



# National Shelter Pre Budget Submission 2026-2027



Strengthening Australia's Housing System: A Strategic  
Blueprint for Housing Security

*January 2026*

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## Executive Summary

Australia's housing system faces persistent and structural challenges, elevated rents, rising homelessness, and a chronic shortage of social and affordable housing. These issues undermine productivity, exacerbate inequality, and increase pressure on the federal budget.

The 2026–27 Federal Budget offers a crucial moment for Treasury to champion reforms that advance housing justice, housing security and affordability for all Australians, directly aligning with National Shelter's purpose and vision to strengthen the housing system and promote lasting social and economic wellbeing.

National Shelter's Pre Budget Submission recommends the following policy reforms and actions, which include new or enhanced policy priorities that build on our 2025 Policy Platform Priorities<sup>1</sup>

### **1. National System Reform and Governance**

- 1.1 Strengthen the National Agreement on Social Housing and Homelessness
- 1.2 Legislate a National Housing and Homelessness Plan

### **2. Investment, Supply and Infrastructure**

- 2.1 Expand and Extend the Housing Australia Future Fund
- 2.2 Prioritise the coordination of housing investments with broader infrastructure planning

### **3. Review and Strengthen Housing Tax Settings**

### **4. Rental Reform and Assistance**

- 4.1 Drive Rental Reform Through National Accountability Mechanisms
- 4.2 Undertake Urgent Commonwealth Rent Assistance Reform

### **5. Create a National Supportive Housing Framework and incentivise accessible housing models, ensuring lifelong accessibility and equity.**

- 5.1 Establish a National Supportive Housing Framework and Investment Program
- 5.2 Embed Liveable Housing Design Standards and Retrofit Social Housing for Lifetime Accessibility and Equity.

### **6. Make Modern Methods of Construction Core to Scalable Housing Delivery**

### **7. Modernise Planning, Unlock Land Supply, Strengthen Workforce and Data Foundations**

- 7.1 prioritise the establishment and implementation of a national inclusionary zoning framework as a central pillar of housing policy reform
- 7.2 Invest in Coordinated and Systemic Social Infrastructure
- 7.3 Incorporate comprehensive workforce planning within national housing policy to strengthen and build the workforce.

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<sup>1</sup> [2025 Policy Platform Priorities - Shelter \(National\)](#):

These recommendations are founded on robust evidence and sector expertise, presenting opportunities for substantial social and economic advancement. National Shelter urges the Government to adopt these measures in the 2026–27 Federal Budget to ensure strategic investment and direction in addressing current housing challenges and promoting better outcomes for all Australians.

## About National Shelter

National Shelter is Australia’s leading non-government housing advocacy group, representing the voices of people on low incomes since 1975. With a truly national footprint, comprising members’ interests in most states and territories and associate members in specialist fields. As an independent, member-based network, it unites national housing experts, peak bodies, and key sector partners to inform advocacy with diverse experience and local knowledge.

National Shelter focuses on advancing housing justice, renters’ rights, and affordability through evidence-based policy and strong partnerships. The organisation works collaboratively with governments, in a non-partisan way, with diverse industries, housing and homelessness peaks and sector leaders, and with partners and people with lived experience to shape fair, sustainable, and healthy housing outcomes for all Australians.

## Introduction and the Case for Reform

National Shelter appreciates the opportunity to submit its Pre-Budget Submission for the 2026–27 Federal Budget. The current housing crisis in Australia represents a significant challenge to national productivity, economic resilience, and social cohesion. Its effects are pervasive, with particularly adverse consequences for low-income households, First Nations peoples, women and children escaping domestic violence, young people, older Australians, and individuals with disability.

Australia’s housing system is under increasing strain, with escalating rents, limited supply, and insecure tenure contributing to greater stress, hardship, and rising homelessness. Fundamental problems such as restricted availability, unaffordable rents, inadequate planning, and fragmented policies are driving up rental stress and homelessness, particularly among vulnerable groups like low-income households, First Nations peoples, domestic violence survivors, young people, older Australians, and those living with disability.

A wealth of research and ongoing reports reveal the significant impacts these housing challenges have on individuals, families, and communities. The situation is dire: in 2023, more than half of low-income renters were spending over 30% of their income on rent, and census data from 2021 showed that more than 122,000 Australians were homeless; and First Nations people make up just 3.8% of the population but 28% of homelessness service clients<sup>2</sup>. Major cities have seen vacancy rates drop below 1%, pushing rents even higher and leaving many without secure housing options.

Australia’s housing challenges are rooted in deep structural issues: limited supply, affordability barriers, flawed planning and taxation settings, and poor coordination. Delays to government action threatens social cohesion, housing security for all, and economic growth.

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<sup>2</sup> AIHW

Without bold reforms and targeted investment, the problems will worsen, leading to greater insecurity and disadvantage. Urgent, comprehensive action is needed to make housing central to wellbeing and national prosperity.

## **The Economic Case for Investment in Housing**

Addressing the anticipated deficit of 640,000 social and affordable homes by 2041 stands to deliver considerable social and economic benefits. Beyond alleviating homelessness and housing stress, such investment is projected to yield substantial economic returns; each dollar allocated towards secure housing is estimated to generate approximately \$2.70 in avoided public expenditure.

Recent government measures, including the National Housing Accord, the Housing Australia Future Fund (HAFF), the Social Housing Accelerator Fund (SHAF), and the integration of housing policy under Treasury represent positive steps. However, the magnitude and complexity of the current crisis need ongoing, system-wide reform. Housing must be regarded not only as a matter of social policy but as a fundamental component of economic infrastructure. It forms the basis of vibrant communities, workforce engagement, educational achievement, improved health outcomes, and long-term fiscal sustainability.

### **Economic Consequences of Homelessness and Housing Insecurity**

Homelessness imposes significant burdens on public finances. Research indicates that each dollar invested in secure housing generates approximately \$2.70 in avoided public expenditure, highlighting the substantial fiscal impact of homelessness and housing insecurity. These costs arise primarily from increased demand for health, justice, and social services, as well as diminished labour force participation and educational attainment resulting from unstable housing.

Insufficient affordable housing and rising homelessness adversely affect productivity and restrict workforce participation, leading to enduring social and economic costs, including poorer health and education outcomes. Notably, the rate of homelessness for Indigenous Australians is 8.8 times higher than for non-Indigenous Australians, with factors such as overcrowding, inadequate housing, and limited access to culturally appropriate accommodation contributing to disparities in health, education, and justice outcomes. There is an urgent need for investment in culturally informed, community-led housing initiatives to support Closing the Gap objectives and promote long-term wellbeing.

The economic consequences of housing insecurity are profound. Rental stress and homelessness are consistently linked to poorer health, reduced educational achievement, and lower labour force engagement, all of which increase demand for public services and long-term government expenditure. Furthermore, businesses, especially in regional areas and essential service sectors face significant recruitment and retention challenges when housing is unaffordable or inaccessible.

Secure and affordable housing must therefore be recognised as both a social good and a catalyst for economic productivity and national resilience.

## A Strategic Opportunity for Treasury

Treasury is well placed to coordinate a cross-portfolio, national approach that positions housing as critical economic infrastructure. The elevation of housing, homelessness, and cities policy into Treasury under a single Minister represents a significant opportunity to unify policy and program design and delivery, strategic planning, investment, and accountability. This alignment enables a whole-of-system approach that integrates capital investment, taxation settings, planning reform, and social and economic policy. Treasury can now drive a coherent national strategy that addresses immediate pressures while laying the foundations for long-term system stability.

This submission proposes a suite of recommendations that aim to improve and reform Australia's housing system, achieve National Shelter's Vision, as well as deliver social and economic benefits for Australians.

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## Key Recommendations

### 1. National System Reform and Governance

#### 1.1 Strengthen the National Agreement on Social Housing and Homelessness

Australia is currently experiencing a structural shortage of housing that cannot be addressed through incremental changes. National Shelter recommends that the Commonwealth government significantly enhance the National Agreement on Social Housing and Homelessness (NASHH), transforming it into a true vehicle for national reform rather than a mechanism that perpetuates existing conditions. Present funding levels are insufficient to address unmet needs or the increasing pressures faced by states and territories as they strive to maintain essential services amidst rising demand.

A reformed NASHH should be supported by substantial, long-term investment, enabling jurisdictions to expand social housing stock, stabilise the specialist homelessness workforce, and provide services that are culturally appropriate, trauma-informed, and responsive to local contexts.

The urgency of these reforms has increased due to worsening housing shortages, prompting calls for an enhanced funding framework that matches needs across all jurisdictions. A strengthened agreement must also include clearly defined national outcomes, transparent reporting processes, and shared accountability for reducing homelessness and housing stress. This includes dedicated investments to close the housing gap for Aboriginal and Torres Strait Islander peoples, developed in partnership with community-controlled organisations and aligned with Closing the Gap targets.

With adequate resources and renewed commitment at the national level, NASHH has the potential to move Australia from crisis management toward a coordinated, evidence-based strategy focused on prevention, early intervention, and rebuilding social housing as critical infrastructure.

Achieving this requires the creation of a nationally consistent, adaptable, and needs-driven funding model, leveraging joint contributions from both state and territory governments. Such an approach

will ensure that allocations are fair and responsive to regional differences. Transparent performance measures and mechanisms for shared accountability are essential for driving system-wide improvements and supporting tailored service delivery models suited to the unique circumstances of each jurisdiction.

A robust NASHH should feature a uniform, needs-based national funding structure, underpinned by common performance indicators and clear reporting obligations. Establishing benchmarks related to rental reform, increased supply, and reductions in homelessness is vital. Additionally, aligning funding streams throughout the housing continuum is necessary to reduce fragmentation and ensure individuals and families receive timely and appropriate support.

It is also imperative to achieve coherent policy and funding alignment across the entire housing continuum. Disjointed approaches to homeless services, housing support, and capital investment result in inefficiencies, service gaps, and less effective outcomes. Integrating these funding sources will foster more comprehensive planning, collective accountability, and better utilisation of public resources, forming a cornerstone of a resilient NASHH.

The oversight by Treasury remains central to ensuring NASHH delivers the robust national framework needed for sustained sector stability. Without a strengthened agreement, even significant increases in funding are unlikely to deliver improved outcomes. Therefore, establishing such a framework is essential for developing integrated, effective, and coordinated responses to the challenges of housing and homelessness throughout Australia.

## 1.2 Legislate a National Housing and Homelessness Plan (NHHP)

Per the Government's commitments, National Shelter urges the Government to deliver a legislated NHHP with clear targets, dedicated funding, investment commitments, and a transparent plan for delivery and public reporting. This plan should set out measurable objectives, timelines, and accountability mechanisms to ensure progress is tracked and reported publicly, driving continuous improvement and transparency across the sector<sup>3</sup>.

## 2. Investment, Supply and Infrastructure

### 2.1 Expand and Extend the Housing Australia Future Fund (HAFF)

Australia's housing system is currently under significant pressure, reinforcing the critical role of continued Commonwealth leadership through the Housing Australia Future Fund (HAFF). The HAFF has played a key part in increasing the supply of social and affordable homes across the nation, with the commencement of Round 3 marking a crucial step forward. However, as Round 3 is set to be the final stage, there is a substantial risk that the progress made could stall just when it is most needed.

National Shelter urges the Commonwealth Government to keep and broaden the HAFF, ensuring it remains an ongoing, reliable mechanism for delivering social and affordable housing. The HAFF has shown that government commitment allows the community housing sector, private partners, and institutional investors to work together effectively. Preserving this momentum is essential. A sustained,

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<sup>3</sup> Our Policy Platform 2025 provides further detail [2025 Policy Platform Priorities - Shelter \(National\)](#)

multi-year pipeline is necessary to meet national housing targets and to provide adequate support to regional, rural, and remote areas where challenges are most pronounced.

To achieve meaningful and timely results, the next phase of the HAFF should focus on accelerating housing delivery by enhancing cooperation between governments, community housing providers, Aboriginal community-controlled organisations, and the private sector. Streamlining program settings, maintaining suitable availability payments, and financing tools are also crucial in the current environment.

In addition, integrating modern construction methods, such as modular, panelised, and offsite manufacturing into the national housing strategy is vital. (Refer to detailed Recommendation on Modern Methods of Construction at 5.3)

Australia has established a proven platform for delivering much-needed homes nationwide. The HAFF should evolve from a limited-term program to a cornerstone of the country's long-term housing framework, anchored by ongoing investment, contemporary building practices, and a commitment to fairness across all communities.

As the Commonwealth's main long-term capital vehicle for social and affordable housing, the HAFF must adapt in both scale and function to address the full extent of national housing requirements. By continuing and expanding the HAFF, the government will deliver the stability necessary to strengthen industry capacity, encourage further investment, and ensure a steady supply of housing for all Australians, particularly in areas facing the greatest shortages. Treasury's ongoing oversight is crucial to ensure that funding remains stable, fair, and focused on achieving enduring national housing goals.

## 2.2 Prioritise the coordination of housing investments with broader infrastructure planning

The integration of housing with transport, health, education, and employment infrastructure is essential for maximising economic and social outcomes within communities. Ensuring that housing is intricately connected to vital services and employment centres improves accessibility, particularly for low-income households and First Nations communities that are disproportionately impacted by spatial inequality and contributes to overall productivity growth.

Enhanced access to employment, education, healthcare, and public transportation reduces barriers to workforce participation, supports educational attainment, and promotes improved health outcomes. These benefits, in turn, decrease reliance on social and crisis support services, resulting in substantial cost savings for government.

Strategic investment in comprehensive social infrastructure strengthens community resilience, drives local economic development, and encourages more inclusive and productive communities.

Given these significant advantages, it is recommended that the government prioritise the coordination of housing investments with broader infrastructure planning to achieve tangible economic and social returns, thereby fostering sustainable and prosperous communities across the nation.

### 3. Review and Strengthen Housing Tax Settings

Australia's current capital gains tax (CGT) discount and negative gearing arrangements are among the most generous within the OECD, generating an annual fiscal cost exceeding \$11 billion and disproportionately benefiting higher-income, wealthier, and older population segments. These policies have played a role in driving property price inflation, diminishing home ownership rates, and widening intergenerational disparities.

National Shelter advocates for a gradual reduction of the CGT discount to 25% over five years, thereby bringing Australia's tax treatment of capital gains more closely in line with comparable economies. Simultaneously, it is recommended that negative gearing be restricted to newly constructed residential properties or that allowable losses be limited to income generated within the same asset class.

Such reforms would promote greater equity among existing homeowners, investors, and prospective first-time buyers, while encouraging capital allocation toward more productive sectors and supporting a fairer and more sustainable housing system.

Independent analysis indicates that moderate policy reforms could generate more than \$10 billion in additional annual revenue without increasing tax burdens on typical households. National Shelter further recommends directing these funds to the Housing Australia Future Fund (HAFF) or similar mechanisms, ensuring a strategic shift from demand-side incentives towards enhancing the supply of social and affordable housing.

Furthermore, National Shelter supports a comprehensive review of the CGT exemption for principal residences and imputed rent as part of broader tax reform. Adoption of such measures would address systemic biases favouring high-income and older individuals, reduce intergenerational inequality, and facilitate more productive investment flows.

Strengthening taxation policy is anticipated to reduce housing stress, improve affordability, and contribute to long-term fiscal sustainability. Incorporating these recommendations into the 2026–27 Federal Budget presents Treasury with the opportunity to achieve meaningful social and economic progress, including reductions in homelessness, increased workforce participation, and the development of healthier, more resilient Australian communities.

## 4. Rental Reform and Assistance

### 4.1 Drive Rental Reform Through National Accountability Mechanisms

Australia's rental system is recognised as one of the least secure among OECD nations, characterised by inconsistent legislation, limited tenant protections, and insufficient accountability mechanisms. These factors contribute to pronounced rental stress, frequent involuntary relocations, and avoidable homelessness, with significant economic implications such as diminished workforce participation, increased dependence on crisis services, and elevated long-term public spending.

The National Shelter and NARO rental report card, "A Better Deal for Renters," identifies persistent gaps in rental security and affordability across the country. While certain states have taken steps to

enhance renters' rights, these reforms are still fragmented and inadequate in addressing the widespread issue of insecurity. Tenants frequently contend with short-term leases, unpredictable rent increases, and restricted avenues for dispute resolution, leading to ongoing housing instability and financial pressure.

To mitigate these challenges, National Shelter recommends establishing a comprehensive national accountability framework for rental reform. Such a mechanism would define minimum standards for rental security, affordability, and habitability nationwide, promoting consistent improvements and transparency, strengthening dispute resolution protocols, and enhancing data collection with public reporting on rental market performance.

The adoption of these reforms is expected to reduce eviction rates, promote tenancy stability, and facilitate workforce mobility, ultimately supporting economic productivity and social wellbeing.

Comprehensive rental reform is critical not only for safeguarding renters but also for advancing the objectives of NASHH and reinforcing the overall housing ecosystem. By embedding uniform national standards and robust accountability mechanisms, Australia can move towards a more equitable, secure, and affordable rental environment for all stakeholders.

## 4.2 Undertake Urgent Commonwealth Rent Assistance Reform

Commonwealth Rent Assistance (CRA) is no longer fit for purpose in a rental market where low-income households face unprecedented levels of stress, with 58% of private renters paying more than 30% of their income on housing costs. Decades of under-indexation mean CRA has failed to keep pace with real rental increases, leaving many renters in poverty even after assistance is applied.

National Shelter urges the Commonwealth Government to undertake a comprehensive reform of CRA to ensure it genuinely reduces rental stress and prevents homelessness. This must include lifting the maximum CRA rate by 60% to reflect contemporary rental costs, expanding eligibility so that all low-income renters including those in marginal accommodation receive adequate support, and redesigning the payment structure to align assistance with actual housing need.

Reforming CRA is one of the most immediate and cost-effective levers available to the Commonwealth to alleviate rental stress, improve housing affordability, and stabilise outcomes for households most at risk. Implementing these reforms will reduce evictions, improve tenancy stability, and support labour mobility, contributing to economic productivity and social wellbeing. Rental reform is therefore not only essential for protecting renters but also for achieving the objectives of the NASHH.

## 5. Create a National Supportive Housing Framework and incentivise accessible housing models, ensuring lifelong accessibility and equity.

### 5.1 Establish a National Supportive Housing Framework and Investment Program

National Shelter calls on the Commonwealth Government to establish a National Supportive Housing Framework, accompanied by a dedicated, multi-year capital and operational funding program to scale evidence-based supportive housing across all jurisdictions.

This framework should align with the principles articulated in Queensland's Supportive Housing Policy and reinforced by sector leaders, recognising supportive housing as essential social infrastructure for people experiencing chronic homelessness. The Commonwealth's leadership is required to ensure national consistency, commitment to evidence-based models, and the integration of permanent, secure housing with coordinated, wraparound supports.

A national framework would provide the policy certainty and investment architecture needed to guide state and territory delivery, support cross-portfolio alignment (housing, health, disability, justice), and enable the scaling of proven models such as Common Ground. Embedding this initiative within the 2026–27 Budget would create the structural conditions to reduce long-term service system costs, improve tenancy sustainment, and deliver measurable outcomes for individuals with the most complex needs.

The absence of a nationally consistent supportive housing framework has resulted in fragmented investment, variable quality, and limited capacity to respond to chronic homelessness at scale. Queensland's Supportive Housing Policy demonstrates the value of a clear, principled approach that defines supportive housing, outlines essential features, and embeds integrated supports as core, not discretionary components of the model. This clarity enables more efficient commissioning, reduces duplication across service systems, and ensures that public investment is directed toward interventions with proven long-term cost offsets.

Sector leaders have highlighted that supportive housing is not simply a social service but a system efficiency mechanism. Evidence shows that people with complex needs cycle repeatedly through high-cost crisis systems, emergency departments, acute mental health care, police and justice responses, and homelessness services when stable housing with integrated supports is unavailable.

A national framework would allow the Commonwealth to leverage these cost offsets, align state and territory investment, and create a coherent pipeline of purpose-built supportive housing. This is a fiscally responsible reform that shifts expenditure from crisis responses to stable, long-term outcomes, while strengthening accountability and performance measurement across jurisdictions. This work will reduce tenancy failure, prevent repeat homelessness, and maximise the impact of capital investment under programs such as an expanded HAFF and the NASHH.

## 5.2 Embed Liveable Housing Design Standards and Retrofit Social Housing for Lifetime Accessibility and Equity

National Shelter calls for a national commitment to accessible, adaptable and sustainable housing by embedding the Liveable Housing Design Standards (LHDS) across new housing supply and investing in the retrofit of existing social housing. Accessible housing is essential infrastructure that supports changing household composition, disability and mobility needs, and enables people to age safely in place.

Nationally consistent LHDS adoption is critical to reducing future retrofit costs, expanding housing choice, and preventing avoidable displacement of tenants whose homes cannot meet their health or accessibility needs.

At the same time, a large share of Australia's social housing stock predates modern accessibility standards and now requires a strategic retrofit program to ensure these homes remain fit for purpose, preserve asset value, and promote stability for tenants and communities.

Improving accessibility in both new and existing homes strengthens labour force participation, reduces pressure on health and aged-care systems, and delivers long-term cost efficiencies. National Shelter advocates for Government investment that ensures homes work for people across their lifetime, not just at the point of construction.

The Commonwealth Government should strengthen the implementation of the Liveable Housing Design Standards (LHDS) across all jurisdictions by incentivising diverse and accessible housing types, while simultaneously establishing a national social housing retrofit program to upgrade ageing stock for long-term use.

Investment should prioritise accessibility modifications that enable ageing in place, support changing mobility and health needs, and reduce costly tenant relocations. This combined approach will ensure Australia's housing system delivers genuine lifetime usability, reduces future budget expenditure, and increases equity and choice for people living in social and affordable housing.

## 6. Make Modern Methods of Construction Core to Scalable Housing Delivery

Modern methods of construction (MMC), including prefabrication and modular building systems, should be recognised as essential mechanisms for delivering high-quality, well-designed, accessible, and strategically located social and affordable housing throughout Australia. Supported by an updated National Construction Code (NCC), MMC presents significant opportunities to improve both design consistency and construction quality, ensuring that new dwellings consistently meet or surpass current standards for liveability, accessibility, and durability.

These methodologies enable more rapid, higher-quality, and scalable approaches to housing provision while reducing material waste. Incorporating these technologies within HAFF initiatives will accelerate project delivery, enhance regional manufacturing capacity, generate skilled employment, and encourage sector-wide innovation.

Moving substantial components of the construction process into controlled factory environments leads to more predictable, efficient, and reliable outcomes, empowering communities to better respond to population growth, disaster recovery, and supply shortages. This approach also minimises disruption in urban and regional areas, improves workplace safety, and delivers long-term cost advantages for both government and residents.

Prioritising MMC aligns with Treasury's goals to increase housing supply, promote equity, and strengthen systemic resilience, in keeping with the objectives set out in the National Agreement on Social Housing and Homelessness (NASHH). The adoption of MMC supports place-based delivery models and enables effective responses to housing needs in regional and remote settings where traditional construction faces workforce and logistical limitations.

Furthermore, MMC advances large-scale sustainability by reducing construction waste, lowering embodied carbon emissions, and enabling the creation of healthier, safer, and more energy-efficient buildings. Integrating these modern techniques within a harmonised national regulatory framework will position Australia to deliver social and affordable housing more effectively, address current supply issues, and ensure future housing stock meets the evolving requirements of communities across the nation.

## 7. Modernise Planning, Unlock Land Supply, Strengthen Workforce and Data Foundations

### 7.1 Prioritise the establishment and implementation of a national inclusionary zoning framework as a central pillar of housing policy reform

Enhancing productivity in the housing sector requires modernising planning systems and unlocking additional land supply. Establishing national benchmarks for development approvals, increasing transparency, and implementing consistent planning frameworks across jurisdictions will reduce processing delays and provide greater certainty for industry stakeholders.

To accelerate nationwide housing delivery, the Commonwealth Government should lead the development of a nationally consistent framework for inclusionary zoning. This framework will ensure a reliable and sustainable supply of social and affordable housing within new developments, directly expanding affordable housing options.

By mandating meaningful contributions from new developments, inclusionary zoning will advance housing affordability and guarantee that all jurisdictions systematically increase the supply of affordable housing. Sustained investment in robust housing data systems is also critical to support evidence-based planning and long-term asset management.

The Commonwealth should prioritise the establishment and implementation of a national inclusionary zoning framework as a central pillar of housing policy reform. Coupled with strong investment in housing data systems, this approach will enhance transparency and efficiency in planning, delivering lasting benefits for individuals and communities across Australia. This strategic commitment will underpin a more equitable, productive, and sustainable housing system for the future.

## 7.2 Invest in Coordinated and Systemic Social Infrastructure

The integration of housing with transport, health, education, and employment infrastructure is fundamental to optimising economic and social outcomes for communities. Ensuring that housing is well connected to essential services and employment hubs enhances accessibility for residents—particularly for low-income households and First Nations communities disproportionately affected by spatial inequality—and supports broader productivity improvements.

Improved access to employment, education, healthcare, and public transportation mitigates barriers to workforce participation, facilitates educational achievement, and yields better health outcomes. These enhancements subsequently reduce demand for social and crisis support services, resulting in significant cost savings for government.

Strategic investment in integrated social infrastructure reinforces community resilience, stimulates local economic growth, and fosters more inclusive and productive communities. Considering these substantial benefits, it is recommended that government prioritise the coordination of housing investments with broader infrastructure planning to deliver measurable economic and social returns, thereby supporting sustainable and thriving communities nationwide.

## 7.3 Incorporate comprehensive workforce planning within national housing policy to strengthen and build the workforce

Australia's housing and construction sectors are facing acute workforce shortages, which significantly threaten the timely delivery, cost efficiency, and quality of new housing supply. These shortages can lead to project delays, increased construction costs, and compromised building standards, ultimately reducing the sector's capacity to meet national housing targets. The lack of skilled workers also places additional pressure on existing staff, increasing the risk of burnout and further attrition.

Strategic government investment, developed collaboratively with industry and training organisations, is essential to cultivating a future-oriented workforce that can respond to these challenges. This includes the implementation of co-designed skills programmes, structured career pathways, and targeted interventions for underrepresented groups, including women, First Nations peoples, and young Australians to broaden participation and boost productivity.

Ongoing professional development and upskilling are critical to ensure the workforce can adapt to emerging construction technologies, modern building methods, and evolving regulatory requirements. Government-industry partnerships play a vital role in fostering innovation, supporting the adoption of new techniques, and maintaining high standards of safety and quality across the sector.

Incorporating comprehensive workforce planning within national housing policy is crucial to ensure skills development remains responsive to market demands and technological change. A pivotal enabler for these recommendations is investment in initiatives such as a National Housing Data Hub, equipped with AI-driven policy simulation tools. This strategy will improve the precision of forecasting, support strategic asset management, and underpin evidence-based decision-making. Enhanced data integration across jurisdictions and portfolios will facilitate more effective capital allocation, minimise redundancy, and reinforce transparency and accountability.

## **Conclusion**

Australia is facing a structural economic challenge in the form of its housing and homelessness crisis, which demands concerted national leadership. Although the Albanese government has implemented notable policy reforms and made investments to tackle these concerns, additional measures are required to develop enduring solutions. Treasury is particularly equipped to guide comprehensive, long-term reforms aimed at system stability, increased productivity, and reduced inequality.

National Shelter's recommendations provide a pragmatic and evidence-based framework for further advancement. The organisation, alongside its national members, is ready to collaborate with the government to continue to strengthen efforts towards a fair, sustainable, and healthy housing system for all Australians.

## **Acknowledgement and further contact**

This was written by Karen Walsh of KarenWalshConsults, with engagement and consultation with the National Policy Network and state and territory Shelters. National Shelter would like to thank them for developing a framework for this year's Pre-Budget Submission.

For further contact and questions about these proposals, please contact National Shelter as follows:

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