Independent Assessment

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Capability Assessment of Housing Australia

28 August 2026

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Disclaimer

Purpose and scope

This report has been prepared by Ken Kanofski, with the support of KordaMentha, to consider whether Housing Australia's governance, organisational arrangements and ways of working are positioned to support current and future Australian Government (Government) objectives. The Assessment has been limited to the scope agreed with the Treasury and should be read in that context.

The Assessment is intended to provide observations, findings and recommendations regarding Housing Australia's current capabilities, operating environment, governance arrangements and delivery model.

Sources of information

Findings and observations contained in this report are based broader consultation and information considered as part of the Assessment.

Information has been obtained from the records provided by Housing Australia and discussions with Housing Australia, and its key stakeholders. In many instances, we have relied on the representations of these parties and individuals. The statements and opinions contained in this report are given in good faith. However, in the preparation of this report, we have relied upon the accuracy and completeness of information provided by the above parties and have not independently verified those representations.

Limitations

The report has been prepared based on a top-down, rapid assessment. Ken Kanofski and KordaMentha have not sought to identify and consider every matter that may be relevant to Housing Australia and its operations.

Ken Kanofski and KordaMentha have not undertaken an audit, assurance review, forensic investigation or legal review, and no such opinion or assurance is expressed. Any information, projections or statements provided in this report are solely the responsibility of the parties providing the information, projections or statements and we have not independently verified such information, projections or statements.

We have no responsibility to update this report for events or circumstances occurring after the date of this report, apart from any subsequent arrangement.

The report should be read as a whole and in the context of its purpose, scope, methodology, assumptions and limitations. No part of the report should be read or relied upon in isolation.

Unless otherwise stated, all figures included in this report are expressed in Australian dollars and have not been adjusted for the time value of money.

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The decision to implement any or all of the recommendations that arise from this engagement, or to take or refrain from taking any actions pursuant to the conclusions in this report, is entirely at the discretion of Government.

Ken Kanofski

Executive summary

Housing Australia has undergone substantial change following the 2023 transition from the National Housing Finance and Investment Corporation (NHFIC) to Housing Australia. This change expanded Housing Australia's mandate and a transition from a specialist financing provider to having a central role in delivering the Government's housing agenda.

This report is the result of a rapid, independent and forward-looking capability assessment (the Assessment) which has considered whether Housing Australia's governance, organisational arrangements and ways of working are positioned to support Housing Australia's expanded mandate and Government objectives (see Appendix C for scope details). It was a top-down capability assessment rather than a comprehensive capability review of every function.

The Assessment found that in the last 18 months Housing Australia has strengthened its governance, systems, processes and delivery capability while absorbing rapid growth and successive new responsibilities. Its established 5% Deposit Scheme is operating effectively, and the foundations created for the 2024 legislated Help to Buy program, demonstrate an ability to establish significant new programs at pace. More recent organisational reforms have included a client-centred operating model, dedicated delivery oversight, stronger project reporting, improved investment governance and a continuing investment in people, data and systems.

The most significant organisational pressure has been concurrently managing the large-scale delivery of social and affordable housing programs, the Housing Australia Future Fund Facility and National Housing Accord Facility, which require simultaneous assessment and contracting of new projects and managing and delivering previously approved projects, while key organisation-wide delivery disciplines are undergoing improvement. Program targets are ambitious within the prescribed timeframe and pressures are expected due to planning, procurement, financing, construction capacity, costs and market conditions. However, the organisation remains accountable for actively overseeing delivery partners, identifying emerging risks, supporting timely interventions and providing Government with a reliable portfolio-wide view of delivery progress and confidence.

Housing Australia needs to adopt more robust delivery management and reporting through a single, regularly updated organisation-wide risk adjusted forecast supported by consistent project baselines, integrated schedules and consolidated risk reporting. This would promote timely visibility of slippage, common constraints, financial exposure and the need for corrective or contingency actions. Delays in approval, contracting and project progression reduce the available construction period and options to respond to project attrition or market disruption.

Governance and decision-making require realignment as the organisation's role evolves. Board and management attention has remained strongly focused on financial and individual transaction risks, with developing delivery risk oversight practices. Financial disciplines remain important but need to be complemented by greater expertise and focus on program delivery, project management and portfolio stewardship, and deeper Board experience in large-scale property development. Current delegations and approval pathways may also impede timely decisions during peak activity. Without a clearer delivery focus, the organisation risks maintaining rigorous oversight of individual transactions without sufficient focus on program performance.

The Assessment also identified important issues with respect to supporting Community Housing Providers (CHPs) who have varying capability to progress projects through development, contracting and financial close. They would benefit from more targeted assistance and simpler, risk-based processes both for Round 3 of HAFFF and NHAF and as part of any future program design.

Overall, the Assessment findings indicate that the organisation is not yet aligned in its accountability for delivery. While the organisation has made material improvements in the last 18 months, its mandate, scale and complexity have concurrently expanded. As such, the organisation must now take the next steps of transition from transaction execution to active stewardship of delivery before moving to longer term 'in-life' operations.

The recommendations on the following pages prioritise stronger program and project management, integrated forecasting and risk reporting, streamlined approvals and delegations, targeted sector support, appropriate delivery capability and resourcing, clearer stakeholder arrangements, and governance and culture focused on timely housing outcomes. Any policy changes arising from these recommendations would be subject to normal government decision-making processes.

1 Recommendations

#	Recommendation	Report Reference
Program delivery		
1	**Program delivery risk management** Design and deliver a monthly report outlining a whole of program view to management and the Board of both delivery and financial performance and risks, to facilitate oversight and inform decisions.	Sections 7.1 and 7.2
2	**Program and project management** Program (e.g. Housing Australia Future Fund Facility and the National Housing Accord Facility) and project (i.e. individual transaction) management disciplines should be adopted for management and oversight of Housing Australia programs.	Sections 7.1 and 8.4
3	**Housing Delivery Unit** Establish a Housing Delivery Unit, to strengthen program and project delivery for all Housing Australia programs.	Section7.1
4	**Deputy CEO** Appoint a Deputy CEO to lead the Housing Delivery unit, with experience delivering complex construction or infrastructure programs in a public sector context.	Section7.1
5	**Enhance contingency planning** Expand HAFF contingency planning to define specific actions and trigger points.	Section 7.3
Sector capability		
6	**Community Housing Providers** a) **Support services** - provide additional support, or access to additional support to CHPs to accelerate the contract and financial close of HAFF projects (except for turn-key projects). b) **Approval acceleration** – urgently review HAFF Round 3 approval processes to streamline or remove unnecessary information requests, clarifications or activities that do not directly align to the assessment of key program risks or duplicate information already held.	Sections 7.4 and 7.5

#	Recommendation	Report Reference
Governance		
7	**Board skills mix** Revisit the board skills mix during the next scheduled Board Evaluation process[1] to better align with the evolution of Housing Australia operations as programs transition from assessment and contracting through to project delivery and 'in-life' activity.	Section 8.2
8	**Delegations of authority** Urgently reassess program and project risk and controls following the improvement in HAFF Round 3 approval processes (as per Recommendation 6), maturity of systems and processes, and increased capability in financial risk, and adjust transaction approval delegations accordingly.	Sections 7.3 and 8.3
9	**Culture** Align Board and management culture to establish a shared understanding of the organisation's priorities, risk culture and delivery objectives.	Section 8.1
Operations		
10	**Resourcing** Quantify the level of internal resourcing required to support timely transaction approvals and contract closure through use of a run-rate or estimated effort per transaction. Once complete, confirm the level of surge capacity and/or recruitment required to achieve required outcomes.	Section 7.5
11	**Communications** Build on the existing 2026 engagement and communications strategy by confirming stakeholder priorities and the organisational narrative, assigning accountable relationship owners, and implementing consistent communication, data-sharing and escalation protocols across existing engagement arrangements.	Section 9.3
12	**Housing Australia and Treasury relationship** Define clear roles and responsibilities between Treasury and Housing Australia that address access to data and information and communications.	Section 9.1
13	**Working with states and territories** Develop stronger working relationships with states and territories that extend beyond the funding rounds and create a strategic partnership that supports housing outcomes.	Section 9.2

[1] Board Evaluation is required by RMG 127 Performance and Evaluation Section

2 Introduction

Housing Australia plays a central role in the Australian Government's housing agenda. Since the establishment of the NHFIC in 2018, the organisation changed to Housing Australia with a significant mandate expansion as housing affordability, social housing supply, and home ownership have become increasingly important national policy objectives.

The Treasury commissioned this rapid, independent and forward-looking assessment in July 2026 to consider whether Housing Australia's governance, organisational arrangements and ways of working are positioned to support current and future Government objectives. It is a top-down assessment rather than a detailed review of Housing Australia.

Conducted over six weeks, the Assessment identified strengths, capability gaps, and practical opportunities to improve Housing Australia's performance and organisational effectiveness. It considered:

- The evolution of delivery performance and organisational capability as Housing Australia's responsibilities have expanded.
- Whether governance, leadership and delivery approaches support end-to-end program delivery and Government objectives.
- Whether workforce planning and resourcing can support current and future delivery requirements.
- The extent of organisational focus and accountability for delivery outcomes.
- The clarity of roles and responsibilities across the organisation.
- The effectiveness of stakeholder engagement and collaboration.
- The effectiveness of performance visibility, risk management, tracking, forecasting, and reporting.
- Additional capability required to respond to emerging opportunities and external pressures, such as the recent conflict in the Middle East.

The purpose and scope that has been guiding this assessment has been included in Appendix C.

The Assessment team reviewed a broad range of internal and external documentation, including strategic and operational materials, organisational performance reports, and papers, minutes and reports prepared for the Housing Australia Board, Audit and Risk Committee, Investment Committee, executives, the Treasury and other stakeholders. Details of documents reviewed and interviews completed are provided in Appendices A and B.

Housing Australia has responded to successive Government priorities by establishing new programs and associated operational and governance arrangements, often concurrently with in-flight programs and under compressed timeframes. The findings of this assessment should therefore be considered in the context of an organisation that has undergone substantial growth and change in the pursuit of delivering housing outcomes at scale.

The Assessment team thanks all interview participants and information providers for their timely and constructive engagement.

3 Housing Australia's evolving role

A brief history

Housing Australia was established in 2018 as the National Housing Finance and Investment Corporation (NHFIC) and was renamed Housing Australia in October 2023. Housing Australia supports the delivery of the Australian Government's housing objectives and performs both financing and delivery-enabling functions across an increasingly diverse portfolio of programs.

A marked shift in Housing Australia's role in the national housing system occurred in 2022. In addition to its original financing responsibilities, the organisation became responsible for the design and operation of several new housing programs including the HAFFF, NAHF and Help to Buy scheme and the enhancement of the 5% Deposit scheme.

As one of the contributors to the Australian Government's housing objectives, Housing Australia is responsible for coordinating efforts of the commonwealth, state and territory governments, local governments, private developers, financiers, builders and community housing providers through its programs. Governments establish policy, planning, regulatory, and funding frameworks, while private and community sector organisations finance, develop, deliver, and manage housing across the continuum of need.

While beginning to deliver these programs, Housing Australia concurrently established the resources, systems and processes required to effectively administer those programs. This change saw Housing Australia's role evolve from a specialist, small-scale financier and lender to a delivery-focused agency responsible for administering a significant and growing portfolio of nationally significant housing programs. A brief chronology of Housing Australia's program expansion is provided in Figure 1.

This evolution in role has required Housing Australia to adapt its governance arrangements, operating model, workforce capability, and delivery practices. While the organisation has demonstrated a strong ability to embrace new responsibilities, the pace of change and growth has created new challenges associated with program delivery, organisational capacity, stakeholder coordination and performance oversight.

Housing Australia's governing mandate

Established under the *Housing Australia Act 2018* (Cth), Housing Australia occupies a unique position within the Australian housing ecosystem as a Corporate Commonwealth Entity (CCE) in the Treasury Portfolio. It is one of several Specialist Direct Investment Vehicles (SIVs) established by the Government.

Housing Australia operates under a joint ministerial accountability model, with the Minister for Finance and the Minister for Housing providing functional oversight. Under this model, the Minister for Housing is the responsible Minister for exercising portfolio oversight of Housing Australia, while the Minister for Finance has oversight over the SIV portfolio more broadly.

Housing Australia's legislative functions are set out in the *Housing Australia Act 2018* (Cth), the *Housing Australia Investment Mandate 2018* (the Investment Mandate), and the *Help to Buy Act 2024* (Cth). The Minister for Housing can provide guidance on how Housing Australia should operate through the Statement of Expectations for Housing Australia (SOE).[2] Additionally, Housing Australia's Board is the accountable authority in accordance with the *Public Governance, Performance and Accountability Act 2013* (Cth), providing strategic direction, governance oversight, risk management and administration of public resources.

As a SIV, Housing Australia provides additional flexibility to Government to deliver its housing policy mandate, with greater latitude to make commercial decisions within the framework of the Investment Mandate as well as the capacity to deploy specialist housing sector expertise, through the Housing Australia Board and senior leadership group.

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2 Australian Government Treasury. (2025). *Statement of Expectations for Housing Australia. https://treasury.gov.au/sites/default/files/2025-09/ha_statement_of_expectations.docx*

The Minister's SOE, which was updated in August 2025, clarifies Housing Australia's role in delivering the Government's housing agenda and prioritises:

- Program delivery, by ensuring the delivery of programs is efficient, effective, timely and delivers against the Government's key policy, legislative and financial priorities.
- Program performance, including timely and accurate data collection, analysis and reporting to key stakeholders.
- Operations, including having appropriate organisational capability and governance to administer and deliver Housing Australia's programs.

This role is discussed further in Section 5.1.

Figure 1: Chronology of Housing Australia's key events and program expansions

June 2018
Establishment of NHFIC

NHFIC was established under the National Housing Finance and Investment Corporation Act 2018 *(Cth)*, with two founding functions: the **Affordable Housing Bond Aggregator** (AHBA), providing low-cost finance to community housing providers, and the $1b **National Housing Infrastructure Facility** (NHIF) for housing-enabling infrastructure.

July 2020
Home Guarantee Scheme

Home ownership support (first established in 2020) consolidated under the **Home Guarantee Scheme** in 2021, supporting pathways to home ownership for first home buyers and other eligible cohorts. Places expanded from the **10,000 to 50,000 p.a.**, including 35,000 places under the First Home Guarantee, 5,000 places under the Family Home Guarantee, and 10,000 places under the Regional First Home Buyer Guarantee (launched Oct 2022).

Oct 2022
NHIF Expansion

The NHIF's remit was expanded in 2022 to allow support for social and affordable housing projects.

Sept 2023
Crisis and Transitional

An additional **$1b expansion of the NHIF** was announced, which in the 2024-25 budget was later targeted to crisis and transitional housing.

Oct 2023
Rebranding to Housing Australia

The Treasury Laws Amendment (Housing Measures No.1) Act 2023 changed the organisation's name and expanded its functions. Housing Australia assumed responsibility for the **Housing Australia Future Fund Facility** (HAFFF) and the **National Housing Accord Facility**, targeting 40,000 homes by June 2029.

Jan 2024
HAFF Round 1 and Transformation

Housing Australia commenced **transformation** from a specialist financier into a large-scale program delivery agency, uplifting internal capability to meet its expanded mandate. This coincided with the launch of HAFF Round 1, through which **13,700 dwellings** were announced in September 2024.

Dec 2024
HAFF Round 2

HAFF Round 2 commenced, targeting State and Territory government partnerships. Together with Round 1, approximately **18,650 dwellings** were initially committed.

Aug 2025
Statement of Expectations

An updated SoE was issued, emphasising refreshed **priorities on program delivery, performance, and operations**. Housing Australia responded with a Statement of Intent outlining how it would meet these expectations.

Oct 2025
5% Deposit Scheme

The Home Guarantee Scheme was relaunched as the 5% Deposit Scheme. Income and property price caps were raised and place limits removed, to increase first home buyer eligibility. Treasury modelling estimated approximately **73,000 places p.a.** will be required.

Dec 2025
Help to Buy

Launch of Help to Buy, a shared equity scheme offering **40,000 places over four years** (10,000 p.a. from 2025-26).

Investment Mandate Updated

In December 2025, the Investment Mandate was also amended, lifting administration to **$4.491b in concessional loans**, up to **$862m p.a. in Availability Payments** and a $44b guarantee.

Jan 2026
HAFF Round 3

HAFF Round 3 commenced, seeking a further **21,350 dwellings** to close out the More Homes 40,000 target.

4 Homeowner programs

4.1 5% Deposit Scheme

Housing Australia administers the 5% Deposit Scheme, formerly known as the Home Guarantee Scheme. The Scheme supports home ownership by enabling eligible Australians to purchase a home with a deposit of five per cent, or two per cent for eligible single parents and legal guardians, without paying Lenders Mortgage Insurance. Housing Australia manages the program's participating lender panel, oversees compliance with Scheme rules, and monitors portfolio performance. Program applicants engage solely with participating lenders.

The Scheme has expanded significantly since introduction in 2020 and now operates through a broad network of major banks, regional lenders and customer-owned institutions. In October 2025, the Government removed income caps and expanded scheme eligibility, increasing the number of participants.

Capability

Housing Australia has developed effective operational processes, lender relationships, and governance arrangements for this mature program, which enables management of transaction volumes while maintaining compliance and risk oversight. Housing Australia has more recently expanded the lender panel to include 48 lenders, representing 55+ brands, improving access and choice for home buyers.

The scheme was found to be mature with effective governance, systems and processes in place, noting that continuous improvements should continue to be pursued.

4.2 Help to Buy

The Help to Buy program commenced in December 2025 as Housing Australia's first program with retail consumers. This is a shared-equity home ownership program designed to help 40,000 low- and middle-income Australians to purchase a home sooner by reducing the size of the deposit and mortgage required, with the Australian Government taking an equity stake in the purchased property.

Noting that the program commenced in December 2025, figures outlined in Table 1 are reflective of the program being operational for only seven months of the 2025-26 financial year. These figures reflect Help to Buy being a new program. Program participation is expected to increase, and unused places can be carried forward between years, reducing the significance of any shortfall during the establishment phase.

Table 1: Help to Buy Performance for 7 months December 2025 to June 2026

	Actuals to 30 June	Extrapolated for 12months
Available places	10,000	10,000
Active applications received*	7,261	12,447
Applications approved**	4,808	8,242
Settled	3.636	6,233

**Active applications received exclude applications that were cancelled, withdrawn or expired. When cancelled, withdrawn and expired applications are included, Housing Australia received 9,203 applications.*

***Approved applications are dependent on Applicants finding homes. Once pre-approved by Lenders, applications have 90 days to find a home and sign a contract of sale. Application then gets submitted to Housing Australia for final approval.*

Capability

Since commencement, Housing Australia has rapidly established critical program governance and operational systems, processes, and capability to administer the scheme, including sufficient capability and capacity to process applications as they are received. The panel of participating lenders has been established, and expansion activities are ongoing to improve accessibility and support future growth in program participation.

In recognition that shared equity arrangements with homeowners may remain in place for many years, Housing Australia has commenced planning for future scenarios such as management of relationship breakdowns and early equity buy-outs. This work includes developing interim and long-term policies, procedures, and operational processes to support consistent and efficient management of these matters. Forward workforce planning is also underway to support program maturity and expected increases in application volumes.

Housing Australia will need to increase its capacity and capability to manage the in-life arrangements under a shared equity scheme (and have plans to do so). This will include skills that enable it to engage with complex customers, manage assets (new and old) and balance financial risk for participants and the Commonwealth.

Housing Australia has established the core capability required to administer the scheme and is taking a proactive approach to planning for future program demands, risk management, and workforce readiness. Assuming improvements continue as planned, the organisation will be well positioned to support increasing participation and program evolution.

5 More Homes programs

5.1 Social and affordable housing

Housing Australia has been tasked to deliver 20,000 social and 20,000 affordable dwellings by 30 June 2029 through the HAFFF and NHAF, collectively referred to in Housing Australia along with AHBA as “More Homes”. Demand for social and affordable housing continues to exceed available supply, with more than 200,000 households on social housing wait lists nationally in June 2025.[3] Despite this demand, many social and affordable housing projects are not commercially viable under normal market conditions and as such, require support to be feasible. Housing Australia seeks to bridge this gap, by combining a range of funding products to support upfront capital costs and long-term operational costs of dwellings.

The funding products under the programs are:

Concessional loans (HAFF/NHAF)	long-term interest-free loans at project level, typically provided for 25 years as subordinated secured loans with repayment at maturity, reducing project financing costs and improving feasibility
Availability payments (HAFF/NHAF)	indexed quarterly payments made for 25 years per dwelling commencing when the dwelling becomes occupiable, designed to support the cost of financing, developing, operating, and maintaining the dwelling
Grants (HAFF/NHAF)	an upfront non-repayable payment at the project level
Senior debt (AHBA)	long-term loans enabling CHPs to access lower-cost funding with reduced refinancing risk and supported by a line of credit

Housing Australia delivers its agenda through third parties including CHPs, state and territory governments, First Nations housing organisations, Defence and veterans’ housing providers, and other delivery partners to increase social and affordable housing supply. Those external parties’ partner with the property development and construction market to deliver additional social and affordable housing.

[3] Australian Institute of Health and Welfare. (2025). *Housing assistance in Australia: Households and wait lists*. AIHW. https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2026/contents/households-and-waitlists

While Housing Australia is responsible for assessing program applications, approving funding, entering into contracts, and providing finance, its role extends beyond these transactional activities. It is accountable for supporting the achievement of the Government's social and affordable housing objectives, ultimately measured by whether funded projects result in completed and occupied homes.

This means Housing Australia's role in this program extends beyond funding approval. Achieving housing outcomes requires effective program design, well-structured funding rounds, and oversight of funded projects. Housing Australia must monitor delivery progress, identifying and reporting on emerging risks, intervene where possible to address barriers, and provide transparent reporting on project outcomes.

5.2 HAFFF and NHAF programs

Housing Australia has structured delivery of the HAFFF and NHAF programs through three funding rounds.[4]

Funding Round 1 (FR01) opened in January 2024 and targeted CHP participants. Funding Round 2 (FR02) followed in December 2024 and targeted state and territory government participation. Funding Round 3 (FR03) commenced in January 2026 and is the largest of the funding rounds. FR03 has been designed to increase the number of dwellings delivered per project and is being managed through four streams:

Stream 1 - First Nations	supports more homes being owned by First Nations Housing Providers and supports the housing needs of First Nations people, with $600 million in Availability Payments allocated to this Stream
Stream 2 - Housing Diversity	supports housing outcomes across a range of locations and cohorts, across an equal mix of social and affordable homes
Stream 3 - States and Territories	partners with state and territory governments to facilitate and accelerate delivery, predominantly for social dwellings, subject to further state-by-state minimum quotas
Stream 4 - Partnerships at Scale	aims to attract partners that can rapidly deliver outcomes at scale, with a focus predominantly on affordable dwellings, where applications must be for at least 500 dwellings
Stream 5 – Release 1	newly established additional pathway to support ready to go, well located, low density (class 1) projects, with funding approvals in place by 1 February 2027 to enable main works construction to commence by 1 May 2027

Housing Australia has also been undertaking early contingency planning to increase the likelihood of achieving the program target by the target date, if required.

Capability

Housing Australia has made progress in building the capabilities required to deliver the More Homes agenda. This has been explored in more detail in section 6.1. However, program maturity requires Housing Australia to concurrently focus on project assessment and funding approvals for FR03 and actively manage delivery outcomes for already approved projects. Improvement is required in areas such as program performance forecasting, approval and contracting timeframes, consolidated risk reporting, Board delivery focus, and delivery support for CHPs. This is a significant program of work that will support hundreds of projects and demands additional maturity of delivery capability as outlined in the report recommendations. Addressing these capability gaps is essential as completion risk is concentrated late in the program and relies on active stewardship of the external delivery partners.

[4] While branding for these programs have changed over time, this report refers to these programs by their name, or refer to them in the aggregate as HAFF, which includes the HAFFF and NHAF only.

6 Organisational capability

6.1 An organisation in transition

Since October 2023 Housing Australia has expanded from a relatively small financing organisation focused on individual transactions, into a multi-program housing agency with a much broader remit. In response, Housing Australia has undergone rapid and substantial change, particularly over the past 12–18 months, implementing a new operating model, establishing dedicated delivery oversight functions and strengthening its governance, risk, people, systems and data capability. The scale and pace of recent changes is illustrated by:

- Funded project activity increased more than five-fold, from approximately 70 projects across the six years from 2018-19 to 2023-24, to more than 370 projects across 2024-25 and 2025-26.
- Workforce numbers have nearly tripled since 2023, increasing from approximately 79 staff to approximately 230 in 2026.

Housing Australia is now at an important stage of its transition. Its origins and early responsibilities required deep financial, investment, and transaction capability. Those capabilities remain essential, however, Housing Australia's expanded mandate now requires an equal focus on program and project delivery at pace. In short, the organisation is mid-transition from a demand-led lender (NHFIC) into a public sector delivery agency (Housing Australia) of far greater scale, risk and complexity.

This shift is most evident in the HAFFF and NHAF, Housing Australia's largest programs. The five-year programs, which commenced in 2024, are progressing through funding-round design, project approval and contracting, project delivery, and portfolio stewardship. Each phase requires the organisation to adapt its capability, governance, systems and management attention.

As the National Housing Accord target period enters its final three years to June 2029, the balance of effort must move from approving and contracting individual transactions towards active oversight of delivery and, ultimately, stewardship of the portfolio. This requires mature program and project management, delivery forecasting, risk monitoring, data, systems and intervention capabilities. Housing Australia has begun this transition, however given the program's maturity and the concentration of completions expected before June 2029, these capabilities should now be more established and embedded.

While Housing Australia does not directly manage developers or builders, it plays an important role in maintaining visibility of project progress, identifying and responding to emerging risks, and working closely with state and territory governments, community housing providers, First Nations housing organisations, and other delivery partners to resolve barriers and strengthen sector capability.

The challenge for Housing Australia is not to replace its strong financial foundations, but to complement them with a more mature delivery focus and a clear organisational emphasis on converting approved funding into completed and occupied homes.

6.2 Recent capability improvements

In response to the changing expectations and responsibilities, Housing Australia has made significant progress in strengthening its systems, processes and governance arrangements over the past 12–18 months. The changes respond to stakeholder feedback, lessons learned and the organisation's evolving role, and are intended to improve the experience of applicants, customers and stakeholders while strengthening support for program and project delivery. Example initiatives include:

- Adopting an Investment Manager Model in April 2026, providing each CHP with a single point of contact across the project lifecycle and access to specialist support where required.
- Establishing the PDU in June 2026 to strengthen oversight of delivery risks, including through a construction benchmarking tool and a delivery watchlist, escalation and resolution framework for projects requiring additional attention or support.
- Improving project reporting through the SRT, which gathers project progress data and supports performance reporting to management and other stakeholders.
- Establishing a Management Investment Committee to support the assessment and approval of applications.
- Introducing workforce policies and procedures to support the needs of a substantially larger organisation.

Stakeholder interviews consistently recognised the extent of Housing Australia's organisational improvement over the past 12-18 months, particularly in governance, processes, systems and delivery capability, achieved during a period of rapid growth and increasing responsibility.

6.3 Corporate services

During the same 12 -18 month period, uplift of corporate system and process changes have continued to improve support of the nature and scale of program activity. Each of the corporate functions continue to plan further improvements to further streamline operations. In summary results were:

People & Culture	It is not uncommon that a workforce that is growing rapidly with changing responsibilities, experiences some workforce unrest and attrition during this period. The people and culture function has very recently been scaled to better reflect the expansion of Housing Australia and is in the process of developing a suite of policies, procedures and plans that align with the Housing Australia agenda, resourcing requirements and capabilities. It is also leaning in to support change, boost capability, and improve workplace culture. Plans have been progressed to access surge capacity to support short term resourcing pressures related to evaluation and contracting of HAFF FR03.
Finance & Treasury	This team delivers traditional finance team activities and operates loan administration, settlements processing and treasury functions (e.g. bond issuance for the AHBA). Systems for this team have progressively been brought in-house and designed to better align to Housing Australia needs and this is planned for continuation.
Information technology, systems and data	Many of Housing Australia's systems have historically been provided by another government entity. While this strategy has been effective to support program establishment, it has necessitated additional activities to support operational requirements. Consequently, significant effort has been invested to progressively develop and commission in-house systems that are more aligned to Housing Australia's specific needs. There is an ongoing focus on systematising Housing Australia's requirements where it is feasible to do so.

The above recent and planned initiatives provide a stronger foundation for Housing Australia's next phase of development. As Government priorities and program responsibilities continue to evolve, Housing Australia will need to adopt a continuous improvement approach to ensure governance arrangements, decision-making processes, performance reporting and organisational capability are aligned with the outcomes, risks and stakeholder expectations of its program portfolio.

7 Opportunities for capability uplift

7.1 Program and project management

Current program and project oversight

As highlighted in section 6.1, Housing Australia established the Program Delivery Unit (PDU) in June 2026. The PDU is designed to provide independent delivery assurance across Housing Australia's HAFFF and NHAF funded housing portfolio by monitoring project progress, validating project data, forecasting delivery outcomes, managing construction-related risks, and supporting intervention where time, cost or safety risks emerge. This is an important development in Housing Australia as it strives to meet its delivery obligations.

The SRT was revised in May 2026 and introduced a structured framework to monitor project delivery for HAFFF and NHAF projects, using information reported by delivery partners. The PDU independently reviews and validates this information where possible, noting that the accuracy of reporting relies heavily on data quality and submission (91% submitted data in July 2026). Data reported through the SRT is critical to informing delivery progress, risks, performance forecasts and program decision making. To get accurate intelligence from self-reported data, effective project and program delivery management is required, meaning data should be checked, monitored, and risks should be identified and managed to maximise data confidence. Monthly SRT reporting has commenced with further work planned to improve data definitions and SRT user understanding of the tool, which is only in its second month of use.

Given the increasing focus on Housing Australia's HAFFF and NHAF programs, the Board's agenda has tended to focus on approving individual transactions rather than adopting a whole-of-program view. This limits oversight of program-wide risks, confidence in achieving delivery targets, and the need for contingency measures or risk remediation. Housing Australia has recently commenced developing a delivery forecast covering all three HAFFF funding rounds, including the full forward pipeline and anticipated project risks and attrition. This work should be prioritised for reporting to the Board as a matter of urgency, with clear disclosure of the assumptions underpinning the forecast.

Adopting program and project management disciplines

The establishment of the PDU, introduction of the SRT and commencement of program forecasting provide a basis for stronger program and project delivery oversight. However, effective delivery of a construction project portfolio such as Housing Australia's requires disciplined portfolio, program and project management.

As currently occurs, each project should have an agreed baseline covering scope, key approvals, contract and financial close, construction commencement, practical completion, dwelling outcomes and budget. Additionally, actual program performance should be tracked and reported monthly, with material movements analysed. Project schedules, risks, issues and dependencies should also be aggregated to inform bottom-up risk adjusted program and portfolio forecasts, delivery-confidence assessments, and early warning of systemic constraints or off-track performance that may trigger contingency plans or options.

The above attributes are consistent with the practices recommended by the APS Program and Project Management Framework,[5] which emphasises lifecycle planning, governance, risk, evidence-based decision-making and benefits realisation, and the Australian Government Assurance Reviews guidance.[6] They are also consistent with the UK Government Project Delivery Functional Standard,[7] which integrates governance, portfolio management, planning, control and assurance.

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5 Australian Public Service Academy. (2026, June 2). *The APS Program and Project Management Framework*. APSA. https://www.apsacademy.gov.au/news/aps-program-and-project-management-framework

6 Department of Finance. (n.d.). *Guidance on the Assurance Reviews Process (RMG 106). Australian Department of Finance*. https://www.finance.gov.au/publications/resource-management-guides/guidance-assurance-reviews-process-rmg-106

7 Government Project Delivery & Cabinet Office. (2025, September 17). *Government Functional Standard GovS 002: Project Delivery*. GOV.UK. https://www.gov.uk/government/publications/project-delivery-functional-standard

Housing Delivery Unit

While Housing Australia works through partnerships to build dwellings, it will be held accountable for housing delivery and therefore requires the dedication and skills of a housing delivery unit. At present responsibility for program and project management, governance and reporting, ongoing delivery forecasting, risk management, contingency planning, state and territory relationships, CHP capability support, and targeted interventions to support delivery, remains dispersed throughout the business. However, as the HAFFF and NHAF progress to be large-scale delivery programs, these functions should be consolidated within a dedicated Housing Delivery Unit that incorporates the existing PDU.

A Housing Delivery Unit would embed consistent portfolio, program and project management disciplines and provide a portfolio-wide view of performance. It would be accountable for portfolio and program reporting, delivery forecasting and risk assessment, contingency planning, strategic relationships with state and territory housing entities, CHP capability support, management and reporting of delivery safety and targeted delivery interventions. This would enable Housing Australia to move beyond oversight of individual projects, identify emerging risks and opportunities, and track and support progress towards Government housing objectives at program and portfolio level.

The Housing Delivery Unit should operate alongside Housing Australia's established financial and commercial functions, providing a complementary but distinct capability. Building on the existing financial acumen, the unit would work to strengthen the organisation's ability to deliver complex programs and projects, enhancing end-to-end housing delivery outcomes.

Deputy CEO

The Housing Delivery unit should be led by a new Deputy CEO or equivalent senior leader, with experience delivering complex construction or infrastructure programs in a public sector context. This role would strengthen the executive leadership team, increase organisational resilience and capability, support establishment and maintenance of strong stakeholder relationships and provide sustained executive focus on Housing Australia's delivery responsibilities as a public sector entity with significant reporting obligations. It would also support executive continuity and CEO succession planning.

The Deputy CEO as lead of the Housing Delivery Unit should have a broad, enterprise-wide remit. In addition to overseeing the existing PDU, the role and Housing Delivery Unit should work with existing program focused teams to embed delivery capability, governance. This should include appropriate oversight of program related safety risks and performance across all Housing Australia supported project delivery.

Establishing the position would require careful definition of responsibilities, reporting lines and relationships across the executive leadership team. Clear interfaces with existing functions would be important to ensure the Deputy CEO strengthens organisation-wide decision-making and accountability without duplicating established financial, commercial, risk, or operational responsibilities.

7.2 Program delivery risk and contingency planning

As HAFFF and NHAF projects move from the assessment and contracting phase into delivery, the Board and management require a consolidated view of program delivery risk in addition to oversight of individual projects. Current Board and management reporting provides visibility by funding round and program, but does not yet provide a regularly updated, whole-of-program assessment of delivery confidence, risks, emerging trends, actual progress and updated forecasts across detailed delivery stages against baseline forecasts to achieve Government housing targets. Committed funding progress is reported through to the Board and management, but not against annual or total program budgets.

Management's program delivery performance and risk reporting to the Board should draw on project-level information (including dwellings) and risk adjusted forecasts described in section 7.1 and outline delivery confidence, material schedule movements, common constraints, budget position, emerging risks, proposed interventions and implications for achievement of program objectives. Program delivery performance and risk reporting should be a standing item on the Board agenda.

Defined risk or issue thresholds should trigger escalation, management intervention and consideration of contingency options. Housing Australia should also formalise engagement with state and territory delivery agencies to identify, escalate and resolve delivery risks, drawing on their project-level information and delivery capability where appropriate.

While there are plans in progress to ensure achievement of the program target, more comprehensive contingency planning should be prepared to identify practical options, trigger points, decision requirements and implementation lead times before any delays or project attrition materially reduces time available to achieve program targets.

7.3 Timeframes from project application to contract closure

The time taken from project application to contract close must be reduced to preserve the HAFF project delivery period available before 30 June 2029. Housing Australia expects more than 100 FR03 projects to require approval by early 2027, which increases the risk of a material processing and governance peak and backlog.

While the adoption of standardised FR03 contracts is expected to reduce the time to contract close by two to four weeks, stakeholder feedback suggests there are other contributing factors that may be addressed. Some stakeholders observed that there may be opportunities to streamline project contractual requirements and associated documentation. Stakeholders indicated that delays arise from repeated application information requests and clarifications, sequential review processes, limited delegations, and capability of some CHPs during contract negotiations and valuation processes. For example, valuation discussions can add three to four weeks to the timeframe and may trigger further approval requirements. Board approval of individual transactions adds a minimum 14 days to relevant senior-debt transactions.

Protracted approvals and negotiations expose proponents to construction-cost escalation, interest-rate and valuation movements, increased legal and transaction costs, changes in project circumstances and potential project withdrawal. They also compress the period available for planning, financial close and construction, increase pressure on CHP capacity and reduce confidence that approved projects will translate into completed homes by the target date.

Housing Australia should urgently streamline FR03 assessment and contracting by removing duplicative or immaterial process requirements, leveraging existing information for recurrent applicants, and adopting a stratified, risk-based assessment approach. To support streamlined timeframes, approval delegations should be reconsidered to support the Board focus on managing the broader portfolio, discussed further in section 8.3.

7.4 Sector capability

The community housing sector has an essential role in the successful delivery of Housing Australia's programs. There is a need within the sector for targeted capability uplift to strengthen capacity to deliver an increasing pipeline of housing projects. Some CHPs have well-developed skills in project delivery, financing, procurement, and stakeholder management, while others have limited experience delivering housing projects in partnership with Government. Under the Investment Mandate, part of Housing Australia's role is to provide business advisory services and other assistance to build the capacity of CHPs, including to further develop their financial and management capabilities.

In February 2026, Housing Australia established a concierge service to provide advice and other assistance to First Nations housing organisations, supporting access to financing for the purpose of improving housing outcomes for First Nations people. While a positive initiative, engagement with some of Housing Australia's key stakeholders suggests that access remains limited by a lack of visibility and awareness of how to engage with the service and what it offers. Strengthening engagement with CHPs and key bodies would improve accessibility of these valuable programs and provide greater support and building sector capability as intended.

In March 2026, Housing Australia introduced the Investment Manager Model as part of its broader operating model reforms. Under this model, each funding recipient is assigned a Relationship Manager as their single point of contact, providing seamless support across all new and ongoing needs. This model is designed to strengthen relationships with funding recipients, simplify the funding process, and provide additional capability support to CHPs. Feedback from the CHP sector indicates this is an improvement on the previous engagement structure, with funding recipients now supported by a single, longer-term point of contact rather than multiple separate teams.

To further build CHP capability and accelerate contract and financial close of FR03 projects, it is recommended that additional supports be provided. One of the clearest methods for Housing Australia to provide additional support to build CHP capability develop and implement strategies to increase accessibility to programs and support and capacity building services that are already provided but are lesser known or difficult to access. By building capability and reducing barriers during project development, this approach may assist projects to progress more efficiently through contracting and financial close, supporting the timely delivery of housing outcomes.

7.5 Resourcing

Financial

Housing Australia's ability to achieve housing delivery targets is influenced by a range of external market factors that can arise, including construction-cost escalation, labour shortages, higher financing costs, valuation movements and supply-chain challenges.[8] These pressures can increase project funding gaps after applications have been submitted or funding has been approved, requiring projects to be restructured and increasing the risk of default, delay and builder-solvency risks.

The existing funding model combines concessional loans and availability payments, with Commonwealth appropriations and HAFF disbursements providing the principal funding sources. There are maximum prices for availability payments for Round 3 to strengthen the focus on value for money. Existing program settings may not fund every project if costs move materially beyond the limits established in round design.

Consistent with the program's project level cost controls, Housing Australia should maintain a forecast of, and report on the mean and median availability payment for the Round 3 portfolio, including actual costs for projects which have received a funding decision and an estimate for the remaining dwellings. Reporting should be provided to the executive leadership team, the Board, and Treasury to support portfolio management and monitoring of delivery alignment to the Commonwealth investment. When considering changing market conditions, Housing Australia should periodically assess whether the maximum availability payments will support delivery of the full FR03 dwelling allocation.

Workforce

Housing Australia is managing a temporary increase in workload as it assesses FR03 applications and progress approved projects to contract and financial close. Current forecasts indicate this increased demand will continue through to December 2027. Analysis suggests that Housing Australia's contractor budgets can support assessment of the current application volume, and Housing Australia is establishing a consultant and contractor panel to provide surge capacity. This approach avoids creating an ongoing workforce commitment for a workload associated with current Government program commitments and supports scaling of operations at pace.

As the volume of assessment activity declines, workforce priorities should shift towards project monitoring, portfolio management, stakeholder engagement and program stewardship. To support this transition, Housing Australia should quantify transaction effort and throughput, confirm the required surge capacity, and assess the enduring skills and resources needed for the HDU proposed in section 7.1.

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8 For more information on challenging market conditions, refer to Section 10 of this report.

8 Opportunities for governance improvement

8.1 Culture

A recurring theme during the Assessment was a somewhat risk averse board culture, evidenced by a heavy focus on governance and individual transaction scrutiny. However, this culture is increasing organisational pressure as the HAFFF and NHAF programs enter a time where program success is dependent on timely project contract and financial closure to enable projects to progress delivery. References during the assessment were made to the need for acceleration of decision-making, revision of delegations and refined approval processes to accelerate the achievement of project milestones. Notwithstanding, there was clear evidence of the focus and effort of the operational teams to progress assessments for approval.

With the Housing Accord in its final three years to 30 June 2029, acceleration of the approval process will help to optimise project delivery timeframes, improve the ability to manage delivery risks, respond to project attrition, and recover any project schedule slippage.

More broadly, there is a need for closer cultural alignment between the Board and management to ensure a shared understanding of the organisation's priorities, risk culture, and delivery objectives. Strengthening this alignment will help foster a culture that supports both strong oversight and the efficient progression of projects while delivering on the objectives of the HAFFF and NHAF.

Further discussion of process improvement is in section 7.3 and delegations in section 8.3.

8.2 Board skills mix

Housing Australia's Board has strong finance, investment and transaction capability, reflecting the organisation's origins and the demands of assessing and contracting HAFFF and NHAF projects. These skills remain essential to the stewardship of public funds. However, Housing Australia's role has expanded from specialist financier to delivery agency, and the HAFF is moving from assessment and contracting into, project delivery and long-term portfolio stewardship. Board attention has however remained concentrated on financial and individual transaction risks, while program forecasting, delivery risk assessment and oversight of progress towards the program targets are developing.

Under the Housing Australia Act, Board members need to collectively have an appropriate balance of qualifications or experience across multiple fields. Consistent with the Act, the Board skills mix should retain significant finance and investment expertise while adding deeper experience in large-scale housing development which incorporates program and project delivery and portfolio oversight. These capabilities would strengthen challenge and decision-making on schedule risk, construction-market pressures, counterparty capability, delivery confidence, interventions and therefore achievement of Government housing outcomes.

As recommended by the Department of Finance[9], SIV boards should maintain and regularly update a Board skills matrix and board information pack, which can be leveraged when addressing board vacancies. The Board skills matrix should be reviewed annually following board performance evaluations. The Housing Australia Board skill mix should be reviewed during the next scheduled Board Evaluation process and consideration given to suitability, specifically regarding the adequacy of property development, program delivery and project management experience, whilst preserving the appropriate finance and investment capability required for sound stewardship of public resources.

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[9] Department of Finance. (2024). *Department of Finance Resource Management Guide 127, Board and corporate governance – Performance and evaluation. https://www.finance.gov.au/government/managing-commonwealth-resources/specialist-investment-vehicles-sivs-rmg-127/board-and-corporate-governance*

8.3 Delegations

Housing Australia has a financial risk approach for its programs and projects under which, almost all HAFFF and NHAF contracts to date have been subject to approval of the Board Investment Committee and the Board.

With respect to HAFF, learnings have been incorporated into the design of HAFF FR03 including standard terms and conditions, more robust evaluation such as use of delivery benchmarks, and internal processes and practices to mitigate program risk.

Under current practice, over 100 FR03 projects are expected to require Board Investment Committee and Board approval over the next six months, more than four times the 2025 transaction volume, in half the timeframe. Approval activity is expected to peak between October 2026 and January 2027 at more than 20 projects per month. With four to five Board meetings scheduled during this period, approximately 20 projects will likely require approval at each meeting, placing a substantial burden on both the Board and its Investment Committee.

Concurrently, approval delays reduce the time available for project delivery and increase the risk to achieving the HAFFF and NHAF 30 June 2029 target, particularly for projects awaiting approval.

Housing Australia should revise its transaction approval delegations using a risk-based approach to reflects the controls embedded in FR03, the maturity of its systems and expertise, and the Commonwealth’s exposure and portfolio-level risk. Ideally, Board approval should be reserved for exceptional transactions, with the Board otherwise relying on assurance, exception and performance reporting for oversight. If delegations are not changed before the peak approval period, the frequency or duration of Board and Investment Committee meetings should be increased as an interim measure.

8.4 Data, systems and reporting

Reliable project data is required to support program forecasting, risk assessment, reporting and timely responses to stakeholder enquiries. Since 2024, Housing Australia has pursued initiatives to collect, store and use delivery data, including the SRT. Stakeholders nevertheless identified instances where information was not readily available to respond to enquiries, indicating that the supporting data and systems arrangements require further development.

The SRT has improved access to project information, but its value depends on complete, accurate and consistently defined data. Further development should include:

- Validation rules that prevent inconsistent entries, such as a forecast completion date preceding construction commencement.
- Proportionate verification, including periodic checks that reported approvals relate to the project details in the relevant funding agreement.
- Clear and consistent recording of project completion.

SRT data should feed a single source of truth for delivery information, supported by clear ownership, definitions and quality controls. This would provide the data foundation for the portfolio forecasting, risk reporting and delivery oversight described elsewhere in this report, while supporting consistent responses to Government and other stakeholders.

Housing Australia should continue its planned systems and data improvements, prioritising changes that support critical delivery decisions and reporting without displacing urgent program activity.

9 Strategic relationships

9.1 Housing Australia's relationship with Treasury

Treasury and Housing Australia play distinct but complementary roles in delivering the Government's housing agenda. Treasury is responsible for advising Government on housing policy, program design, legislation and funding, coordinating whole-of-government and intergovernmental activity, supporting Ministers and Cabinet, overseeing program performance and shared risks, and integrating policy feedback and delivery performance across multiple delivery partners.

As a CCE within the Treasury portfolio, Housing Australia applies commercial and housing-sector expertise to financing, assessing, contracting and overseeing housing programs, build sector capability and enabling delivery through states and territories, CHPs, and other partners.

Given the shared objective of increasing housing supply, strong collaboration between Treasury and Housing Australia is critical. Existing arrangements, including the MoU, joint Steering Committee and Treasury providing an observer to the Board, provide mechanisms to support information sharing, shared-risk management, consideration of policy and delivery matters, and issue escalation and resolution. Work is underway to further clarify the Steering Committee's decision and escalation role, aligning its terms of reference and membership with the MoU, and completing the agreed review of the terms of reference.

The role of the board observer from Treasury, provides a formal mechanism under section 27 of the *Housing Australia Act 2018* (Cth) for Treasury engagement and information sharing with the Board. The Observer may attend Board meetings and observe deliberations but is not a Board member and has no voting rights.

Practically, this means enhancing Treasury's oversight of Housing Australia by improving visibility of board activities, strengthening communication between the organisations, and supporting continuous improvement in governance, risk management and strategic direction, while maintaining the Board's independence.

As programs mature and delivery activity increases, shared risks should be reviewed at least quarterly, with actions, accountable owners and reporting arrangements in place to avoid duplicated or missed actions. Consistent reporting utilising reliable data should provide Treasury with timely delivery intelligence and help Housing Australia distinguish matters requiring policy, funding or ministerial decisions from those within its operational and investment responsibilities.

Refining the arrangements between Treasury and Housing Australia would clarify the interface between policy and delivery. Treasury would receive consistent program intelligence to inform portfolio oversight, portfolio reporting, and timely advice to Government, while Housing Australia would have clearer direction, escalation pathways and access to decisions needed to administer programs within its statutory and investment responsibilities.

9.2 Working with states and territories

States and territories are ideally placed as key delivery partners for Housing Australia, given their ongoing mandates in the social and affordable housing delivery agenda. In looking to leverage their skills, experience and capabilities, the HAFF program includes specific initiatives designed for state and territory participation (i.e. HAFF FR02 and FR03 Stream 3).

States and territories operate long established social and affordable housing functions with mature capabilities and strong market relationships in their respective markets. They understand housing demands within their geographies and appreciate supply and market challenges in both metropolitan, regional and remote locations. This represents an opportunity for Housing Australia beyond the funding rounds designed for their access.

The maturity of relationships between Housing Australia and states and territories vary as does the level of participation in the Housing Australia programs. Given the heavy alignment on housing outcomes, Housing

Australia should develop stronger working relationships with states and territories that extend beyond the funding rounds and create a strategic partnership that supports those outcomes.

Potential for partnership improvements include assigning accountable relationship owners, establishing structured strategic and operational forums, implementing consistent data-sharing, milestone monitoring and escalation protocols to support timely interventions and a reliable insight into delivery progress. This would assist in earlier identification and joint resolution of delivery barriers and ultimately, outcome achievement. Housing Australia is seeking to manage these issues, but responsibility for state and territory relationships is presently dispersed and established jurisdictional reporting and delivery arrangements are not yet fully used.

9.3 Corporate communications

Housing Australia has several artefacts and operating arrangements on which to build a more consistent approach to engagement and communications. These include its draft 2026 Engagement and Communication Strategy, the Investment Manager Model, the Treasury–Housing Australia Memorandum of Understanding (MoU) and developing engagement arrangements with State and Territory housing agencies.

Recent independent advice on the draft strategy is supported by evidence considered in this assessment. The advice identified the need for:

- a clearer organisational identity and narrative explaining Housing Australia's role, mandate and delivery boundaries,
- explicit prioritisation of Ministers, Parliament, Treasury, states and territories and delivery partners,
- clearer message ownership and approval pathways, and
- a more planned and sustainable operating model for engagement and communications.

Stakeholder feedback also indicates that information requests, messaging and decision-making are not always coordinated across the organisation, and that greater use could be made of established state and territory reporting and delivery arrangements.

We understand consideration is being given to increasing engagement with local communities to promote the outcomes of its programs and initiatives. Should Housing Australia pursue additional local community promotion or engagement, it will require the necessary capability, resources and supporting processes to be successful. Expertise will be required to navigate planning approvals, strategic communications, and media management, to ensure communications are coordinated, accurate and aligned with Government objectives.

Housing Australia should therefore build on its existing strategy and relationship mechanisms including confirming the organisational narrative and stakeholder hierarchy, assigning accountable relationship owners, aligning engagement activity to program milestones, and establishing consistent communication, data-sharing, escalation and approval protocols. This should include coordinated engagement with Treasury, structured strategic forums with states and territories, and continued use of the Investment Manager Model for funding recipients.

10 Market conditions

Housing Australia delivers its agenda through external partners (e.g. CHPs and states and territories) who partner with the property development and construction market to deliver additional social and affordable housing. Conditions in that market are therefore directly relevant to project feasibility, cost, timing and delivery risk of funded projects, and to Housing Australia's assessment, contracting, portfolio oversight, forecasting and reporting activities.

Labour

Construction sector capacity remains a significant constraint on housing delivery. Housing Australia's delivery risk assessments note that major infrastructure and energy-transition projects continue to compete for skilled labour and materials, which is consistent with Government reports noting that the residential construction industry continues to report labour shortages as strong construction activity increased the need for skilled workers.[10] These factors contribute to longer construction timeframes and reduce the sector's ability to increase housing supply at pace.[11]

Construction costs

Over the twelve months to June 2026, input prices to house construction costs rose 3.8%.[12] This followed significant increases in construction costs per square meter in the previous two years for each of apartments, townhouses and detached housing. In per square metre terms, construction costs for apartments have increased 10.2 per cent in 2024-25 (18 per cent in 2023-24), for townhouses they increased 9.8 per cent in 2024-25 (12.9 per cent in 2023-24), and detached housing construction costs rose 6.7 per cent in 2024-25 (11.0 per cent in 2023–24).[13] The increase in construction costs have a direct bearing on the feasibility of projects and for longer term projects (e.g. high-rise apartments) increase delivery risk.

2026 Middle East conflict response

Housing Australia has been proactive in identifying and responding to external risks that could affect housing delivery. One example being the assessment of the potential impacts of the 2026 Middle East conflict on housing outcomes. The analysis examined how disruptions in areas such as fuel prices, freight costs, supply chains, construction costs and project viability could affect the delivery of housing projects. It focused on understanding the practical impacts on funded projects, construction schedules, and housing supply outcomes.

The Assessment drew on a range of information sources, including fuel pricing data, quantity surveyor intelligence, construction market indicators and project delivery risks. It provided a detailed understanding of how external market conditions could affect the achievement of Government housing objectives and considered potential response options to manage emerging risks.

This work demonstrates Housing Australia's growing capability to identify emerging risks, assess their potential impact on housing delivery and support informed decision-making. It also reflects a broader shift towards a more active role in monitoring and responding to factors that may influence housing supply outcomes.

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[10] National Housing Supply and Affordability Council. (2026). *State of the housing system 2026*. Australian Government. https://nhsac.gov.au/sites/nhsac.gov.au/files/2026-04/ar-state-housing-system-2026.pdf

[11] Infrastructure Australia. (2024). *Infrastructure Market Capacity Report 2024*. Infrastructure Australia. https://www.infrastructureaustralia.gov.au/sites/default/files/2025-09/IA24_Market%20Capacity%20Report_05-25.pdf

[12] Australian Bureau of Statistics. (2026, July 31). *Producer Price Indexes, Australia, June 2026*. ABS. https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release#construction

[13] National Housing Supply and Affordability Council. (2025). *State of the housing system 2025*. Australian Government.

Appendix A Consultation list

The Assessment team met with representatives across the following organisations.

Consulted parties
Housing Australia Executive Leadership Team and selected members of management
Housing Australia Board of Directors
Homes NSW
Queensland Department of Housing and Public Works
Homes Victoria
Community Housing Australia
Assemble
Aboriginal and Torres Strait Islander Housing Queensland
Department of Prime Minister & Cabinet
Department of Finance

Appendix B Definitions

Term	Definition
5DS	5% Deposit Scheme
Accord	National Housing Accord
AHBA	Affordable Housing Bond Aggregator
ALCO	Asset and Liability Committee
ARC	Audit and Risk Committee
CCE	Corporate Commonwealth Entity
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHP	Community Housing Provider
CIO	Chief Investment Officer
COO	Chief Operations Officer
CRO	Chief Risk Officer
Cth	Commonwealth
DAP	Detailed Application Process
ELT	Executive Leadership Team
EOI	Expression of Interest
ERCC	Executive Risk and Compliance Committee
FR01	Funding Round One
FR02	Funding Round Two
FR03	Funding Round Three
HA	Housing Australia
HAFF	Housing Australia Future Fund
HAFFF	Housing Australia Future Fund Facility
HGS	Home Guarantee Scheme
HTB	Help to Buy
MIC	Management Investment Committee
NCE	Non-corporate Commonwealth Entity
NHAF	National Housing Accord Facility
NHFIC	National Housing Finance and Investment Corporation
NHIF	National Housing Infrastructure Facility
P&C	People and Culture
PDU	Program Delivery Unit
PMT	Portfolio Management Team
SIV	Specialist direct Investment Vehicle
SOE	Statement of Expectations
SRT	Self-Reporting Tool

Appendix C Assessment context, purpose, and scope

Context

Housing Australia is established under the *Housing Australia Act 2018* as a Corporate Commonwealth Entity (CCE). The Minister for Housing is responsible for exercising portfolio oversight of Housing Australia, with the Minister for Finance functionally responsible for Specialist Direct Investment Vehicles (SIV) through the Joint Minister Model established in 2024.

Since late 2023, Housing Australia's mandate has significantly expanded to become the Australian Government's primary housing delivery agency. In late 2024, the organisation commenced a series of organisational changes and developed a transformation program to uplift capability and maturity across a range of functions with the aim to strengthen its delivery capability.

This has included establishing a new operating model, uplift in capability across enabling functions, risk and governance, and establishment of a Program Delivery Unit. These operational reforms will need to be supported by other elements of Housing Australia's operating model, including its governance and ways of working to accelerate and ensure delivery of housing outcomes.

Nonetheless, challenges remain to deliver Government objectives at the speed, size and scale now required of Housing Australia. In addition, impacts of the Middle East fuel supply shock on construction costs and timelines are creating emerging challenges in the operating environment that the agency must also address to deliver these housing outcomes.

With substantial progress in the operational transformation program and challenges in the delivery environment, it is an appropriate time to commission a Capability Assessment to inform further decisions about operational capability.

Purpose

To assess whether Housing Australia's governance, organisational arrangements and ways of working are set up to successfully deliver on Government objectives, including 40,000 new social and affordable homes by 30 June 2029, consider Housing Australia's desired future state, and recommending opportunities to address any identified capability gaps.

Scope

The Capability Assessment will consider, in the context of Government policy objectives and Housing Australia's role as a CCE:

- The extent to which Housing Australia's delivery performance and capabilities have improved since inception and since its significant increase in responsibilities.
- The degree to which current governance arrangements and delivery approaches, including recent operational transformation reforms, will enable the delivery at the pace required to successfully achieve objectives set by government.
- The extent to which organisational capability is appropriately planned and resourced to meet objectives – for example, the capability required to deploy funding and financing, contract these commitments and manage the ongoing interface with funding recipients to ensure successful delivery of projects.
- The degree to which there is a shared understanding across Housing Australia of its role as a delivery agency for government, including clarity of expectations and a consistent focus on timely program delivery. This includes the effectiveness of active engagement at the project level, including maintaining visibility of performance, diagnosing delivery risks and challenges, and identifying opportunities to accelerate delivery.

- Transparency and rigour in tracking, forecasting, and reporting delivery progress and risk, at both project and program levels, to inform decision-making and oversight of program performance by senior executives, the Board, Treasury, and the Minister for Housing, including at interim milestones.
- The extent to which Housing Australia's Board members, the Board as a whole, and senior executive leadership are aligned in their focus on delivery and are applying this focus through their actions and capabilities.
- Communication and stakeholder engagement with delivery partners to support delivery, including state and territory governments, Community Housing Providers, and the wider community.
- The effectiveness and clarity of roles, responsibilities and accountability arrangements for delivery, including escalation and resolution of project and program delivery issues, within Housing Australia and between Housing Australia and Treasury.
- Additional delivery capabilities necessary to adjust to supply chain and construction cost consequences of the Middle East fuel supply shock.