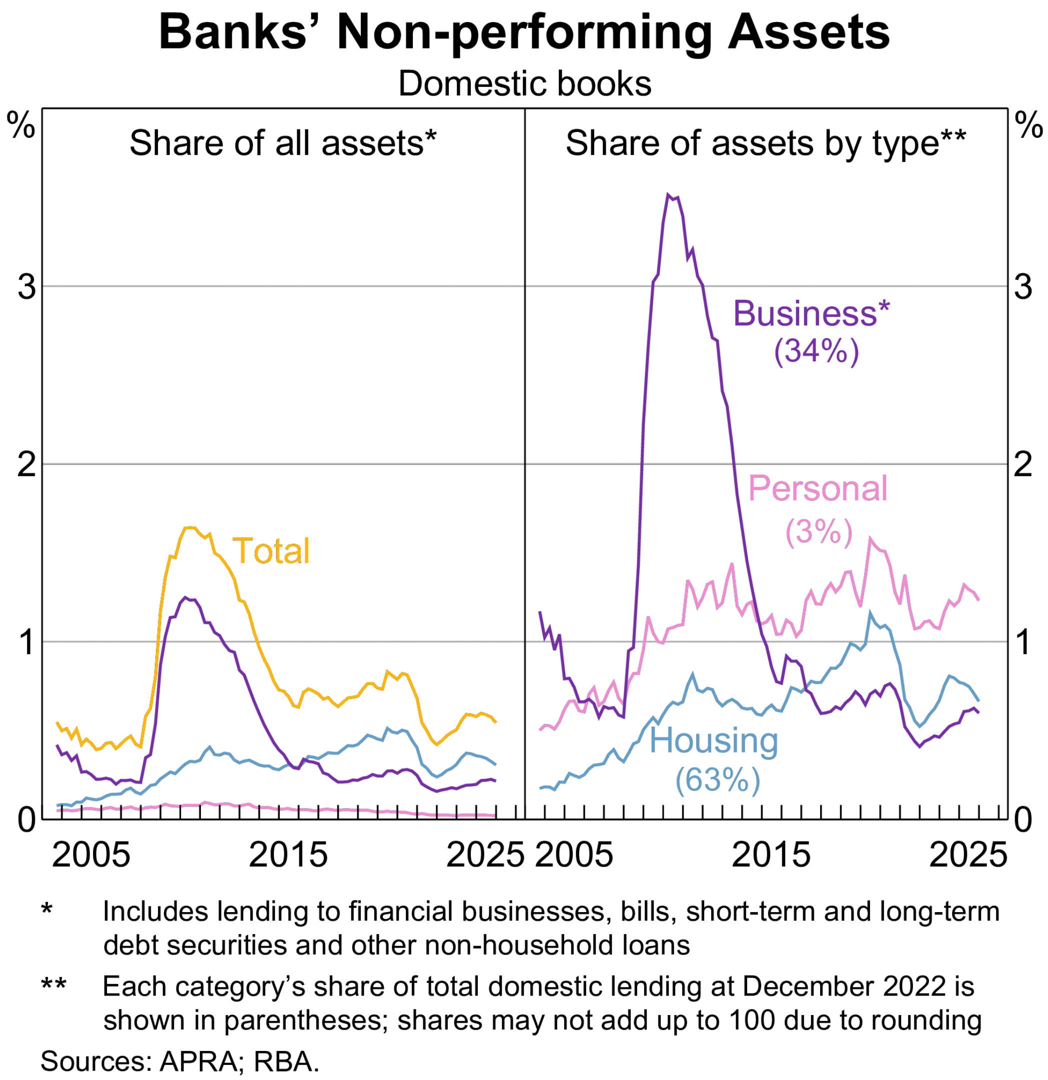
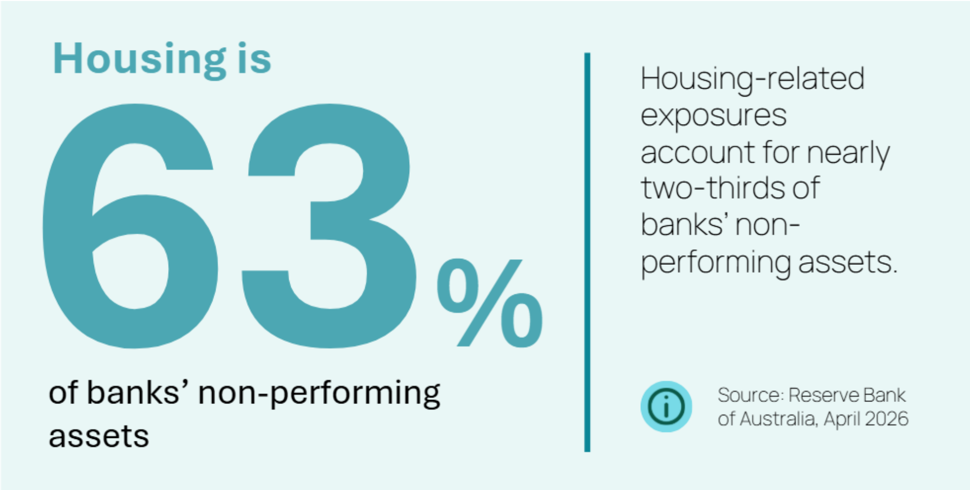


Figure 15. Banks' non-performing assets on domestic books, by asset type: share of total assets and asset composition (asset shares in total domestic lending, December 2022, shown in parentheses)

Source: RBA, 2026 (data as of 30 April 2026)

Housing accounts for the majority of banks' non-performing assets in the conventional system (Figure 15); the very benchmark against which co-operative and limited-equity models demonstrate materially lower default and arrears.



This ensuing analysis offers a detailed counterpoint to the dominant Australian housing finance paradigm. It illustrates how systemically embedded alternatives, including co-operatives, land trusts, public-purpose finance agencies, credit appraisal innovation and digital mortgage cooperatives, can be both viable and necessary in the transition to a more just, inclusive, and climate-ready housing system.

The subsections that follow evaluate each model on four key dimensions.

1. **Accessibility**: Who can access and benefit from the model, and under what conditions?
2. **Cost-efficiency**: What are the relative costs to users and the public sector?
3. **Risk distribution**: How is financial and social risk shared across stakeholders?
4. **Equity and sustainability alignment**: Does the model support long-term affordability, tenure security, and environmental resilience?

We begin with an analysis of co-operative and shared equity housing models, which have long demonstrated their capacity to provide stable, affordable housing through mechanisms of collective ownership and governance.

Co-operative and Shared Equity Housing Models

Principles and Operational Framework

Co-operative and shared equity housing models represent structurally distinct alternatives to mainstream home ownership and rental finance. Unlike conventional private ownership, co-operative housing is based on collective tenure, where residents do not hold individual title but instead co-own the housing entity through membership (for a broader discussion of co-operative benefits see inter alia, D'Rosario, 2024). In this model, housing is treated not as a commodity for speculation, but as a common good, stewarded by and for its members. The operational architecture of co-operative housing typically rests on three pillars.

1. **Democratic governance**, where all tenant-members participate in decision-making through elected boards or general assemblies
2. **Non-profit reinvestment**, where surplus revenue is reinvested into the co-operative rather than distributed as profit
3. **Tenure security and affordability**, maintained through mechanisms such as limited-equity resale caps, collective savings, and access to concessional financing

Financing frameworks vary by jurisdiction and structure. In most mature co-operative housing systems, initial capital is drawn from a mix of sources.

- **Public loans or guarantees**, often at concessional rates
- **Ethical investment funds** and mutual banks with long-term social return mandates
- **Member contributions** through savings schemes, occupancy charges (internal rents), or work-in-kind

Shared equity models operate somewhat differently but share overlapping goals. These models enable individuals to purchase a portion of a home's equity (often 25% to 75%) while a third party, such as a housing association, trust, or government agency, retains the remaining equity. This significantly reduces the entry cost of home ownership and enables gradual equity accumulation over time. Upon resale, capital gain is typically shared according to the proportion of ownership.

Both approaches challenge the logic of full private ownership as the default tenure form, offering viable pathways for those excluded from traditional mortgage finance due to income volatility, lack of capital, or cultural and intergenerational living preferences.

Key features across both models are appealing, supporting democratic participation, counters to speculation and affordability preservation.

Anti-speculation mechanisms: Limited-equity or non-equity co-ops restrict profit on resale to preserve long-term affordability. This decouples housing from property speculation cycles and ensures stability for future cohorts.

Democratic control: Governance is often codified in statutes or constitutions, giving members enforceable rights to elect boards, influence budgets, and shape housing policies.

Affordability preservation: Revenues are capped or reinvested, avoiding the extraction of profit that typifies market rental or investor-led housing. This can keep monthly housing costs well below market benchmarks.

As noted by Czischke et al. (2020) and Lang and Novy (2014), co-operative and shared equity models have demonstrated resilience in economic downturns, lower rates of foreclosure, and stronger community bonds when compared to market-based housing. However, their growth remains constrained in Australia due to policy and legal barriers, limited access to land, and a lack of institutional financial backing. In Australia, there is no uniform national policy framework supporting these models, and few mechanisms exist to systematically underwrite co-operative housing loans or to treat shared equity products as part of the mainstream credit market. Nonetheless, these models offer a strong structural basis for expanding affordable, stable, and inclusive housing for diverse population groups, including older women, low-income families, and communities seeking culturally aligned governance.

Case Study: Common Equity Housing Limited (CEHL), Australia

Common Equity Housing Limited (CEHL) stands as Australia's most established and expansive co-operative housing provider. Headquartered in Victoria and operating since the 1980s, CEHL manages a portfolio of over 2,200 dwellings across more than 100 housing co-operatives. The organisation has developed a distinctive model that blends tenant participation, shared equity principles, and long-term affordability protections within a legally recognised co-operative governance structure.

CEHL's model is underpinned by a tripartite relationship between the parent organisation (CEHL), the individual co-operatives, and their tenant-members. While CEHL holds legal title to the properties and acts as landlord under the Residential Tenancies Act (1997) (Vic), individual co-operatives manage the day-to-day operations, including maintenance, member selection, and community engagement. Tenants, in turn, participate as members of both the co-operative and the broader CEHL program, exercising clearly defined responsibilities and voting rights. This layered structure institutionalises democratic governance while maintaining the compliance and asset stewardship required under regulatory frameworks.

The financing model employed by CEHL combines long-term government loans, originally issued under Commonwealth-State Housing Agreements, with internal revenue from rent and, in some cases, modest equity inputs from tenant-members. By setting housing charges to cover only operational costs and loan repayments without generating profit, the model reinforces the non-speculative ethos of the co-operative sector. CEHL has also worked with mutual banks and ethical finance institutions to explore capital partnerships, although mainstream lenders have historically demonstrated a limited appetite for co-operative risk structures.

Research by Crabtree et al. (2012) highlights the strengths of a community land trust in building social capital, reducing tenant turnover, and maintaining affordability in ways that are unattainable through private rental or traditional public housing models. Their findings indicate that co-operative members often report significantly higher satisfaction, a greater sense of community belonging, and enhanced autonomy over their housing environment. Importantly, the model provides stable housing for groups frequently excluded from market finance, including single parents, older renters, and people with episodic or insecure employment.

Despite its successes, CEHL's potential to scale remains constrained. Land access has proven a recurring barrier, as co-operatives are rarely competitive in land acquisition processes dominated by speculative developers. In addition, Australia lacks a comprehensive enabling policy framework comparable to those in Canada, Austria, or Sweden, where co-operative housing is systematically supported through capital grants, loan guarantees, or public land leases. This institutional gap has inhibited CEHL's capacity to expand into higher-demand areas or to initiate new housing developments.

Moreover, financial institutions remain cautious toward the co-operative sector, often perceiving it as administratively complex or financially opaque. This hesitation reflects a deeper structural bias in the Australian finance system, which favours individually titled, mortgage-backed ownership and tends to undervalue collective governance structures. The result is a system that rewards standardisation over inclusivity and overlooks the proven performance of co-operatives in delivering stable, low-risk, and socially cohesive housing outcomes.

The CEHL case demonstrates that co-operative housing is not only viable but highly effective when embedded within a stable institutional framework. Its operational success provides compelling evidence that non-market housing models can deliver long-term affordability, democratic governance, and social value at scale. However, to realise its full potential, the model requires more proactive support from policy-makers, including concessional land access, legal recognition of co-operative governance in housing regulations, and underwriting mechanisms to reduce perceived financial risk.

Public–private partnerships (PPPs) have emerged as a pivotal mechanism in addressing housing affordability challenges by leveraging the strengths of both the public and private sectors. These collaborations aim to combine public sector oversight and social objectives with private sector efficiency and capital investment to deliver housing solutions that are both affordable and sustainable.

PPPs in Housing, and government facilitated housing partnerships

In the housing sector, PPPs typically involve agreements where private entities participate in the financing, construction, and sometimes the operation of housing projects, while the public sector provides support through land, subsidies, or regulatory incentives. The goal is to align the profit motives of private developers with public housing objectives, ensuring that projects meet affordability criteria and serve the intended populations.

Australian Context

In Australia, the implementation of PPPs in housing has been explored through various models. AHURI has documented several case studies that illustrate both the potential and the challenges of these partnerships in the Australian housing landscape. A prominent example is the Bonnyrigg Living Communities project in New South Wales, which utilised a PPP approach to transform public housing into a mixed-tenure community, aiming to improve social outcomes and housing quality.

International Examples

Globally, PPPs have been utilized in diverse contexts to address housing shortages. The Shukhobrishti project in Kolkata is one of the largest PPP housing initiatives in India, aiming to provide affordable housing to low and middle-income groups. The project showcases how large-scale housing can be delivered through effective public-private collaboration. The Naivasha Affordable Housing Project demonstrates the use of PPPs to deliver low-cost housing in rapidly urbanizing areas. The project highlights the importance of clear contractual agreements and stakeholder engagement in ensuring project success.

Kenya: Affordable Housing Programme (AHP)

Kenya's Affordable Housing Programme (AHP) is a flagship initiative under the country's Vision 2030 development agenda. The program aims to deliver 500,000 affordable housing units by leveraging PPPs, where the government provides land and infrastructure, and private developers finance and construct the housing units (Giti, 2025).

A notable example of this initiative is the Boma Yangu project, which offers units starting at Ksh 1 million (approximately AUD 10,000), making homeownership accessible to low and middle-income earners. The program has faced challenges, including regulatory hurdles and financing constraints, but continues to advance housing supply (Aswani, 2023).

Brazil: Minha Casa, Minha Vida (MCMV)

Launched in 2009, Brazil's Minha Casa, Minha Vida (MCMV) program is a large-scale social housing initiative aimed at providing affordable housing to low-income families. The program operates through PPPs, where the federal government subsidizes housing costs and private developers are responsible for construction (UN Habitat, 2013).

By 2023, the program had resumed work on over 186,000 housing units across the country, demonstrating its significant impact on reducing the housing deficit. However, the program has faced criticism regarding the quality of construction and the location of housing units, often situated in peripheral areas with limited access to services (Secretaria de Comunicação Social, 2023).

Nigeria: Lagos Home Ownership Mortgage Scheme (LagosHOMS)

In Nigeria, the Lagos State Government implemented the Lagos Home Ownership Mortgage Scheme (LagosHOMS) to address the housing shortage in the state. The scheme involves PPPs where the government provides land and infrastructure, while private developers construct housing units. The government also offers mortgage financing to eligible buyers (Adeniji, 2024).

As of 2024, LagosHOMS had delivered over 20,000 housing units to beneficiaries, showcasing the potential of PPPs in expanding housing access. The scheme emphasizes affordability and has introduced various housing types to cater to different income levels (Akoni, 2024).

Key Considerations for Effective Public-Private Partnerships

PPPs have been instrumental in addressing housing deficits globally. Examining international case studies provides valuable insights into the design, implementation, and outcomes of such collaborations. For these partnerships to be successful in the Australian housing sector, several critical factors must be addressed.

1. **Clear Policy and Regulatory Frameworks**: Establishing transparent policies is essential to define the roles and responsibilities of all parties. This includes setting affordability targets, quality standards, and delivery timelines.

2. **Risk Sharing Mechanisms**: Effective PPPs require a balanced risk allocation between public and private partners. This involves determining responsibility for construction, market, and long-term operational risks.
3. **Financial Viability**: Ensuring projects are financially sustainable for private investors while achieving public affordability goals is crucial. This may involve subsidies, tax incentives, or guaranteed returns.
4. **Community Engagement**: Involving local communities in the planning and development process helps in addressing their needs and gaining public support for the projects.

PPPs thus offer a viable pathway to address housing affordability challenges by combining resources and expertise from both the public and private sectors. However, their success hinges on well-structured agreements, clear policy frameworks, and active stakeholder engagement. As Australia continues to explore PPPs in housing, learning from both domestic experiences and international best practices will be vital in shaping effective and equitable housing solutions.

Emerging and Innovative Housing Finance Models

Atypical finance innovations increasingly harness advances in digital technology, decentralised capital structures, and socially conditioned investment returns to challenge the rigid and exclusionary nature of traditional mortgage systems. These innovations address structural deficiencies within Australia's mainstream housing finance environment, particularly its over-reliance on fixed-term, income-contingent debt that assumes formal employment, asset accumulation, and intergenerational wealth transfers.

Recent scholarship emphasises that such traditional models are ill-suited to contemporary labour markets characterised by income volatility, gig work, and delayed asset accumulation (Pawson et al., 2020), and a growing body of evidence suggests that home ownership is becoming increasingly unattainable for younger households (Morris, 2023). As housing affordability has deteriorated, especially for young adults, single-parent families, culturally diverse renters, and those ineligible for full-title mortgages, alternative instruments have emerged to fill the gap. These include fintech platforms that use alternative data streams to assess creditworthiness, community-led financing models that pool risk and capital, and outcomes-based contracts that align social investment with measurable housing outcomes. These emergent models share several defining features.

Key features of Emergent models

Reallocation of power - They reallocate risk and decision-making power away from centralised financial institutions and towards communities, ethical investors, and digitally verified behaviours.

Private and Public mandates - They often blend private capital with public mandates, relying on innovative governance mechanisms to preserve affordability, equity, and accountability.

New tenure models - They enable new tenure and ownership structures, such as fractional equity, leasehold stakes, or limited-return models, that are decoupled from speculative capital gains and promote housing as a use-value rather than a financial asset.

In this context, Australia stands at a critical juncture. The nation has not yet fully embraced digital mortgage cooperatives, community land trusts, or performance-linked housing bonds, despite their demonstrated effectiveness in comparable jurisdictions. The UK's Nesta Foundation has piloted digital credit ladders that integrate rental history and utility payments, while Vermont's Champlain Housing Trust has shown that resale-restricted ownership can preserve affordability over decades with minimal foreclosure risk.

The following subsections examine three such models in detail, namely: digital mortgage cooperatives, community land trusts, and social impact bonds, evaluating their applicability in the Australian housing context.

Aggregator Platforms, Private Online Shared Equity and Digital Mortgage Co-operatives

Aggregator platforms, fintech lending technologies, and private shared-equity providers represent an emerging evolution in the architecture of housing finance. While conventional mortgage lending remains dominant, these models seek to expand access to housing by introducing alternative pathways to ownership and broadening the criteria through which borrowers are assessed. In doing so, they challenge some of the assumptions embedded within traditional underwriting frameworks, particularly those that favour stable salaried employment, extensive credit histories, and substantial upfront deposits.

A key feature of many contemporary fintech platforms is the use of alternative data sources to complement conventional credit assessment processes. In addition to credit history and employment records, these systems may consider indicators such as rental payment histories, utility bill payments, transaction data, and income derived from contract, freelance, or gig-economy work. Advances in data analytics and artificial intelligence have enabled lenders to develop more nuanced borrower profiles that may better reflect an individual's financial behaviour and repayment capacity, particularly where conventional credit information is limited.

Alongside these developments, private shared-equity platforms have emerged as an alternative mechanism for overcoming deposit constraints. Under these arrangements, a third-party investor contributes a portion of the purchase price in exchange for an equity stake in the property, reducing the amount of debt required by the purchaser. Such models allow households to enter home ownership earlier while progressively increasing their equity position over time. Although these arrangements do not eliminate financial risk, they provide an alternative to highly leveraged mortgage borrowing and may improve access for households excluded from traditional lending pathways.

Looking forward, digital mortgage cooperatives and decentralised housing finance platforms have been proposed as a further evolution of these models. Such systems could potentially facilitate collective investment, cooperative ownership structures, and more direct relationships between borrowers and capital providers. Emerging technologies, including distributed ledgers and digital escrow mechanisms, may enhance transparency, accountability, and transaction efficiency within these arrangements. However, many of these applications remain at an early stage of development and are yet to achieve widespread adoption within mainstream housing finance markets.

Collectively, these innovations demonstrate how alternative forms of underwriting, investment, and ownership may complement traditional mortgage lending by expanding access to housing finance and creating more flexible pathways into home ownership, particularly for households whose circumstances do not align with conventional banking models.

Case Study: OwnHome (Australia)

OwnHome[6] emerged as an Australian fintech response to affordability barriers facing first-home buyers. The platform combined deposit assistance, mortgage brokerage services, and technology-enabled financial assessment tools to help eligible households access home ownership sooner than would otherwise be possible through conventional savings pathways. Rather than relying solely on traditional measures of financial capacity, OwnHome sought to identify borrowers capable of sustaining mortgage repayments despite difficulties in accumulating a deposit. Although the company has subsequently ceased operations, it provides an important example of how digital finance platforms can challenge traditional housing finance assumptions and create alternative pathways into ownership.

Case Study: Upstart (United States)

Upstart[7] provides a leading international example of alternative credit assessment within consumer lending. The platform utilises artificial intelligence and machine-learning algorithms to evaluate borrower risk using a broader range of indicators than traditional credit scoring systems. These include education history, employment trajectories, income patterns, and other behavioural factors that may better reflect repayment capacity. Research undertaken by the U.S. Consumer Financial Protection Bureau found that the platform's underwriting model expanded access to credit while maintaining comparable risk outcomes to conventional lending approaches. Although not exclusively focused on housing finance, Upstart illustrates the potential for alternative underwriting methodologies to improve financial inclusion for borrowers whose circumstances do not align with traditional credit assessment frameworks.

Unison (United States)

Unison[8] has developed one of the largest shared-equity housing finance models in the United States. Through its co-investment approach, Unison contributes capital towards the purchase of a home in exchange for a proportional share of future property value appreciation. This structure enables households to reduce borrowing requirements and improve affordability without relying exclusively on debt-based financing. The model reflects a growing shift towards equity-sharing arrangements that distribute housing market risks and rewards between households and investors.

[6] OwnHome | Low Deposit Home Loans
[7] Upstart Powered Loans: Personal, Car Refinance & Consolidation
[8] Unison | Home Equity Funding

As housing affordability challenges intensify globally, Unison demonstrates how private capital can be mobilised to support access to home ownership through mechanisms that complement traditional mortgage lending.

Mietshäuser Syndikat (Germany)

Germany's Mietshäuser Syndikat[9] provides an example of a cooperative and community-oriented approach to housing finance and ownership. The organisation supports networks of collectively owned housing projects through a financing structure that combines resident contributions, ethical investment, cooperative lending, and community-based governance. Properties are held within legal structures that prevent speculative resale and preserve affordability over the long term. While the model differs significantly from conventional mortgage finance, it demonstrates how collective ownership and alternative capital mobilisation can provide secure and affordable housing outside traditional market-based systems. The Syndikat has become an internationally recognised example of how cooperative finance can support sustainable and permanently affordable housing outcomes.

Although these models differ substantially in design and scale, they collectively illustrate how digital technologies, alternative ownership structures, and innovative financing arrangements can expand housing opportunities beyond the limits of traditional mortgage systems.

Relevance for Vulnerable Groups

These models are especially pertinent to structurally excluded populations. Young workers in casualised or contract employment, gig economy participants, and recently arrived migrants often lack formal credit histories but exhibit reliable financial behaviour. Similarly, single parents or women who have experienced career interruptions due to caregiving responsibilities are systematically disadvantaged by traditional loan assessments, despite being stable and low-risk borrowers in practice.

For long-term renters who have met every financial obligation yet remain locked out of home ownership due to deposit barriers or serviceability calculations, digital mortgage cooperatives offer a compelling route to equity participation. By recognising

[9] Mietshäuser Syndikat – Die Häuser denen, die drin wohnen

demonstrated behavioural reliability, these platforms provide a more equitable credit landscape.

Risks and Limitations

Nonetheless, several limitations require careful regulation and institutional support. Without robust oversight, the decentralised nature of such platforms could leave room for predatory practices or algorithmic bias. Furthermore, the secure exchange of personal data necessitates strong protections, including consent frameworks, encrypted data protocols, and interoperability standards.

The success of these models is also tied to the availability of ethical capital. Unless governments or mission-aligned institutional investors underwrite risk or seed lending pools, the scalability of these platforms will remain limited. Finally, these systems must be designed to account for the digital divide, ensuring that those without technological access or literacy are not further marginalised.

Path to Implementation in Australia

To mainstream digital mortgage cooperatives, a number of enabling steps are essential. First, the development of a National Ethical Housing Data Protocol would provide a framework for the secure, fair, and inclusive use of alternative credit data, particularly for vulnerable groups. Second, a national institution such as the proposed Australian Housing Finance Corporation could act as a guarantor or aggregator, providing liquidity and risk pooling to support decentralised platforms.

Third, ASIC should establish dedicated regulatory sandboxes to test these instruments in real-world conditions, balancing innovation with consumer protection. This would allow for iterative refinement and public accountability before full-scale deployment.

The aggregator platforms and digital mortgage cooperatives are more than technological novelties. They are instruments of structural correction, capable of bringing fairness, inclusivity, and resilience to housing finance in Australia, provided they are backed by enabling infrastructure and ethical governance.

Community Land Trusts (CLTs)

Community Land Trusts (CLTs) represent a distinctive and increasingly relevant alternative to conventional housing models, particularly in contexts marked by affordability pressures, speculative land markets, and tenure insecurity. The defining feature of a CLT is the structural separation between land and dwelling ownership. A not-for-profit entity, typically a community-based trust, retains ownership of the land in perpetuity while issuing long-term, inheritable leases to individuals or households who purchase homes built upon that land. These leases are usually set at nominal or concessionary rates and are governed by legal frameworks that mandate ongoing affordability and community benefit.

This separation serves a dual function. First, it removes land from speculative market dynamics, preventing price inflation and ensuring that housing remains accessible across generations. Second, it embeds a form of stewardship in which the CLT retains a degree of control and oversight to preserve the social purpose of the housing. In doing so, CLTs transcend private property models by establishing housing as a semi-public good, privately occupied but collectively governed.

Affordability is preserved through resale restrictions embedded in lease agreements or equity-sharing formulas, which ensure that homes are resold at prices indexed to income levels or inflation, rather than to market speculation. The stewardship responsibilities of the CLT typically include maintaining resale protocols, resolving disputes, and ensuring adherence to community covenants. Governance structures are often tripartite, with representation from residents, community members, and public stakeholders, ensuring democratic accountability and local responsiveness.

Case Study: Champlain Housing Trust (USA)

One of the most well-documented examples of a successful CLT is the Champlain Housing Trust[10] in Burlington, Vermont. Established in the aftermath of rising housing costs and gentrification in the 1980s, Champlain has grown into the largest community land trust in the United States. It currently manages over 2,000 housing units, ranging from single-family homes and townhouses to rental units and cooperatives.

Champlain's model demonstrates the long-term viability of CLTs under robust governance and funding frameworks. Over a 15-year period, it recorded a foreclosure rate of just 0.8 percent, substantially below the conventional market average of 6.3 percent during the same period. The CLT's resale formula preserved 92 percent of homeowner equity across sales, reflecting a balance between individual asset building and collective affordability. The trust has successfully leveraged over USD $100 million in federal, state, and philanthropic funding, which has been used to acquire land, construct housing, and build the institutional capacity necessary for long-term management.

Champlain's success also lies in its strong embeddedness within the community. The trust offers financial literacy support, mediation services, and property maintenance oversight, further stabilising tenancies and supporting resident engagement. Its model has been replicated in various forms across the United States and increasingly informs CLT development in the United Kingdom and parts of Canada.

Applicability to Australia

Despite the global recognition of CLTs as effective tools for de-commodifying housing and ensuring intergenerational affordability, their adoption in Australia has been limited and fragmented. Yet, the underlying conditions that necessitated CLT development elsewhere, namely unaffordable land markets, tenure insecurity, and spatial inequity, are acutely present in Australian urban and regional contexts.

CLTs offer a compelling proposition for First Nations communities seeking culturally secure forms of collective tenure that align with principles of custodianship and long-term land stewardship. They are also well-suited to regional centres where escalating land prices threaten to displace essential workers and younger households, or where

[10] Home - Champlain Housing Trust

deindustrialisation has left communities with underutilised land assets but limited development capacity. In metropolitan areas, CLTs could provide a critical counterweight to speculative development and offer key worker housing in proximity to high-demand employment hubs.

Furthermore, CLTs may appeal to long-term renters who seek stability and a degree of asset security but are unable to enter the traditional ownership market. By allowing households to build limited equity while insulating them from market volatility, CLTs offer a pathway to security without exposure to excessive financial risk. With regard to the opportunities presented in Australia, the work of Grounded, in advancing CLTs, is particularly notable.

Barriers to Adoption

The limited presence of CLTs in Australia is not due to conceptual weakness but to structural and institutional barriers. Foremost among these is the absence of enabling legislation. Current property law does not consistently recognise long-term leasehold interests in a manner that supports mortgage finance or asset transferability, making it difficult for residents to secure loans or build equity.

Access to land is another major constraint. Without government commitment to releasing surplus land or supporting trust acquisition, CLTs struggle to gain a foothold in high-need areas. This is further compounded by local government planning regimes that may not be aligned with the tenure flexibility CLTs require.

There is also entrenched lender scepticism. Financial institutions often view CLTs as high-risk due to the capped resale values and atypical tenure arrangements. Without risk guarantees or underwriting from public entities, access to mortgage finance remains a hurdle for CLT residents.

Recommended Enablers

For CLTs to realise their potential within Australia's housing ecosystem, a suite of legal, financial, and policy reforms is essential. At the legislative level, the introduction of a national or state-based Community Land Trust Act could codify the rights and obligations of CLTs and their leaseholders, while recognising leasehold interests as legitimate collateral for home loans. This would address the legal uncertainty that currently deters both lenders and potential residents.

Second, a National CLT Development Fund, capitalised by the proposed Australian Housing Finance Corporation (AHFC), could provide concessional finance for land acquisition, infrastructure development, and initial operational costs. This fund should include technical assistance grants to build the institutional capabilities of emerging trusts.

Third, coordinated land transfers from state or local governments, especially of underutilised public land, disused infrastructure sites, or land banked for speculative development, could provide the land base necessary for scale. Inclusionary zoning policies might also mandate land contributions or developer levies in high-growth areas.

Finally, the establishment of shared service platforms could reduce transaction costs and support compliance, legal, and asset management functions. Such platforms would be especially valuable for smaller CLTs or those serving dispersed regional communities. CLTs offer a tested and adaptable solution to housing unaffordability that prioritises long-term community benefit over short-term profit. If adequately supported, they could play a significant role in anchoring equity, stability, and participatory governance in Australia's housing system.

Social Impact Bonds (SIBs)

Definition and Instrument Design

Social Impact Bonds (SIBs) are an innovative financing mechanism designed to bridge the funding gap between social need and government capacity. Unlike traditional grants or service contracts, SIBs are structured around measurable outcomes. In essence, private or philanthropic investors provide the upfront capital for delivering targeted social services, while government entities agree to repay this capital, often with a return, only if pre-agreed social outcomes are demonstrably achieved. This model effectively transfers financial risk away from the public sector and toward investors, while simultaneously creating incentives for service providers to deliver lasting and verifiable social impact.

In the context of housing, SIBs have been employed to fund initiatives where stable accommodation is expected to produce downstream benefits across a range of social domains. Outcomes might include sustained tenancy among formerly homeless individuals, reductions in re-entry into homelessness, improved employment or education uptake, or enhanced health and wellbeing as a result of secure housing. By linking financial returns to these outcomes, SIBs not only encourage innovation in service delivery but also foster a culture of rigorous evaluation and continuous improvement.

The operational structure of a SIB typically involves a tri-partite relationship: an investor group (often comprising social impact funds or ethical investors), a service provider with expertise in delivering housing and wraparound supports, and a government entity that enters into a formal outcomes-based contract. An independent evaluator or intermediary is usually engaged to verify performance and mediate between stakeholders.

Case Study: Aspire Impact Bonds

A prominent Australian example of a Social Impact Bond in the housing sector is the *Aspire Social Impact Bond*[11], launched in South Australia in 2017. The bond was established through a partnership between the South Australian Government, Social Ventures Australia, and the Hutt St Centre, a specialist homelessness service provider. The initiative was designed to support individuals experiencing chronic homelessness through a Housing First model that combined access to stable housing with intensive, long-term case management and wraparound support services. Investor returns were linked to measurable reductions in participants' use of government-funded health, justice, and homelessness services, with outcome payments contingent upon independently verified performance indicators (Coram et al., 2022)

Emerging Applications in the Global South

Variations of SIBs, more commonly referred to as Development Impact Bonds (DIBs), have been deployed in countries such as Ghana and South Africa to address acute urban housing needs. These instruments have financed slum upgrading and informal settlement infrastructure, with repayment tied to metrics such as verified utility connections, household occupancy, and sanitation coverage. The adaptability of outcome-based instruments in these contexts reflects both their flexibility and their potential to attract private capital for interventions traditionally perceived as too risky or unprofitable by commercial lenders.

In South Africa, for instance, a DIB supporting informal housing upgrades has shown promise in delivering affordable improvements to water and energy access, with municipal and philanthropic co-investment. These applications demonstrate the versatility of impact bonds in complex or resource-constrained environments and suggest pathways for adaptation in remote or under-served areas of Australia, particularly in Indigenous housing and regional infrastructure.

[11] Social Impact Investment | Department of Treasury and Finance

Relevance for Australia

The potential for SIBs to complement Australia's housing strategy lies in their capacity to fund targeted, high-impact interventions that extend beyond the scope of traditional housing supply mechanisms. Several policy areas could particularly benefit from SIB deployment. First, Housing First programs that provide immediate, permanent housing to people experiencing chronic homelessness could be financed through SIBs, especially when coupled with health, addiction, and mental health support. Evidence indicates that stable housing dramatically reduces emergency service usage and improves client outcomes, making it a strong candidate for outcomes-based investment.

Second, transitional and supported housing for young people, particularly those leaving out-of-home care or juvenile justice, could be linked to employment, training, and education outcomes, delivering long-term societal gains that justify performance-based funding models. Third, SIBs could support housing projects aligned with the National Disability Insurance Scheme (NDIS), particularly where improved housing accessibility and design reduce downstream care costs and enhance participants' independence and quality of life. These savings could be quantified and used to structure outcome payments.

Finally, SIBs hold potential for justice reinvestment initiatives. Evidence from pilot programs in Australia and overseas shows that stable housing can significantly reduce recidivism. Where formerly incarcerated individuals are provided with housing and support on release, returns in the form of reduced criminal justice expenditure are measurable and meaningful.

Challenges to Scaling

Despite their promise, SIBs are not without challenges. The most significant barrier to scaling remains the complexity of performance measurement. Determining causality, attributing outcomes to interventions, and defining appropriate metrics all require rigorous and transparent evaluation frameworks. In many cases, administrative data may be incomplete, fragmented, or inaccessible, limiting the feasibility of longitudinal tracking. Another hurdle lies in the requirement for trusted intermediaries capable of managing the multiple stakeholders involved, navigating complex contractual arrangements, and ensuring that all parties adhere to agreed-upon terms. Without such intermediaries, the risk of mission drift, coordination breakdown, or investor reticence increases.

Moreover, SIBs often suffer from a perceived mismatch between risk and reward. For private investors to participate, particularly at scale, outcome payments must be sufficiently attractive relative to the perceived risk of non-performance. In many cases, government co-payments or guarantees are necessary to catalyse market entry and crowd in capital.

Adaptation Strategy

To harness the potential of SIBs within the Australian housing context, several enabling conditions must be developed. First, a National Housing Outcomes Fund could be established to standardise outcome metrics across programs and jurisdictions, ensure fidelity to evidence-based models, and provide contingent co-payments to offset risk. This fund could be administered by the proposed Australian Housing Finance Corporation (AHFC) or a comparable independent authority.

Second, partnerships should be pursued with ethical investors, philanthropic funds, and superannuation managers with an interest in ESG-aligned impact. These actors may be more willing than traditional financial institutions to absorb initial risk in exchange for social benefit.

Third, Australia must invest in robust impact evaluation infrastructure. This includes building administrative data linkages, establishing secure data environments, and supporting the use of experimental or quasi-experimental methods to assess impact. Mechanisms such as regulatory sandboxes may also assist in trialling new payment and governance models under controlled conditions.

Ultimately, the inclusion of SIBs in Australia's housing finance toolkit offers not only an alternative source of funding, but also a means of aligning finance with performance, shifting the focus from outputs to outcomes, and strengthening accountability in the delivery of housing services. When well designed and adequately supported, these instruments have the potential to target some of the country's most entrenched housing challenges with precision, innovation, and fiscal responsibility.

Emerging housing sector financial innovation abroad

Beyond the many innovative entities considered, there are a number of further emergent approaches that are noteworthy for extending traditional lending and financing in innovative ways, such as ADU financing, participatory planning, financial education, long term affordability covenants, split ownership and financial coaching.

Case Study: BuildTrust

BuildTrust[12] focuses on unlocking finance for the development of accessory dwelling units (ADUs) and other missing-middle housing forms. While state-level reforms have removed many regulatory barriers to ADUs, financing remains a major bottleneck. BuildTrust responds by aggregating project data nationally and applying AI-driven insights to standardise risk assessment. This enables the creation of loan products tailored to ADUs, making construction finance more straightforward for lenders and more accessible for homeowners. Linking local housing solutions to national financial infrastructure allows BuildTrust to promote wealth building for households and contributes to easing the housing shortage at scale.

Case Study: Buy-In Community Planning

Buy-In[13] is a nonprofit addressing climate-driven displacement. Using geospatial data and participatory planning, it helps vulnerable communities design voluntary relocation plans when faced with environmental hazards. Its flagship innovation, the "Buy-In Bank," provides affordable financing and insurance alternatives so low-income and BIPOC homeowners can retain equity and move to safer housing. In doing so, Buy-In prevents wealth loss in communities most at risk of climate exposure, offering a model that combines housing, equity protection, and environmental resilience.

[12] BuildTrust | ADU Financing Made Easy
[13] Buy-In

Case Study: Community Rebuilds

Community Rebuilds[14] operates as both a housing provider and a training organisation. Through a federally supported "mutual self-help" model, low-income families contribute labour to build their own homes, lowering costs and developing practical construction skills. The organisation has completed nearly 80 homes across multiple communities and trained over 1,000 students. Its emphasis on natural materials, recycled inputs, and culturally respectful design ensures housing outcomes that are affordable, sustainable, and resilient. This model highlights the integration of affordability with workforce development and ecological responsibility.

Case Study: Grounded Solutions Network

Grounded Solutions Network[15] runs the Homes for the Future (HFTF) program, which secures affordability at the property level. The program acquires homes in rapidly appreciating neighbourhoods, rents them affordably while covering acquisition costs, and then resells them at discounted rates with long-term affordability covenants. Unlike subsidies that lapse after one transaction, HFTF locks affordability into the property itself, ensuring that successive generations of buyers can access secure, affordable homeownership. This model demonstrates how affordability can be perpetuated structurally rather than reliant on repeated subsidy.

[14] Community Rebuilds | Moab, UT
[15] Grounded Solutions Network

Case Study: Jubilee Homes

Jubilee Homes[16] introduces a split-ownership model that separates land from property to reduce upfront costs of homeownership by up to 90 percent. Buyers own the dwelling outright while leasing the land on long-term agreements, with the option to purchase the land later. Appreciation is shared proportionally between investors and homeowners, balancing institutional returns with affordability retention. This approach lowers entry barriers for households historically priced out of the market while maintaining long-term stability and wealth-building opportunities.

Case Study: Rooted

Rooted[17] is a nonprofit web platform designed for HUD-certified housing counselling agencies. It streamlines financial coaching for low- and middle-income households by automating credit analysis, intake, and client communication. This enables agencies to serve more families, often first-time buyers, women, and Black households, at lower cost. By modernising the infrastructure of housing counselling, Rooted improves efficiency, expands reach, and increases pathways to mortgage readiness for groups historically excluded from ownership.

Comparative Model Evaluation

At this point it is evident that Australia's housing finance architecture remains highly centralised, uniform in its product offerings, and selectively accessible. The preceding sections have shown that while there is no shortage of housing innovation globally, the domestic system remains unreceptive to tenure-diverse, community-led, or impact-aligned finance models. Section 5 identified the structural forces, financial, legal, institutional, and cultural, that actively constrain the development of such models in Australia. It is pertinent to now consider each of the models through these lenses for objective comparison, before proceeding to suitable policy levers and recommendations.

[16] Housing Opportunities | Jubilee Homes
[17] Rooted Communities

Comparative Analysis of Housing Finance Models

In order to inform this policy shift with evidence-based insight, this sub-section presents a comparative assessment of key housing finance models as explored in Section 4. The purpose of this evaluation is not to rank models hierarchically, but to illuminate their respective strengths, limitations, and contextual fit within the Australian housing system. The following four criteria are used as the basis for comparison;

- **Accessibility**: The capacity of each model to reach financially excluded or systemically disadvantaged populations, including renters, casual workers, First Nations households, and women-led families.
- **Cost Efficiency**: The model's ability to reduce delivery and occupancy costs across land, capital, and operating phases, without compromising quality or stability.
- **Risk Profile**: The distribution and resilience of financial risk across households, lenders, and government, particularly under economic stress conditions.
- **Scalability**: The practical potential for each model to expand within Australia's legal, financial, and institutional environment, including available policy levers.

Table 2 - Comparative Analysis of Financial Models

Model	Accessibility	Cost Efficiency	Risk Profile	Scalability	Key Observations
Traditional Mortgage (FRM/ARM)	Moderate to Low	Low (high entry costs, long terms)	High (borrower risk concentrated)	High (existing infrastructure)	Excludes casualised labour, renters, older women; dependent on stable income and equity accumulation culture
Co-operative Housing	High	High (costs shared, limited speculation)	Low (collective buffering)	Moderate (requires governance support)	Proven performance in Sweden and CEHL in Australia; requires legal tenure recognition and loan underwriting reform
Community Land Trusts (CLTs)	High	High (de-linked land cost)	Low (affordability retained, resale regulated)	Moderate (needs public land and legal support)	Evidence from US and Europe shows strong intergenerational affordability and foreclosure resistance (Davis, 2010; Moore & McKee, 2012)
Shared Equity Schemes	Moderate to High	High (reduced upfront cost)	Moderate (shared asset risk)	High (UK, NZ examples scalable)	Homes England and WA Keystart model show effectiveness for low-to-middle income households if well regulated
Social Impact Bonds (SIBs)	Moderate	High (performance-linked funding)	Low (public sector pays only on success)	Moderate (complexity limits widespread adoption)	Proven in UK housing initiatives (Fraser et al., 2018); require strong outcome measurement systems and intermediary support
Digital Mortgage Platforms	High (for new and underbanked segments)	Moderate to High (low admin costs)	Low to Moderate (depends on investor appetite)	High (platform-based scalability)	Use of rental and utilities history widens access; pilots show positive repayment trends
Government Co-financing	High	Moderate to High (subsidised capital, blended funding)	Moderate (public-private risk sharing)	High (proven in Canada, Singapore)	Requires political will, capital base, and enabling governance architecture (Lawson & Gilmour, 2020)

Note - This interpretive table is included for expedited review, and is non exhaustive, the key insights are synthesised in narrative form to guide recommendation development. Source: Per Capita Analysis

Comparative Model Evaluation

Scoring Alternative Housing Models Across 4 Key Dimensions

Model	Accessibility	Cost Efficiency	Risk Distribution	Equity / Sustainability Alignment
Co-operatives	● ● ● ● ●	● ● ● ● ○	● ● ● ● ●	● ● ● ● ●
Community Land Trusts (CLTs)	● ● ● ● ●	● ● ● ● ○	● ● ● ● ●	● ● ● ● ●
Shared Equity	● ● ● ● ○	● ● ● ● ○	● ● ● ● ○	● ● ● ○ ○
Islamic Finance	● ● ● ○ ○	● ● ● ○ ○	● ● ● ● ○	● ● ● ○ ○
Microfinance	● ● ● ○ ○	● ● ● ● ○	● ● ○ ○ ○	● ● ● ○ ○
Public-Private Partnerships (PPPs)	● ● ○ ○ ○	● ● ● ● ●	● ● ○ ○ ○	● ● ○ ○ ○
Singapore Model (Centralised Public Finance)	● ● ● ● ●	● ● ● ● ●	● ● ● ● ●	● ● ● ● ○

Strong (5) High (4) Moderate (3) Low (2) Weak (1)

Figure 16. *Comparative Evaluation of Alternative Housing Finance Models. Alternative housing finance models vary in their performance across accessibility, cost-efficiency, risk distribution, and equity and sustainability outcomes. This comparative assessment highlights the strengths and trade-offs associated with different approaches and identifies opportunities for a more balanced and inclusive housing finance system. Source: Per Capita analysis.*

Strengths and Gaps Across Models

Models that perform strongly on accessibility and cost efficiency, such as co-operative housing, community land trusts (CLTs), and digital mortgage platforms, consistently show positive outcomes in global evidence bases. In particular, co-operatives and CLTs demonstrate intergenerational affordability, high tenant retention, and low foreclosure rates. Their structure inherently prioritises stability and social use over asset speculation, making them well suited to cohorts often excluded from traditional finance, such as older single women, renters without deposit capital, or communities practising collective stewardship.

However, these same models remain structurally marginalised in Australia due to regulatory misalignment, lack of concessional finance mechanisms, and the absence of intermediary bodies to support implementation. The co-operative housing model, while proven in countries like Sweden and Denmark, lacks legal codification and financial underwriting support domestically[18]. Similarly, CLTs suffer from ambiguous leasehold recognition, lack of access to public land, and absence of supportive land stewardship institutions.

Conversely, traditional mortgage finance retains the highest level of scalability but is increasingly inaccessible to those without stable, high-wage employment or inherited equity. The risk exposure remains concentrated on individual borrowers, and rising interest rates have eroded affordability for even middle-income households. Its continued dominance reflects institutional inertia rather than superior performance in delivering affordable or inclusive housing outcomes.

Shared equity schemes and government co-financing mechanisms, such as those seen in the UK (Homes England)[19] and Western Australia (Keystart)[20], strike a more moderate balance, offering both scale and inclusion when well designed. These models share risk between buyers and public entities and can serve transitional pathways to ownership. However, they require robust regulatory oversight to avoid mission drift and speculative capture.

Social Impact Bonds (SIBs) and other forms of impact-linked housing finance show significant promise, particularly in aligning funding with measurable social outcomes (e.g. tenancy duration, reduced service dependency). Yet their complexity, administrative demands, and reliance on sophisticated intermediaries have so far limited wide-scale deployment. Their impact is maximised when embedded within systems that already value outcome-based governance and can reliably track social return on investment.

Implications for Policy

The comparative evaluation highlights several critical implications.

1. **There is no single optimal model.** Each form of finance serves different segments and objectives. A pluralistic system must support co-existence and layering of models to meet diverse needs.

2. **Structural support determines viability**. The strongest performing models on inclusion and affordability are not inherently niche; they are rendered so by the lack of institutional scaffolding, legal recognition, and accessible capital.

[18] Cooperative Housing International | Sweden Archives - Cooperative Housing International
[19] Homes England - GOV.UK
[20] Keystart Home Loans | Low Deposit Loans in WA

3. **Risk-sharing matters**. Models that distribute risk across the public, private, and household levels are more likely to maintain stability during macroeconomic shocks. This includes government-backed co-financing, capped equity models, and performance-linked financing.

4. **Scalability depends on policy alignment**. No model can expand without enabling governance architecture. This includes land access frameworks, regulatory legitimacy, credit eligibility, and integration with planning systems.

5. **Measurement systems are essential**. High-performing models must be tracked not just for occupancy or repayment, but for affordability duration, equity accumulation, and social outcomes. Without this, innovation is undervalued and under-funded.

The following segment turns from diagnosis to explanation, focusing on why alternative approaches to housing finance and tenure (despite their theoretical promise) remain peripheral within Australia. The structural overview established that reliance on conventional mortgage finance and speculative development has produced a widening gap between need and affordability. The next stage is to interrogate the barriers that prevent systemic change.

PART B

The critical challenges limiting financial innovation, tenure pluralism and housing access for the vulnerable

The challenges limiting financial pluralism and innovation in Australia

The preceding market overview has outlined the structural features of Australia's housing system, emphasising its reliance on conventional mortgage finance, the concentration of development activity in speculative projects, and the growing misalignment between supply, affordability, and demographic need. While this overview highlights the scale of the problem, it does not in itself explain why promising alternatives have failed to gain traction. The following analysis addresses the barriers to update.

Structural Barriers to Integration of Atypical Housing Finance Models

We appraise the state of the housing sector with regard to financial innovation and access as it pertains to vulnerable groups. The following section examines the barriers to financial innovation and tenure pluralism in depth. It sets out the systemic challenges that inhibit the growth of atypical housing and financial models, moving beyond cyclical market conditions to identify the institutional, regulatory, financial, and cultural dynamics that hold the system in place. These challenges are organised into four domains (Legal and Regulatory, Finance and Capital Markets, Institutional and Governance, and Market Dynamics and Normative Biases), providing the analytical framework that underpins the policy recommendations advanced later in this report.

Figure 17. The hidden barriers to housing finance. Deposits and borrowing capacity are only the visible barriers; beneath the surface lie the structural and regulatory constraints that lock out households whose circumstances fall outside conventional lending. Source: Per Capita analysis

Legal and Regulatory Environment

Atypical housing finance models operate on forms of ownership and tenure that do not fit comfortably within Australia's prevailing legal and regulatory framework. The system has historically been designed around freehold property rights, standard mortgage contracts, and developer-led delivery formats. By contrast, community land trusts, limited-equity co-operatives, shared equity mortgages, and other alternative structures rely on affordability covenants, collective governance, or resale restrictions to retain value for the community. In countries where these models have taken root, statutory definitions and enabling legislation provide certainty to participants, lenders, and regulators. In Australia, however, there is no integrated legal architecture to support them. The result is a patchwork environment where legal ambiguity, planning rigidity, restrictive land policies, and misaligned tax rules combine to suppress innovation and constrain models that have proven successful elsewhere.

Lack of Tenure Recognition and Statutory Clarity

Australia's property law remains structurally geared toward individualised ownership, which creates fundamental obstacles for tenure-diverse housing models. Community land trusts, limited-equity co-operatives, and shared equity mortgages frequently fall outside the scope of registrable interests or legislated tenancy protections. Instruments such as perpetual affordability covenants, resale caps, or community governance agreements either lack recognition altogether or are deemed legally ambiguous. This undermines enforceability and introduces uncertainty for participants who may be unable to register their equity interests on land titles, complicating inheritance, resale, and mortgage ability.

The absence of statutory definitions or enabling legislation for entities such as CLTs or limited-equity co-operatives also deters lenders. Without clarity on rights, enforcement, and recourse processes, financial institutions are reluctant to extend credit against dwellings subject to affordability covenants or collective ownership structures. This structural invisibility translates directly into capital inaccessibility, not because these models underperform, but because they sit outside Australia's legal comfort zone.

Inflexible Planning Frameworks

Planning regimes further entrench these barriers. Most state and local planning schemes are shaped by decades of suburban development, embedding prescriptive minimum lot sizes, height restrictions, density caps, and infrastructure contributions that are poorly suited to co-housing, cluster housing, micro-lot subdivisions, or adaptive reuse for affordable infill. Where planning policies do mention affordable housing, the term is usually narrowly defined, linked to income bands or time-limited agreements, rather than affordability retention achieved through governance or structure.

Moreover, alternative housing initiatives often face lengthy discretionary approval processes, with high variability across jurisdictions. This lack of consistency undermines replicability, especially in areas where demand is strong but local opposition or speculative landholding restricts access to sites. While a few jurisdictions have experimented with overlays or incentives, the absence of harmonised national planning principles means atypical housing remains at the margins of the planning system rather than embedded within it.

Restrictive Land Disposal and Public Asset Transfer Policies

The treatment of public land represents another systemic barrier. In most jurisdictions, government land is disposed of on the basis of financial return to the state, with competitive tendering processes that prioritise the highest price over community benefit. This places community housing providers, co-operatives, and First Nations housing bodies at a severe disadvantage, as they cannot compete on purely financial terms despite offering stronger long-term social outcomes.

Even when public land is made available for affordable housing, the absence of enforceable affordability covenants or permanent use protections means that projects risk being reabsorbed into speculative markets after a few decades. This cycle undermines the intergenerational value of community asset building and perpetuates reliance on market-driven outcomes. Without policies for concessional land transfer or long-term affordability protections, atypical housing models remain systematically excluded from one of the most critical enablers of housing innovation.

Misaligned Taxation Treatment

Australia's tax framework further compounds these challenges by penalising models that fall outside conventional property transactions. Shared equity arrangements, for instance, may be interpreted as partial sales, triggering multiple stamp duty liabilities at each transfer or appreciation event. Cooperative and community trust structures can also incur Goods and Services Tax (GST) obligations, even where the intent is collective ownership rather than commercial gain.

Additionally, these models often fail to qualify for exemptions or incentives that other not-for-profit organisations enjoy. Land tax exemptions may not apply to CLTs or co-operatives, and rebate schemes such as the National Rental Affordability Scheme (NRAS) have historically been targeted to individual title-holders or institutional landlords. Such inconsistencies inflate the costs of innovative arrangements, erode affordability outcomes, and send a broader signal that these models are administratively anomalous rather than legitimate housing pathways.

Absence of an Integrated Legal Architecture

Underlying these issues is the lack of an integrated legal framework to support tenure pluralism. International examples highlight how targeted legislation can normalise and protect alternative models. Austria's Limited-Profit Housing Act provides a legal backbone for not-for-profit housing providers, while in the United States, dozens of states have codified community land trusts, granting them explicit rights and responsibilities in land stewardship, resale, and governance. These frameworks provide certainty to developers, lenders, and communities alike, allowing innovation to scale beyond pilot projects.

By contrast, Australia's regulatory landscape is fragmented. Property law, planning frameworks, finance regulations, and tax codes operate in silos and often at cross-purposes. No statutory body exists to coordinate or oversee housing innovation, leaving alternative models vulnerable to discretionary decisions or shifting political priorities. Even successful pilots remain precarious without systemic support. Until a coherent legal framework is developed, atypical housing finance models in Australia will continue to be structurally disadvantaged, treated as exceptions rather than integral components of a diversified housing system.

Finance and Capital Market Barriers

Access to finance and capital is the central determinant of whether atypical housing models can move beyond isolated pilots into mainstream adoption. Yet in Australia, the dominant financial architecture remains rigidly aligned to conventional homeownership pathways: asset-backed lending, high-deposit thresholds, and income-based risk assessments. This design biases the system against collective or resale-restricted ownership forms, shared equity, or community-based structures that prioritise affordability retention.

Internationally, mission-driven intermediaries and tailored capital markets have enabled innovation. In Canada, the Canada Mortgage and Housing Corporation (CMHC) supplies patient finance and technical assistance. In the United States, Fannie Mae and Freddie Mac extend mortgage guarantees to community development housing. Singapore's Housing and Development Board (HDB) issues long-dated bonds to fund affordability at scale. Conversely, Australia lacks comparable institutions or financial mechanisms, leaving alternative models to navigate a market designed to exclude them.

Rigid Eligibility and Assessment Criteria

Australia's mainstream mortgage market is structured around eligibility rules that assume full-time salaried employment, stable income histories, and conventional asset holdings. This systematically excludes households that fall outside these assumptions, including casual and gig economy workers, sole parents, self-employed people, new migrants, and many First Nations Australians.

Conventional credit scoring does not incorporate data that strongly indicates repayment reliability, such as long-term rental payment histories, consistent utility bill records, or informal saving practices. Emerging international models, such as rental reporting in the US and UK, demonstrate how incorporating such data expands access to credit without increasing default risk. In Australia, however, no consistent mechanism exists to recognise these behaviours. The result is that many creditworthy individuals are locked out of home finance not due to poor risk profiles, but because assessment systems fail to measure the economic behaviours that underpin their housing stability.

Underserved Tenures and Ownership Structures

Beyond assessment criteria, the structure of the lending system itself presents significant barriers to alternative ownership forms. Housing finance is optimised for freehold property with individual title, leaving cooperative housing, CLTs, and shared equity schemes at a structural disadvantage.

Leasehold arrangements under CLTs, even when long-term and legally enforceable, are often deemed insecure by lenders because of resale limitations and restrictions on transferability. Limited-equity co-operatives and shared ownership schemes are perceived as opaque or complex to underwrite, despite robust international evidence of their stability. In the US, CLTs have foreclosure rates consistently lower than conventional markets, while in Europe cooperative housing has delivered secure tenure with strong repayment outcomes. In Australia, however, lender unfamiliarity and institutional conservatism translate into systemic exclusion, particularly for households who would most benefit from long-term affordability and tenure security.

Lack of Long-Dated, Low-Cost, Mission-Aligned Capital

Atypical housing models often require patient capital that accommodates slow equity accrual, affordability covenants, or collective governance structures. Such capital is scarce in Australia. Housing Australia (formerly National Housing Finance and Investment Corporation) provides concessional finance, but its products are limited in scale, flexibility, and innovation support. Funding remains geared toward conventional build-to-sell or build-to-rent developments, rather than models prioritising affordability retention.

However, international institutions such as CMHC in Canada, Fannie Mae and Freddie Mac in the US, and the HDB in Singapore provide deep capital pools, long-dated finance, and technical assistance. They act not only as lenders but as guarantors, underwriters, and enablers of systemic innovation. Australia's absence of such intermediaries leaves community-led and non-standard developments without access to the affordable capital necessary for scaling, particularly in regional and low-income urban contexts.

Absence of Capital Aggregation and Secondary Markets

Another critical barrier is the absence of capital aggregation mechanisms and secondary markets for non-standard housing finance. In conventional mortgage markets, loans are bundled, securitised, and traded, replenishing capital for originators and enabling scale. Atypical loans, including those issued through digital mortgage cooperatives, microfinance consortia, or housing-related social impact bonds, lack access to similar securitisation pathways.

Without secondary markets, these loans remain illiquid, unattractive to institutional investors, and difficult to scale. This creates a paradox: even where pilot projects prove successful, they cannot attract larger-scale capital. In contrast, the US and UK have developed securitisation vehicles for affordable and community housing finance, supported by transparent performance data and outcome measurement. Replicating such mechanisms in Australia would increase liquidity, investor confidence, and the viability of innovative housing finance.

Prudential Regulation and Risk-Weighting

Australia's prudential framework, overseen by the Australian Prudential Regulation Authority (APRA), imposes capital adequacy requirements that disadvantage non-standard housing loans. Banks must hold higher capital reserves against products perceived as less secure or harder to value on resale. Because cooperative housing, CLTs, and shared equity models do not generate conventional market comparables, they are categorised as high-risk regardless of actual performance.

Bank funding remains overwhelmingly deposit- and debt-based, with securitisation a thin slice of the total (Figure 18), while risk-weighted capital ratios govern what lenders will hold: the mechanism that penalises atypical tenure as "high risk."

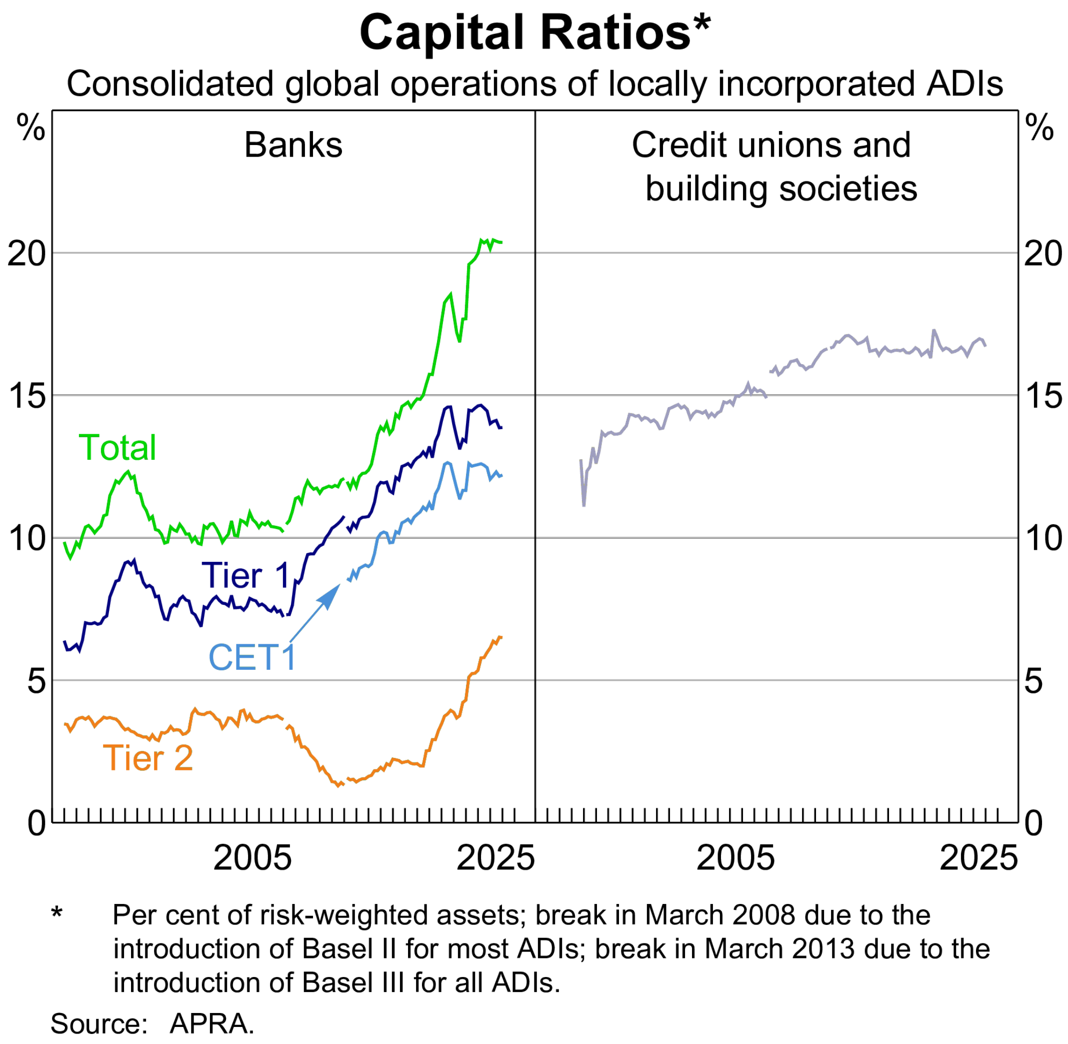


Figure 18. Capital ratios: banks versus credit unions and building societies (consolidated global operations of locally incorporated ADIs).

Source: RBA, 2026 (data as of 30 April 2026)

This risk-weighting regime creates an artificial premium on lending to atypical housing, inflating costs and deterring banks from participating. It ignores the strong repayment records and foreclosure protections embedded in many international examples.

Without recalibrated risk-weighting or exemptions for approved non-market housing models, mainstream lenders will continue to avoid financing innovation. This effectively locks atypical models out of regulated capital flows.

Investor Reluctance and Affordability Disincentives

Institutional investors, including banks, asset managers, and superannuation funds, typically operate under mandates prioritising liquidity, short- to medium-term returns, and capital appreciation. Models that embed resale limitations, affordability covenants, or community benefit obligations are perceived as constraints on financial performance. Even ESG-oriented portfolios often treat housing as a stable yield asset rather than a site of social transformation.

Investor scepticism is compounded by the absence of standardised metrics to measure affordability retention, tenure security, or community governance outcomes. Without recognised frameworks, atypical models are dismissed as unproven or too complex. The result is a structural mismatch: the very models capable of delivering affordability and stability are those least able to attract private capital.

Australia's finance and capital markets are structurally misaligned with atypical housing models. Rigid credit assessments exclude many viable households, lenders are reluctant to engage with unfamiliar tenure structures, and the absence of long-dated or secondary market capital prevents scaling. Prudential regulation amplifies perceived risk, while investor mandates and metrics reinforce affordability disincentives. Together, these barriers ensure that alternative housing finance remains marginal, despite robust evidence of stability and affordability from international precedents.

Market Dynamics and Structural Norms

Beyond the structural issues of law, finance, and institutions, atypical housing models in Australia face deeper barriers rooted in the dominant logics of the housing market and the cultural norms that underpin policy design. The prevailing housing system has been shaped by speculative development practices, asset-focused investment strategies, and a policy culture that prioritises private ownership as the preferred and legitimate tenure. These dynamics not only shape how capital is deployed but also reinforce normative assumptions about who is a "deserving" homeowner or tenant.

International examples show that when cultural and market norms are more pluralist, tenure-diverse housing becomes both politically acceptable and economically sustainable. In contrast, Australia's entrenched focus on property as a vehicle for capital appreciation, combined with narrow cultural definitions of household legitimacy, creates an environment where affordability-linked models are systematically devalued or excluded.

Speculative Development Logic and Short-Term Profit Cycles

Australia's housing system is dominated by speculative development practices, where land is acquired and held for its potential to generate capital gains through rezoning, infrastructure investments, or planning concessions. Developers operate on compressed financial cycles that prioritise rapid build-to-sell projects with high-yield returns.

This model is fundamentally misaligned with alternative housing approaches that prioritise affordability retention, community governance, or slower capital appreciation. CLTs or co-operatives often involve collaborative design processes, affordability covenants, and reinvestment of surpluses rather than speculative profit. These characteristics make them unattractive to conventional developers, who view resale restrictions and community involvement as constraints on profitability and delivery timelines.

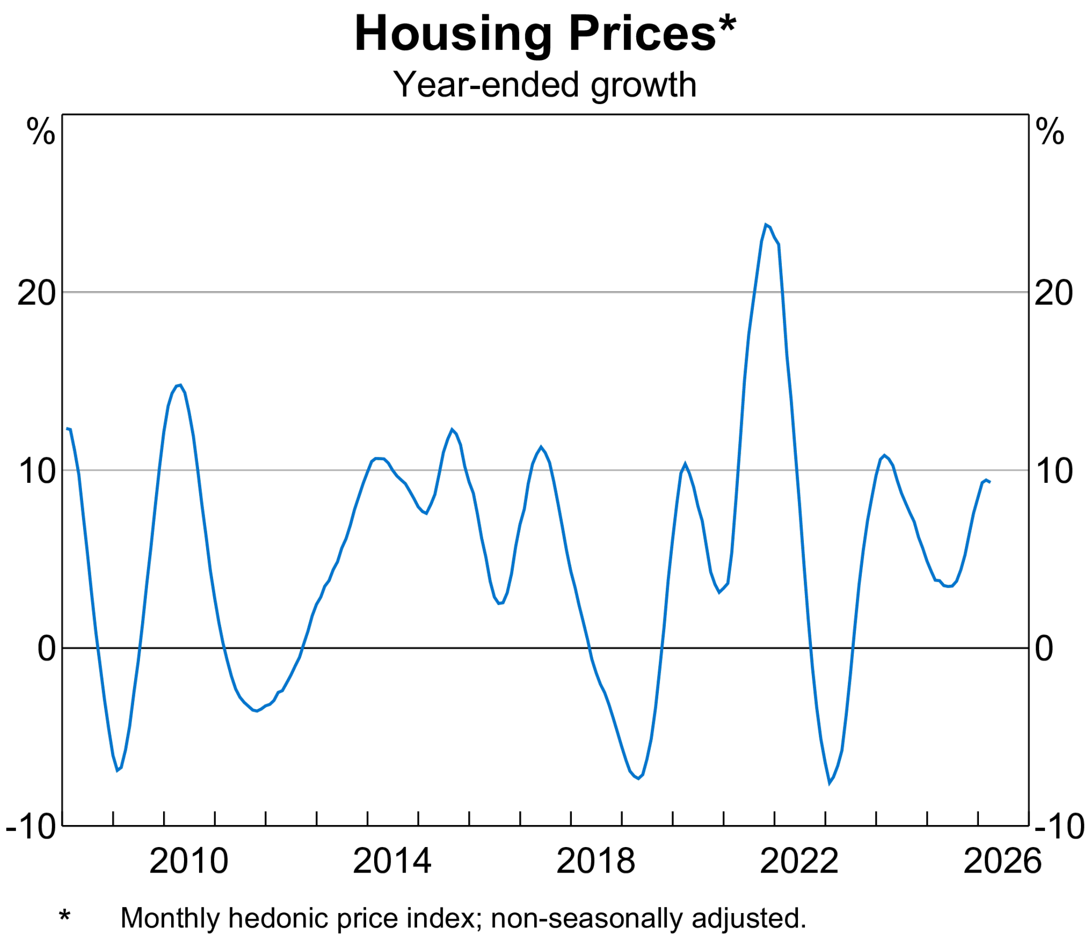


Figure 19. Year-ended growth in housing prices, based on the monthly Hedonic Price Index (non-seasonally adjusted)

Source: RBA Chart Pack, April 2026 (data as of 30 April 2026), reproduced under CC BY 4.0.

The volatility of year-ended price growth (Figure 19) is precisely what makes speculative, build-to-sell development attractive to capital and what makes long duration, affordability-linked models appear comparatively unrewarding. The result is systemic underproduction of dwellings explicitly designed to provide stability, affordability, and long-term community benefit.

Primacy of Homeownership and Marginalisation of Tenure Diversity

Australian housing policy and political rhetoric continue to frame private homeownership as the default and superior tenure. Subsidies such as the First Home Guarantee, stamp duty concessions, and superannuation access schemes overwhelmingly target first-time buyers entering private ownership.

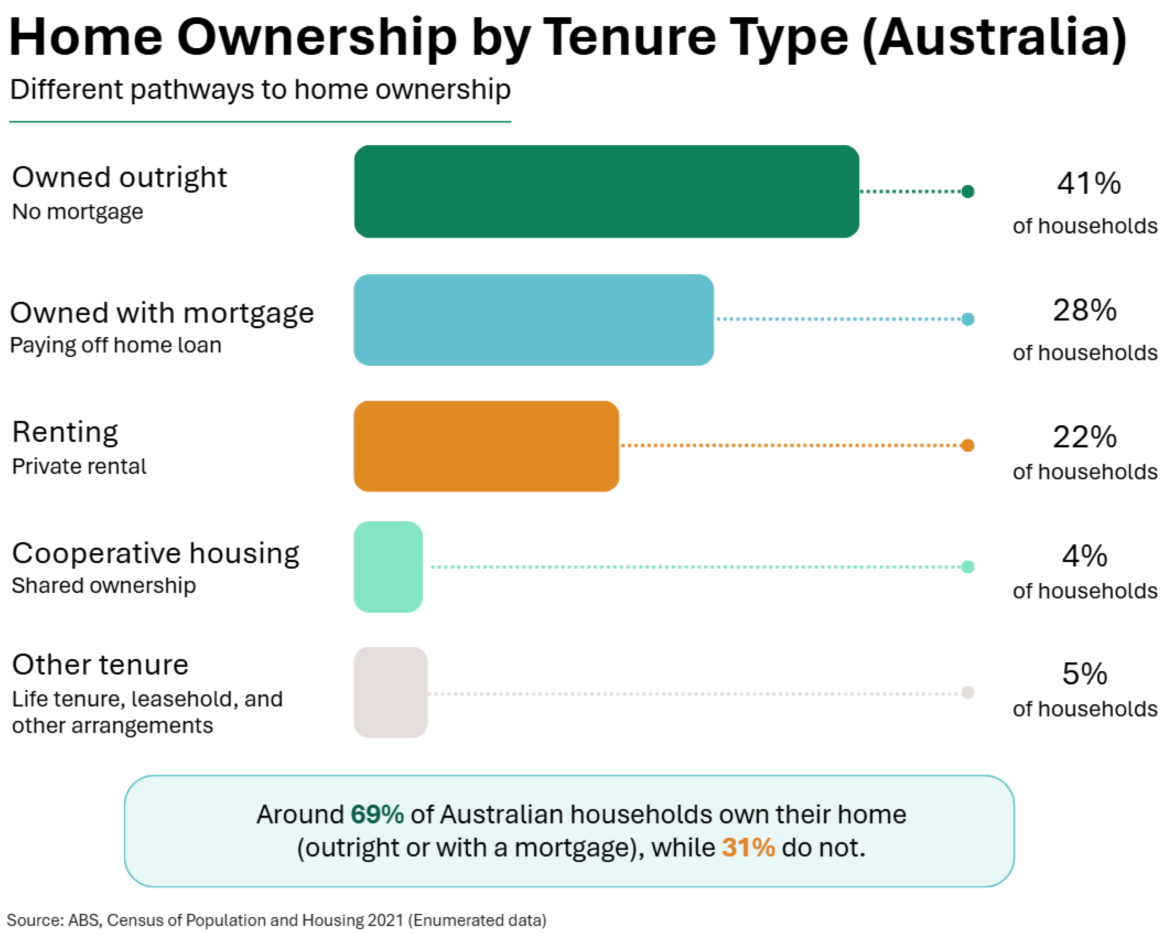


Figure 20. *Home ownership by tenure type. Australian households occupy housing across a range of arrangements: outright ownership, mortgages, rental and alternative tenures. The current mix reveals how heavily the system favours conventional ownership. Source: Per Capita analysis.*

By contrast, shared equity, co-operatives, and community housing are presented as transitional or second-best options, rather than as legitimate and desirable long-term forms of housing. This ideological primacy devalues tenure diversity, narrows institutional incentives for innovation, and discourages investment in models that provide stable, affordable, and secure tenure outside the ownership–rental binary. The effect is to entrench a system where housing alternatives are treated as marginal, regardless of their proven success in comparable international contexts.

Gendered and Heteronormative Bias in Financial Product Design

Mainstream financial products continue to reflect outdated assumptions about household structure and earning patterns, privileging dual-income, heterosexual couples with continuous employment. Women, particularly older women, face compounded disadvantages due to lower lifetime earnings, smaller superannuation balances, and career interruptions related to caring responsibilities.

Sole-parent households, most of which are headed by women, are particularly disadvantaged by lending practices that prioritise household scale and income stability over demonstrated financial resilience. Women escaping domestic and family violence face even greater barriers, with current financial products offering little flexibility for rapid access to safe housing or trauma-informed credit processes. These biases, embedded in product design and underwriting criteria, systematically exclude or penalise households that fall outside the assumed norm, despite evidence that they often demonstrate equal or greater repayment reliability.

Cultural Misalignment with Collective and Relational Ownership Traditions

For many Aboriginal and Torres Strait Islander communities, as well as for some culturally and linguistically diverse (CALD) groups, housing is understood as a communal asset embedded in kinship, culture, and collective stewardship. Australia's legal and financial systems, premised on individual title and single-party responsibility, fail to accommodate these traditions.

Collective tenure models, such as clan-based ownership, collective leases, or intergenerational co-residency, face barriers to mortgage finance, tenancy recognition, and land registration. This not only limits culturally appropriate housing options but also perpetuates tenure insecurity and displacement. Because collective and relational forms of ownership are ignored, current policy settings reinforce a monocultural vision of property rights, excluding entire communities from secure housing finance and tenure options.

Affordability Metrics that Obscure Intersectional Needs

The prevailing affordability benchmark, which posits that housing costs should not exceed 30 percent of gross household income, fails to capture the lived realities of many households. It assumes all income is equally disposable and ignores essential expenditure patterns that reduce effective housing budgets.

People with disability incur ongoing costs for support services, assistive technologies, and transport. Sole parents face elevated childcare expenses, while households in regional or remote areas may contend with higher utility and transport costs. When these burdens are ignored, policy underestimates the true affordability gap and misclassifies high-need households as viable or "not in need." Finance tools and housing programs built around these benchmarks risk excluding households most vulnerable to housing stress.

Policy Legacy of Disinvestment and Speculative Incentives

Decades of policy decisions have entrenched housing as a vehicle for wealth accumulation rather than a public good. Tax incentives such as negative gearing and capital gains concessions (even with recent changes) encourage speculative property acquisition, inflate housing costs, and divert supply away from low- and moderate-income households. Meanwhile, public housing has been chronically underfunded, and social housing stock has declined relative to population growth.

In this context, models that restrict capital gain, reinvest surpluses, or impose affordability covenants are treated as ideologically disruptive. They challenge the dominant paradigm by asserting that housing should function as shelter and community infrastructure, not solely as a private investment asset. Without a deliberate reorientation of policy settings toward redistributive and inclusive objectives, atypical housing models will remain marginalised, constrained by a system that equates success with profitability rather than social value.

Market dynamics and cultural norms represent some of the deepest and most entrenched barriers to integrating atypical housing models in Australia. Speculative development practices, the primacy of homeownership, gendered and cultural biases, inadequate affordability measures, and policy legacies of disinvestment all reinforce exclusionary outcomes. These barriers ensure that even when legal, financial, and institutional conditions can be addressed, atypical models still struggle to gain traction. Overcoming them requires not only technical reforms but also a cultural and policy shift that redefines housing as a site of social value and community stability rather than primarily a vehicle for private wealth accumulation.

Shaping the Policy Agenda

The complexity of these challenges underlines the need for a coordinated reform agenda. No single intervention can transform Australia's housing system; progress will only come through an integrated approach that addresses legal recognition, financial access, institutional capacity, and cultural norms together. The recommendations that follow are designed as a connected suite of measures: they strengthen statutory frameworks, diversify capital flows, build institutional infrastructure, and reshape incentives to privilege long-term affordability and social value.

These reforms, when sequenced and combined, offer a pathway to embed tenure pluralism and financial innovation into Australia's housing system. They represent not only a technical fix but a strategic shift, ensuring that alternative housing models move from the margins to the mainstream as part of a more inclusive, sustainable, and resilient housing future.

Part C

Reforming the market to drive inclusivity

Policy Recommendations

This final section offers both an evaluative synthesis and a strategic policy agenda, articulating a suite of interdependent policy recommendations. The recommendations are framed with the intent to make the market more accessible, flexible and innovative to promote access, tenure innovation and ownership for vulnerable groups. The agenda is structured around 7 key pillars for innovation and reform.

1. Institutional Finance Reform
2. Tenure and Legal Infrastructure
3. Impact and Inclusion Mechanisms
4. Public Data Accessibility and Community-Led Analytics
5. Financial and Environmentally Sustainable Housing Solutions
6. Governance and Financial Sector Reform
7. Alternative Housing and Innovation Institutions

These pillars serve as corrective mechanisms to rebalance a housing landscape currently defined by decades of uneven investment, framed policy design, and exclusionary risk-modeling practices. Informed by successful practices from Vienna, Copenhagen, Vermont, Singapore, and Freiburg, and grounded in an emerging academic (e.g. Lawson, Gurran, and Berry) and institutional (e.g. UNECE, OECD) consensus, each recommendation is situated within Australia's existing institutional context, drawing upon both the feasibility and urgency of reform.

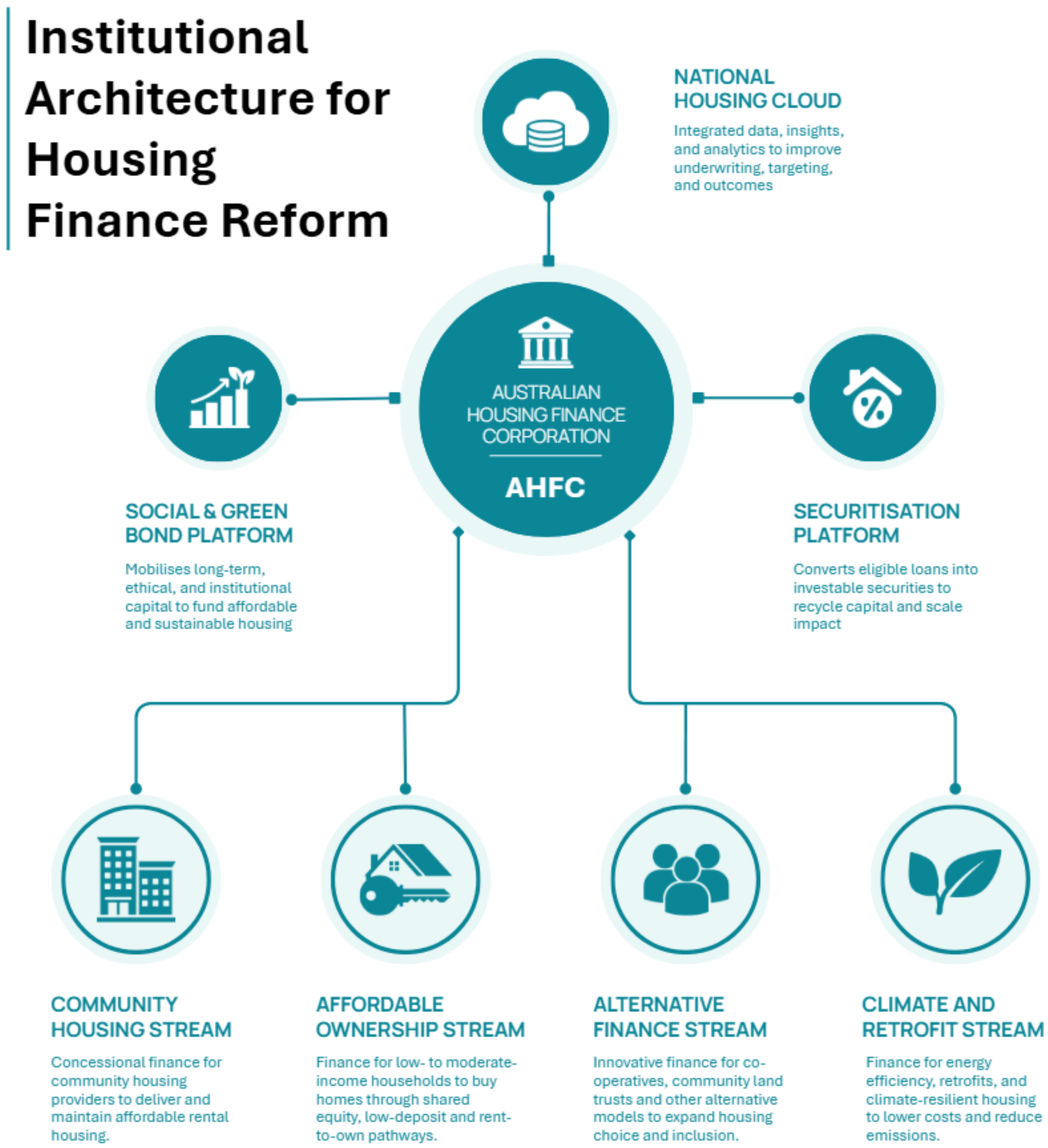


Figure 21. *Reform Architecture for an Affordable Housing Finance System. The proposed reform package operates as an integrated system rather than a collection of discrete interventions. At its centre, the Australian Housing Finance Corporation is supported by enabling infrastructure and delivers targeted finance through dedicated lending streams aligned to housing and public policy objectives. Source: Per Capita analysis.*

The recommendations are grouped under thematic policy levers, institutional finance reform, tenure and legal infrastructure, capital and land access, impact and inclusion mechanisms, and data governance. Together, they aim to reshape housing finance from a tool of private accumulation to a system of collective security and public value creation.

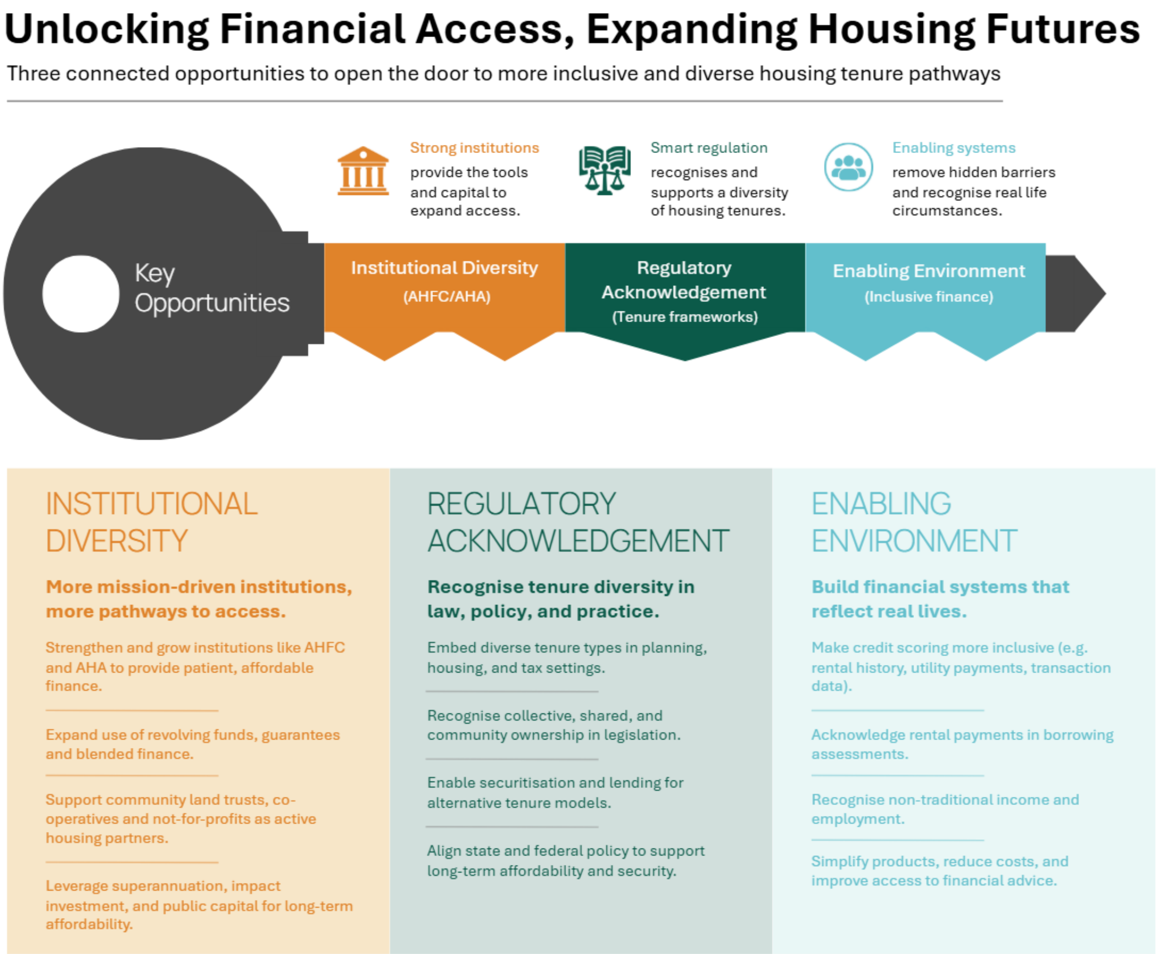


Figure 22. *Unlocking financial access, expanding housing futures. Three reforms widen access: strengthening alternative-finance institutions, recognising diverse tenure in regulatory frameworks, and building a financial system that reflects modern household circumstances. Source: Per Capita analysis.*

Pillar 1 - Institutional Finance Reform

Australia's current housing finance system operates within a constrained institutional framework, dominated by commercial banks, speculative capital, and a limited set of concessional supports. Although the National Housing Finance and Investment Corporation (NHFIC) provides some access to lower-cost finance for registered community housing providers, it lacks the scale, flexibility, and innovation mandate to support the breadth of emerging housing models needed to address today's affordability crisis.

By contrast, several international jurisdictions have developed robust, mission-aligned financial institutions capable of supporting a diversity of tenure forms, social ownership models, and affordability-linked housing initiatives. Canada's Canada Mortgage and Housing Corporation (CMHC), Singapore's Housing Development Board (HDB), and Austria's Limited-Profit Housing system all illustrate how publicly mandated intermediaries can drive inclusive, long-term housing development by structuring and directing capital in alignment with social policy goals.

Institutional finance reform in Australia should not aim to replace market-based lending, but to broaden the ecosystem of housing finance. It must create a system that accommodates plural actors, such as housing co-operatives, community land trusts (CLTs), and Indigenous-led housing bodies, alongside public and private providers. This requires a new institutional mechanism that can mobilise long-term capital, de-risk innovation, and ensure that finance is not simply affordable in price, but equitable in outcome.

Recommendation 1: Establish the Australian Housing Finance Corporation (AHFC)

Despite recent reforms, Australia lacks a national financial institution whose central mission is to finance tenure-diverse and community-oriented housing. While the establishment of Housing Australia (HA) is a positive development, the agency operates within a constrained mandate. It primarily facilitates access to lower-cost capital for large, established community housing providers and does not function as a broad-spectrum financial intermediary for new or atypical housing models. Expanding the remit and scope of HA, or alternatively establishing a specialised entity like the AHFC as a subsidiary, is essential. The entity could be aligned with Housing Australia while partnering with the Australian Postal Service shop network to enable service access.

The experience of other jurisdictions shows that mission-driven institutions play a transformative role in expanding housing access. The Canada Mortgage and Housing Corporation (CMHC) combines lending, securitisation, and insurance for affordable housing, while ensuring adherence to affordability and eligibility criteria. Singapore's Housing Development Board (HDB) integrates finance with construction and asset management under a unified policy and administrative system. In Austria, the Limited-Profit Housing Association system is sustained by a public finance mechanism that prioritises affordability and prevents speculative use.

The proposed AHFC would operate as a federally capitalised, publicly accountable financial intermediary. Its function would not be to supplant private finance, but to fill structural gaps in the market, mobilise institutional capital, and offer financial infrastructure that supports social outcomes. It would facilitate access to long-term, stable capital for housing models that are currently overlooked or under-resourced, particularly those which are participatory, equity-sensitive, or structured around affordability preservation.

Institutional Functions

The AHFC's principal function would be to aggregate and deploy finance for housing models aligned with national housing policy goals. It would pool capital from public funds, superannuation institutions, ethical investors, and international development finance. This capital would be on-lent to providers of co-operative, Indigenous, community, and shared equity housing through long-term concessional loans.

To attract and manage this capital, the AHFC would issue a range of housing bonds, including green and social tranches with performance-linked returns. These bonds would appeal to institutional investors seeking reliable returns and impact alignment. The AHFC would also offer partial loan guarantees and mortgage insurance products tailored to unconventional tenure models, thereby allowing retail lenders to participate in the sector without assuming undue risk.

Lending priorities would be aligned with broader public objectives, such as improving housing access for First Nations communities, increasing supply in regional areas, supporting trauma-informed housing for survivors of violence, and enabling carbon-neutral construction.

Governance and Legislative Design

The AHFC would be established through Commonwealth legislation that ensures both operational independence and public accountability. Its statutory mandate would include a Housing Equity Impact Obligation, requiring that all capital deployment be assessed against metrics such as affordability, inclusion, and sustainability.

Governance would be overseen by a board comprising representatives from federal departments (e.g. Treasury and Housing), independent research institutions (e.g. AHURI), the Reserve Bank, First Nations housing bodies, cooperative housing networks, and state authorities. A dual reporting line would be established, ensuring fiscal oversight via the Treasurer and mandate oversight via the Minister for Housing.

The agency would also house a Housing Innovation Directorate tasked with the development and testing of new financial products, informed by partnerships with research institutions and philanthropic intermediaries.

Capitalisation Strategy

An initial Commonwealth capitalisation of $4.5 billion would be provided, drawn from reallocated funds within the Housing Australia Future Fund and new sovereign bond issuance. The AHFC would operate with a target leverage ratio of 8:1, aiming to attract up to $36 billion in private and institutional co-investment over a ten-year horizon. This scale of funding is necessary not only to underpin delivery pipelines but also to foster market confidence, crowd in ethical capital, and support the operational resilience of mission-driven housing providers exposed to construction market volatility or land price inflation.

Recommendation 2: Create Dedicated Lending Streams within the AHFC

One of the main constraints of existing finance mechanisms is their homogeneity. Even where finance has been made more affordable, such as through HA's bond aggregator, access remains skewed towards large, capital-ready community housing providers. This model leaves little space for emerging forms of tenure and finance, including co-operatives, digital mortgage solutions, Indigenous governance arrangements, and community land trusts.

Internationally, successful housing finance institutions do not adopt a one-size-fits-all approach. Instead, they create distinct programmatic windows that recognise the diversity of housing needs and delivery mechanisms. The CMHC in Canada, for example, provides separate financing programs for supportive housing, Indigenous providers, and low-income rental developers. Similarly, the European Investment Bank has supported co-housing and migrant accommodation through bespoke finance windows. Singapore's HDB tailors its mortgage instruments based on housing type, household structure, and tenure history.

The AHFC (as either an independent entity, or a subsidiary of HA) should be structured around differentiated lending windows. These streams would be designed to reflect the specific capital, governance, and affordability conditions of varied housing models. They would include tailored underwriting criteria, performance measures, and technical support channels. Each stream would operate with its own governance advisory body, linked to sector stakeholders and local communities.

Operational Streams

While detailed operational models will need to be developed through consultation and pilot testing, proposed lending streams may include: concessional finance for co-operative and community housing, innovation funding for fintech-enabled and inclusive mortgage products, impact bond investment for housing aligned with social and environmental targets, and equity-based facilities for land-lease, shared appreciation, or community land trust tenure. What aligns these streams is not their uniformity but their responsiveness. By enabling financial instruments tailored to the needs of diverse populations and providers, the AHFC would give structural support to housing models that embody public value but have lacked access to fit-for-purpose finance.

Four Dedicated Lending Streams to be Embedded within AHFC

To fulfil its mandate as a catalytic financial institution for tenure-diverse and affordable housing, the AHFC must operationalise a range of lending streams tailored to address the financing barriers experienced by non-market housing models. Rather than applying a uniform capital allocation approach, the AHFC should create purpose-specific financial mechanisms that reflect the varied governance, legal, and social structures of these housing forms. These streams, administered through internal programmatic units, would provide both targeted capital and strategic legitimacy to housing models that remain marginalised by conventional finance.

Co-operative and Community Housing Finance Stream

This stream would be structured to address the capital requirements of resident-governed housing cooperatives, limited-equity housing models, and smaller not-for-profit associations that lack the balance sheets or scale to attract conventional finance. The AHFC secures the full development lifecycle of cooperative housing (from initial planning through to stabilisation) through the strategic deployment of 20- to 30-year concessional loans. This design incorporates flexible drawdown arrangements and lower serviceability thresholds.

Eligibility would centre on entities that are formally incorporated under cooperative governance structures and that embed affordability covenants within their operational frameworks, such as indexed cost-rent arrangements. This stream is justified by both empirical and international evidence. The performance of Common Equity Housing Limited (CEHL) in Australia, alongside comparable models such as HSB in Sweden and cooperative housing federations in North America, demonstrates both strong loan repayment and measurable social returns in community stability and tenant empowerment.

Digital and Inclusive Mortgage Innovation Fund

In response to the growing disconnect between standard credit systems and the lived realities of many Australians, particularly renters, casual workers, and newly arrived migrants, this lending stream would support the development of digital mortgage cooperatives and fintech-enabled shared equity platforms. These models often rely on alternative data for credit assessment, such as rental history or transactional behaviour, to broaden home financing access.

Through the establishment of a public-private challenge fund, AHFC would underwrite early-stage lending risk, support platform interoperability, and set ethical standards for algorithmic underwriting. The fund would prioritise licensed fintechs and mutual lenders partnering with social enterprises or community-led intermediaries. The rationale for this stream stems from pilot initiatives such as the Macquarie-supported HousingLab, which have shown that technology-enabled platforms can combine repayment efficiency with expanded inclusion, outcomes that traditional banks have been reluctant to pursue independently.

Leasehold and Community Land Trust Mortgage Facility

This stream would enable financial access for households seeking to purchase homes located on land that is not transferred in fee simple, including Community Land Trusts (CLTs), leasehold tenure schemes, and Aboriginal land-based housing. These models preserve affordability by decoupling land ownership from dwelling ownership, often accompanied by resale restrictions or shared equity conditions.

Given the reluctance of banks to finance leasehold or CLT properties, primarily due to perceived legal risk and asset illiquidity, the AHFC would provide mortgage guarantees or partial insurance for qualifying loans. Eligibility would be determined based on the presence of perpetual affordability provisions and formal governance arrangements recognised by state or Indigenous authorities. International precedents in Vermont, Washington DC, and New York City suggest that when such structures are properly backed, they yield foreclosure rates lower than conventional mortgages, while also preserving housing affordability across generations.

Social and Green Housing Bond Platform

This final stream would create a bond issuance and management platform that links capital to measurable social and environmental outcomes. Rather than relying on conventional debt servicing structures, this approach would embed performance-based incentives into the pricing or coupon structure of bonds issued by AHFC. Metrics may include tenancy duration, improvements in housing accessibility, reductions in household emissions, or equity outcomes for underrepresented groups.

The stream would cater to larger-scale providers, housing consortia, and local governments capable of delivering outcome-aligned projects. It would also appeal to institutional investors, particularly superannuation funds and ESG-aligned asset managers, who are seeking fixed-income products that meet social and environmental mandates. The success of social impact bonds in the UK housing sector, such as the Home Group and Changing Lives projects, illustrates how impact-linked finance can align public purpose with private capital, especially where government serves as a credible guarantor.

Implementation Considerations

Each lending stream must be administered by a dedicated team within the AHFC, staffed with technical experts familiar with the financial, regulatory, and operational contexts of the relevant housing model. Administrative processes must be streamlined to avoid excessive compliance burdens, particularly for small or emergent providers. Critically, all streams must be assessed against a Housing Equity Impact Framework that includes, but is not limited to, repayment performance. Measures should also assess demographic inclusion, geographic spread, affordability retention, and indicators of tenant wellbeing. These differentiated streams will allow AHFC to go beyond the role of a capital provider, becoming a strategic enabler of systemic change in Australian housing finance.

Recommendation 3: Legislative and Governance Support for AHFC

The long-term effectiveness and independence of the AHFC will depend on more than the design of its financial instruments. Central to its success is a robust legislative framework that defines its public purpose, anchors its equity objectives in law, and safeguards against political or market pressure to dilute its social mission.

International best practice affirms that housing finance institutions succeed when embedded in statute rather than reliant on discretionary policy. Canada's CMHC is governed by the National Housing Act, which codifies its social role and empowers its dual functions in lending and securitisation. In the United States, Fannie Mae operates under a Congressional charter requiring service to underserved markets. Singapore's HDB finance division is entrenched within a governance ecosystem that links fiscal operation to housing policy goals across ministries.

Australia's housing governance is notably fragmented, with overlapping responsibilities across Commonwealth, state, and local actors. In this environment, the AHFC must be established by legislation that defines its status as a permanent public institution with a clear, equity-centred mandate.

Core Legislative Features

The Australian Housing Finance Corporation Act (or a HA modifying Act) should contain several foundational clauses. First, the statutory purpose must explicitly state that the

AHFC exists to provide financial tools to enable secure, affordable, and equitable housing for all Australians, especially those underserved by market channels. This clarity of purpose is essential for aligning operations with national housing policy.

Second, an Equity Impact Mandate must be embedded within the Act. This mandate would direct AHFC to prioritise affordability based on income, support tenure diversity, address geographic imbalances (particularly in remote and regional areas), uphold cultural safety for First Nations peoples, and promote gender and generational equity in asset access.

Governance and Oversight

The AHFC's governance model should be participatory, independent, and expertise-driven. A majority-independent board would be constituted with representation from Treasury, NHFIC, the Reserve Bank, and key civil society stakeholders including Indigenous housing peaks, cooperative housing networks, and individuals with lived experience of housing precarity.

Performance oversight should be achieved through an annual Housing Equity Investment Report to Parliament, including detailed breakdowns by borrower type, project outcomes, and impact-weighted financial returns. Risk management disclosures should align with industry best practice in ethical investment.

Every five years, the AHFC would be subject to a statutory parliamentary review. This process must be consultative and inclusive, drawing on evidence from academic evaluations, community sector reports, and public hearings facilitated by a cross-party housing committee.

Safeguards and Risk Controls

To insulate the AHFC from political disruption, the Act should contain a supermajority requirement for altering or repealing its core equity mandate. An independent Housing Finance Auditor-General should be created to monitor lending risk, compliance, and systemic exposure. In the interest of public accountability, all investment criteria, project approvals, and performance outcomes should be published online in accessible and culturally appropriate formats.

Strategic Outcome

With a secure legislative foundation and inclusive governance model, the AHFC can fulfil its role not simply as a financier of housing but as a guardian of long-term affordability and equity. It can institutionalise the notion that access to secure and dignified housing is not merely a function of creditworthiness, but a public good that deserves strategic stewardship and resourcing.

Pillar 2 - Tenure and Legal Infrastructure

Finance mechanisms alone cannot rectify the embedded structural exclusion within Australia's housing system. A major contributing factor is the lack of legal and policy scaffolding to support tenure forms that deviate from the conventional binary of private freehold ownership and short-term tenancy. These alternative tenures, co-operatives, leasehold ownership, community land trusts (CLTs), shared equity models, and culturally governed landholding systems, are either absent or marginalised within the existing legal framework. This deficiency has created a legal environment that is not merely neutral but actively obstructive to tenure diversity and innovation.

Australia's prevailing housing law privileges asset-based security and uniformity in ownership, which has led to a regulatory architecture ill-suited to contemporary housing needs. Unlike jurisdictions such as Austria, the United States, and Scotland, which have legislated for tenure pluralism and affordability retention, Australia lacks enabling provisions that legally institutionalise diverse tenure models. This absence translates into regulatory ambiguity, financing difficulties, and planning friction, all of which reinforce a monocultural housing delivery system ill-equipped to accommodate social, demographic, and economic change.

This section articulates the legal reforms required to integrate and protect diverse housing tenures. It presents three principal recommendations.

- Establishment of a National Tenure Innovation Framework (Rec. 4)
- Legislation for Perpetual Affordability and Resale Covenants (Rec. 5)
- Reform of Planning and Zoning Laws to Support Non-Standard Housing Models (Rec. 6)

Recommendation 4: Establish a National Tenure Innovation Framework

The rigidity of Australia’s housing law leaves it incapable of accommodating the complex and evolving housing needs of a diverse population. Legal tools governing housing were largely developed during a time of full employment, nuclear family dominance, and a normative path to homeownership. These assumptions no longer reflect reality. Groups such as single older women, people with disabilities, First Nations families, and casualised workers often find themselves excluded by both ownership and rental markets.

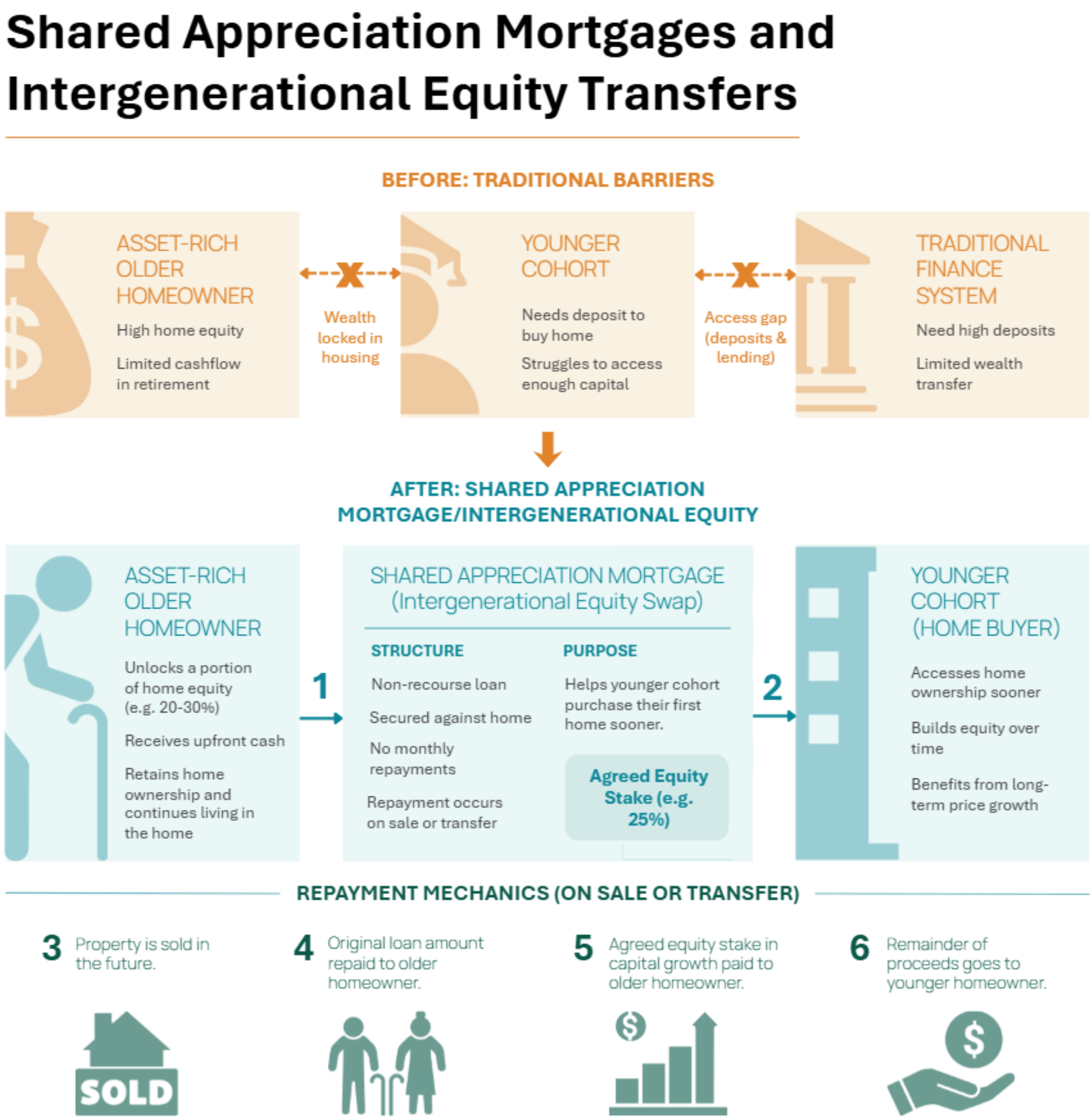


Figure 23. *Shared Appreciation Mortgage and Intergenerational Equity Swap Mechanism. Shared appreciation instruments enable housing wealth accumulated by older homeowners to support housing access for younger cohorts. Capital is provided in exchange for a future share of capital gains, creating a mechanism for intergenerational wealth transfer while reducing deposit and financing barriers for new entrants to the housing market. Source: Per Capita analysis.*

Alternative models, including co-operatives, CLTs, and shared equity arrangements, offer viable pathways but are impeded by legal invisibility and regulatory inconsistency. A National Tenure Innovation Framework (NTIF) would address this by providing a harmonised, federally supported legal foundation for these models, while allowing state and territory systems to integrate accordingly.

Core Elements of the NTIF

The NTIF would provide statutory definitions for alternative tenures such as limited-equity cooperatives, land trust leaseholds, shared equity and shared appreciation models, and culturally governed Indigenous housing. These definitions would be incorporated into federal housing frameworks and promoted for adoption by state land and planning authorities.

In addition to legal recognition, the NTIF would offer model instruments such as 99-year ground leases for CLTs, cooperative constitutions with dispute resolution procedures, and resale formulas that prioritise affordability retention. These templates would be developed in partnership with legal experts, housing providers, and Indigenous governance bodies.

An Intergovernmental Agreement on Housing Tenure Diversity would anchor the NTIF, facilitating uniformity in how tenure models are treated in land title systems, planning codes, and housing programs. Furthermore, the NTIF would stipulate that recognised tenure forms must be eligible for financial products and planning instruments, including access to first-home buyer programs and inclusion in development assessments.

Safeguards would be integrated to ensure cultural and disability inclusion, with all instruments reviewed in collaboration with peak disability and First Nations organisations. This alignment would ensure that tenure innovation enhances, rather than inadvertently undermines, equity outcomes.

Strategic Outcome

Through the NTIF, Australia would embed legal support for a broader array of housing solutions, making tenure innovation not the exception but a legitimate and viable component of the housing system. This framework is essential to scale-up and normalise models that currently operate on the margins without regulatory support.

Recommendation 5: Legislate for Perpetual Affordability and Resale Covenant Mechanisms

Australia has struggled to preserve affordability in perpetuity. Public housing has been sold, shared equity homes have transitioned to market-rate ownership, and time-limited affordability conditions have enabled price drift. This pattern reflects a fundamental legal gap: the absence of statutory tools to enforce affordability over time.

Countries such as the US and UK use deed-based covenants and stewardship agreements to maintain long-term affordability. These tools allow public investment to be recycled across generations rather than dissipating upon resale. In Austria, limited-profit housing associations are legally bound to retain affordability and reinvest profits into further housing delivery.

Core Elements of a National Affordability Covenant Regime

To replicate these protections, Australia must introduce legal instruments that recognise affordability covenants and define their enforceability. A new federal statute, potentially titled the Housing Affordability Stewardship Act, could articulate the terms under which affordability is retained and governed.

Resale formulas must be authorised that cap equity appreciation, index returns to wage growth or median income rather than market escalation, and condition resale on income eligibility and stewardship approval. These mechanisms have demonstrated success in extending affordability without negating individual wealth accumulation.

To ensure oversight and enforceability, designated not-for-profit entities, such as CLTs and Aboriginal housing organisations, should be formally recognised as covenant holders. These entities would monitor compliance, assess resale eligibility, and manage stewardship responsibilities.

Lenders and developers must be able to work with covenant-restricted properties. Therefore, these homes must be recognised as valid collateral and eligible for inclusion in affordable housing requirements. A national covenant registry should be created to ensure transparency and facilitate regulatory monitoring.

Reform Outcome

This legislative reform would institutionalise affordability as a permanent feature of Australia’s housing system, allowing non-speculative housing to be treated not as an anomaly but as a formal submarket. It would secure the public value of affordable housing investment and enable broader uptake of equity-retention models.

Recommendation 6: Reform Planning and Zoning Law to Enable Non-Standard Housing Models

Planning systems significantly influence what types of housing are built, where, and by whom. However, Australia's zoning and development regulations are often implicitly exclusionary, structured to favour mainstream private housing delivery. This disadvantages community-led models, especially those seeking to cluster, co-locate, or innovate outside of standard density and form.

Barriers include zoning codes that prohibit co-housing layouts or multi-dwelling arrangements on single lots, planning overlays that lack affordability incentives, and regulatory delays that smaller providers cannot afford. By contrast, cities like Vienna and Vancouver explicitly embed support for tenure-diverse and socially governed housing in their planning frameworks.

Core Planning and Zoning Reform Directions

First, a set of National Planning Principles for Affordable and Innovative Housing should be adopted through National Cabinet, guiding local jurisdictions to recognise housing cooperatives, Community Land Trusts (CLTs), and other alternative housing models as legitimate residential uses. These principles would establish consistent criteria for planning approvals, land allocation, and integration into local planning frameworks, reducing regulatory uncertainty and facilitating innovation across jurisdictions.

Second, inclusionary zoning requirements should be introduced in designated growth and redevelopment areas, with permanent affordability obligations embedded within planning approvals. Such requirements should ensure that affordability is assessed against household income benchmarks rather than relative market pricing and preserved through mechanisms such as affordability covenants, shared-equity arrangements, or community land ownership structures.

Third, dedicated fast-track approval pathways should be established for registered non-profit housing providers, community-led housing organisations, Aboriginal housing organisations, and housing cooperatives. These pathways would reduce administrative burden and approval delays while maintaining appropriate environmental, design, and safety standards.

Fourth, zoning codes should be modernised to permit a wider range of housing forms, including clustered housing, intergenerational compounds, cooperative housing developments, accessory dwellings, and compact co-located units. Flexible definitions of dwellings, occupancy arrangements, and tenure structures are required to support these emerging models and better reflect contemporary housing needs.

Beyond enabling innovative housing typologies, planning reform should also facilitate opportunities for gentle density within established urban areas. Gentle density refers to modest increases in housing supply achieved through incremental and context-sensitive development that complements existing neighbourhood character while expanding housing choice. One significant but underutilised mechanism for achieving this outcome is the strategic use of airspace rights, which enable residential development above existing buildings, commercial premises, community facilities, transport infrastructure, and publicly owned assets. By creating additional housing capacity within already serviced locations, airspace development offers a means of increasing supply without requiring large-scale demolition, resident displacement, or further greenfield expansion.

The concept of vertical zoning and transferable airspace rights has evolved in several international jurisdictions, particularly in New York, where airspace property interests have been used to facilitate denser development without additional land consumption (Kennedy, 1983; Dawkins, 2023). While these mechanisms have successfully unlocked development potential, the resulting value has frequently accrued to private developers rather than being captured for broader public benefit. Consequently, the application of airspace rights in Australia should be linked to inclusionary zoning provisions, affordable housing requirements, and value-capture mechanisms to ensure that the benefits of intensified development are shared more equitably. In this context, rooftop and airspace development undertaken through partnerships with strata corporations, community housing providers, local governments, and public agencies offers a particularly promising approach. Such projects can increase housing supply in established neighbourhoods while preserving community character and minimising social disruption.

Figure 25. *Airspace rights and rooftop opportunities. Unused development potential above existing buildings can create new homes in established areas without expanding the urban footprint, lifting supply while making better use of existing infrastructure. Source: Per Capita analysis.*

To support implementation, an Airspace Development Fund should be established as a government-backed financing mechanism, potentially operating within the framework of Housing Australia or a future Australian Housing Finance Corporation. The Fund would provide concessional finance, loan guarantees, and targeted capital subsidies to approved community housing providers, housing cooperatives, strata renewal projects, and other entities delivering affordable rooftop and vertical infill developments. By reducing financing barriers and development risk, the Fund would unlock housing opportunities that are often considered too complex or marginal for conventional lenders. In parallel, the Fund could support associated building upgrades, including fire safety improvements, accessibility modifications, energy-efficiency retrofits, and structural renewal works, ensuring that existing residents share in the benefits of urban intensification rather than bearing its costs.

Finally, reform is required in the application of development contributions and infrastructure levies. Housing projects that deliver long-term affordability outcomes through legally enforceable covenants, non-profit ownership structures, or community-led governance arrangements should receive exemptions, rebates, or reduced contribution rates. Such an approach would recognise the public value generated by permanently affordable housing and align planning incentives with broader housing affordability and social equity objectives.

Reform Outcome

By recalibrating the planning system, Australia can make space, literally and legally, for the diverse housing models needed to meet 21st-century challenges. Without these changes, alternative tenure and finance solutions will continue to be thwarted at the implementation stage, unable to transition from conceptual models to built outcomes.

Recommendation 7: Legislate a National Framework for Public Land Transfer to Community and Equity-Focused Housing Providers

In Australia's housing system, access to land represents a foundational barrier to affordable and community-driven development. The price of urban and regional land has risen exponentially over recent decades, outstripping both wage growth and the cost of construction. While this inflation benefits speculative holders and entrenched private interests, it systematically excludes the cooperative sector, community land trusts, First Nations-led initiatives, and not-for-profit developers, who cannot absorb or outbid commercial actors in land markets.

Crucially, these affordability challenges are compounded by the absence of a coherent, national policy for the disposal and allocation of public land. Presently, land sales and transfers are managed in a fragmented manner across states and territories, typically administered through property divisions of government departments with mandates to maximise revenue rather than social return. This often results in public land being sold to the highest bidder, even in circumstances where the land could otherwise enable deeply affordable, tenure-diverse, and community-controlled housing.

International comparisons reveal a very different approach. In Austria, public land is held and allocated by a dedicated agency, Wohnfonds Wien[21], with tenders prioritising non-profit developers committed to long-term affordability. Singapore's Housing and Development Board (HDB) has similarly integrated land allocation into its planning and finance architecture to ensure well-located public housing is viable and equitably distributed. In the Netherlands and the United Kingdom, municipalities and public land authorities lease or transfer land under conditions that lock in affordability and community stewardship. These examples offer clear lessons for Australia: when land is treated as a social good rather than a disposable asset, housing systems can deliver on equity as well as efficiency.

Australia requires a national legislative and institutional response that embeds social value into the heart of public land policy. This should not be viewed as a retreat from fiscal responsibility, but as a recalibration of value, one that recognises the long-term savings and benefits to society that arise when land is used to create secure, affordable, and inclusive communities.

Core Components of a National Public Land Transfer Framework

National Register of Transferable Public Land

The foundation of a more equitable land policy lies in transparency. A centralised and publicly accessible register of surplus public land should be established, encompassing parcels held by federal, state, and local governments. This register would identify lands deemed surplus to operational requirements and assess their suitability for residential or mixed-use redevelopment, provided they are free from environmental or legal encumbrances.

Annual reporting by all levels of government should be mandated to ensure a consistent pipeline of land opportunities for equity-focused housing providers. This initiative would build upon the many calls from sector advocates, whom have long advocated for systematic audits of public land in support of housing affordability.

Statutory Priority Access for Equity-Aligned Housing Providers

A legislative right of first refusal should be enacted for organisations with a demonstrated commitment to long-term affordability. This would include registered community housing providers, cooperatives, Aboriginal housing organisations, and CLTs. Rather than allowing such groups to compete in speculative tenders, the law

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should require governments to offer these entities priority access to land identified for residential or mixed-use purposes, contingent on the delivery of housing that meets defined affordability and governance standards.

This model draws inspiration from policies like New York City's Community Land Trust Disposition Policy[22] and the UK's Assets of Community Value framework[23], which embed affordability and community benefit into the disposal of public assets.

Pricing and Valuation Reform

Standard market-based valuation methods fail to reflect the social utility of affordable housing developments. Instead, pricing mechanisms should allow for sub-market transfers where demonstrable equity outcomes are assured through covenants or governance arrangements. Land can be leased or sold at nominal prices, with value capture mechanisms ensuring that any future uplift in land value is returned to the public or shared with government.

Rather than imposing up-front costs that render projects unviable, value should be indexed to outcomes such as avoided costs in health, housing stress, and justice services. This approach reframes land pricing from an immediate fiscal exchange to a tool for long-term public value generation.

Streamlined Transfer Pathways

The administrative complexity of current land transfer processes can deter even the most capable community housing providers. A simplified, dedicated pathway should be created for equity-focused organisations, offering prequalification procedures, exemptions from full competitive tendering, and integrated planning assistance to facilitate rezoning or infrastructure servicing. The process must be efficient, transparent, and consistent across jurisdictions, allowing providers to invest in planning with confidence and certainty.

Establishment of a National Land Stewardship Agency

To operationalise this framework, a federal entity or intergovernmental office should be established with a clear remit to manage Commonwealth-held surplus land. This agency would coordinate with state and local authorities to identify, assess, and allocate land to non-profit housing developers, cooperatives, and First Nations-led organisations. Its

[22] The New York City Council - File #: Int 0637-2022
[23] SN06366.pdf

responsibilities would include maintaining the national register, overseeing affordability and governance covenants, and ensuring accountability in land utilisation.

Examples such as Homes England's land division and Vienna's Wohnfonds Wien show how such agencies can act as both enablers and custodians of land use for public benefit. In Australia, a comparable agency could restore coherence and purpose to the national land strategy, aligning surplus land management with urgent housing needs.

Reform Outcome

Legislating a national framework for public land transfer would mark a pivotal shift in Australia's approach to affordable and community-led housing. It would provide the necessary foundation for tenure-diverse models to scale effectively and sustainably, while also embedding housing affordability within the social and spatial fabric of cities and regions.

This reform would ensure that high-opportunity locations, those near jobs, services, transport, and education, are not reserved solely for those who can afford market rents or mortgages. Instead, they would become sites of inclusive and intergenerational benefit. Furthermore, governments would reap long-term social and economic dividends by using land to prevent housing precarity, reduce homelessness, and promote health, wellbeing, and civic participation.

Land is not just an economic input. It is a determinant of opportunity, equity, and belonging. Without public stewardship of land, efforts to reform housing finance and tenure models will remain constrained. This legislative proposal seeks to anchor the potential of those reforms in place, making equity not just aspirational, but structural.

Pillar 3 - Impact and Inclusion Mechanisms

Structural reforms to housing finance and tenure law, as proposed are necessary but not sufficient. Even when designed to promote affordability and stability, housing systems do not automatically guarantee inclusion. Without deliberate and enforceable mechanisms to ensure these systems serve historically marginalised groups, there is a risk that benefits accrue primarily to those already better positioned within the market.

Inclusion must therefore be embedded not only in design principles but also in the instruments and institutions through which housing is financed, delivered, and evaluated. This requires a clear shift: from funding housing as infrastructure to financing housing as a vehicle for equity. Inclusion must become a measurable, enforceable, and transparent feature of housing policy, not merely a rhetorical commitment.

Several international precedents provide guidance. In the United Kingdom, social impact bonds have linked investor returns to tenancy stability and reduced strain on homelessness services. Canada's National Housing Strategy[24] mandates all funded projects to demonstrably benefit at least one priority population. OECD housing policy recommendations now urge governments to condition subsidy and planning concessions on demonstrated equity outcomes.

On the other hand, Australia's current housing finance architecture does not systematically link public or institutional capital to distributional results. Income bands are typically the only proxy for inclusion, and assessments of affordability rarely track whether those in need experience durable improvements in wellbeing, asset security, or housing mobility.

This section proposes a series of policy mechanisms to address this disconnect. The first of these, performance-linked finance, aims to align capital flows with social outcomes, ensuring that financial inputs are conditional on lasting, meaningful inclusion.

Recommendation 8: Introduce Performance-Linked Finance Mechanisms for Affordability and Equity Outcomes

Aligning Capital with Social Purpose

Australia's housing finance system has yet to fully utilise the potential of capital as a lever for social accountability. While concessional finance is increasingly available, particularly through the National Housing Finance and Investment Corporation (NHFIC), it is rarely conditioned on long-term affordability retention, tenant protection, or demographic inclusion. As a result, new developments may meet the technical criteria for "affordable" housing but fail to serve those most in need, nor do they guarantee tenure security or pathways to stability.

The introduction of performance-linked finance mechanisms would change this dynamic. Rather than treating affordability as a static condition or merely a discount to

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market price, it would embed measurable outcomes into financing arrangements and require that capital be repaid, or rewarded, based on social impact.

Embedding Outcome Conditions in Lending Instruments

All financial instruments issued by the proposed Australian Housing Finance Corporation (AHFC), including loans, guarantees, and capital injections, should carry binding social outcome requirements. These conditions must extend beyond unit delivery to include the depth and duration of affordability, demographic targeting, and standards of design and tenant protection.

Developments should be contractually required to retain affordability for no fewer than 30 years, with benchmarks tied to local income levels rather than market discounts. Tenant cohorts must include clearly defined groups experiencing housing exclusion, such as single older women, people with disability, or Aboriginal households. Environmental and accessibility benchmarks, such as a minimum 7-star NatHERS energy rating and universal design features, should be mandated for a portion of all dwellings. Furthermore, tenure arrangements must offer genuine stability, with minimum lease terms of three to five years and legal protections against no-fault evictions.

These requirements should be written into funding agreements and monitored through regular performance reporting, supported by legal recourse in the event of non-compliance.

Establishing a Social Housing Performance Bond

To attract institutional capital without sacrificing inclusion objectives, a new instrument, the Social Housing Performance Bond (SHPB), should be developed. This product would link investor returns to measurable improvements in housing outcomes, such as tenant retention, reductions in emergency service use, or employment and education transitions for residents. In this way, social value becomes not only a policy goal but an investable proposition.

The United Kingdom's social impact bonds in housing, including the *Homes for Good*[25] and *London Rough Sleeping* projects[26], provide a strong template. These instruments delivered competitive financial returns while simultaneously reducing pressure on

[25] FAIR-Social-Impact-Bonds-Homelesness-2020.PDF
[26] Services for people experiencing homelessness, including sleeping rough | London City Hall

homelessness services, offering clear evidence that inclusion-focused finance can be both ethical and economically viable.

Linking Planning Incentives to Equity Delivery

Planning concessions, such as inclusionary zoning bonuses, expedited approvals, or density allowances, should also be contingent on delivery against outcome metrics. In cities like San Francisco and Vancouver, developers are awarded concessions based on the scale, depth, and duration of affordability they commit to, with independent monitoring and public reporting. A similar approach in Australia would create a direct incentive for developers to prioritise equity-focused design and delivery, rather than simply meeting minimum affordability criteria.

Establishing a Housing Outcomes Compliance Unit

To operationalise these mechanisms, the AHFC must host a specialised Housing Outcomes Compliance Unit. This unit would be responsible for auditing funded projects, reviewing outcome reports, providing technical assistance to housing providers, and recommending sanctions where performance conditions are not met. It would also publish de-identified performance data, enabling sector-wide learning and accountability. This mirrors existing compliance structures such as the Clean Energy Regulator, which monitors progress against renewable energy targets with both enforcement and capacity-building functions.

Connecting Superannuation and Ethical Capital to Housing Outcomes

Australia's superannuation sector holds considerable potential to invest in affordable housing. However, these investments must be made measurable through standardised impact metrics. Examples might include the number of affordable tenancy-years delivered per million dollars invested, the proportion of dwellings accessible to people with disability, or the extent to which First Nations communities are involved in governance or ownership.

By developing robust, transparent metrics, housing investment products can meet the due diligence requirements of institutional investors while remaining mission-aligned. This would help unlock billions in ESG-compliant capital while safeguarding community benefits.

Strategic Outcome

The introduction of performance-linked finance mechanisms would shift the Australian housing system toward a new paradigm, one where the effectiveness of funding is measured not by how many homes are built, but by who benefits, how sustainably, and with what long-term effect. It would create a transparent, outcome-oriented culture within housing finance, aligning the interests of governments, communities, and investors.

This reform also deepens trust in public investment. Tenants and community partners would have greater confidence that affordability commitments are genuine and enforceable. Investors would be assured of impact, and governments would be better positioned to report value for public money.

Above all, this approach affirms that finance is not a neutral input. It is a system-shaping force. When aligned with equity outcomes, it becomes a driver of structural change, rebuilding Australia's housing system on the foundation of justice and inclusion.

Recommendation 9: Establish Inclusive Credit Scoring and Access Protocols for Non-Standard Borrowers

Australia's home finance system currently relies on a narrow and formalised approach to credit assessment. Traditional lending models prioritise borrowers with consistent full-time employment, conventional savings patterns, and mortgage histories. These models, developed in service of highly standardised financial products, overlook the reality that many Australians, particularly those in the most urgent housing need, do not fit this mould. As a result, structurally excluded from access to mortgage finance are a wide range of people whose financial behaviour demonstrates reliability but who fall outside mainstream underwriting parameters.

Groups affected by these limitations include casual workers, participants in the gig economy, and sole traders whose income may be seasonal or irregular. Migrants and refugees, whose financial documentation may not align with local verification norms, face significant difficulty in accessing credit, even where their payment discipline is sound. Women who have taken time out of the workforce for care responsibilities or escaped from family violence are also routinely disadvantaged by credit scoring models that penalise employment gaps. Young people, renters, and First Nations communities, particularly those without access to intergenerational financial support, also encounter compounded barriers. This is evident in Figure 24, which illustrates how young adults are far less likely to own a home (with only 30% of the 25–34-year-old cohort having done so) compared to middle-aged and retired homeowners.

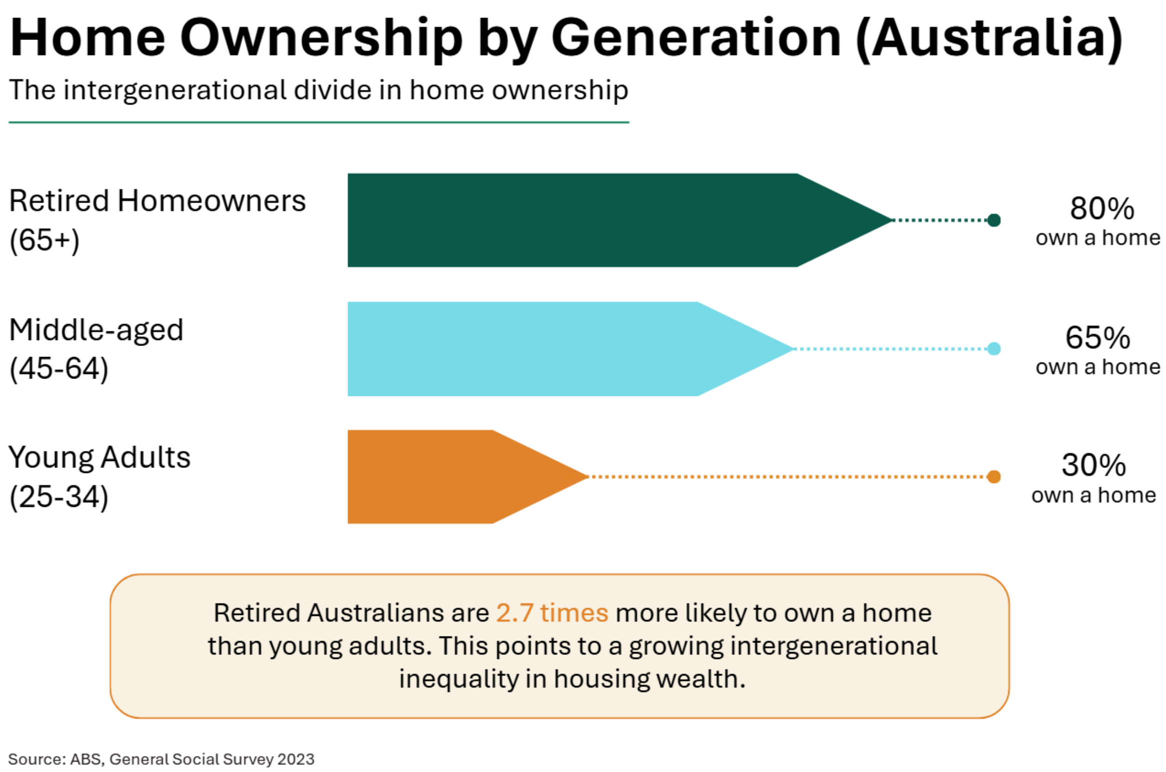

Figure 24. *Home ownership by generation. Older Australians are substantially more likely to own their home than younger Australians, marking a widening intergenerational gap in access to housing and wealth. Source: Per Capita analysis*

Conventional credit scoring systems currently used by Australia's largest banks and credit bureaus rarely take into account real-world indicators of housing stability and payment reliability. Long-term rental histories, timely utility payments, and even Centrelink or NDIS income, though regular and predictable, are typically excluded from creditworthiness calculations. In effect, a broad class of financially capable, housing-ready individuals are institutionally misclassified as high risk.

In contrast, several comparable jurisdictions have moved toward inclusive credit models that reflect contemporary work and housing realities. In the United Kingdom, for example, renters can opt to have their rental history included in credit reporting through services like CreditLadder[27], which has demonstrably improved mortgage access. In Canada and parts of the United States, policies now permit utilities, mobile phone bills, and public transfer payments to be incorporated into credit scoring models. Fannie Mae's 'Positive Rent Payment Reporting' initiative[28] in the US offers one such example, enabling tenants without traditional credit lines to build a profile through reliable rent payment data.

[27] CreditLadder | Improve Your Credit Score With Your Rent
[28]

If Australia is serious about promoting alternative housing pathways, whether through shared equity, lease-to-own, or cooperative finance, it must address this foundational inequity. Reforming credit access is not just an ancillary step, but a core requirement for a fair and functioning housing finance system.

Core Elements of Inclusive Credit and Access Reform

Develop a National Inclusive Credit Scoring Protocol

The Commonwealth Government, through a collaboration between Treasury and the Australian Prudential Regulatory Authority (APRA), should lead the establishment of a nationally recognised protocol for inclusive credit scoring. This protocol would define and standardise the types of alternative financial data that may be used to assess a borrower's reliability.

Included within this framework should be verified rental payment history, with a minimum of twelve months of continuous on-time rent payments considered sufficient to demonstrate housing discipline. Regular payment of utilities, including energy, water, and telecommunications, should be incorporated, alongside evidence of income stability through Centrelink, NDIS, superannuation contributions, and earnings from gig platforms.

To preserve integrity and financial discipline, all data must be verified by third parties such as property managers, utility providers, or platform employers. The protocol should be embedded in the Credit Reporting Privacy Code and recognised under Australia's responsible lending obligations, ensuring its adoption across both private and public lenders.

Mandate Participation by Regulated Lenders and Credit Bureaus

To ensure that inclusive credit practices are not optional or tokenistic, regulated lenders that participate in any AHFC-backed schemes or receive concessional housing finance must be required to accept alternative credit data submitted in accordance with the national protocol. Staff within these institutions should also receive training on how to interpret non-traditional credit histories and assess their legitimacy on equal footing with standard documents.

Similarly, major credit bureaus, including Dunn & Bradstreet, Equifax, Illion, and Experian, must be compelled to develop systems that accept, process, and report on alternative credit data. This includes the capacity to produce disaggregated reporting on the impact of inclusive credit measures, segmented by demographic indicators such as gender, age, ethnicity, and income type.

Build a Secure National Tenancy Ledger (Opt-In)

A secure, government-backed platform, potentially administered by AHFC or an independent public data custodian, should be established to allow renters to voluntarily build a verified payment history over time. This National Tenancy Ledger would allow tenants to upload or request inclusion of their rent payment history, verified by landlords or property managers, and use it as a basis for accessing home finance products such as shared equity or lease-to-own arrangements.

Importantly, the ledger must operate on an opt-in basis and be designed in accordance with the principles of the Consumer Data Right (CDR). Tenants must retain full control over their data, with strong safeguards to prevent misuse or discrimination. The goal is to build a secure, portable tenant profile that can facilitate mobility and inclusion without compromising rights or privacy.

Support Ethical Fintech and Credit Union Partnerships

Inclusive credit reform will require innovation not only within existing banks but also from ethical fintechs and community-based financial institutions. The government should provide targeted capital, technical assistance, and regulatory sandboxes to support the development of credit platforms that use machine learning, alternative data, and co-designed scoring methodologies to assess financial capacity in marginalised populations.

Partnerships with community organisations, particularly those representing migrant communities, First Nations peoples, and women escaping violence, are essential to ensure that tools are culturally safe, linguistically appropriate, and accessible. Australia can learn from initiatives such as RentTrack and Esusu in the United States, which have successfully expanded financial inclusion by integrating tenant data into credit systems while providing financial coaching and support.

Monitor Inclusion Metrics and Enforce Equity Targets

Finally, reform will be incomplete without rigorous monitoring and transparent reporting. The AHFC should be tasked with collecting and reporting annual data on lending access, approval rates, and borrower characteristics. Disaggregated reporting should include indicators such as gender, cultural background, disability status, tenure history, and income type, allowing policymakers and civil society to assess whether reforms are delivering meaningful inclusion.

These metrics should be integrated into the AHFC's annual Housing Equity Investment Report and made publicly available. Where gaps persist, adjustments must be made, including targeted outreach, additional training for lenders, and the refinement of risk algorithms.

Reform Outcome

A reformed credit access system will make it possible for alternative housing models, such as digital cooperatives, shared equity schemes, and community-owned developments, to reach those they were built to serve. Rather than being structurally excluded at the first hurdle, non-standard borrowers will gain a legitimate and respected path into secure tenure.

Importantly, this reform reframes financial inclusion not as a separate policy silo, but as a foundational pillar of housing equity. The financial system will begin to measure creditworthiness not by exclusionary proxies, but by actual housing and payment behaviour, enabling a broader, fairer, and more responsive allocation of capital.

A just housing system begins with a just gateway to finance. Inclusive credit scoring provides that gateway, and in doing so, unlocks access to housing for thousands who have long been shut out of the system.

Recommendation 10: Establish a National Housing Impact Measurement Framework

One of the most significant structural limitations in Australia's current housing system is the absence of a coherent, consistent, and equity-oriented framework for evaluating the true impact of housing investments and interventions. While there is no shortage of reporting on outputs, such as the number of units constructed or the total financial value of subsidies deployed, there remains little capacity to assess whether these outputs have translated into meaningful social, economic, or environmental outcomes.

This omission is not simply a technical failure; it has far-reaching implications for how decisions are made, how resources are allocated, and whose housing needs are prioritised. Policymakers are left without the tools to compare the long-term effectiveness of different housing strategies or to adjust policy levers in response to population-level impacts. Financial institutions and social investors, including superannuation funds, are unable to assess the risk-adjusted social returns of their investments. Community housing providers face inconsistent and often burdensome reporting requirements across jurisdictions and funding bodies. Most critically, tenants and advocates have no reliable means to determine whether stated housing goals, such as affordability, inclusion, tenure security, and wellbeing, are being met in practice.

The impact of this data vacuum is particularly pronounced for non-market and community-led housing models. Cooperative housing, shared equity schemes, land trusts, and CLTs often generate complex social benefits that extend well beyond traditional asset metrics. These include improvements in health outcomes, educational attainment, civic engagement, and intergenerational stability. Yet without a structured impact framework to capture these outcomes, such models remain underrepresented in national housing policy, undervalued in financial markets, and overlooked in public discourse.

Other countries are not grappling with this blind spot to the same extent. Canada's *CMHC National Housing Strategy Outcomes Framework* mandates consistent reporting on population targeting, tenure security, energy performance, and long-term affordability. Scotland's "*Housing to 2040*"[29] strategy defines measurable outcomes across a suite of social and environmental indicators, embedded within its delivery infrastructure. New Zealand's *Kāinga Ora*[30] integrates tenant wellbeing into public reporting obligations, linking housing interventions to broader public value.

Australia requires a similar national mechanism. Not as an afterthought, but as a fundamental accountability and planning tool to ensure that the billions of dollars spent annually on housing result in measurable improvements in human outcomes and structural equity.

Core Elements of the National Housing Impact Measurement Framework (NHIMF)

Defining a Core Set of Housing Impact Indicators

At the heart of the NHIMF must be a nationally agreed set of indicators that measure not just physical outcomes, but lived impacts. These indicators should span four domains. First, equity and inclusion, capturing the extent to which housing reaches populations historically excluded from secure tenure, including Aboriginal and Torres Strait Islander communities, CALD groups, older single women, disabled people, and young people. Second, affordability and tenure security, encompassing metrics such as

[29] Housing to 2040 - gov.scot
[30] Home :: Kāinga Ora – Homes and Communities

the duration of affordability covenants, the prevalence of no-fault eviction protections, and the ratio of rent to household income.

Third, wellbeing and social outcomes must be tracked through indicators such as changes in health service utilisation, employment participation, school retention, or experiences of community safety. Finally, sustainability and quality should be measured via objective indicators like energy efficiency ratings, universal design features, and resilience to climate-related risk.

These indicators should not be imposed in a top-down manner but co-designed through a participatory process involving tenants, community housing providers, researchers, First Nations housing organisations, and other civil society stakeholders. This process could build upon existing Australian frameworks, including those developed by the AIHW for homelessness reporting and DSS outcome domains in social services.

Embedding NHIMF in All AHFC-Supported Projects

For the framework to have operational force, its use must be mandatory across all projects receiving finance, guarantees, or risk support from the Australian Housing Finance Corporation (AHFC). This includes concessional loans to community housing providers, support for shared equity products, and impact-linked housing bonds. All funded projects should be required to submit annual impact reports aligned to the NHIMF, capturing both quantitative and qualitative data.

Importantly, reporting must move beyond numeric counts to include qualitative evidence of tenant experiences, community integration, and perceptions of safety and security. Comparative data, such as changes before and after moving into affordable housing, should be encouraged to better demonstrate longitudinal effects. These reports should be made publicly available, with appropriately anonymised datasets published via a centralised, searchable housing data portal to support research, advocacy, and continuous learning.

Integration with the National Housing Cloud and Data Interoperability

To avoid duplication and maximise utility, the NHIMF should be embedded within a broader architecture for shared housing data. A federated National Housing Cloud, potentially governed by an independent public authority, should support the interoperability of data systems between Commonwealth, state, and local governments, as well as community housing providers and social service agencies.

This infrastructure would allow for safe and ethical data linkage across housing, income support, disability services, and other relevant domains, enabling sophisticated impact analysis. Crucially, data protocols must adhere to strict privacy protections and community-informed governance principles, particularly in relation to Aboriginal and Torres Strait Islander data sovereignty and tenant consent.

Capacity Building and Simplified Reporting for Providers

A key principle of the NHIMF must be proportionality and support. Many community housing organisations operate with limited administrative resources, and overly complex reporting obligations risk displacing mission-driven work. To this end, the Commonwealth should fund a national capacity-building programme to assist smaller providers in collecting, analysing, and using impact data.

Simplified digital reporting templates, technical assistance grants, and shared evaluation tools, co-developed with AHURI or regional universities, should be made available. This not only reduces burden but empowers providers to use data for internal learning, advocacy, and service refinement.

Alignment with ESG Standards and Social Procurement Frameworks

The NHIMF should be designed in a way that supports alignment with Environmental, Social, and Governance (ESG) investment principles and social procurement frameworks. Superannuation funds, philanthropic trusts, and ethical investors require reliable data to evaluate social performance. Similarly, public procurement rules increasingly require demonstration of social value, including under the Commonwealth Modern Slavery Act and various state procurement guidelines.

By enabling housing providers to report NHIMF-aligned metrics, the framework can position Australia's non-market housing sector to attract impact-oriented capital, engage in value-based procurement, and contribute to wider social policy goals beyond housing alone.

Strategic Outcome

The establishment of a National Housing Impact Measurement Framework will fundamentally shift how housing is planned, financed, delivered, and evaluated in Australia. With this framework in place there will be a number of key benefits to policy makers;

- Policymakers will have the tools to make evidence-based decisions grounded in equity and social return, not just construction volume.
- Housing providers will be equipped to demonstrate the full range of benefits their work delivers, positioning them for continued support and growth.

- Tenants and communities will gain access to transparent data on what housing policies actually achieve in terms of security, wellbeing, and inclusion.
- Social investors and financial institutions will be able to confidently support high-impact projects, knowing their returns, both financial and social, are verifiable.

This is both a monitoring tool and an accountability framework, a planning resource, and a mechanism for social legitimacy. Housing that is measured in terms of impact is housing that serves more than a market, it serves people.

Recommendation 11: Implement Equity-Based Procurement and Allocation Rules in Public and Community Housing

Despite longstanding acknowledgement of structural disadvantage in the Australian housing system, the design of public and community housing procurement and allocation processes remains poorly aligned with the lived realities of those most affected by housing insecurity. While funding levels have been inadequate, a deeper issue lies in the governance and delivery mechanisms themselves. Allocation systems often reflect administrative logic rather than social justice principles, and procurement models favour scale and cost-efficiency over inclusion, cultural relevance, and accessibility.

As a result, significant cohorts remain under-served or structurally excluded. First Nations organisations, for instance, are too often relegated to subcontracting roles rather than positioned as lead providers with governance authority. Women-led, disability-led, and culturally and linguistically diverse (CALD) housing organisations find themselves disadvantaged in competitive tendering processes that reward financial capacity but overlook lived expertise and cultural design capability. Furthermore, tenant allocation frameworks commonly rely on narrow eligibility scoring systems that inadequately account for intersectional disadvantage, informal caregiving roles, or histories of systemic discrimination.

Consequently, Australia's current public and community housing systems, despite policy objectives that cite fairness and inclusion, risk reinforcing the very inequities they are meant to address. International examples illustrate that a different approach is both viable and necessary. The United States' Department of Housing and Urban Development (HUD) has embedded proactive equity obligations through its Affirmatively Furthering Fair Housing rule. Canada's National Housing Strategy mandates that all supported projects demonstrably benefit at least one designated priority population. Scotland has adopted inclusive procurement models that favour localised and community-led delivery bodies, ensuring that those served by housing programs also shape and implement them.

Australia now requires a fundamental reconfiguration of both procurement and allocation rules to centre equity, not as a rhetorical ideal, but as a binding structural requirement across the housing system.

Core Elements of Equity-Based Procurement and Allocation Reform

Introduce Equity Obligations into Commonwealth Housing Procurement Rules

To shift procurement towards inclusion, Commonwealth housing investment bodies such as Housing Australia and the Australian Housing Finance Corporation (AHFC) must adopt explicit equity mandates within their contracting frameworks. This should include a baseline requirement that a set proportion of housing projects be led by organisations governed by First Nations people, people with disability, women, or CALD communities.

Procurement assessments must evolve beyond simple value-for-money calculations. Evaluation criteria should include a dedicated 'equity capability' component, assessing a provider's track record of serving priority populations, commitment to participatory design, and internal governance diversity. In cases involving consortia or joint ventures, lead applicants should be required to demonstrate that community-controlled or culturally specific organisations are meaningfully empowered as equal partners, with decision-making authority and share of benefits. This approach is consistent with Victoria's Social Procurement Framework and Canada's Community Employment Benefits strategy under federal infrastructure agreements.

Develop Equity-Responsive Allocation Frameworks

To complement procurement reform, a national model for equity-responsive allocation must be developed in collaboration with states, territories, and community housing peak bodies. Traditional points-based allocation systems need to be recalibrated to reflect the complexities of intersectional disadvantage. Eligibility scoring should incorporate markers such as care responsibilities, experiences of domestic or family violence, disability, language barriers, and histories of structural exclusion.

For Aboriginal and Torres Strait Islander applicants, allocation rules should be reformed to reflect extended family obligations, collective household structures, and cultural preferences around proximity to Country and community. Additionally, housing offers should be matched to life-stage needs and accessibility requirements, supporting transitions through care arrangements, disability accommodation changes, and other key life moments. This framework must not only prioritise those with the greatest need, but also respect and reflect the diversity of need.

Establish Equity Partnership Requirements in Joint Ventures and Public–Private Partnerships

Projects involving public land, concessional finance, or long-term leasing arrangements must be governed by formalised equity objectives. Public–Private Partnerships (PPPs) and co-investment initiatives should be required to set measurable equity key performance indicators, such as minimum allocations to target populations, mandatory accessibility quotas, and community benefit benchmarks. These indicators must be subject to independent audit and public reporting.

Importantly, nomination rights should be extended to representative community organisations to ensure that the voices of under-served populations directly influence tenancy outcomes. This provision would enable trusted intermediaries to act as bridges between vulnerable cohorts and housing systems that have often failed to accommodate them.

Fund Capacity Building for Community-Controlled Housing Providers

Equity in delivery requires more than access to tenders, it requires the resourcing of organisational capacity. A dedicated Equity Provider Development Fund should be established to support the institutional growth and tender-readiness of First Nations housing organisations, CALD-led bodies, women's shelters transitioning to housing providers, and disability-focused enterprises.

Support through this fund should include business development, legal and governance advice for joint venture formation, training in financial management, and navigation support for entering AHFC or NHFIC investment pipelines. Crucially, the fund must serve to enhance independence and governance sovereignty, rather than fostering subcontracting dependency or one-off participation.

Track and Report Equity Outcomes Annually

Finally, equity must be monitored through transparent and disaggregated reporting. Housing authorities at both the federal and state levels, including NHFIC and AHFC, must publish annual data showing how procurement and allocation practices have impacted gender equity, Aboriginal housing access, inclusion of disabled people, and support for individuals with disrupted housing histories.

Reporting should include both quantitative metrics and qualitative narratives drawn from tenants and providers. This hybrid approach would ensure not only statistical oversight but also meaningful insight into lived experience and program effectiveness.

Strategic Outcome

Embedding equity obligations into the procurement and allocation architecture of the public and community housing system will represent a significant structural reform, one that moves beyond symbolic inclusion to enforceable practice. Equity obligations will yield legitimate, tangible benefits.

- Community-controlled organisations will be positioned as lead agents in housing delivery, empowered to design and govern according to the needs of their communities.
- Access to secure, affordable housing will be actively redistributed to those who have historically been excluded, such as women escaping violence, Aboriginal tenants, disabled people, and young adults with limited economic inheritance.
- Public housing systems will become mechanisms of justice and repair, rather than neutral distributors of shelter.

Equity must be treated not as an aspirational value, but as a contractual condition of public support and a definitive signal of public purpose. In doing so, Australia can shift from managing disadvantage to meaningfully redressing it.

Recommendation 12: Enable Public Data Accessibility and Community-Led Analytics

Housing data is a public asset that remains largely underutilised, under-curated, and often inaccessible in Australia to those beyond centralised institutions. The principle that public investment should yield public insight has not yet been realised in our housing data ecosystem.

The lack of granular, timely, and open data stifles multiple domains. Community housing providers are unable to benchmark performance or adapt delivery strategies based on peer comparison. Local governments often operate without the evidence base required for nuanced planning or responsive land use decisions. Tenants and advocates are structurally disempowered, lacking the visibility needed to challenge unjust practices or campaign for more inclusive policies. Meanwhile, civil society organisations and academic researchers, many of whom play key roles in developing evidence-informed reforms, face bureaucratic hurdles and delays that compromise relevance and rigour.

Moreover, this opacity reinforces a deeper structural problem: the asymmetry of information between those who shape the housing system and those who must live with its failures. Commercial developers, institutional investors, and government agencies routinely make decisions based on proprietary or internal data systems, while tenants and small-scale providers are left in the dark. This is neither equitable nor efficient.

Conversely, international examples have shown that democratising data leads to more informed planning, stronger accountability, and innovative practice. New York City's Housing Data Dashboard includes real-time eviction trends, code violations, and public housing repair backlogs by precinct. Canada's CMHC portal provides interactive housing need maps by region and income decile. Scotland's Social Housing Charter includes resident feedback and compliance indicators published at the provider level.

Australia must now establish a national framework for public housing data access, one that not only ensures transparency but also empowers communities to use data as a tool for advocacy, co-design, and local decision-making.

Core Components of the Public Data Accessibility and Community-Led Analytics Agenda

Build a National Housing Open Data Portal

A central open data portal, housed within or alongside the National Housing Cloud, should serve as the principal access point for housing-related datasets. This portal must go beyond historical statistics and provide more granular and timely data.

i. Sub-local breakdowns (e.g. LGA or SA2 level) of supply, affordability, tenancy turnover, and allocation outcomes
ii. Time-series data visualisation and trend analysis tools
iii. Geospatial overlays integrating zoning, land use, public transport, and housing stress indicators
iv. Customisable dashboards for providers, local governments, and citizen users, for true transparency and community engagement.

The portal must be designed to be usable by non-technical users and include guided tools for report creation, mapping, and data export in formats such as CSV, JSON, and XML.

Require Public Release of All Federally Funded Housing Data

Any data collected through federally funded housing programs, or generated by organisations receiving support through Housing Australia, NHFIC, or future housing finance institutions, should be made publicly available in anonymised and appropriately disaggregated formats, subject to robust privacy protections. This commitment should extend beyond basic reporting requirements to include information on project performance, affordability outcomes, allocation processes, waitlist dynamics, and the lived experiences of tenants and residents. Data should also enable analysis of equity outcomes across demographic groups, providing greater visibility into who benefits from public investment and where disparities persist. To ensure consistency and comparability across jurisdictions, participation in public reporting should be embedded within funding agreements and financing conditions. Just as financial reporting is a prerequisite for investor confidence in private markets, transparency and data disclosure should be recognised as fundamental conditions of public funding and public accountability.

Fund Community Analytics and Local Evaluation Partnerships

Transparency alone is insufficient if communities lack the resources and capability to interpret and use the information that becomes available. To address this challenge, a dedicated Community Data and Analytics Fund should be established to support community-led analysis, local evaluation, and evidence-informed advocacy. Funding should be directed towards training programs and technical support that enable tenants, community leaders, and local organisations to understand and apply housing data in ways that are meaningful to their communities. The fund should also support place-based impact analysis, spatial mapping of housing disadvantage, and collaborative research projects involving housing providers, universities, and data institutes. Resident advisory groups should be actively involved in the design of public reporting systems and data interfaces to ensure that information is accessible, relevant, and responsive to lived experience. Particular priority should be given to rural, remote, and historically underserved communities where housing challenges are often acute but local analytical capacity remains limited.

Ensure Ethical Use, Consent, and Cultural Safety in Data Practices

The expansion of public housing data must be accompanied by strong safeguards governing its collection, interpretation, and use. Public-facing data systems should operate within clearly articulated frameworks that prioritise ethical practice, informed consent, and cultural safety. This includes the adoption of First Nations data sovereignty principles consistent with the Maiam nayri Wingara[31] framework, recognising the rights of Indigenous communities to determine how information relating to their people and communities is managed and shared.

[31] Framework for Governance of Indigenous Data

Similar protections should apply to data concerning vulnerable populations, ensuring that transparency does not inadvertently contribute to stigma, discrimination, or harm. Data systems must also be designed to meet high accessibility standards, enabling meaningful participation by people with disability, culturally and linguistically diverse communities, and individuals with limited digital literacy. These safeguards are essential to ensuring that greater transparency strengthens trust and empowerment rather than undermining privacy, autonomy, or dignity.

Strategic Outcome

Through a commitment to public data accessibility and community-led analytics, Australia's housing system will be rebalanced toward transparency, shared knowledge, and social accountability. Specifically, through these reforms the interests of vulnerable stakeholders and the broader community will be advanced.

Benefits and Key Strategic outcomes of the reform

Group	Benefit/Action
Communities	Tools to monitor and advocate for equitable housing delivery
Housing providers	Learn from one another, strengthen practice through comparative insights
Policymakers	Held to account for inputs, outputs, and lived outcomes
Researchers	Generate stronger, more relevant evidence to inform ongoing reform
Tenants	Active participants in shaping policy, not passive recipients

Information is powerful, and a key driver for change, aligning to the national measuring what matters approach. Making housing data public and usable redistributes that power, ensuring that evidence, equity, and inclusion are not simply aspirations, but everyday practices within a just housing system.

Pillar 4 - Public Data Accessibility and Community-Led Analytics

A reimagined housing system requires more than new funding models or tenure types. It also demands a transformation in the way data is collected, governed, and used. Public access to meaningful, disaggregated housing data is fundamental not only to transparency but to policy efficacy, social accountability, and the active participation of tenants and communities in housing reform.

At present, Australia's housing data remains largely confined to siloed institutional systems. Aggregated datasets, lagged release cycles, and inaccessible formats characterise much of the information environment. Local governments, community housing providers, and tenant advocates often lack the tools or access to benchmark performance, identify gaps, or contest inequitable decisions. Without structured pathways for public data engagement, even well-intentioned reforms risk failing the communities they are meant to serve.

Internationally, the direction is clear. Cities like New York and Toronto, and countries including Canada and the United Kingdom, have made open housing data central to their reform agendas. These models have enabled tenant advocacy, academic innovation, and responsive planning. Australia must now adopt a similar posture, one that recognises public housing data as a public good and invests in the community's capacity to interpret, challenge, and shape the systems it describes.

Recommendation 13: Build an National Housing cloud and Enable Public Data Accessibility and Community-Led Analytics

While Recommendation 12 establishes the broad framework for transparency, this recommendation focuses on the technical infrastructure and statutory mandates required to shift from passive data release to an active, community-embedded intelligence system.

Rather than simply providing a portal for observation, the National Housing Cloud would serve as a functional 'engine room' for delivery innovation and inclusive housing governance. The following core components distinguish this initiative from general accessibility.

Core Components of the Public Data Accessibility and Community-Led Analytics Agenda

Public Interface of the National Housing Cloud

The establishment of the National Housing Cloud presents a unique opportunity to develop a purpose-built public interface, an online platform where data can be explored, visualised, and extracted by a diverse range of users, including tenants, researchers, local councils, and community housing organisations. Centralising these insights allows the Cloud to serve as a functional engine for inclusive housing governance, allowing stakeholders to track the performance of innovative delivery models and affordability frameworks.

This interface should be designed for accessibility and usability, featuring geographic filtering down to the LGA or postcode level and providing visual tools such as interactive maps, time series graphs, and comparative dashboards. Downloadable datasets must be made available in standard formats (such as CSV, XLSX, and JSON), accompanied by metadata that ensures interpretability.

The data available through this interface should include not only supply and affordability indicators but also allocation metrics, demographic reach, waitlist dynamics, and outcome data such as tenancy stability and satisfaction scores. Strong privacy controls, including minimum aggregation thresholds and opt-in frameworks for sensitive data, must be integral to the platform's design.

This portal would be the practical manifestation of democratic data governance in housing, empowering a broad constituency to engage with, question, and contribute to the housing system.

Implement Community Housing Data Hubs and Local Analytics Partnerships

To complement national access, a targeted investment in community-based data capacity is essential. Federally supported grants should enable the creation of local Community Housing Data Hubs, embedded within First Nations organisations, regional universities, local councils, or other place-based entities.

These hubs would interpret and visualise national housing data through a local lens, combining federal and state data with community-collected insights such as tenant surveys, local housing needs assessments, or culturally specific indicators. The role of these hubs would extend beyond passive reporting; they would facilitate public forums, partner with schools and libraries to increase data literacy, and act as intermediaries between government data custodians and grassroots housing advocates.

Crucially, funding must support equity in participation. This includes resources earmarked for regional, remote, and disadvantaged communities and the development of culturally governed data frameworks aligned with First Nations data sovereignty principles.

Statutory Obligation to Release Core Housing Datasets

Transparency must not rely on goodwill. Commonwealth housing legislation should be amended to require the annual public release of key datasets from NHFIC, AHFC, and state and territory housing departments. This includes project-level data on social and affordable housing delivery, detailed waitlist statistics, average times to allocation by priority group, and anonymised outcome data covering tenancy durations, transitions, and eviction rates.

Data release should follow a standardised national format, harmonised with obligations under the *Data Availability and Transparency Act 2022*, and be subject to annual compliance audits. Where commercial sensitivity or privacy is invoked as a reason for withholding data, clear thresholds and exemptions must be published.

The outcome of this reform would be a significant shift in the transparency landscape, allowing researchers, tenants, and public institutions to engage with the same empirical baseline, a fundamental precondition for accountability and reform.

Tenant Access to Personal and Community Housing Data

Public data access must also include structured pathways for tenants to access their own data in a secure and empowering manner. Much like developments in health data systems and the MyGov platform, housing systems should enable tenants to view their personal housing histories, application statuses, affordability assessments, and other relevant records.

Beyond individual access, tenants should also be able to explore anonymised cohort-level data showing allocation trends, property conditions, and satisfaction ratings. These insights can strengthen tenant participation in policy discussions and complaints processes, as well as guide community advocacy for improved service delivery.

To ensure usability, the system must include multilingual options, assistive technology compatibility, and mobile-first design principles. All access must be underpinned by robust data rights, including the right to correct, challenge, and contribute to the interpretation of one's own housing data.

Participatory Research and Evaluation Programs

Data accessibility must go hand in hand with participatory knowledge generation. This means embedding partnerships between housing data custodians, such as AHFC, ABS, and AIHW, and community-based organisations, tenant unions, and First Nations evaluators.

A dedicated research and evaluation funding stream should be created to support community-led studies, co-designed impact assessments, and cross-sector collaborations. Priorities could include evaluating the lived outcomes of different tenancy models, mapping housing exclusion patterns, or testing allocation reforms through real-time data feedback loops.

These efforts would be held to strong ethical standards and built upon consent-based engagement, cultural safety protocols, and mutual learning. By shifting from extractive research to collaborative inquiry, the housing system becomes not only more responsive but more legitimate in the eyes of the communities it serves.

Strategic Outcomes

Together, these initiatives will establish a nationally coordinated and community-embedded data system that transforms how housing policy is developed, monitored, and contested. The outcomes will be far-reaching.

Benefits and Key strategic reform outcomes

Group	Benefit
Tenants and communities	Better equipped to understand and shape the systems that affect them
Local governments and housing providers	Gain insights that enable more responsive and effective planning
Researchers	Generate more granular, timely, and participatory evidence for reform
Policy-makers	Operate with a higher degree of accountability and public legitimacy

Ultimately, democracy requires the accessibility of shared facts. In the context of housing, data must be seen not as proprietary information but as a collective resource, one that supports equity, participation, and justice in every facet of the housing system.

Recommendation 14: Legislate a Cross-Tier Governance Framework for Housing Delivery

The delivery of affordable and inclusive housing in Australia is hindered not only by financial and land constraints but by a fragmented and inefficient governance landscape. Currently, the responsibilities for planning, capital allocation, approvals, and tenancy services are distributed across the federal, state, and local levels of government. However, these responsibilities are poorly coordinated and lack the legislative infrastructure required for effective synchronisation. This institutional disjunction leads to persistent implementation failures: delays in project approvals caused by planning and zoning misalignments, missed opportunities due to a disconnect between land availability and funding criteria, and chronic inefficiencies where capital priorities diverge from local capacity constraints.

Furthermore, the absence of a nationally legislated coordination mechanism erodes accountability across tiers of government. Public investments, such as those stemming from the HAFF, are undermined by an inability to align delivery expectations with regional readiness. State-led renewal projects and social procurement objectives similarly suffer from inconsistent integration into local approval pathways or infrastructure pipelines. This fragmented governance architecture imposes unnecessary administrative burdens on community housing providers and civil society actors, who must traverse a complex bureaucratic landscape to achieve modest outcomes.

International experience offers a compelling counterpoint. Countries such as Germany and the Netherlands have implemented legislated frameworks, such as the Bund–Länder[32] coordination model and the Woningwet system[33], which clearly define the roles and interdependencies of each government tier. These systems facilitate strategic alignment rather than top-down control and have produced demonstrably better outcomes in delivery speed, cost efficiency, and social equity. In Australia, the opportunity now lies in designing a governance framework that provides institutional coherence without erasing jurisdictional nuance.

The proposed Cross-Tier Governance Framework (CTGF), to be established through Commonwealth legislation, would anchor a new model of collaboration across all levels of government. It aims not to centralise control but to institutionalise partnership, aligning planning, funding, land use, and approvals within a single, purpose-built structure for coordinated housing delivery.

[32] session4-Germany.pdf
[33] Cooperative Housing International | Netherlands Archives - Cooperative Housing International

Core Elements of the Cross-Tier Governance Framework

National Legislation and a Charter of Delivery Roles

The foundation of the CTGF would be a Commonwealth Housing Governance Act that codifies the respective responsibilities of federal, state, and local governments in the housing system. This Act would be accompanied by a National Charter of Housing Delivery, a binding intergovernmental agreement specifying deliverables, timelines, and escalation mechanisms.

Under this arrangement:

- **The Federal Government** would be responsible for oversight of capital flows, performance reporting, climate compliance, and national outcome targets. This includes managing concessional finance mechanisms through bodies such as AHFC and Housing Australia.
- **State and Territory Governments** would assume responsibility for strategic land assembly, zoning consistency, and the forecasting of regional delivery pipelines. Public land entities could be utilised to consolidate and release land into housing development channels more effectively.
- **Local Governments** would take the lead in site identification, mapping of infill opportunities, and streamlined assessments for accredited or pre-qualified housing providers.

The Charter would clarify the shared obligations of all parties, reducing ambiguity and enabling more accountable, time-bound delivery of housing outcomes.

A Standing Cross-Tier Housing Delivery Coordination Council

To operationalise the framework, a permanent Cross-Tier Housing Delivery Coordination Council (CTHDCC) should be established. Chaired by Housing Australia, the Council would include senior officials from the Treasury, Department of Social Services (DSS), AHFC, state housing and planning agencies, and local governments represented through ALGA. It would also include rotating seats for First Nations housing peaks, the Community Housing Industry Association (CHIA), and cooperative housing bodies.

The Council's mandate would include facilitating site identification, coordinating funding approvals, harmonising planning processes across jurisdictions, and resolving bottlenecks in project delivery. It would also oversee the maintenance of a national housing pipeline register, ensuring that capital commitments are matched by realisable and timely development projects.

A National Housing Project Activation Mechanism

To streamline project delivery and reduce delays, a new Housing Project Activation Mechanism should be developed. This mechanism would function as a centralised platform where local governments and public land agencies can upload potential housing sites, complete with data on zoning status, infrastructure availability, and potential yield.

Housing Australia and AHFC would use this information to conduct viability assessments and issue conditional funding approvals, contingent on planning and design compliance. Planning assessments would then be prioritised under a nationally agreed protocol, with design standards and affordability benchmarks embedded into fast-track criteria.

This mechanism would function similarly to Canada's Housing Accelerator Fund or New Zealand’s Urban Growth Partnerships, enabling faster capital deployment and more consistent assessment processes across states.

Joint Regional Housing Infrastructure Plans

State and local governments should be required to co-develop Joint Regional Housing Infrastructure Plans (JRHIPs) on a triennial basis. These plans would identify priority growth corridors, map required infrastructure upgrades, and project housing mix and tenure types for each local government area.

The JRHIPs would serve two purposes: they would guide allocations from federal programs such as the Housing Accord Infrastructure Facility and also inform private and institutional investors seeking to align their capital with stable, government-coordinated housing pipelines. In doing so, the JRHIPs would link land use planning with infrastructure development and housing supply in a single strategic document.

Transparency and Performance Reporting

Finally, robust performance and accountability mechanisms must be embedded in the CTGF through legislated reporting requirements. Each level of government would be responsible for contributing to an annual joint performance report that tracks housing delivery against agreed metrics, including affordability, equity, sustainability, and time-to-delivery.

A public dashboard should be created to visualise this data, tracking approvals, construction commencements, and project completions by region. Communities would also be empowered to provide feedback or raise concerns via online portals and structured public hearings in areas where housing delivery is significantly delayed or underperforming. This component of the framework mirrors the governance arrangements in place for national infrastructure projects and would help strengthen democratic oversight of housing programs.

Strategic Outcome

The introduction of a legislated Cross-Tier Governance Framework would provide the institutional backbone needed to synchronise Australia's fragmented housing delivery system. Rather than continuing with piecemeal coordination, it would establish a systematised, transparent, and binding model of intergovernmental collaboration.

The alignment of land, capital, and planning under a unified legislative framework would allow the CTGF to reduce duplication, eliminate delivery delays, and provide communities with greater confidence in the state's capacity to deliver housing that is affordable, inclusive, and sustainable. For investors and developers, it would signal a stable, coordinated environment conducive to long-term commitment.

Above all, this reform is an affirmation that housing is not a discretionary policy area to be managed in silos, but a national priority requiring coherent, legislated structures of responsibility and delivery. With the right governance in place, Australia can move from housing aspiration to housing achievement.

Pillar 5 – Financial and Environmentally Sustainability aligned housing solutions

Recommendation 15: Enact a National Climate-Responsive Housing Mandate Anchored in Materials Circularity

The Australian housing sector is a significant contributor to climate change, through both operational emissions from heating and cooling and the embedded carbon in construction materials. While steps have been taken to improve operational efficiency, particularly through programs such as the Nationwide House Energy Rating Scheme (NatHERS), the broader system still lacks an integrated, lifecycle-oriented climate policy. Current approaches tend to ignore the upstream and downstream impacts of materials, demolition practices, and long-term adaptability.

Moreover, there is little systemic support for tracing the embedded lifecycle of housing components, despite the growing prominence of circular economy principles globally. This is particularly concerning given the mounting environmental costs of demolition waste and inefficient retrofit practices. At the same time, funding for resilience upgrades to existing stock, particularly for older social housing in climate-vulnerable areas, remains fragmented and reactive. Incentives that do exist for climate performance are mostly static rebates and lack clear links to performance outcomes.

To move Australia's housing system into alignment with its net-zero goals, this recommendation proposes a comprehensive national mandate to embed climate resilience and materials circularity into the core of housing policy. Drawing on precedents from Europe and Asia, the mandate sets out a system-level reform agenda with a strong institutional and data backbone.

Core Components of the National Climate-Responsive Housing Mandate

Materials Passport System

The foundation of this mandate is the creation and implementation of a Materials Passport System. Under this model, all newly constructed housing developments that receive federal support, along with significant retrofits above a designated value threshold, will be required to include a comprehensive digital materials passport. This tool will document the origin and type of each major construction material, its embodied carbon content, and its potential for reuse or recycling.

Additionally, it will assess the ease with which each component, such as windows, joinery, and panels, can be disassembled and integrated into future projects. This data will not be held in isolation. Instead, it will be incorporated into the National Housing Cloud, adopting open Building Information Modelling (BIM) standards to ensure transparency and interoperability.

To support the system's integrity and scientific credibility, it will be developed in collaboration with universities, the CSIRO, and peak construction material bodies. Full implementation is expected by 2027 and will become a prerequisite for funding through the Australian Housing Finance Corporation (AHFC). This system will not only reduce waste but foster a new market for reusable materials, helping Australia transition towards a circular construction economy.

Resilience Assurance Fund

Complementing forward-looking construction standards must be a commitment to remediating and future-proofing the existing housing stock. The Resilience Assurance

Fund will be a dedicated funding mechanism to support essential climate resilience upgrades. It will prioritise households most vulnerable to climate risk, particularly those in flood, fire, and extreme heat zones, as well as social housing tenants in poorly performing legacy buildings.

To finance this fund, a modest property transaction levy of 0.05% will be applied to all real estate sales exceeding $2 million, generating approximately $250 million each year. This public contribution will be matched by co-investment from the Clean Energy Finance Corporation (CEFC) to scale impact.

The fund will be used for measures such as improved insulation and passive ventilation, flood-resistant materials and landscaping, solar panel installations, reflective roofing, and water retention systems. Selection criteria will favour projects delivering co-benefits across emissions reduction, liveability, and resilience, ensuring that the fund is not only environmentally effective but also socially equitable.

Tiered Climate Incentives in Housing Finance

To catalyse climate-responsive design and construction at scale, the AHFC will introduce tiered financial incentives for projects exceeding baseline sustainability requirements. This includes dwellings with a NatHERS rating above 8 stars or buildings with embodied carbon below 200kg CO_2e/m^2. In recognition of their advanced climate performance, such projects will be eligible for preferential financing terms, including concessional interest rate reductions of up to 15% on AHFC-issued bonds.

In addition to financial discounts, these projects may receive expedited planning approvals in jurisdictions participating in the program and benefit from enhanced tax deductibility for qualifying capital works. These incentives will be directly integrated with Green Transition Accelerator Bonds and will be monitored through the National Housing Cloud to ensure transparent performance tracking and enforceability.

By rewarding ambitious climate performance with tangible financial benefits, this component aligns private development incentives with public sustainability goals, while also encouraging innovation in green construction and materials.

Circular Supply Chain Support and Market Matching

To fully operationalise materials circularity, a national Circular Housing Materials Exchange platform will be established. This digital marketplace will connect developers, demolition contractors, local governments, and certified suppliers to facilitate the reuse of modular components and construction materials. The platform will list available surplus stock, modular prefab components, and disassembled units, while also allowing users to track market prices, assess carbon savings, and determine logistical feasibility based on geographic proximity.

To stimulate demand and embed circularity into mainstream procurement, federally funded housing projects will be required to meet targets, such as sourcing at least 25% of materials from circular or bio-based suppliers by 2030. The government will also provide innovation grants to businesses producing sustainable building products, including biodegradable materials, reclaimed timber systems, and adaptive prefab technologies.

This platform will work in tandem with the Materials Passport System and the National Housing Cloud, providing real-time validation of reused materials and ensuring they meet compliance and performance standards. The reduction of input costs, construction delays, and environmental waste would enable the system to build both economic and ecological resilience into Australia's housing sector.

Strategic Outcome

By embedding materials circularity and climate resilience into housing delivery, this mandate positions Australia to transform its residential sector from a major source of emissions into a critical infrastructure for climate transition. Communities will not only benefit from lower energy costs and more resilient buildings, but the public sector will also foster innovation, job creation, and the expansion of domestic green manufacturing.

This approach ensures that climate responsibility is embedded at every stage of housing, from material sourcing and construction to long-term durability and future adaptation. Housing must now be recognised not just as shelter, but as a site of strategic environmental intervention.

Australia's transition to a net-zero future cannot succeed without integrating housing into its climate architecture. Through this mandate, the housing system becomes more responsive and fundamentally aligned with the environmental and social demands of the 21st century.

Pillar 6 – Governance and Financial Sector Reform

Recommendation 16: Mitigate Systemic Risk Through Regulatory Safeguards and Community Governance

Once regarded as an episodic concern, housing market volatility has become a chronic condition within Australia's economic landscape. From abrupt interest rate increases and construction backlogs to investor over-concentration and climate-induced damage, shocks to the housing system are now frequent and multifaceted. Yet, the country's regulatory framework has not evolved to adequately manage these risks. Existing safeguards are primarily built around banking stability and developer compliance, not system-level resilience or housing justice.

Moreover, mechanisms for tenant or community involvement in governance remain marginalised, often limited to consultation rather than real influence. This is despite strong international and local evidence that inclusive, democratic governance improves housing stability, enhances financial stewardship, and builds social capital. As innovative finance instruments, including shared equity schemes, social impact bonds, and housing securitisation, enter the market, regulatory tools must keep pace. Without a proactive risk mitigation strategy, these innovations risk replicating the extractive logic of past financialisation cycles.

Australia must therefore adopt a threefold regulatory safeguard strategy: one that incorporates dynamic stress testing, enshrines participatory governance, and embeds financial prudence through modular reserve requirements.

Key Regulatory Safeguards

Dynamic Stress Testing of Housing Investment Portfolios

Both the AHFC and NHFIC will be tasked with biannual stress testing of housing investment portfolios, incorporating scenario analysis across a range of relevant variables: interest rate changes of ±300 basis points, large-scale migration surges, volatility in energy prices and construction supply chains, and shifts in insurability or asset valuations due to climate exposure. These assessments will be applied across all major financing vehicles, including social impact bonds, securitised shared equity portfolios, and high-exposure community housing holdings. A summarised Housing System Risk Outlook will be published annually to inform stakeholders and guide regulatory interventions.

Community Governance Requirements in Medium and Large Developments

To embed democratic accountability, all federally supported developments comprising more than 50 dwellings will be required to reserve a minimum of 30% of governance board positions for tenant representatives, community delegates, or residents. Projects must also undertake independent Social Impact Assessments prior to commencement and at regular five-year intervals. These assessments must use participatory methodologies, ensure cultural safety, and include conflict management planning. Outcomes and tenant satisfaction data will be made publicly accessible via the National Housing Cloud. These measures will be mandated through AHFC financing conditions and linked to performance benchmarks around equity and transparency.

Modular Reserve Requirements for Housing Finance Instruments

All non-traditional housing finance vehicles, including Community REITs, equity aggregators, and cooperative lending pools, will be required to maintain a minimum 15% liquidity reserve. This buffer protects against tenant defaults, capital withdrawals, and construction delays. Furthermore, these vehicles must demonstrate demographic diversification, with at least 20% of their portfolios allocated to households across lower income quintiles. These requirements will be monitored by APRA where relevant, or by a dedicated unit within AHFC. Penalties for non-compliance may include interest rate adjustments or capital withholding provisions, ensuring that prudential safeguards are enforced.

Strategic Outcome

This comprehensive strategy embeds resilience within the reformed housing ecosystem. Transforming the housing system from reactive to anticipatory can be achieved through the stress-testing of instruments, mandating of inclusive governance, and the requirement of financial buffers. The strategy positions tenants not as passive recipients, but as stakeholders in delivery and oversight. Additionally, it strengthens investor confidence by grounding innovation in fiscal prudence and social legitimacy. A robust housing system is not only affordable; it must also be stable, participatory, and capable of withstanding the shocks of a volatile century.

Recommendation 17: Modernise Housing Taxation and Incentives for Inclusive and Sustainable Development

The Australian taxation system exerts a powerful and often distorting influence on housing supply, investment, and tenure patterns. In its current form, the system disproportionately favours speculation over stability. Policies such as negative gearing, capital gains discounts, and standardised depreciation allowances (even with recent changes) incentivise property accumulation, reduce housing turnover, and divert resources away from affordable or sustainable development.

This misalignment produces systemic inefficiencies: it fuels land banking in prime locations, rewards under-utilised properties, and drives development towards short-term yield rather than long-term community value. At the same time, the tax system fails to adequately reward performance in sustainability, affordability, or equity. There is little incentive to retrofit low-carbon housing, build near transit corridors, or design for demographic inclusion.

Other jurisdictions provide compelling alternatives. Singapore imposes geographically targeted land-use levies to concentrate growth near infrastructure. Canada accelerates depreciation for green retrofits and uses tax breaks to support transit-aligned density. Germany and Switzerland have linked tax relief and renovation grants to emissions benchmarks and tenant protections, showing how fiscal policy can be both progressive and performance-based.

Australia must now adopt a comprehensive taxation modernisation program that reorients incentives around a triple mandate: housing affordability, environmental sustainability, and structural equity. Such a framework must penalise speculative inactivity, reward inclusive delivery, and embed climate responsibility into fiscal design.

Core Components of Tax and Incentive Reform

To realign Australia's housing taxation system with goals of equity, sustainability, and locational efficiency, three integrated policy reforms are proposed: enhanced depreciation mechanisms for sustainable construction, geographically targeted deductions to encourage development in opportunity-rich areas, and fiscal disincentives for underutilised housing.

- **Enhanced Depreciation for Low-Carbon Building Materials and Retrofits** will provide a powerful signal to the market to prioritise environmental sustainability. Under this policy, a tiered depreciation schedule will be applied to residential properties that demonstrate use of certified low-carbon materials, such as carbon-negative concrete, FSC-certified timber, or recycled aggregates, as well as verified retrofits that cut operational emissions by at least 50 percent. These eligible properties would receive accelerated depreciation benefits, such as 4 percent per annum, as opposed to the standard 2.5 percent, thereby improving the investment case for climate-positive building decisions. The Australian Taxation Office would oversee the revision of effective life schedules for these assets, with certification aligned to standards from the CEFC or CSIRO. The policy will apply broadly across investor, not-for-profit, and public leasehold sectors. It shifts housing taxation from an extraction model to one focused on long-term decarbonisation and aligns Australia with global norms in climate finance.

- **Geographically Targeted Tax Deductions** will offer enhanced fiscal incentives to investors and developers undertaking projects in high-opportunity, low-impact areas. Specifically, projects located within 800 metres of public transport, or in proximity to employment and education hubs identified in state strategic plans, will qualify for 10 to 15 percent enhanced deductions. These areas must also demonstrate high infrastructure readiness and low congestion risk. Target zones would be defined through intergovernmental collaboration between federal Treasury, Infrastructure Australia, and state planning bodies. Site-specific eligibility would be verified through the National Housing Cloud and GIS-based overlays. By guiding development into strategically located zones, this mechanism curbs urban sprawl, lowers infrastructure redundancy, and promotes equitable access to jobs, services, and education.
- **Vacancy Taxes and Capital Gains Adjustments for Underused Property** form the third pillar of this reform. A national vacancy tax will be applied to properties that remain unoccupied for more than six months within a calendar year without valid exemption. This tax, levied at 1.0 percent of the property's unimproved land value, discourages speculative withholding and incentivises market activation of idle housing stock. Additional capital gains tax adjustments will apply to properties that remain vacant for more than 24 months during the ownership period, with a 10 percent CGT surcharge introduced to penalise sustained non-use. Exemptions will be granted for specific social contexts, including aged care transitions, inheritance, and significant renovations. Revenue generated through this measure will be hypothecated to fund retrofit subsidies and resilience upgrades in underinvested housing areas, promoting reinvestment where it is most needed.

Strategic Coordination

To deliver these measures cohesively, a National Housing Fiscal Strategy will be established under the joint stewardship of the Treasury and a proposed Housing Taxation Advisory Committee. This framework will enable coordinated oversight of the tax reforms, with annual reporting on key outcomes, including revenue neutrality or redistribution impacts, emissions reductions per fiscal dollar, and spatial equity effects disaggregated by region and household type. This coordination will ensure that reforms operate not in silos, but as part of an integrated strategy advancing affordability, sustainability, and fairness.

Strategic Outcome

Together, these reforms will redirect fiscal advantage away from speculative and underproductive uses of land and housing, and toward sustainable, inclusive, and place-based development. Climate intelligence will be embedded into everyday housing investment decisions, and policies will reward stewardship and activation rather than hoarding. These changes represent a systemic recalibration: taxation will no longer serve as an invisible saboteur of housing equity, but as an accelerator of it, harmonising economic incentives with the public objectives of the national housing system.

Recommendation 18: Establish a Federally Backed Secondary Dwelling Finance Program

Australia's housing supply challenge is not confined to greenfield estates or major apartment towers. A substantial, often overlooked opportunity lies within existing residential suburbs, in the form of underutilised private land capable of accommodating secondary dwellings, commonly referred to as granny flats, backyard studios, or accessory dwelling units (ADUs). These dwellings provide a unique value proposition: they expand housing supply without necessitating new infrastructure corridors or large-scale rezonings and can do so while supporting social goals such as multigenerational living, ageing in place, and informal care provision.

However, structural barriers continue to stifle their development. Many lower- and middle-income homeowners cannot access structured finance products to build secondary dwellings, especially where traditional lenders view them as risky or unviable. Planning approval processes remain fragmented and inconsistent, often varying not only between states but also between councils. In parallel, the current tax and welfare systems fail to adequately integrate these dwellings into income support, aged care, or rental affordability programs.

International evidence from jurisdictions such as California, British Columbia, and Oregon confirms that secondary dwellings can play a transformative role in infill housing provision, particularly when financial access, planning streamlining, and social policy are aligned. Australia is now well-placed to create a national program that activates these assets efficiently and equitably.

Core Components of the Secondary Dwelling Finance Program

Government-Backed Low-Interest Construction Loans will be the program's financial backbone. These loans, federally guaranteed and issued through the AHFC in partnership with credit unions, ethical fintechs, and community-based lenders, will offer up to $150,000 per property. Loans will have a 30-year term and concessional fixed interest rates ranging from 1.95 to 2.25 percent, with hardship or income-tested applicants granted a five-year repayment moratorium. Eligibility will focus on owner-occupiers with sufficient home equity, especially those with incomes below 150 percent of the area median, and at least one qualifying use case: multigenerational co-residency, affordable rental (at or below 75 percent of market rent), or the creation of a unit for elder care or disability accommodation. This component will activate infill potential on a large scale by offering access to capital where commercial markets have failed.

Streamlined Development and Planning Approvals will complement financial access by removing procedural barriers. National Planning Principles, referenced in earlier recommendations, will include standardised exemptions for secondary dwellings, pre-approved design templates, and a fast-track planning approval system with a statutory 30-day decision timeframe. Councils that adopt these standards will gain preferential access to targeted infrastructure funding and digital tools for managing applications. These reforms address inequities driven by postcode and local discretion, while maintaining design integrity and alignment with broader urban policy.

Tax Offsets and Rent Integration will ensure that secondary dwelling development also supports housing affordability and income security. Property owners will be permitted to offset construction costs against income tax where the dwelling is rented below market rate for a minimum of three years. Rental income from these dwellings will be formally included in AHFC's affordability and serviceability assessments, and pensioners will be exempt from income test penalties on qualifying rent income up to a capped threshold. These mechanisms will be implemented through coordinated adjustments by the ATO and DSS, supported by clear guidelines to prevent misclassification or abuse.

Green Rating and Incentives for High-Performance Dwellings will reward sustainability in small-scale housing. An additional interest rate discount of up to 0.75 percent will be granted for dwellings rated at 7-star NatHERS or above, and those incorporating recycled materials, passive design, off-grid features, or modular relocatability. All such dwellings will be recorded in the Materials Passport system and tracked via the National Housing Cloud, enabling learning, benchmarking, and cumulative impact reporting.

Strategic Outcome

The Secondary Dwelling Finance Program offers a high-impact, low-footprint solution to housing undersupply. This program transforms latent residential land into a productive and socially valuable asset through the leveraging of existing infrastructure, the support of homeowners as housing providers, and by targeting households most in need of flexible or age-appropriate accommodation. It supports the creation of dignified housing options for carers, older women, students, and multigenerational families, while reducing pressure on primary rental markets and urban sprawl. Financing growth within established suburbs rather than pushing development to outer peripheries will allow the housing system to expand without fragmenting communities or overburdening public trust. This is a decentralised, community-based reform, but one with national significance.

Recommendation 19: Introduce a Housing-Linked Securitisation Platform to Deepen Capital Markets

Australia's affordable housing sector suffers from a lack of scalable and transparent secondary markets for housing-related financial products. Although Housing Australia has issued several social bonds through its Bond Aggregator, these remain limited in both volume and risk diversification.

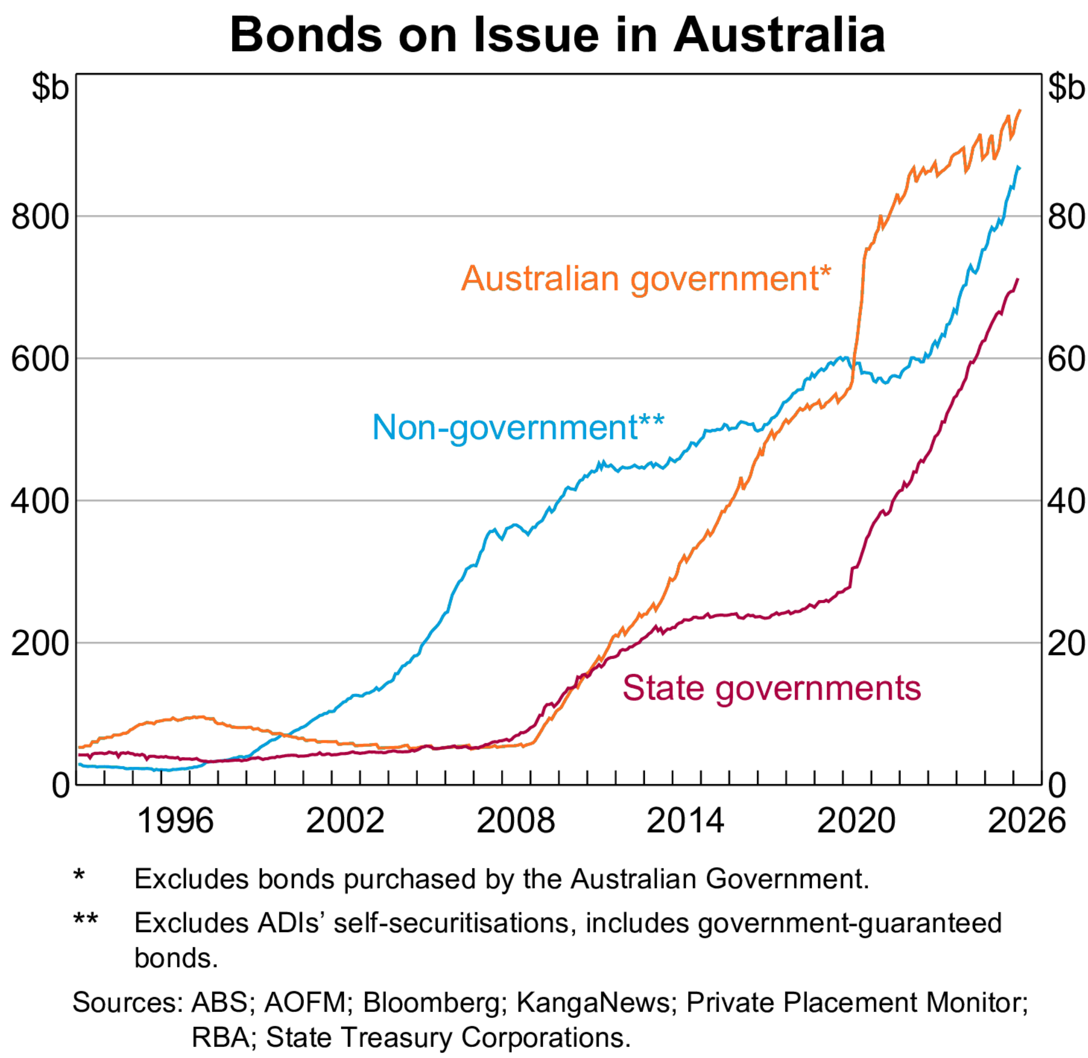

Figure 25. Outstanding bonds in Australia, by issuer type (Australian government, state government, and non-government issuers)

Source: RBA, 2026 (data as of 30 April 2026)

Australia's bond markets are deep, but asset-backed securities (the instrument best suited to recycling housing capital) remain a minor component (Figure 26). A housing-dedicated platform would convert this latent capacity into a stable, investable asset class. Consequently, the financial architecture underpinning affordable housing lacks the depth and structure needed to attract sustained institutional investment.

This constraint creates multiple challenges. Housing providers encounter liquidity bottlenecks when trying to recycle capital for growth. Lenders offering innovative products, such as shared equity or secondary dwelling finance, must retain full credit risk on their books, impeding scalability. Superannuation funds and global investors struggle to access or even identify housing portfolios that align with their environmental, social, and governance (ESG) mandates. Moreover, there is no mechanism to price climate resilience or equity performance into capital flows, diluting the policy effect of affordable housing investments.

By contrast, international jurisdictions have demonstrated that well-governed securitisation can deepen housing capital markets. In the United States, the Low-Income Housing Tax Credit (LIHTC) is complemented by mortgage-backed securities guaranteed by Fannie Mae. In Canada, the Canada Mortgage and Housing Corporation (CMHC) pools insured housing loans into Canada Mortgage Bonds. Germany's KfW similarly supports green mortgage refinancing through Pfandbriefe. These models show that housing securitisation can both enhance liquidity and reinforce public value.

Australia must now build a housing-dedicated securitisation platform to modernise its housing finance infrastructure. This will improve liquidity, lower borrowing costs, and ensure that social and climate performance are built into the financial architecture from the outset.

Platform Design and Components

1. Establish a National Housing Securitisation Platform (NHSP)
The NHSP would be operated by the Australian Housing Finance Corporation or a special-purpose subsidiary, in coordination with Treasury, ASIC, and the RBA. Its core function would be to aggregate loans originated under federal housing initiatives; including Shared Appreciation Mortgages (Recommendation 4), Secondary Dwelling Finance (Recommendation 10), performance-linked rental loans from Community Housing Providers (CHPs), and impact-aligned mortgages issued by ethical banks or fintechs. These pooled assets would then be securitised into asset-backed securities (ABS), structured into multiple risk tranches tailored to institutional investor profiles. This mechanism enables lenders to transfer credit risk off their balance sheets, expanding their capacity to support inclusive and sustainable housing finance.

2. Embed Climate and Equity Filters in Tranche Structuring
Loans pooled through the platform would be assessed on energy efficiency, affordability metrics, accessibility features, tenure stability, and demographic distribution. These indicators would determine eligibility for green or social bond classification and influence pricing across risk tranches. Performance-Linked Tranche Reports would be publicly released via the National Housing Cloud, allowing for transparent tracking of social and climate impacts. This approach ensures that securitisation not only channels capital, but also reinforces national equity and decarbonisation objectives.

3. RBA Eligibility and Liquidity Support
To further enhance the platform's credibility and utility, qualifying securities should be deemed eligible collateral for Reserve Bank of Australia (RBA) liquidity operations and standing facilities. This would incentivise banks and superannuation funds to hold NHSP-issued securities as part of their regulatory liquidity coverage ratios (LCRs). These measures would increase the liquidity and pricing efficiency of housing securities and establish them as a stable, mainstream investment class.

4. Institutional Pipeline and Investor Access Tools
To facilitate investor participation, the NHSP would include a digital portal integrated with the Housing Cloud. This platform would provide credit ratings, ESG metrics, regional portfolio breakdowns, and third-party verifications. It would also support investor education through roadshows and tailored engagement with superannuation funds, sovereign wealth funds, and ethical investors. Technical assistance would be provided to smaller lenders and CHPs to support asset preparation for securitisation.

Strategic Outcome

The Housing-Linked Securitisation Platform will transform affordable housing finance into a transparent, investable, and scalable asset class. It will attract long-term, impact-focused capital, reduce borrowing costs for non-bank lenders, and make social value financially visible. In doing so, it will shift housing policy from chasing capital to shaping it, embedding climate and equity considerations into the structure of financial markets themselves.

Pillar 7 – Catalyse Ownership Innovation, and Sectoral Innovation

Recommendation 20: Establish an Alternative Housing Authority and Housing Innovation Hub to Catalyse Ownership Innovation

Australia lacks a dedicated public institution to develop and regulate community-led, non-speculative housing models. Although there has been long-standing recognition of the value of Community Land Trusts (CLTs), housing co-operatives, limited-equity models, and tenant-led schemes, these remain marginal due to policy inattention and institutional fragmentation.

Federal agencies such as NHFIC and Housing Australia focus primarily on conventional finance and volume delivery, targeting capital-intensive developments led by CHPs or state bodies. They lack the policy remit, legal expertise, and operational flexibility required to support tenure models premised on stewardship, democratic governance, or perpetual affordability.

However, such models are vital for providing stable and culturally appropriate housing. Internationally, specialised bodies support them at scale. Vermont's Community Housing Trust has delivered over 6,000 permanently affordable homes, while the London CLT and Zurich's housing co-operatives operate under formal public endorsement and guarantees. Australia now requires a similar institutional anchor to embed these models into its housing system.

Functions and Structure of the Alternative Housing Authority (AHA)

1. National Stewardship and Governance Mandate
Established under Commonwealth legislation, the AHA would be a statutory agency tasked with developing policy, legal, and funding frameworks for CLTs, co-ops, and other community-led models. Its remit would include incubating new projects, particularly with First Nations, disability-led, and women's organisations, and regulating stewardship conditions, affordability covenants, and governance standards. Unlike Housing Australia, its focus would be on tenure diversity and community empowerment, not merely unit delivery.

2. Capital and Capacity Support Functions
The AHA would manage a catalytic capital fund, disbursing at least $1 billion over ten years. This fund would provide seed capital for land acquisition, shared equity guarantees, subordinated debt, and risk underwriting for small-scale co-operatives. The AHA would also deliver technical assistance to local governments and community organisations, supporting legal structuring, planning, and governance. Standardised legal templates would be issued to reduce transactional complexity and accelerate model uptake.

3. Integration with Existing Policy Instruments
The AHA would coordinate closely with AHFC, Housing Australia, and the National Housing Cloud to ensure programmatic coherence and shared data infrastructure. It would also liaise with state governments to develop leasehold frameworks and enable land transfers. The Authority may serve as an implementation partner for a dedicated HAFF allocation stream, ensuring that public resources support diverse, democratic, and enduring tenure models.

Functions and Structure of a Housing Innovation Hub

Australia is home to many excellent research centres and institutes making immense contributions to housing knowledge, policy, and practice. Organisations such as AHURI, UNSW's Housing Analytics Lab, RMIT's Housing Network, and the University of Melbourne's Centre for Advanced Manufacturing of Prefabricated Housing have built a strong evidence base, provided world-leading data insights, and influenced government policy. However, what Australia lacks is a dedicated housing incubator: an institution designed not only to research and analyse but also to incubate, finance, and accelerate practical innovations that can move from pilot to scale. The proposed Housing Innovation Hub would fill this gap by bridging research excellence with venture development and systemic adoption.

Innovation Stewardship and Ecosystem Mandate

The Hub would be tasked with nurturing a pipeline of housing startups and community ventures. Its core remit would be to scout, incubate, and accelerate solutions addressing affordability, sustainability, and equity. It would also act as a convenor, linking academic research, government policy, community housing providers, and private capital to create an ecosystem where promising ideas can transition rapidly from research and pilot projects into widespread implementation. Unlike existing research centres, its mandate would explicitly focus on commercialisation and systems change.

Capital Access and Venture Support Functions

The Hub would manage a blended finance platform drawing on philanthropic, public, and impact investment capital. This platform would offer seed funding, revolving loans, and equity-like instruments for early-stage housing startups, alongside grant support for community-based ventures. Candidate ventures could range from fintechs creating inclusive mortgage tools to modular housing manufacturers or digital planning platforms. Beyond funding, the Hub would provide structured mentorship, business development coaching, and access to strategic partners, ensuring that ideas can mature into sustainable enterprises.

Technical Assistance and Policy Integration

Recognising that regulatory barriers often stifle innovation, the Hub would establish a technical assistance unit to help ventures navigate planning approvals, compliance requirements, and financial regulations. By maintaining close ties with policymakers, it could identify and propose reforms to systemic barriers revealed through its incubator projects. This feedback loop ensures that ventures are not only piloted successfully but also supported by an enabling policy environment that allows for scaling.

Knowledge Infrastructure and Open Data Platforms

To amplify collective learning, the Hub would curate a national knowledge base of emerging housing solutions, including evaluation templates, data dashboards, and case study repositories. Startups and community organisations would be encouraged to contribute anonymised performance data, enabling benchmarking of affordability, sustainability, and governance outcomes. Integrating with broader initiatives such as a National Housing Cloud would ensure that the insights from the Hub are transparent, accessible, and replicable nationwide.

Integration with Existing Institutions

The Hub would be designed to complement rather than duplicate the contributions of Australia's existing housing bodies and research institutions. It would coordinate with Housing Australia, the Australian Housing Finance Corporation (AHFC), and state housing agencies, acting as a front-end incubator that channels proven innovations into mainstream delivery systems. Finance products tested in the Hub could be scaled nationally through AHFC, while new tenure models could be stewarded by the Alternative Housing Authority (AHA). The Hub would also act as a research-to-practice bridge, embedding students and academics into applied projects and providing pathways for research to translate into tangible housing solutions.

Strategic Outcome

The Alternative Housing Authority (AHA) will mainstream housing governance innovation and institutionalise pluralism in Australia's housing system. Embedding statutory recognition, providing catalytic capital, and supporting stewardship frameworks ensures that models such as community land trusts, co-operatives, and shared equity schemes are no longer treated as marginal experiments but as core components of national housing policy. The AHA will enable community ownership, perpetual affordability, and democratic control, reframing housing as a civic good rather than solely a private commodity. Without such an agency, innovative housing will remain peripheral; with it, these models can form a durable part of Australia's structural response to housing inequality.

Complementing this, a Housing Innovation Hub would provide the missing incubator function in the housing system. While Australia already benefits from world-class research centres generating evidence and policy insight, it lacks a dedicated vehicle to convert that knowledge into scalable ventures and system-wide adoption. The Hub would fill this gap by scouting, nurturing, and accelerating practical housing innovations, linking research excellence to startup ecosystems, impact capital, and government policy. Through venture support, blended finance, and regulatory engagement, it would create the conditions for new housing solutions, from fintech platforms and modular construction to planning technologies and community-led tenure models, to move from pilot to mainstream.

Cumulatively, the AHA and the Housing Innovation Hub would form the dual institutional pillars of a rebalanced housing system: one ensuring governance, legitimacy, and stewardship, the other driving innovation, experimentation, and scale-up. Their combined effect would be to establish housing as both a socially anchored right and an arena for transformative innovation, embedding diversity, resilience, and equity at the heart of Australia's housing future.

Recommendation 21: Dedicate a Targeted HAFF Allocation to Alternative Ownership Models and Community-Led Housing

The HAFF offers unprecedented scale for public investment in affordable housing. However, its early funding rounds have primarily favoured conventional actors and tenure types, sidelining community-led, participatory, and equity-building housing models. This is not due to malintent, but because HAFF's current processes privilege organisations with large balance sheets and conventional project formats.

By contrast, models such as CLTs, housing co-operatives, shared equity schemes, and tenant-led acquisitions offer not only affordability, but governance innovation and equity resilience. Yet these models face substantial early-stage barriers, and receive limited recognition in existing funding streams. In other countries, ring-fenced or preferential funding streams for such models have been shown to deliver long-term affordability, tenure diversity, and community stewardship.

HAFF must embed these principles within its allocation frameworks to ensure that its funding supports tenure innovation, not just construction volume.

Core Features of the Dedicated HAFF Allocation Stream

Mandate a 10% Minimum Allocation to Alternative Ownership Models
At least 10 percent of HAFF disbursements should support projects operating under CLT, co-operative, or shared equity governance. To qualify, projects must guarantee perpetual affordability, implement participatory or democratic governance, and maintain asset stewardship in public, non-profit, or community trust control. These allocations would be codified in Housing Australia's Investment Mandate and tracked through annual public reports.

Project Support for Pre-Feasibility and Early-Stage Development
Recognising the unique barriers faced by these models, HAFF should provide grants of up to $500,000 to support legal structuring, site feasibility, planning, and community engagement. Delivery would be coordinated through the AHA, with particular priority given to initiatives led by First Nations, disability, migrant, and regional groups.

Integration with Land Transfers and Institutional Capital Pathways
HAFF-backed projects should be eligible for co-financing with public land transfers and support from AHFC or the NHSP securitisation platform. This would enable a bundled approach, combining capital, land, and governance innovation, to expand the reach and scale of alternative housing models.

Performance Tracking and Public Reporting
Housing Australia must publish annual breakdowns of HAFF allocations by tenure type, affordability duration, equity outcomes, and demographic reach. These data must be publicly available via the National Housing Cloud to ensure transparency and accountability.

Strategic Outcome

A dedicated HAFF stream for alternative ownership will transform the fund from a vehicle of volume delivery to one of structural transformation. It will embed community stewardship, equity-building, and participatory governance into Australia's housing future. Rather than a diversion from HAFF's mandate, this is its full realisation.

PART E:

Roadmap and Reform Strategy

From Recommendations to Implementation

The recommendations outlined above provide a comprehensive reform agenda spanning legal frameworks, finance, governance, and cultural change. However, the real test lies in implementation. Structural barriers are complex and interdependent: no single measure can address them in isolation. Statutory recognition of community land trusts will not succeed unless finance markets, planning systems, and procurement rules also adapt to support them.

Figure 26. *Roadmap of Housing Finance Reform Recommendations. The report's 21 recommendations are organised across seven reform pillars. Together, these reforms form a coordinated roadmap for building a more resilient and inclusive housing finance system. Source: Per Capita analysis.*

To make these interconnections visible, the table below aligns the key challenges identified in earlier sections with the specific recommendations designed to address them. This synthesis demonstrates that each recommendation is part of a wider ecosystem of reform, and that success depends on sequencing and coordination across domains.

The purpose of this mapping is twofold. First, it highlights the coherence of the recommendations as an integrated package rather than a collection of isolated measures. Second, it provides a practical guide for policymakers and institutions, clarifying which reforms are targeted to which systemic barriers. This alignment also signals the importance of building reform momentum across all four domains simultaneously, Legal & Regulatory, Finance & Capital Markets, Institutional & Governance, and Market Dynamics & Normative Biases, to avoid bottlenecks and ensure durability.

The following table therefore serves as a bridge between the recommendations and the broader Roadmap and Reform Strategy. It illustrates how the barriers documented in this report can be progressively dismantled through targeted, mutually reinforcing reforms.

Domain	Key Challenges	Linked Recommendations
Legal & Regulatory	Lack of statutory recognition for CLTs, co-operatives, and shared equity; unenforceable affordability covenants.	Rec 4 (National Tenure Innovation Framework); Rec 5 (Perpetual Affordability Covenants); Rec 20 (Alternative Housing Authority)
	Planning frameworks rigid, suburban-centric, and inconsistent across jurisdictions.	Rec 6 (Planning Reform); Rec 18 (Secondary Dwelling Finance with fast-track approvals)
	Public land disposed of on financial return basis, disadvantaging community models.	Rec 7 (Public Land Transfer Framework); Rec 21 (Dedicated HAFF allocation linked to land transfers)
	Taxation misaligned (stamp duty double-counting, GST, land tax inconsistencies).	Rec 4 (Legal recognition with aligned tax instruments); Rec 17 (Tax reform for inclusive and sustainable development)
	No integrated legal framework to support housing innovation.	Rec 4 (National Tenure Innovation Framework); Rec 14 (Cross-Tier Governance Act)
Finance & Capital Markets	Credit scoring excludes renters, gig workers, sole parents, migrants, and others outside “ideal borrower” profile.	Rec 9 (Inclusive Credit Scoring Protocols); Rec 6 (Planning reforms aligning affordability data)

	Underserved tenure forms deemed "high risk" by lenders, despite international evidence.	Rec 7 (Public-backed underwriting); Rec 10 (Risk-weighting reform under APRA); Rec 11 (Investor incentives recognising affordability/governance)
	Lack of long-dated, low-cost, mission-aligned capital.	Rec 1 (Establish AHFC); Rec 2 (Specialised AHFC lending streams); Rec 3 (Statutory governance of AHFC)
	No secondary market/securitisation for non-standard loans.	Rec 8 (Performance-linked finance); Rec 19 (Housing-Linked Securitisation Platform)
	Prudential regulation penalises atypical housing with higher risk weights.	Rec 10 (Differentiated APRA risk-weighting)
	Investor reluctance due to absent metrics for affordability duration or governance.	Rec 11 (Equity-based investment metrics); Rec 10 (NHIMF impact framework)
Institutional & Governance	No single agency mandated to support tenure-diverse models; fragmented oversight.	Rec 12 (Dedicated National Body); Rec 20 (Alternative Housing Authority)
	Public procurement biases toward large-scale commercial providers.	Rec 14 (Cross-Tier Governance Act with procurement reform); Rec 11 (Equity-based procurement)
	Community organisations lack capacity and access to technical expertise.	Rec 15 (Secondary Dwelling Finance Program with support functions); Rec 16 (Safeguards with governance participation); Rec 20 (AHA with technical assistance)
	Lack of national data, registries, or performance benchmarks for atypical models.	Rec 10 (NHIMF); Rec 13 (National Housing Cloud & open data portal)
Market Dynamics & Normative Biases	Housing treated as speculative asset, sidelining affordability-linked models.	Rec 17 (Tax reform to shift incentives); Rec 22 (Outcomes-linked investment)

	Ownership valorised; co-operatives and CLTs framed as "second best".	Rec 18 (Secondary Dwelling Program framing affordability as legitimate); Rec 21 (HAFF allocation to community-led models)
	Gendered and heteronormative financial products exclude women, sole parents, and survivors of DV.	Rec 19 (Securitisation platform integrating equity metrics); Rec 20 (AHA prioritising women-led housing)
	Cultural misalignment excludes Indigenous and CALD collective ownership traditions.	Rec 4 (National Tenure Framework); Rec 20 (AHA with First Nations partnerships)
	Affordability metrics (30% income rule) ignore disability, childcare, and regional burdens.	Rec 10 (NHIMF with intersectional indicators); Rec 11 (Equity-based procurement reflecting lived costs)
	Policy legacy of speculative incentives (CGT discounts, no use of impact bonds).	Rec 17 (Tax reform); Rec 22 (Redirected capital through impact bonds)

The reform roadmap

It is evident that sequencing and coordination are essential to the success of the reform agenda. Certain reforms are immediately actionable and capable of building momentum, while others require longer-term statutory change, institutional anchoring, or capital market development.

The following mapping links recommendations against short-term (1–2 years), medium-term (3–5 years), and long-term (5–10 years) horizons. Credit scoring reform and planning streamlining can be implemented quickly to widen access and reduce bottlenecks, while statutory tenure frameworks and securitisation platforms must be built over the medium term. Longer-term reforms, such as establishing the AHFC and AHA or embedding outcomes-linked investment, require deeper institutional investment and cultural change.[34]

[34] Taken together, the alignment table and roadmap provide a dual lens for implementation; thematic coherence (what each recommendation addresses) and logical temporal sequencing (when it should be advanced). This ensures reforms are not treated as isolated initiatives but as parts of a staged, integrated program.

Timeframe	Challenges Addressed	Linked Recommendations
Short-Term (1–2 years)	Credit scoring excludes renters, gig workers, migrants. Planning approvals inconsistent, slow, discretionary. Lack of performance data and benchmarks. Procurement excludes smaller/community providers.	Rec 6 (National planning reform with fast-track approvals); Rec 9 (Inclusive credit scoring protocol recognising rent, utilities, social payments); Rec 10 (National Housing Impact Measurement Framework – NHIMF); Rec 11 (Equity-based procurement rules); Rec 13 (National Housing Cloud & open data portal)
Medium-Term (3–5 years)	No statutory recognition of CLTs/co-operatives/shared equity. Public land transferred only via competitive tender. Community organisations lack capacity and technical support. Prudential regulation penalises atypical models. Absence of secondary markets for non-standard housing loans. Investor reluctance due to lack of metrics.	Rec 4 (National Tenure Innovation Framework); Rec 5 (Perpetual affordability and resale covenants); Rec 7 (Public land transfer framework); Rec 14 (Cross-Tier Governance Act clarifying roles & procurement); Rec 15 (Federally backed Secondary Dwelling Finance Program); Rec 16 (Regulatory safeguards & community governance); Rec 17 (Tax reforms to redirect incentives); Rec 19 (Housing-linked securitisation platform); Rec 21 (Dedicated HAFF allocation for community-led housing)

Long-Term (5–10 years)	Lack of long-dated, mission-aligned capital. No national intermediary to finance and de-risk innovation. Institutional fragmentation across housing, planning, and finance. Cultural misalignment with Indigenous and CALD ownership. Structural reliance on speculative development and monocultural mortgage pathways.	Rec 1 (Establish AHFC – federally capitalised intermediary); Rec 2 (Dedicated AHFC lending streams); Rec 3 (Statutory governance for AHFC); Rec 8 (Performance-linked finance mechanisms); Rec 12 (Dedicated national body for tenure innovation); Rec 18 (Secondary dwelling finance program at scale); Rec 20 (Alternative Housing Authority – AHA); Rec 22 (Outcomes-linked investment and social impact bonds)

Conclusions

Australia's housing system is characterised by a deep structural reliance on conventional mortgage finance, speculative development practices, and policy frameworks that privilege standardised forms of tenure and delivery. While this architecture has supported volume growth in certain segments, it has failed to provide sustainable affordability, tenure diversity, or resilience in the face of demographic, economic, and climate change pressures.

The analysis presented in this report demonstrates that atypical housing and financial models, including community land trusts, co-operatives, shared equity mechanisms, secondary dwellings, and impact-linked finance instruments, can play a transformative role in reshaping the system. These models offer proven pathways to affordability retention, participatory governance, and sustainability. Yet their progress in Australia has been constrained by a set of interdependent barriers across four domains; legal and regulatory frameworks, finance and capital markets, institutional arrangements, and market dynamics shaped by cultural norms.

The recommendations outlined provide a comprehensive reform agenda designed to dismantle these barriers. They range from statutory recognition of non-standard tenure and procurement reforms to the establishment of new national institutions such as the

Australian Housing Finance Corporation, the Alternative Housing Authority, and a Housing Innovation Hub. Together, these measures form an integrated program that balances governance and stewardship with innovation and experimentation, ensuring that successful models can move from the margins to the mainstream.

Implementation will require careful sequencing and coordination. The alignment of challenges to recommendations demonstrates how reforms interlock, while the timing roadmap provides a clear framework for prioritisation. Immediate reforms such as inclusive credit scoring, planning streamlining, and the creation of a National Housing Cloud can deliver early momentum. Medium term changes, including land transfer frameworks, securitisation platforms, and tax reforms, will embed structural shifts. Longer term institutional investments, particularly the Australian Housing Finance Corporation, the Alternative Housing Authority, and the Housing Innovation Hub, will anchor pluralism and innovation within the housing system for decades to come.

The overarching conclusion is that Australia does not face a shortage of ideas or models, but rather a *systemic gap in translation*; the mechanisms to convert innovation into scale and permanence are missing.

By adopting the reform package proposed here, policymakers can close this gap, ensuring that housing is no longer treated solely as a speculative asset but recognised as a public good, a foundation of community wellbeing, and a driver of inclusive prosperity.

This report therefore calls for a decisive shift; away from fragmented, short-term interventions, and towards a coordinated, institutionally anchored reform strategy.

Only through such a shift can Australia deliver the diversity, security, and sustainability that its housing future requires.

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He has taught and supervised across economics, management, public policy, research methods, and data analytics for more than two decades, including work with University of Adelaide, Deakin University, University of Melbourne. He has led executive education programs associated with University of Oxford and more recently the London School of Economics and Political Science, where he is an Industry Fellow.

Michael has published extensively in academic and industry outlets and has advised a wide range of organisations on economics, evaluation, social policy, data science, and impact measurement. His professional interests include economic justice, educational equity, disability policy, housing affordability, artificial intelligence governance, and evidence-based public policy.

About Per Capita:

Per Capita is one of Australia's leading progressive public policy think tanks. Per Capita conducts independent research and develops evidence-based policy solutions aimed at creating a fairer, more prosperous, and more inclusive Australia.

The organisation works across a broad range of policy areas, including economic reform, housing affordability, inequality, employment, education, health, climate and energy transition, social policy, and democratic participation. Through rigorous research, economic analysis, and stakeholder engagement, Per Capita seeks to inform public debate and support practical policy responses to contemporary social and economic challenges.

Per Capita collaborates with community organisations, philanthropic foundations, and academic institutions to produce research that is both analytically robust and focused on real-world impact. Its work frequently contributes to national policy discussions and has influenced reforms in areas such as housing, disability, workforce participation, education, and economic inclusion.

The organisation's mission is to advance policy that promotes shared prosperity, social justice, economic opportunity, and sustainable long-term development, with a particular focus on improving outcomes for Australians who are disadvantaged or underrepresented in public policy debates.