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Long-term Funding Options for Community Housing in NSW



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This report was commissioned by
Community Housing Industry Association NSW (CHIA NSW)

Acknowledgement of country

This report was written on the lands of the Darug and the Eora Nations.
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Executive Summary

New South Wales is short of social housing, and the gap is widening:

- As of September 2026, 72,232 households were waiting for social housing on the NSW Housing Register, including 14,155 households approved for priority assistance.
- Over the fifteen years to 2023 the share of households in social housing fell from 5.3 per cent to 4.6 per cent.
- The shortfall for social and affordable homes in NSW has been estimated as 132,600.[1]

The NSW Government has made notable inroads on this task. The $6.6 billion Building Homes for NSW program, announced in the 2024-25 Budget, is the largest state-funded social housing investment in NSW history, and will deliver 6,200 new and 2,200 replacement social homes by 2031, along with major repairs and maintenance, homelessness and Aboriginal housing programs. But it is a time-limited capital program, not a permanent funding stream, and lacks direct funding pathways for community housing. The level of funding is insufficient to meet the social housing needs gap. The 2026-27 Budget continued the program without adding new capital for social housing. When the current commitments are spent, NSW has no specific mechanism to keep funding flowing.

Recognising this, the Community Housing Industry Association NSW (CHIA NSW) has argued that the establishment of a $26 billion 'Community Housing Enabling Fund' would offer the funding certainty needed to support the delivery of 50,000 community homes by 2050.

This report, commissioned by CHIA NSW, examines the fiscal and revenue options available to the NSW Government to sustain investment in community homes over the coming decades.

While acknowledging the fiscal and economic realities facing the NSW Government, budget settings ultimately reflect its priorities and policy decisions.

This report identifies a range of revenue options available to the NSW Government to fund a sustained investment in the state's not-for-profit community housing industry. A key finding is that the capacity to sustain serious, long-term investment in community homes whilst maintaining responsible economic policy and fiscal discipline exists.

This report details responsible and progressive reforms to the state's land tax regime to bring it in line with other States and Territories. Sensible adjustments to current settings have the potential to realise substantial revenue for community homes, and this report details how modest changes to rates at the higher end of the wealth spectrum can deliver meaningful new revenue, while preserving the state's competitiveness. Unlike earlier attempts to reform land tax in NSW, these proposals are not intended to extend the tax to more taxpayers, or to replace stamp duties.

The report also offers several other policy options for the NSW Government to consider, including a short-stay levy; a betterment charge on the windfall gains from planning decisions; hypothecating existing Commonwealth debt to new social housing by striking a deal with Canberra; and direct transfers of government-held land into the proposed Community Housing Enabling Fund.

Fundamentally, this report demonstrates that there are a number of feasible additional revenue streams available to the NSW Government to fund significant investment in social housing over the long term. While the NSW Government has made meaningful short-term commitments to this challenge, the policy options presented in this report would enable it to deliver long-term, structural funding to meet this critical need over the coming decade.

Scope & Context of this Report

This report assesses revenue options for the NSW Government to establish a recurring funding stream for community housing in the state.

Informed by an evidence-based assessment, CHIA NSW has identified long-term funding of $26 billion over 10 years is needed to address the shortfall in social and affordable housing. This averages $2.6 billion each year over that period. While a significant investment, this represents less than 2 per cent of the state's annual budget in 2026, (decreasing over time as that budget increases to 1.47 per cent).

Acknowledging this context, this report identifies revenue options available for the NSW Government to meet this scale of funding.

State governments operate within real fiscal constraints, but those constraints do not mean that the level of investment in social and affordable housing is predetermined.

Governments make choices about how existing revenues are allocated, whether additional revenue is raised, how public assets are deployed, and the purposes for which borrowing capacity is used. Housing investment therefore competes with other priorities, but there are policy choices available to government if it determines that increasing social and affordable housing supply deserves greater and sustained investment.

This report focuses primarily on land tax reform, given the scale of revenue available from bringing NSW settings in line with other jurisdictions. Land tax is the primary lever for the NSW Government to consider on the basis of evidence in this report. Currently, NSW has one of the most generous land-tax structures in Australia. Its tax-free threshold of $1.075 million is the highest of any state that levies land tax (although this report models leaving this unchanged) and it has only two rate steps, compared with eight in Victoria. Responsible and progressive reform to the land tax regime in NSW can deliver the requisite revenue, while retaining NSW's competitive economic settings more broadly.

Key Points

1 **CHIA NSW has proposed the establishment of a *Community Housing Enabling Fund*,** with a recommendation to invest around $2.6 billion a year to 2036 ($26 billion over ten years) in 50,000 new social and affordable homes, delivered through not-for-profit community housing providers.

2 **Sustained investment in social and affordable housing is a fiscal choice.** While NSW faces genuine budget constraints and competing demands, the Government has options available to raise revenue, reprioritise expenditure, deploy public land and assets, and use its balance sheet. The question is therefore not simply whether additional housing investment can be funded, but which mechanisms government chooses to use and the priority it gives to housing.

3 **While this is a significant funding request, it should be noted that this quantum represents less than 2 per cent of state revenue per annum.** Commencing at 1.95 per cent of 2026-27 revenue, the funding pledge falls to 1.47 per cent of revenue by 2035-36. This is the equivalent of 0.19 per cent of projected GSP by that same year.

4 **The primary revenue lever at the NSW Government's disposal is a recalibration of land tax,** which this report shows could raise the requisite $2.6 billion per year while ensuring NSW remains a competitive jurisdiction. This report has examined multiple design options for a land tax recalibration that can deliver on this objective.

5 **While land tax reform offers the most significant revenue potential, there are several other policies the NSW Government could consider:** these include a Short-Term Residential Accommodation (STRA) levy; a betterment charge on the windfall gains from planning decisions; negotiating a reallocation of debt held by the Commonwealth; and deployment of government land. It is estimated the value of these additional measures could be $4 billion over the 10 years to 2036.

6 **The options provided in this report explicitly do not examine debt funding.** It notes that this remains an option for the NSW Government in delivering on community housing priorities; however, this report has sought to identify novel revenue streams that could fully offset any additional government spending on community housing.

Part One:
Understanding NSW's Social Housing Shortfall

Housing affordability and availability is the single biggest cost pressure facing people in NSW. The Government itself has described it in exactly those terms. High rents and prices affect households across the income distribution, but their most severe effects fall on people on low incomes, who have the fewest options in the private market and are most exposed to homelessness when things go wrong.

Social housing is the part of the housing system designed for people the private market cannot house. In NSW it has shrunk relative to the population it serves over time. According to the NSW Audit Office, the total number of NSW households rose by 23 per cent between 2008 and 2023, from around 2.63 million to 3.23 million, while the number of social housing households rose by only seven per cent, from 138,000 to 148,000. As a result, the share of NSW households living in social housing fell from 5.3 per cent to 4.6 per cent.

Nationally, the recent revival in social housing construction is expected to add around 55,000 social homes by 2030.[2] But because that growth only matches household growth, it will stabilise social housing at around four per cent of supply rather than lift it. This is just above half the OECD average of around 7 per cent.

WAITLISTS CONTINUE TO GROW

The consequence is a waiting list that continues to grow. As at September 2026 there were 72,232 households on the NSW Housing Register, of whom 14,155 were assessed as eligible for priority assistance because of urgent need. At 31 December 2025 the figure was 67,316, and at 30 April 2025 it was 65,758. In September 2026, 721 households were housed from the Register. This figure underestimates the true extent of need, as the waitlist only captures the households who have applied, and that meet the strict eligibility criteria for social housing set by the NSW Government.

The NSW Audit Office found in 2025 that demand for social housing significantly outstrips availability, that turnover is low and waiting times are long, and that the number of clients waiting in temporary accommodation doubled between July 2023 and June 2024. Median waiting times for general applicants run to several years in parts of the state.

TABLE 1.1 NSW public housing wait lists are growing

Date	Households on NSW Housing Register	Of which priority
30 April 2025	65,758	11,161
31 December 2025	67,316	12,094

COMMUNITY HOUSING PROVIDERS PLAY A CRITICAL ROLE IN DELIVERING HOUSING

Community housing providers (CHPs) are not-for-profit organisations that own and/or manage social and affordable housing. The industry currently manages more than 67,000 homes across NSW, including a third of the state's social housing. Between 2012 and 2026 CHPs have delivered more than 9,840 homes across NSW, and have invested over $3.6 billion. CHPs report a development pipeline of 7,470 homes in NSW by 2030, with 2,280 expected to be completed within the next two years.[3] Importantly, these are homes that the private sector cannot, or will not, deliver in response to housing need.

CHPs can access Commonwealth Rent Assistance for eligible tenants, borrow against their assets, attract institutional and concessional finance, and partner with government and private developers. This makes each dollar of NSW government investment through CHPs go further. A recurring funding stream would allow CHPs to plan a continuous development pipeline rather than competing for one-off rounds.

RECORD INVESTMENT IS BEING IMPLEMENTED, BUT SUSTAINED ACTION IS REQUIRED

The 2024-25 NSW Budget announced a $6.6 billion investment in social housing and homelessness services as part of the Building Homes for NSW program.[4] The NSW Government described it as the largest state-based investment in social housing in NSW history.

The 2026-27 Budget, delivered on 23 June 2026, continued the Building Homes for NSW investment but did not add new capital funding for social housing. Industry analysis of the Budget notes that capital maintenance funding for the Land and Housing Corporation remains at $1.3 billion over four years, and that 850 new social homes will be delivered using Commonwealth Social Housing Accelerator funds.

COMMONWEALTH CONTRIBUTIONS ARE SUPPORTING SHORT-TERM SUPPLY, BUT FURTHER SUPPORT IS REQUIRED

The Commonwealth contributes to social housing in NSW through the national housing and homelessness funding agreement, the Social Housing Accelerator, Housing Australia Future Fund rounds and the National Housing Accord.

These programs are welcome, and reflect a marked change in the way the Commonwealth is supporting states in delivering social and affordable housing. Despite the significant investments and policy efforts of the Commonwealth, however, the long-term consequences of decades of limited Commonwealth capital investment in social housing remain.

EXISTING FUNDING IS A GAMECHANGER, BUT STRUCTURAL LONG-TERM INVESTMENT IS REQUIRED

The NSW Government's commitment in 2024 was a significant moment for the state's social housing sector and the NSW residents it supports. It reflected a recognition by the NSW Government that considerably more investment was required to improve housing outcomes in NSW.

While the 2024 commitment was historic, it also represented a finite investment: while sizeable, it was not a structural reform that would guarantee long term support for social housing.

It is this latter goal that this report seeks to address. While recognising the meaningful investment that is flowing into the sector as a result of the 2024 commitment, there is now a need for the NSW Government to consider how to support the social housing needs of the state for the long term. And, as this report contends, this requires a pragmatic and realistic way of leveraging the state's fiscal instruments to source the requisite revenue to deliver on this objective.

Part Two:
How progressive land tax reform can deliver more homes while retaining NSW's competitive edge

Funding additional social and affordable housing requires government to make choices about revenue and expenditure. State governments have fewer revenue-raising instruments than the Commonwealth, but they nevertheless control substantial own-source revenues and assets, and retain choices about taxation, expenditure priorities, borrowing and the use of government land. These include payroll taxes, levies on services (such as emergency services levies and insurance levies), transaction duties, resource royalties, and fees on other services such as licenses or permits.

To complicate matters for state treasurers, many of these revenue levers represent inefficient taxes — taxes that can undermine economic productivity rather than accelerate it. Transaction duties and payroll taxes, for example, are effectively levies on economic activity and employment, which if applied too strictly, can negatively influence economic activity. There is one tax, however, that state governments control that offers consistent revenue, is equitable, and doesn't place downward pressure on economic activity: land tax.

WHY THE MOST EFFECTIVE LEVER TO PULL IS LAND TAX REFORM

Land tax is an annual tax on the unimproved value of land, meaning the value of the land excluding buildings. It is assessed on the combined value of an owner's taxable land at midnight on 31 December each year. Importantly, a person's principal place of residence is exempt, as is land used for primary production. Land tax therefore falls on investment property, commercial and industrial land, and other non-home landholdings.

For the 2026 land-tax year, a resident individual pays no land tax on taxable land up to the general threshold of $1,075,000. Above that, tax is $100 plus 1.6 per cent of the value above the threshold. Above the premium threshold of $6,571,000, tax is $88,036 plus 2.0 per cent of the value above that threshold.

In the 2025 land-tax year, Revenue NSW assessed around $7.36 billion of ordinary land tax across an estimated 187,000 assessments, covering around $589 billion of taxable land value. Around 12,000 of these assessments were in the premium band, holding around $247 billion of taxable land value and paying around $4.5 billion of the tax. The 2026-27 Budget forecasts total land-tax revenue of $8.97 billion in 2026-27, rising to $9.76 billion in 2029-30.

CURRENTLY, NSW IS AMONGST THE LOWEST-TAXING STATES WITH REGARDS TO LAND TAX

NSW's land-tax structure is unusually generous at the lower end, and unusually simple compared with other states. While simplicity can be an attractive design feature of a tax, it shouldn't come at the expense of meaningful revenue and economic outcomes. Currently, NSW's land tax-free threshold is higher than in any other state that levies land tax, and it has only two rate steps. Victoria, by contrast, begins taxing at $50,000 and has eight steps, with a top rate of 2.65 per cent from $3 million. Other states, too, have considerable variations within their land tax regimes that deliver greater revenue, and adhere more strictly to progressive tax principles, than NSW.

TABLE 2.1 Land-tax overview – all states and territories

State	Tax-free threshold	Top rate begins at	Top marginal rate
New South Wales (current)	$1,075,000	$6,571,000	2.00%
Victoria	$50,000	$3,000,000	2.65%
Queensland	$600,000	$10,000,000	2.25%
South Australia	$936,000	$3,504,000	2.40%
Western Australia	$300,000	$11,000,000	2.67%
Tasmania	$125,000	$500,000	1.50%
Australian Capital Territory	No separate threshold	$2,000,000	1.26%
Northern Territory	No land tax	n/a	n/a

MODELLING THREE VARIATIONS TO LAND TAX IN NSW

With this context, this report models variations of a recalibrated land tax to identify various pathways that additional revenue could be achieved through the tax. It presents three Options that each tweak existing rates, and thresholds at the higher value land holdings. Options A and B further include a higher rate for the wealthiest land holdings, while Option C does not.

No option modelled in this report would impose land tax on any NSW resident who currently isn't liable for the tax: it intentionally avoids lowering the land tax value threshold that might capture landowners who hold property valued less than $1.075m. Instead, each option works to recalibrate land tax to seek additional revenue primarily from the wealthiest, while minimising the tax burden on those holding less wealth. At thresholds above $20 million or $50 million in aggregate taxable land value, liable taxpayers would likely be predominantly companies, trusts and other entities holding substantial property portfolios.

TABLE 2.2 Summary of the Three Options Modelled

		Status quo	Option A	Option B	Option C
Rates	General rate	1.6%	2.0%	2.05%	2.1%
	Premium rate	2.0%	2.5%	2.5%	2.5%
	Top band	None	2.9% above $50m	2.65% above $20m	None
Revenue attained	Additional revenue, 2026-27	-	$2.27bn	$2.29bn	$2.26bn
	Additional revenue, ten years to 2035-36	-	$25.92bn	$26.11bn	$25.80bn
	Gap to $26bn target	-	−$76m	+$111m	−$196m

THREE OPTIONS FOR A RECALIBRATED LAND TAX REFLECT THE MYRIAD PATHWAYS FORWARD

The three options presented in this report shouldn't necessarily be viewed as the only options available to the NSW Government. However, each option demonstrates how sensible recalibrations to the existing tax regime can deliver considerable additional revenue streams that could better help the state meet its housing needs.

The options modelled in this report are intended to inoculate those who currently do not have to pay land tax. Each preserves the existing thresholds and eligibility, while recalibrating rates and thresholds at the higher end of the wealth scale. In each option, land valued up to $1.075 million is tax-free, the general band runs from $1.075 million to $6.571 million, and the premium band applies above $6.571 million. In one option, however, an additional tier is established for properties valued at over $50 million. Each rate applies only to the slice of land value inside its band, so a holding's bill is the sum of the tax on each slice plus a flat $100.

Design Features of Option A

Option A raises the general rate from 1.6% to 2.0% and the premium rate from 2.0% to 2.5%. It also adds a top rate of 2.9% on value above $50 million.

- A holding with no land above $6.571 million pays $100 plus 2.0% of its value above $1.075 million.
- A larger holding pays a fixed $110,020 on the full general band, plus 2.5% of value from $6.571 million to $50 million, plus 2.9% of anything above $50 million.
- About 48% of the extra revenue comes from the general rate increase. About 28% comes from value above $50 million.

Design Features of Option B

Option B sets the general rate at 2.05% and the premium rate at 2.5%. It adds a top rate of 2.65%, matching Victoria's top rate, but starting at $20m rather than $50 million.

- The general band costs up to $112,768.
- Value from $6.571 million to $20m is taxed at 2.5%, and everything above $20 million at 2.65%.
- A lower top rate starting at a lower threshold moves revenue off the very largest holdings and onto those between $20 million and $69 million.
- Compared with Option A:
  - Holdings below $20 million pay $2,748 more at most.
  - The gap widens between $20 million and $50 million, to about $48,000 at $50 million.
  - It then narrows, because B's top rate is 0.25 points below A's, and closes at about $69 million.
  - Above $69 million, B is cheaper than A.
- About 53% of the extra revenue comes from the general rate.

Design Features of Option C

Option C sets the general rate at 2.1% and a single premium rate of 2.5% on all value above $6.571 million, with no top band.

- The general band costs up to $115,516.
- Every dollar above $6.571 million is taxed at 2.5%.
- Because nothing is charged above 2.5%, the general rate has to carry more of the load. About 60% of the extra revenue comes from the general rate increase.
- Compared with A, C costs at most $5,496 more for any holding, and that difference comes entirely from the general band.
- From about $51.4 million upward, C is cheaper than A, because A's 2.9% top rate takes over.
- C is the gentlest option for mid-sized holdings and the lightest on the largest ones, but it raises the most from smaller holdings.

TABLE 2.3 Land tax rates by band under McKell's 3 land tax options

Band	Land value	Status quo	Option A	Option B	Option C
Tax-free	Up to $1.075m	Nil	Nil	Nil	Nil
General	$1.075m to $6.571m	1.6%	2.0%	2.05%	2.1%
Premium	$6.571m to $20m	2.0%	2.5%	2.5%	2.5%
Premium	$20m to $50m	2.0%	2.5%	2.65%	2.5%
Premium	Above $50m	2.0%	2.9%	2.65%	2.5%

Rates apply to the portion of land value within each band. A flat charge of $100 applies to all taxable holdings.

TABLE 2.4 Where the extra revenue comes from under each Option, $m a year, 2025 assessments

Source of additional revenue	Option A	Option B	Option C
General rate increase: holdings below $6.571m	711	800	888
General rate increase: lower slice of premium holdings	285	321	356
Premium increase: $6.571m to $20m	343	343	343
Premium increase: $20m to $50m	174	227	174
Premium increase: above $50m	582	420	323
Total	**2,095**	**2,110**	**2,085**
Share from general rate increase	48%	53%	60%
Share paid by holdings above $6.571m	66%	62%	57%
2026-27 ($bn)	2.27	2.29	2.26
Ten years to 2035-36 ($bn)	25.92	26.11	25.80
Gap to $26bn	−$76m	+$111m	−$196m

Components may not sum to totals due to rounding.

TABLE 2.5 Annual land tax bill by land value, and interstate competetiveness

Land value	Status quo	Option A	Option B	Option C
$1m	$0 (6th)	$0 (6th)	$0 (6th)	$0 (6th)
$2m	$14,900 (5th)	$18,600 (3rd)	$19,063 (3rd)	$19,525 (3rd)
$5m	$62,900 (5th)	$78,600 (2nd)	$80,563 (2nd)	$82,525 (2nd)
$10m	$156,616 (4th)	$195,745 (2nd)	$198,493 (2nd)	$201,241 (2nd)
$20m	$356,616 (5th)	$445,745 (3rd)	$448,493 (3rd)	$451,241 (3rd)
$50m	$956,616 (5th)	$1,195,745 (3rd)	$1,243,493 (3rd)	$1,201,241 (3rd)
$100m	$1,956,616 (5th)	$2,645,745 (2nd)	$2,568,493 (3rd)	$2,451,241 (3rd)

Bracketed figures show NSW's rank among the states (1st = highest bill).

PROGRESSIVE LAND TAX REFORM COULD RAISE $2.6 BILLION PER ANNUM WHILE PRESERVING NSW'S COMPETITIVENESS

Each of the options modelled would raise significant new revenue. Although each year the overall take would likely fluctuate as a result of various economic conditions, we estimate that each of the Options would raise close to $2.6 billion per annum. Importantly, this additional revenue is raised while preserving NSW's competitiveness when it comes to headline rates and thresholds. Ranked against the five other states in the comparison, current NSW land tax is the lowest or second-lowest at most holding values. Under the proposals, NSW would move to around the middle of the pack: second or third highest for holdings between $2 million and $100 million, and still the lowest at $1 million. A $5 million holding would pay less in NSW than in Victoria, and a $20 million or $50 million holding would pay less in NSW than in either Victoria or Western Australia.

THERE ARE MECHANISMS AND EXEMPTIONS IN PLACE TO MITIGATE THE RISKS OF LAND TAX REFORM

The most likely criticism is that higher land tax will be passed on to tenants. The economic evidence is that a broad tax on land values is largely borne by landowners and capitalised into land prices, because the supply of land is fixed and rents are set by what tenants can pay in the market rather than by landlords' costs. It should be noted, however, that NFP organisations involved the provision of rental homes are typically exempt from land tax, negating this impact.

There is also a risk of evasion. Land tax is assessed per owner, so landholders may seek to split holdings across entities to stay in lower bands. NSW already has grouping and trust provisions to limit this, and trusts are generally taxed without the benefit of the tax-free threshold. The new $50 million band should be accompanied by a review of aggregation rules. Higher holding costs on vacant and underused land can encourage development, which supports housing supply. The design should confirm the treatment of land held for residential development and build-to-rent housing, so the reform does not deter the housing it is intended to fund.

Part Three: Additional policy levers to consider

This report has outlined how land tax serves as the most powerful lever available to the NSW Government when examining additional revenue options. However, land tax isn't the only revenue lever it can examine.

This Part examines four additional options: a levy on short-term rental accommodation (STRA), a betterment charge on the windfall gains landowners receive when planning decisions increase what can be built on their land, redirecting NSW's repayments of historic Commonwealth housing debt, and contributing surplus government land.

TABLE 3.1 Four additional revenue sources for community housing in NSW, including novel revenue measures and in-kind contributions of land via the NSW Government

Option	What it would require	Estimated revenue	Ten years to 2035-36
STRA levy (7.5%)	New legislation and collection arrangements	$139m a year	$1.6bn
Betterment charge	New legislation; valuation of land before and after each planning decision; rules for deferral and affordable housing credits	Around $90m a year (Victorian-style) to $200m a year (ACT-style, once mature); varies widely	$1.0bn
Redirected Commonwealth housing debt repayments	Agreement with the Commonwealth, likely as part of a national deal	$76m in 2026-27, falling to around $27m a year from 2037-38 (around $620m in total to 2039-40)	$0.51bn
Three revenue options combined		**$305m first year**	**$3.1bn**
Public land contributions	Identifying and transferring suitable sites	Non-cash: $115,000 to $243,000 saved per home	$0.7-1.1bn
Aggregated value of new revenue and public land contributions over 10 years to 2036			$4bn

Source: McKell Institute analysis. Estimates are indicative. Debt repayments after 2029-30, the last year of the Commonwealth's published schedule, are McKell Institute estimates. Ten-year figures for the betterment charge use the lower, Victorian-based estimate, grown in line with land tax revenue from 2027-28. The public land figure assumes 30 to 50 per cent of homes on land audit sites are social and affordable homes.

OPTION 1 A SHORT-TERM RENTAL ACCOMMODATION (STRA) LEVY

A levy on short-term rental accommodation would apply to bookings of homes let for short stays, such as through Airbnb and Stayz. Revenue could be directed towards social and affordable housing to offset the impacts of shorter-term rental accommodation on housing markets.

Victoria introduced a 7.5 per cent Short Stay Levy on 1 January 2025. It applies to the total booking fee for stays of less than 28 days, with exemptions including a host's principal place of residence. According to the Victorian State Revenue Office, the levy raised $85.8 million in 2025, exceeding the Victorian Government's estimate of $75 million a year.

NSW has a larger short-stay market than Victoria, with around 44,800 active listings compared with 35,100 in Victoria, and higher average earnings per listing in its largest markets. Scaling Victoria's receipts to the value of short-stay bookings in NSW, the McKell Institute estimates that a 7.5 per cent levy would raise around $135 million a year, or $1.6 billion over ten years. A STRA levy is a tangible measure that the NSW Government could legislate relatively quickly.

OPTION 2 A BETTERMENT CHARGE ON PLANNING WINDFALLS

When land is upzoned, its value typically increases sharply as a direct result of a government decision and investment, delivering a windfall gain to the landowner. When government decisions increase the development potential, the community rightfully expects to share in the value created, so the benefits of planning reach everyone and not only landowners.

Current value capture approaches in NSW only recover a small and inconsistent share of that gain. Voluntary Planning Agreements are negotiated site by site, a process that is complex, time-consuming, inconsistent and uncertain. Affordable housing contribution schemes offer greater consistency, but they are complex and slow to introduce. Further, contribution rates are set based on a point in time consideration of feasibility, which quickly become outdated as markets move.

A betterment charge is a simpler, fairer and more efficient mechanism to share in the windfall gains from government planning decisions. It would be set in advance and levied on the landowner when a planning decision increases what can be built, rather than negotiated during the rezoning or development approval process and collected from developers at the construction stage.

Because the betterment charge is known early, it is more efficiently reflected in land prices. Furthermore, as the charge is a share of the value actually created, it moves with the market and is not limited by an assessment of conditions made at a single point in time. Importantly, landowners still benefit from a share of the gain, providing continued incentive to bring land forward.

Examples from other jurisdictions show how land value can be captured by state or

territories fairly. Victoria introduced a Windfall Gains Tax in July 2023. When land is rezoned, the Valuer-General values it before and after the rezoning. No tax is payable on an uplift of $100,000 or less. Uplifts between $100,000 and $500,000 are taxed at 62.5 per cent of the amount above $100,000, and uplifts of $500,000 or more at 50 per cent of the whole uplift. Landowners can defer payment, with interest, until the land is next sold, for up to 30 years.

The tax raised $113.8 million in 2023-24 and $14.8 million in 2024-25, and is expected to raise $54 million in 2025-26, an average of $60.9 million a year. Scaled to the higher value of land in NSW, the McKell Institute estimates that a comparable charge would raise around $90 million in 2026-27 and, growing in line with NSW land tax revenue, around $1.0 billion over ten years, before any credits for affordable housing.

The Victorian scheme is applied more conservatively than would be recommended for NSW. Victoria's tax applies only when land moves to a different zone, and it exempts up to 2 hectares of residential land per owner, so it captures little of the uplift from increasing density in established residential areas. It also only applies when land is rezoned, so does not capture uplift benefits from changes to height and floor space controls rather than changes of zone. In NSW, increased density allowances through Transport Oriented Developments and the low to mid-rise housing reforms are being realised through changes to controls other than rezoning and it is recommended that these planning benefits also be captured.

The ACT shows what a broader charge can raise. Land in the ACT is leasehold, and each lease specifies what can be built on a block, as an additional level of control beyond zoning.[1] A lessee who wants to build more than the lease allows must apply to vary it and pay a Lease Variation Charge of 75 per cent of the resulting increase in value, even where the Territory Plan already permits the development.

Around one in five development projects require a variation. Scaled to NSW's level of development activity and dwelling prices, and at a rate of 50 per cent rather than 75 per cent, the McKell Institute estimates that an ACT-style charge would raise around $200 million a year.

NSW does not have the ACT's leasehold system, so a new NSW charge would apply only to development potential created after it began. It would approach the ACT-based figure once mature, as more development occurs on land upzoned after the charge was introduced.

A NSW charge designed between the two models would raise between around $90 million and $200 million a year. A conservative estimate of $100 million per year is used in the totals for this report.

OPTION 3 REDIRECTING COMMONWEALTH HOUSING DEBT REPAYMENTS

Under historic Commonwealth-State Housing Agreements, the Commonwealth lent the states money to build public housing, and those loans are still being repaid. At 30 June 2025, NSW owed $536 million in housing-related loans to the Commonwealth. If the Commonwealth forgave the entire debt, on the condition that NSW redirect its scheduled repayments into new social housing, the McKell Institute estimates that this would free around $620 million in principal and interest between 2026-27 and the final repayment in 2039-40, based on the Commonwealth's published repayment schedule. Around $510 million of this falls in the ten years to 2035-36, starting at $76 million in 2026-27 and declining as the loans are repaid. This is not a decision for the NSW Government, but it could advocate for an agreement with the Commonwealth to achieve this outcome.

Tasmania secured a similar deal in 2019

In 2019 the Commonwealth waived Tasmania's $157.6 million housing debt, on the condition that its scheduled repayments be redirected to social housing. The Tasmanian Government reported in 2022 that the waiver would free more than $230 million in principal and interest repayments through to 2042, and that just over 210 new homes had been delivered from the savings between September 2019 and June 2022. The ACT subsequently sought the same treatment for its own housing debt.

The NSW Government should consider collaborating with other states on this reform

Given this Option is determined by the Commonwealth, the NSW Government should consider collaborating with other states to make an argument for its implementation. In the context of a national housing crisis, in which states — the primary deliverers and funders of social and community housing — are fiscally constrained, the historic reluctance of the Commonwealth on this matter shouldn't be seen as determinative of future policy. The Tasmania precedent creates the policy architecture and rationale for similar levels of relief for all states, including NSW, and the NSW Government should consider a proactive campaign in conjunction with other states to achieve this outcome.

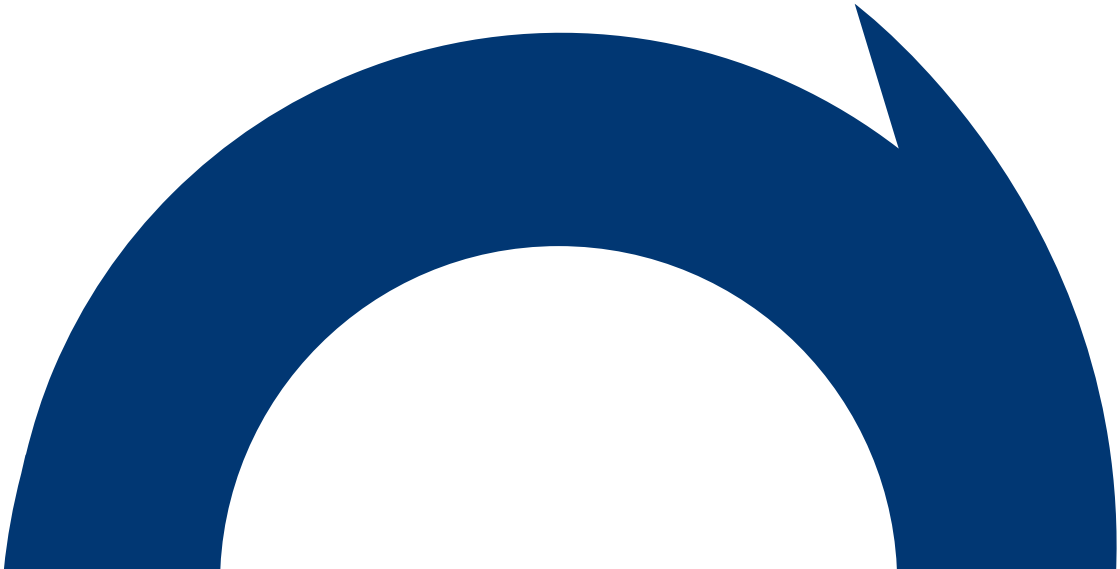
OPTION 4 CONTRIBUTING PUBLIC LAND

Land is one of the significant costs in delivering new housing in NSW, alongside construction and finance. Making suitable surplus or underused government land available to CHPs for social and affordable housing, by transfer or long-term lease, reduces the cash cost of each home and stretches every dollar of the Community Housing Enabling Fund further.

A 2025 study by SGS Economics and Planning, commissioned by CHIA NSW, identified development sites for mid-rise apartments have been valued at around $243,101 per dwelling in Sydney; $173,644 in the Illawarra, Central Coast, and Hunter regions; and $115,763 in regional NSW. Accordingly, every 1,000 homes built on contributed land in each region would reduce the delivery costs by between $115 million (regional) and $243 million (in Sydney). The NSW Government's land audit has identified sites capable of delivering more than 12,000 homes. While this report doesn't recommend a specific allocation of this land, if the NSW Government were to grant 30 to 50 per cent of these sites for the purpose of delivering affordable housing, the land contributed would be worth around $0.7–1.1 billion.

THESE ADDITIONAL POLICIES CAN PROVIDE MEANINGFUL REVENUE STREAMS, IN CONJUNCTION WITH LAND TAX REFORM

Taken together, the Options in this Part have a cumulative value of around $4 billion over the ten years to 2035-36 if fully implemented. While these measures are unable to match the scale of revenue achieved with a recalibration of the state's land tax regime, they nevertheless are meaningful policies to consider, and will assist in delivering tangible housing outcomes for those in need in NSW.



Conclusion

This report has identified the central role that land tax reform could play in delivering more housing investment in NSW.

CHIA NSW have identified an ongoing need for $2.6 billion per year to 2036 to make inroads on the NSW social and affordable housing shortfall by delivering 50,000 community homes by 2050. While this is a significant quantum, it is reflective of the true extent of NSW's housing crisis and the need for more government investment in community housing to address it.

Acknowledging this desired quantum of funding, this report has sought to consider the revenue options available to the NSW Government in order to deliver on this investment, while not resorting to further debt funding. While debt funding remains an option for the government, there are alternative revenue levers at its disposal that could allow it to offer sustained, ongoing funding while not adding to the state's debt.

This report has centred land tax in its analysis. Progressive reform to land tax is the most efficient and equitable revenue-raising option available to the government. It is also a lever that can be pulled that is unlikely to negatively impact the development

of new housing. NSW is a low land-tax jurisdiction, which sees higher-value land holdings taxed at lower rates than in other jurisdictions. While acknowledging the need for NSW to remain competitive in its tax settings, this report has identified how options for a modest recalibration of this tax regime, focused largely on raising greater revenue on land holdings valued at over $6.5 million, can help deliver the revenue required to meet the housing shortfall.

This report has further offered other revenue and contribution options for the NSW Government, which inclusive of the land value contributed via land grants could add around $4 billion of further investment into the sector over the ten years to 2035-36.

NSW's social housing shortfall is recognised by the government, and its record investment in 2024 demonstrated its intention to meaningfully address this stubborn challenge.

However, long-term financial support, targeted towards closing the social housing availability gap and freed from annual budget cycles, is required to meet the needs of NSW's population. This report has advanced practical revenue options that can be examined by the NSW Government, and if applied, would deliver revenue sufficient to make a structural, long-term improvement to NSW's social housing supply.

Appendix A
Land-tax modelling method and assumptions

This appendix explains how the land tax estimates in this report were calculated. They estimate the additional ordinary land tax raised by changing NSW's marginal land tax rates, and the bill a resident individual would pay in each state. The estimates are illustrative, not official costings.

DATA

- Revenue NSW land tax data sets for the 2025 tax year (ordinary, premium, surcharge and total).
- NSW land-tax thresholds and rates for 2025 (calibration) and 2026 (bills).
- Official 2026 or 2026-27 land-tax schedules for Victoria, Queensland, South Australia, Western Australia and Tasmania.
- NSW 2026-27 Budget Paper No. 1, Table 4.4, land-tax revenue for 2024-25 to 2029-30.

The 2025 data cover an estimated 187,000 ordinary assessments, holding $589 billion of taxable land value and paying $7.36 billion of land tax. Around 12,000 of these are premium assessments, holding $247 billion of taxable land value and paying $4.50 billion.

METHOD

1. **How the revenue is calculated.** NSW land tax is charged at marginal rates, so each rate applies only to the slice of a holding's taxable land value that falls within its band. The additional revenue from an option is the change in each marginal rate multiplied by the estimated taxable land value in that band, summed across bands. Revenue NSW publishes land value and tax by postcode rather than by band, so the value in each band is estimated using steps 2 to 5.

2. **Suppressed counts.** Revenue NSW publishes land value and tax for every postcode but withholds assessment counts below ten, so each suppressed count lies between one and nine. As there is no information on where in that range the true counts sit, the central assumption is the midpoint: five assessments per suppressed postcode. This gives an estimated 187,125 ordinary and 12,045 premium assessments.

This sets the average size of premium holdings used in step 5. Using the lower and upper bounds of one and nine instead changes the ten-year estimate for each option by less than $0.4 billion (Table A2).

3. **Fixed charge.** The $100 fixed charge is assumed to apply to every assessment, so an estimated $18.7 million of ordinary land tax is set aside for it before the rate bases are calculated. No option changes the fixed charge.

4. **Value taxed at the general rate.** This is estimated from tax paid. For holdings below the $6.571 million premium threshold, tax paid net of the fixed charge, divided by the 1.6 per cent general rate, gives $177.7 billion. For premium holdings, the slice between the two thresholds is estimated in the same way after removing tax paid at 2.0 per cent on value above $6.571 million, giving $71.2 billion. By construction, these bases reproduce the $7.36 billion of ordinary land tax reported for 2025 exactly.

5. **Value in the premium and upper bands.** Premium holdings have $168.1 billion of taxable land value above the $6.571 million threshold. To estimate how much lies above higher thresholds, the premium cohort is represented by a Pareto distribution fitted to its mean holding ($20.5 million) and its entry threshold ($6.571 million), giving a shape parameter of 1.47. The value above a higher threshold t is $168.1 billion × (t ÷ $6.571 million) raised to the power of (1 – 1.47). This gives $99.5 billion above $20 million and $64.6 billion above $50 million, implying around 2,300 assessments above $20 million and around 600 above $50 million. These are estimates from the fitted distribution, not observed counts, so revenue from bands above $20 million is less certain than revenue from the general and premium bands.

6. **From 2025 assessments to 2026-27.** The 2025 assessments are treated as falling in 2024-25. The static estimate is multiplied by 1.085, the ratio of 2026-27 Budget land tax revenue ($8,969 million) to 2024-25 actual land tax revenue ($8,270 million) (NSW Treasury 2026).

7. **Ten-year projection.** From 2026-27, the additional revenue grows in line with total land tax revenue in the 2026-27 NSW Budget: 2.85 per cent in 2027-28, 2.80 per cent in 2028-29 and 2.94 per cent in 2029-30. The 2.94 per cent rate is then repeated each year to 2035-36. In effect, the ten-year total equals the static 2025 estimate multiplied by 12.38. This assumes the additional revenue grows at the same rate as total land tax revenue, so the distribution of taxable land value stays broadly stable.

8. **Bills.** Bills are calculated directly from each state's statutory schedule for a resident individual holding the stated taxable land value (Appendix B). Victoria's rates include its COVID debt levy, Western Australia's include the metropolitan region improvement tax of 0.14 per cent above $300,000, and South Australia's apply per $100 or part thereof. NSW is ranked against the other five states, with 1 the highest bill.

OPTIONS MODELLED

All three options keep the $1,075,000 tax-free threshold, the $100 fixed charge and existing exemptions. Option A raises the general rate to 2.0 per cent and the premium rate to 2.5 per cent, and adds a 2.9 per cent rate above $50 million. Option B raises the general rate to 2.05 per cent, keeps 2.5 per cent from $6.571 million, and adds a 2.65 per cent rate above $20 million. Option C raises the general rate to 2.1 per cent and the premium rate to 2.5 per cent, with no new top band.

TABLE A1 Estimated taxable land value by band and additional annual revenue, 2025 assessments

Band	Estimated taxable land value ($bn)	Option A ($m)	Option B ($m)	Option C ($m)
General band, holdings below $6.571m	177.7	711	800	888
General band, premium holdings	71.2	285	321	356
$6.571m to $20m	68.6	343	343	343
$20m to $50m	34.9	174	227	174
Above $50m	64.6	582	420	323
Total		2,095	2,110	2,085

Note: Each revenue figure is the change in the marginal rate multiplied by the value in that band. Components may not add to the total due to rounding.

Source: McKell Institute analysis.

For example, under Option A the general rate rises by 0.4 percentage points, raising 0.4 per cent of the $248.9 billion taxed at the general rate, or $996 million. The new 2.9 per cent band raises a further 0.9 per cent of the $64.6 billion above $50 million, or $582 million.

RESULTS AND SENSITIVITY

TABLE A2 Additional revenue and sensitivity by option

	Option A ($m)	Option B ($m)	Option C ($m)
Additional revenue, 2025 assessments ($m)	2,095	2,110	2,085
Additional revenue, 2026-27 ($bn)	2.27	2.29	2.26
Ten years to 2035-36 ($bn)	25.92	26.11	25.80
Ten years, one to nine assessments per suppressed cell ($bn)	25.6 to 26.3	26.0 to 26.2	25.7 to 25.9
Ten years, if 10 per cent of the additional revenue is lost to behavioural change ($bn)	23.3	23.5	23.2

Source: McKell Institute analysis.

Excluding the inconsistent premium record, or removing the fixed-charge reserve, changes each ten-year total by less than $0.1 billion. The behavioural row is an illustration only, as these estimates include no behavioural response.

LIMITATIONS

- Estimates are illustrative, not official costings or cash-collection forecasts.
- No behavioural response, new exemptions or valuation changes are modelled (Table A2 gives an illustration).
- Estimates cover ordinary NSW assessments without further consolidation of related owners.
- This method cannot estimate the effect of lowering the tax-free threshold or the premium threshold, because the published data do not show how holdings are distributed below $6.571 million.
- One premium source record reports tax exceeding its land value, and four premium records have values below the entry threshold. The raw data is unchanged; the effect of excluding the inconsistent record is shown as a sensitivity and is negligible.
- Post-2029-30 growth is an extrapolation, not a published Treasury forecast.

Appendix B
Interstate land-tax schedules

Schedules for resident individuals used in the bill comparisons. Each rate applies to the value above the listed amount, in addition to the base tax.

TABLE B1 Land-tax schedules

Jurisdiction	Value above	Base tax	Marginal rate
NSW 2026	$1,075,000	$100	1.6%
	$6,571,000	$88,036	2.0%
Victoria 2026 (incl. COVID levy)	$50,000	$500	Fixed
	$100,000	$975	Fixed
	$300,000	$1,350	0.3%
	$600,000	$2,250	0.6%
	$1,000,000	$4,650	0.9%
	$1,800,000	$11,850	1.65%
	$3,000,000	$31,650	2.65%
Queensland 2026-27	$600,000	$500	1.0%
	$1,000,000	$4,500	1.65%
	$3,000,000	$37,500	1.25%
	$5,000,000	$62,500	1.75%
	$10,000,000	$150,000	2.25%
South Australia 2026-27	$936,000	$0	0.5%
	$1,504,000	$2,840	1.0%
	$2,188,000	$9,680	2.0%
	$3,504,000	$36,000	2.4%
Western Australia 2026-27	$300,000	$300	Fixed
	$420,000	$300	0.25%
	$1,000,000	$1,750	0.9%
	$1,800,000	$8,950	1.8%
	$5,000,000	$66,550	2.0%
	$11,000,000	$186,550	2.67%
Tasmania 2026-27	$125,000	$50	0.45%
	$500,000	$1,737.50	1.5%

Source: Land tax schedules published by each state's revenue office. WA metropolitan region improvement tax of 0.14 per cent above $300,000 applies in addition for Perth land. South Australia charges per $100 or part thereof.

Appendix C
Other revenue options: method and sources

This appendix sets out how the estimates for the other options in Part 3 were made. Each is anchored on an observed figure, usually from Victoria, and scaled to NSW. The estimates are indicative. Annual figures start in 2026-27, consistent with the land tax projections, and ten-year figures cover 2026-27 to 2035-36 unless stated otherwise.

C1. SHORT-TERM RENTAL ACCOMMODATION LEVY

Design costed: A levy of 7.5 per cent of the total booking fee for stays of less than 28 days, with a host's principal place of residence exempt. This mirrors Victoria's Short Stay Levy.

Method:

1. Victoria's levy raised $85.8 million in 2025, its first full year.
2. Booking value in each state is estimated from AirDNA data as active listings multiplied by average annual revenue per listing, across each state's 12 largest markets: 31,133 listings and $1.29 billion in NSW, and 29,668 listings and $0.94 billion in Victoria.
3. Listings outside those markets (13,701 in NSW and 5,456 in Victoria) are assumed to earn 70 per cent of the large-market average. This gives total booking value of $1.69 billion in NSW and $1.06 billion in Victoria, a ratio of 1.588.
4. Victoria's receipts scaled by that ratio give $136 million a year in 2025 dollars, shown as around $135 million.
5. Assuming growth of 3 per cent a year from 2025, the levy would raise $139 million in 2026-27 and around $1.6 billion over ten years. Each percentage point of levy raises around $18 million a year.

Checks and limits: Victoria's receipts equal 8.1 per cent of its modelled booking value, against a statutory rate of 7.5 per cent, so the method comes within 8 per cent of the actual result. The difference is consistent with a levy base that includes GST and platform fees, which AirDNA's revenue figures exclude. Scaling by population instead gives $104 million a year; by listings, $110 million; and assuming all listings earn the large-market average, $143 million. Varying the 70 per cent assumption between 50 and 100 per cent gives $131 million to $143 million. The estimate assumes NSW exempts the same share of bookings as Victoria, which Victoria does not publish. Because it is anchored on Victoria's actual receipts after the levy began, it already reflects any fall in bookings.

Sources: ABC News (16 April 2026); State Revenue Office Victoria (29 October 2024); Victorian Parliamentary Budget Office (24 April 2024); AirDNA (2026), New South Wales and Victoria short-term rental market data; Australian Bureau of Statistics (2026).

C2. BETTERMENT CHARGE ON PLANNING WINDFALLS

Design costed: A charge of 50 per cent of the increase in land value when a planning decision increases what can be built on a site, including a change of zone, a change to height or floor space controls, or upzoning through a state environmental planning policy. It is levied on the landowner, paid in cash, and can be deferred with interest until the land is next sold. The value of any permanent affordable housing already required on the site is credited against the charge. Greenfield land is excluded, as it is in Victoria, where growth areas pay a separate infrastructure contribution. This design has no direct Australian precedent, so its yield is estimated from two schemes either side of it: Victoria's Windfall Gains Tax, which is narrower, and the ACT's Lease Variation Charge, which is broader.

Method:

Lower estimate (Victorian-style):

1. Victoria's Windfall Gains Tax raised $113.8 million in 2023-24 and $14.8 million in 2024-25, and is expected to raise $54 million in 2025-26, an average of $60.9 million a year.

2. Because the gain from a planning decision is a gain in land value, Victoria's receipts are scaled by the ratio of the value of land in NSW to that in Victoria. NSW land was valued at $2.98 trillion at 1 July 2024 and Victorian land at $2.00 trillion at 1 January 2024, a ratio of 1.49.

3. This gives $90.7 million in 2026-27, shown as around $90 million. No adjustment is needed for the tax rate. Victoria's tax never takes more than 50 per cent of the total gain in value: it takes nothing from gains of $100,000 or less, up to 50 per cent of gains between $100,000 and $500,000 (for example, about 42 per cent of a $300,000 gain), and exactly 50 per cent of larger gains.

4. From 2027-28 the estimate grows in line with total NSW land tax revenue, as the land tax estimates in this report do: 2.85 per cent in 2027-28, 2.80 per cent in 2028-29 and 2.94 per cent a year after that. This gives around $117 million in 2035-36 and around $1.0 billion over the ten years to 2035-36. No start-up period or deferral of payments is modelled.

Upper estimate (ACT-style):

1. The ACT's Lease Variation Charge raised an average of $27.5 million a year between 2017-18 and 2024-25. This is after remissions (discounts the ACT Government granted on the charge) and is adjusted for inflation to 2025-26 dollars.

2. Development activity. The charge is paid when a lease is varied to allow more to be built, which mostly happens when land is redeveloped more intensively. Over those eight years, NSW completed 7.97 times as many new homes other than detached houses (townhouses, terraces, units and apartments) as the ACT.

3. Land values. The gain from a lease variation is worth more where land costs more. In 2025-26 the average NSW dwelling was worth 1.34 times the average ACT dwelling. This is used as a stand-in for the difference in land value per home.

4. Rate. The ACT charges 75 per cent of the gain. This estimate assumes NSW charges 50 per cent, which is two-thirds as much.

5. Multiplying these together ($27.5 million × 7.97 × 1.34 × two-thirds) gives $196 million a year, shown as around $200 million. This figure is not used in the totals.

Checks and limits: The two estimates reflect different designs, not uncertainty about a single figure. The design costed here sits between them: it applies to more planning decisions than Victoria's tax, but unlike the ACT charge it does not reach development potential that existed before it began. The totals in this report use the lower figure. Residential land alone gives a similar ratio of NSW to Victorian land values (1.50). Victoria's receipts vary widely: scaling each year separately gives $22 million to $170 million, and Victoria's 2026-27 Budget forecast of $97 million would scale to $145 million. Growth is applied from 2027-28 only; the Victorian base, which is centred on 2024-25, is not brought forward to 2026-27. The Victorian-based estimate is conservative only if the NSW charge applies beyond changes of zone, as Victoria's tax excludes uplift delivered through overlays and exempts up to 2 hectares of residential land per owner. The ACT-based estimate is for a mature scheme. About one in five ACT development projects require a lease variation. Adding back remissions granted over the period would raise the ACT-based estimate by around 30 per cent. In 2026 the ACT halved the charge for some medium-density housing, introduced reductions for social and affordable housing and began a review; these changes are not reflected. Both estimates are before credits for affordable housing, which can only reduce receipts, and deferral means cash may arrive later than the liability. NSW last levied a charge of this kind under the Land Development Contribution Act 1970, which was abolished in 1973.

Sources: State Revenue Office Victoria (2025), Annual Review 2024-25, Table 19; Department of Treasury and Finance Victoria (2026), Budget Paper No. 5, Tables 1.2.1 and 4.2; Department of Treasury and Finance Victoria (2024), Windfall Gains Tax factsheet; NSW Valuer General (2024; 2025); Valuer-General Victoria (2024; 2026); ACT Government (2018 to 2025), Consolidated Annual Financial Statements; ACT Treasury (2024; 2026), Tax Expenditure Statement, Table 13; ACT Treasury (2018), Review of the Lease Variation Charge; ACT Legislative Assembly (2026), answer to question on notice 117; Australian Bureau of Statistics (2026), Building Activity, Australia, Table 39; Australian Bureau of Statistics (2026), Total Value of Dwellings, Table 1; Australian Bureau of Statistics (2026), Consumer Price Index; Land Development Contribution Act 1970 (NSW); Land Development Contribution Management (Amendment) Act 1973 (NSW).

C3. REDIRECTING COMMONWEALTH HOUSING DEBT REPAYMENTS

Method:

1. At 30 June 2025, NSW owed the Commonwealth $535.8 million in housing-related loans: $230.7 million in Commonwealth-State Housing Agreement loans, $284.2 million in Loan Council housing nominations and $21.0 million for housing for service personnel.

2. The Commonwealth's published schedule shows NSW repaying $75.9 million in principal and interest on these loans in 2026-27, $71.7 million in 2027-28, $65.2 million in 2028-29 and $58.7 million in 2029-30. This totals $271.5 million, shown as around $270 million.

3. The Commonwealth publishes NSW's repayments of principal and interest only to 2029-30, so later years extend the published figures. Loan Council housing nominations are being repaid at a constant $26.7 million a year, with interest of 4.5 per cent of the balance owed; continuing these repayments repays the balance in 2039-40. Commonwealth-State Housing

Agreement loans are repaid over 53 years and the last matures in 2037 (Australian Government 2010), so their remaining balance is assumed to be repaid in equal annual instalments at 4.5 per cent to 2036-37. Loans for housing for service personnel continue at their 2029-30 repayment of $2.2 million a year until repaid in 2034-35. Forgiving the whole debt from 2026-27 would therefore free around $624 million, shown as around $620 million: the $484 million outstanding at 30 June 2026 plus $140 million in interest. Of this, $511 million falls in the ten years to 2035-36. Because the outstanding principal is known, these assumptions affect only interest, and plausible alternatives change the total by less than $20 million.

4. A narrower case, counting only the Commonwealth-State Housing Agreement loans, gives around $230 million in total.

Checks and limits: NSW holds 41.3 per cent of the $1,298.5 million in housing-related debt owed by all states and territories, against 31.1 per cent of the national population. In 2026-27, about $21.7 million of the repayment is interest, which would improve NSW's operating result, and $54.2 million is principal, which would improve only its cash position and net debt. The option depends on agreement with the Commonwealth.

Sources: Australian Government (2026), Budget 2026-27, Budget Paper No. 3, Appendix D, Tables D.1 and D.2; Australian Government (2010), Budget 2010-11, Budget Paper No. 3, Part 4; Australian Government (8 September 2019); Tasmanian Government (21 September 2022); ACT Legislative Assembly (2026), answer to question taken on notice 14; Australian Bureau of Statistics (2026).

C4. CONTRIBUTING PUBLIC LAND

Method:

1. A 2025 report from SGS Economics and Planning, commissioned by CHIA NSW, put the land cost of a mid-rise apartment at $243,101 per home in metropolitan Sydney, $173,644 in the Illawarra, Central Coast and Hunter, and $115,763 in regional NSW, in 2025 dollars. To get a statewide figure, this report weights these values by the location of existing community housing stock: about 46 per cent metro, 26 per cent Illawarra, Central Coast and Hunter, and 28 per cent regional, based on DCJ district data. This gives a weighted land value of about $189,000 per home.

2. Each 1,000 homes built on contributed land would therefore reduce the Fund's costs by around $189 million.

3. The NSW Government's land audit has identified sites for more than 12,000 homes. Assuming 30 to 50 per cent of these are social and affordable homes on contributed land gives 3,600 to 6,000 homes. The land would be worth $0.68 billion (3,600 × $189,000) to $1.14 billion (6,000 × $189,000), shown as $0.7 billion to $1.1 billion.

Checks and limits: The 30 to 50 per cent share is an assumption. The regional split uses existing community housing as a proxy for where contributed land would be located. This partly reflects past whole-region transfers, such as in the Hunter and Mid North Coast, rather than where surplus government land sits. If land audit sites lean further toward regional areas, for example a 35/25/40 split, the weighted value falls to about $175,000 per home and the range to $0.6 billion to $1.0 billion. The contribution is non-cash and

arrives as sites are released. It is not free to government: Homes NSW budgeted $238 million in 2025-26 to buy land audit sites from other agencies.

Sources: SGS Economics (2025), Table 15, Page 16;NSW Government (5 June 2026); NSW Legislative Council (2025), Budget Estimates 2025-26, answers to supplementary questions.

C5. COMBINED ESTIMATE

The three revenue options together raise $305.6 million in 2026-27, shown as around $305 million, or 12 per cent of the $2.6 billion average annual requirement. Over the ten years to 2035-36 they raise $3.14 billion, shown as around $3.1 billion, with debt repayments counted to 2035-36 and the betterment charge at its lower estimate, grown in line with land tax revenue from 2027-28.

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