



# Homes Tasmania Financial Review

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*Tabled by Mr Vincent 2/6/26*

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# Contextual Note – Machinery of Government Change

On 3 March 2026 the Tasmanian Government announced that Homes Tasmania will transition into a new entity, Building Tasmania, as part of broader Machinery of Government changes. This announcement occurred after drafting of this report was completed. Accordingly, the analysis, findings and recommendations set out in this report do not reflect the changed institutional arrangements.

While no subsequent detailed analysis has been undertaken, and the design of Building Tasmania is yet to be finalised, it is expected that aspects of the announced changes will alter the institutional and budgetary context within which several findings and recommendations are considered.

In particular:

- Bringing Homes Tasmania within a State Service Agency is likely to change the budgetary treatment and the presentation of debt associated with the delivery of the 10,000 Homes Target within the State Budget. The extent to which this affects funding structures, including access to commercial financing, will be dependent on final decisions regarding the transitioned entity's powers and operating model.
- Recommendation 3 proposes closer engagement between the Department of State Growth, Treasury, and Homes Tasmania to develop a long-term funding framework. The new arrangements are expected to structurally support this objective by bringing relevant policy and delivery functions into closer proximity, although the effectiveness of this integration will depend on implementation.
- While future governance arrangements are yet to be announced, consolidation of housing policy and delivery responsibility within a single entity may improve strategic alignment with Government housing objectives. The extent of any improvement will be influenced by the clarity of accountabilities and decision-making authorities established under the new structure.
- Transition into a State Service Agency may introduce additional compliance and procurement requirements. These requirements have the potential to affect the speed and flexibility with which delivery entities respond to market conditions, including the use of alternative procurement approaches referenced in Recommendation 11, subject to the final design of procurement delegations and policies.

The findings and recommendations in this report remain relevant to the delivery of housing objectives and should be considered alongside the finalised governance, funding and operating arrangements for Building Tasmania once these are confirmed.

# Executive Summary

The Tasmanian Government established Homes Tasmania as a statutory authority in 2022 to strengthen the State's capacity to deliver social and affordable housing outcomes, including the Government's commitment to deliver 10,000 more social and affordable homes by 2032. In April 2025, Ms Margaret Crawford PSM completed the Independent Review of Homes Tasmania (Crawford Review) and made 20 recommendations. This Financial Review was commissioned as a direct response to recommendations one, two and seven.

The Terms of Reference of this review contain three scope areas:

- 1 Homes Tasmania's current housing delivery model and its alignment with Government policy priorities and available funding.
- 2 The performance of Homes Tasmania's delivery model compared to available industry benchmarks and Community Housing Providers (CHPs) for similar builds.
- 3 The identification of alternate approaches or innovations to maximise housing supply, including partnerships with CHPs, private investors, the Australian Government and the building industry.

A summary of the report scope and key findings is summarised in Table 1 below.

Table 1: Summary of Review

| Scope area   | What the review examined  | Key findings  |
|--|---|---|
| <b>1. Alignment of Homes Tasmania's delivery model with Government policy priorities and available funding</b> | Whether the current delivery approach and funding model can deliver the housing pipeline within the available funding envelope, including sources and uses of funds, net funding requirements, debt profile and key financial risks.  | <p>The delivery approach and funding model is capital intensive and relies on a mix of appropriations, debt, Australian Government funding and proceeds from shared equity and land sales, with proceeds weighted to later years and therefore driving near-term reliance on debt.</p> <p>The Tasmanian Government will need to borrow at an increasing rate to achieve its outcomes, with the current market in construction potentially adding further risk of increase. Our report shows that this debt can be partly offset through actions such as accelerating land sales, and maximising Housing Australia Future Fund (HAFF) revenue for Tasmania as part of national funding rounds.</p> <p>There is some misalignment between the net debt forecast in Homes Tasmania funding model and that presented in the 2025-26 Tasmanian State Budget forward estimates.</p> |
| <b>2. Performance against benchmarks and comparable delivery</b>   | How Tasmania and Homes Tasmania compare against other jurisdictions and available benchmarks across delivery volumes, typologies and standards, delivery timeframes and costs, using available public data and Homes Tasmania inputs. | Tasmania performs strongly on social and affordable housing delivery on a per capita basis and is tracking relatively well against National Housing Accord (NHA) targets. Homes Tasmania's timeframes and costs are broadly aligned with national benchmarks, with identified improvement opportunity in commencement timeframes across the broader affordable housing sector and observed variation by region and delivery partner. Delivery typology is predominantly detached dwellings, reflecting the Tasmanian context, while national trends in larger urban markets are more weighted to medium and higher density formats.   |

| Scope area   | What the review examined   | Key findings   |
|--|--|--|
| <b>3. Alternate approaches and innovations to maximise housing supply (including partnerships and Australian Government opportunities)</b> | Practical levers to expand developable land supply, improve feasibility and de-risk projects, maximise Australian Government co-investment, and strengthen partnerships with CHPs, developers, councils and institutional investors; and strategic options analysis that tests alternative delivery mixes and timing approaches. | <p>There is a suite of feasible levers available to improve delivery feasibility and reduce whole-of-program cost pressures, including land supply actions, development de-risking, planning reform pathways, concessional finance and targeted subsidies, and operating and construction efficiencies (including consideration of modern methods of construction). Australian Government programs represent a significant opportunity to defray costs and improve feasibility, with HAFF funding rounds identified as a key pathway for additional co-investment.</p> <p>Scenario analysis indicates that changing the delivery mix materially shifts both fiscal and policy outcomes. Accelerating the delivery of social housing and affordable rentals, delivery streams that more directly increase social housing supply, would require significant expenditure to be brought forward, increasing debt levels and creating additional reliance on proceeds from land sales achieving expectations. Alternatively, focussing resources on enhancing shared equity participation and on the land sales program is cost neutral (or net positive) over the long term, however the delivery mix must be considered in the context of Homes Tasmania's broader mandate and the policy objectives of the Tasmanian Government.</p> |

The report makes fifteen recommendations, which are stated below and described in further detail in the subsequent chapters.

#### **Scope Area 1: Alignment of Homes Tasmania's delivery model with Government policy priorities and available funding**

- 1 Agree a Consistent Definition of "More Social and Affordable Housing"
- 2 Develop a Business Case to Implement a Contemporary Financial Management System
- 3 Facilitate Closer Engagement Between the Department of State Growth, Treasury, and Homes Tasmania to Develop a Long-Term Funding Framework
- 4 Consider Opportunities to Optimise Revenue or Bring Forward Receipts to Alleviate Capital Outlays
- 5 Strengthen Governance and Strategic Decision-Making
- 6 Improve Risk Management and Mitigation in Specific Dwelling Types

#### **Scope Area 2: Performance against benchmarks and comparable delivery**

No recommendations were made in relation to scope area 2.

#### **Scope Area 3: Alternate approaches and innovations to maximise housing supply (including partnerships and Australian Government opportunities)**

- 7 Increase the Supply of Developable Land
- 8 Explore Opportunities to Enhance Project Feasibility

- 9 Continue Planning Reforms and Improve Process Efficiency
- 10 Optimise Delivery Mix Based on Strategic Drivers
- 11 Consider Alternative Procurement Approaches
- 12 Consider a Concessional Finance Facility
- 13 Consider the Merits of Further Management Transfers
- 14 Leverage Australian Government Co-investment
- 15 Create Certainty Through a Communicated Delivery and Funding Framework

# Background

## Establishment of Homes Tasmania

Homes Tasmania was established as a statutory authority on 1 December 2022 under the *Homes Tasmania Act 2022*, following the transfer of the former housing functions from the Department of Communities Tasmania. The establishment of Homes Tasmania marked a significant reform in Tasmania's approach to housing, underpinned by a \$1.5 billion, 10-year commitment by the Tasmanian Government to deliver 10,000 more social and affordable homes by 2032. This investment aims to address growing demand, improve housing supply, and support vulnerable Tasmanians.

Under the Statement of Ministerial Expectations (February 2023)<sup>1</sup>, the primary purpose of Homes Tasmania is:

***to provide housing and housing assistance to eligible Tasmanians and to strategically manage and develop housing across Tasmania, giving consideration to the requirements of the complete housing continuum, and to best meet the needs of all Tasmanians, both now and into the future.***

Homes Tasmania aims to create housing opportunities for people in need. The agency collaborates with the Tasmanian and Australian Governments, industry, private sector, and housing and homelessness providers to strengthen the housing market and expand access to housing. It oversees Tasmania's housing and homelessness system, manages tenancy services, and owns a portfolio of approximately 13,000 properties, including social housing and short-term crisis accommodation.

## Project Background and Scope of this Review

In November 2024, the Tasmanian Government commissioned an independent review of Homes Tasmania, led by former NSW Auditor-General Ms Margaret Crawford PSM, to provide a comprehensive assessment of the effectiveness of Homes Tasmania's governance, reporting, and delivery arrangements.

The Crawford Review was completed in April 2025. The review found that while the establishment of a new, more agile, authority was initially welcomed by stakeholders, Homes Tasmania had been less successful than anticipated, partly due to external factors such as land availability, high construction costs, labour shortages, and community opposition to new developments. It was noted that there were unmet expectations regarding innovative partnerships and the effective delivery of housing supply, and that accountability overlaps between the board and Minister have created confusion, diluting the board's governance role and hindering strategic operations.

The Crawford Review called for funding certainty and a completed financial review, and for clear governance that places strategic policy stewardship in the Department of State Growth while confirming the Board's role at arm's length, so Homes Tasmania can focus on delivery.

This Financial Review is a direct response to a sub-set of the Crawford Review's recommendations. In particular, this review supports the Department of State Growth in addressing recommendations one, two, and seven:

- 1 Complete the planned Review of Finance of Homes Tasmania
- 2 Regardless of the quantum, provide certainty to Homes Tasmania regarding the funding envelope they can work within
7. In developing strategic housing policy, the Department should advise the Minister on the best mix of housing types that should comprise the 10,000 target, including the mix of infield or greenfield development, and the Minister, the Department and Homes Tasmania should communicate the Government's housing preferences to the sectors engaged in housing development.

<sup>1</sup> [Statement of Ministerial Expectations, February 2023, Homes Tasmania](#)

# 1. Alignment of Homes Tasmania's delivery model with Government policy priorities and available funding

The review examined whether the current delivery approach and funding model can deliver the housing pipeline within the available funding envelope, including sources and uses of funds, net funding requirements, debt profile and key financial risks.

## Key Findings

- The funding model is capital intensive and relies on a mix of appropriations, debt, Australian Government funding and proceeds from shared equity and land sales, with proceeds weighted to later years and therefore driving near-term reliance on debt.
- The Tasmanian Government will need to borrow at an increasing rate to achieve its outcomes, with the current market in construction potentially adding further risk of increase. Our report shows that this debt can be partly offset through actions such as accelerating land sales, and maximising HAFF revenue for Tasmania as part of national funding rounds.
- There is some misalignment between the net debt forecast in Homes Tasmania funding model and that presented in the 2025-26 Tasmanian State Budget forward estimates.

## 10,000 Homes Target

The Tasmanian Government's commitment to deliver 10,000 more social and affordable homes by 30 June 2032 is the central policy driver shaping Homes Tasmania's funding model, delivery strategy, and risk profile. This target, outlined in the Tasmanian Housing Action Plan 2023-2027, is designed to address acute housing shortages, reduce homelessness, and improve affordability for low- and moderate-income households across the state.<sup>2</sup>

The 10,000 homes target encompasses a diverse mix of dwelling types, with each serving a distinct purpose across the housing continuum:

- **Social Housing (including supported accommodation)** provides secure, income-based housing for households with the highest needs and those unable to access the private market, with supported accommodation providing higher-support housing models for vulnerable cohorts.
- **Affordable Rentals** provide below-market rental options for low- to moderate-income households who may not qualify for social housing but face housing stress in the private rental market, with affordability settings defined through program rules.
- **Affordable Home Ownership** creates pathways to home ownership via programs such as shared equity schemes, supporting eligible households to purchase and transition out of long-term rental dependence. This dwelling type is also referred to as affordable home purchases or shared equity.
- **Affordable Residential Lots** contributes through the creation and sale of serviced residential lots that enable housing outcomes, subject to specific counting rules including sale and substantial commencement requirements.
- **Crisis Accommodation** provides short-term, immediate housing responses for people experiencing acute housing distress, supporting broader homelessness system responses.

Whilst Homes Tasmania publicly reports on the composition and progress in achieving the 10,000 homes target and related key performance indicators through the Homes Tasmania Dashboard, it is acknowledged that the criteria for what constitutes a "social and affordable home" has been a subject of public discussion.

<sup>2</sup> [Tasmanian Housing Action Plan 2023-2027](#)

The Tasmanian Government policy is to increase affordable housing options, but not necessarily solely through the injection of net new supply. Accordingly, a proportion of the 10,000 homes delivered may not constitute a net new dwelling, or will otherwise impact the net availability of housing for non-subsidised renters or buyers. For example, existing dwellings purchased under affordable home ownership schemes may not represent new housing stock.

While there is not a consistent definition of what constitutes a new "affordable" home across Australia, common definitional features include the delivery of net new dwellings (i.e. an expansion of the total supply of housing within a jurisdiction) and also homes being made available to people on low-to-moderate incomes and at a material discount to market value. To the extent that further definitional clarity can be introduced within the Tasmanian context, this would be of benefit to Homes Tasmania and the Tasmanian community.

**Recommendation 1. Agree a Consistent Definition of "More Social and Affordable Housing".**  
 A lack of an agreed and widely accepted definition of what should contribute toward the Tasmanian Government's commitment to deliver "more social and affordable housing" (the 10,000 target) creates ambiguity in measuring progress towards Homes Tasmania's housing delivery targets and alignment with policy objectives. Without a widely accepted definition, there is a risk of inconsistent reporting, misaligned expectations among stakeholders, and challenges in communicating progress transparently.  
 Establishing a shared and consistent definition is critical to ensure accurate reporting, strategic alignment, and better program accountability. This definition should state how each dwelling type contributes to this definition to clarify the inclusion of both new builds and affordable land packages, rents for existing homes being subsidised to make them affordable, and the use of shared equity schemes to make existing dwellings more affordable.  
 Developing a shared definition of "more social and affordable housing" will also require consideration of the strategic policy rationale for the desired mix of dwelling types, as noted in Recommendation 10.

As of June 2025, delivery is broadly on track, but future achievement of the 10,000 target within the available funding envelope is contingent on resolving key risks, including funding certainty, market capacity, and program design and delivery. Homes Tasmania has delivered steady progress toward the 10,000 homes target, with cumulative completions reaching 4,184 dwellings by the end of 2024-25.

Actual delivery from 2020-21 to 2024-25 has been dominated by social housing (including supported accommodation), with growing contributions from affordable rentals, affordable home ownership, and crisis accommodation. Affordable residential lots begin to feature more prominently from 2023-24 onward. Figure 1 shows the actual and forecast pipeline to deliver 10,000 homes, based on delivery information provided by Homes Tasmania.

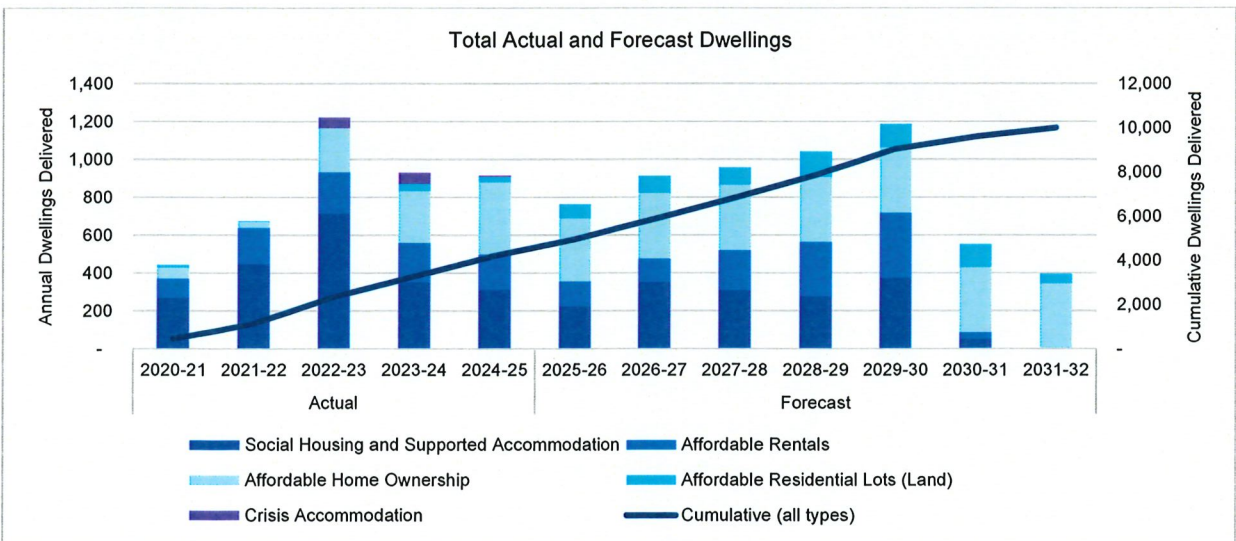


Figure 1: Total Actual and Forecast Dwellings

Source: Homes Tasmania Funding Model

Meeting this target requires a sustained level of ongoing delivery, robust pipeline management, and the ability to flexibly respond to market, policy, and funding changes. It also serves as the primary yardstick for assessing the suitability and sustainability of the current funding model: all funding sources, expenditure, borrowing, and partnership strategies are ultimately assessed by their capacity to deliver the right mix of homes, in the right locations, at the right pace, and within available resources.

## Financial Management Challenges

The Crawford Review identified challenges with corporate support and tools, particularly around clear financial reporting, capital programs, project status, and risk management. It highlighted reliance on spreadsheets and a lack of integrated systems as key weaknesses. While progress has been made, including enhanced capabilities in the Homes Tasmania team, further investment in financial systems is critical to equip the Board and management to proactively evaluate options and respond to policy and market changes, ensuring efficient resource allocation.

Currently, Homes Tasmania's financial systems and modelling rely heavily on spreadsheets, which limits their capacity to meet complex operational needs. The modelling approach often uses generic assumptions that lack connection to granular property- or region-specific data. Key variables like project costs, sale pricing, and market demand are applied uniformly, potentially skewing forecasts and constraining informed decision-making. Management acknowledges these limitations and is working to improve integrated top-down and bottom-up modelling, but recognises that the lack of granularity hampers evaluating feasibility and planning housing delivery timelines effectively.

### Recommendation 2. Develop a Business Case to Implement a Contemporary Financial Management System

The current reliance on spreadsheet-based financial tools limits the accuracy, granularity, and scalability of forecasts, creating operational inefficiencies and risks of human error.

Homes Tasmania should consider preparing a business case to implement a contemporary financial management system to allow more integrated forecasting, portfolio tracking, scenario modelling, and sensitive analyses capabilities. The system should allow for granular property-level data integration, improving visibility into project-specific costs and revenues, and leverage automation to reduce manual processes and improve scalability across the growing portfolio. This should also support further dynamic management of dwelling types.

Noting that procurement of a new system may be costly, a prudent option may be to consider and/or leverage an existing government system which is in use in other agencies.

## Homes Tasmania Funding Requirement

Homes Tasmania's funding model was designed to deliver 10,000 social and affordable homes by 2032, using a mix of Tasmanian Government appropriations, borrowings, Australian Government grants, and proceeds from land sales and shared equity scheme repayments.

The funding model reflects Homes Tasmania's forecast of the needs of each dwelling type (social housing, affordable rentals, affordable home ownership, crisis accommodation, affordable residential lots), which have their own expenditure needs, funding arrangements, key assumptions and risks.

Homes Tasmania expects to receive revenue or other proceeds relating to the delivery of dwellings towards the homes target from several sources including funding through HAFF, repayments from participants in shared equity schemes, and proceeds from affordable residential lot sales. Table 2 below presents the expenditure requirements and funding sources for each dwelling type.

Table 2: Expenditure Requirements and Funding Sources for Each Dwelling Type

| Dwelling Type                                     | Expenditure Requirements  | Sources of Funds / Proceeds  |
|---|---|--|
| <b>Social Housing and Supported Accommodation</b> | <ul style="list-style-type: none"> <li>Construction of dwellings</li> </ul>   | <ul style="list-style-type: none"> <li>Tasmanian Government appropriations</li> <li>Australian Government grants</li> <li>Housing Australia Future Fund</li> <li>Debt</li> </ul> |
| <b>Affordable Rentals</b>                         | <ul style="list-style-type: none"> <li>Construction of dwellings</li> <li>Incentive schemes (e.g. Private Rental Incentive Scheme)</li> </ul> | <ul style="list-style-type: none"> <li>Tasmanian Government appropriations</li> <li>Housing Australia Future Fund</li> <li>Debt</li> </ul>                                       |
| <b>Affordable Home Ownership</b>                  | <ul style="list-style-type: none"> <li>Loans to shared equity participants</li> </ul>   | <ul style="list-style-type: none"> <li>Debt</li> <li>Repayments of shared equity loans</li> </ul>  |
| <b>Affordable Residential Lots</b>                | <ul style="list-style-type: none"> <li>Land development and holding costs</li> </ul>  | <ul style="list-style-type: none"> <li>Debt</li> <li>Land sales</li> </ul>   |
| <b>Crisis Accommodation</b>                       | <ul style="list-style-type: none"> <li>Construction of crisis accommodation</li> </ul>  | <ul style="list-style-type: none"> <li>Tasmanian Government appropriations</li> <li>Debt</li> </ul>  |

The annual net funding requirement forecast by Homes Tasmania to deliver the target of 10,000 dwellings indicates the intensity of funding needs over three time horizons show below in Figure 2.

Forecast expenditure is material and peaks beyond the forward estimates, with overall expenditure forecast to total \$2.6 billion between 2020-21 and 2031-32. Over the short-term (which corresponds to the 2025-26 State Budget and Forward Estimates), Homes Tasmania is heavily reliant on funding, predominantly in the form of debt financing. Proceeds from shared equity schemes, land sales and HAFF are weighted to later years, contributing to timing gaps that drive reliance on debt.

It is noted that expenditure decreases over the medium-term, as the funding model assumes no future builds or completions beyond 2031-32. It is likely that there will be a continued need to invest in new social and affordable housing, in which case the net funding requirement may continue to increase over time. The long tail of forecast inflows (through 2043-44) represent repayment of shared equity loans, and Homes Tasmania’s continued forecast sales of residential lots.

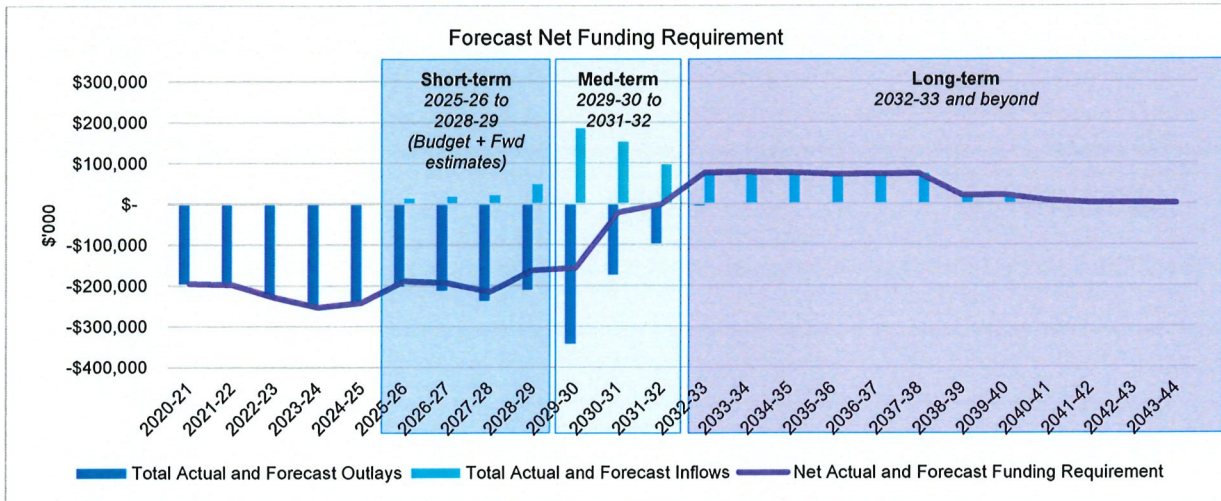


Figure 2: Net Annual Funding Requirement

Source: Homes Tasmania Funding Model

Net debt is forecast by Homes Tasmania to reach \$1.11 billion within the forward estimates and peak at \$1.28 billion in 2030-31, shown below in Figure 3. Debt is not fully repaid, with \$770 million forecast to remain unpaid in 2040-41.

There appear to be inconsistencies between Homes Tasmania’s funding model and the 2025-26 Tasmanian State Budget. In earlier years (2024-25 to 2026-27), Homes Tasmania forecast lower net debt than appears in the Budget, however in later years Homes Tasmania forecasts greater net debt levels (\$156 million

greater than the Budget figures in 2028-29). This may be due to the evolving nature of Homes Tasmania's modelling resulting in changes between the point-in-time estimates of Treasury and the ongoing work of Homes Tasmania, but highlights the importance of robust systems to inform decision-making, and ongoing engagement between the Department of State Growth, Treasury, and Homes Tasmania.

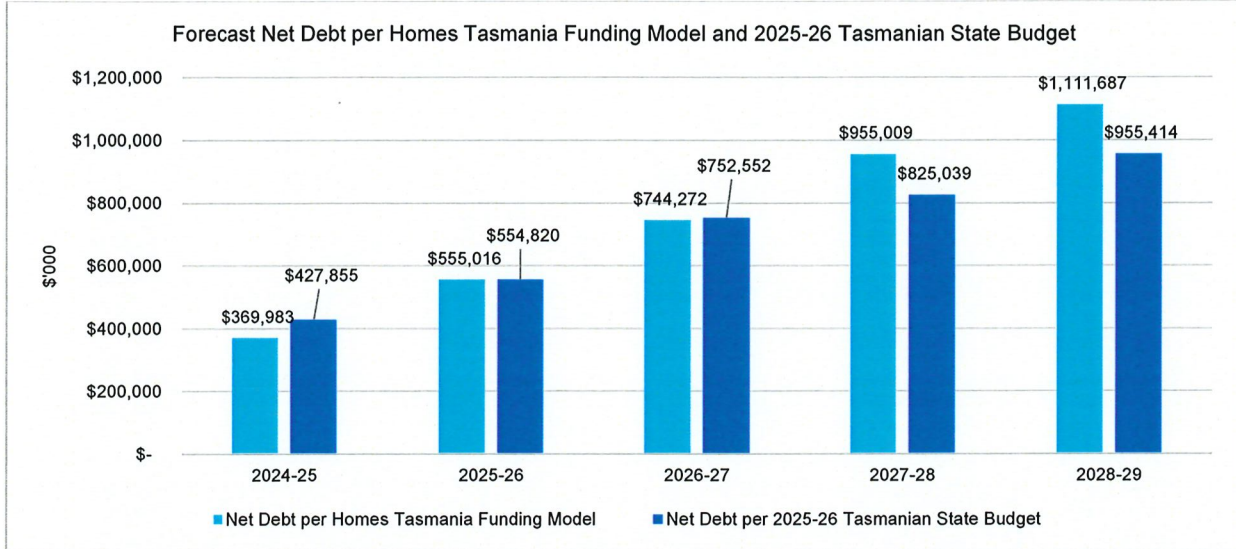


Figure 3: Forecast Net Debt per Homes Tasmania Funding Model and 2025-26 Tasmanian State Budget

Source: Homes Tasmania Funding Model, 2025-26 Tasmanian State Budget

### Key Issues and Risks Impacting Funding Requirements

Homes Tasmania has embarked on an ambitious vision to deliver 10,000 homes by 2032. While this goal represents a critical step forward in addressing the State's housing needs, the organisation's funding model operates within a complex and dynamic environment.

This financial review assesses risks across three time horizons: short-, medium-, and long-term as summarised in Table 3 below.

In the short-term, risks focus on the capital-intensive delivery model, which necessitates increased borrowing by the Tasmanian Government. Additionally, rising construction costs and other factors could widen the gap between the funding needs of Homes Tasmania and the available funding envelope.

The medium-term is most exposed to delivery uplift and reliance on HAFF, shared equity scheme repayments and land sales, and the long-term is shaped by the long tail of proceeds, ongoing operational funding deficits, and residual debt. The model also assumes no further investment beyond 2032.

Table 3: Key Issues and Risks Impacting Funding Requirements in the Short-term, medium-term and long-term

| Risk Horizon | Potential Risk  | Comments  |
|--------------|---|---|
| Short-term   | Increased social housing capital outlays require increased debt funding | Social housing is capital-intensive and sensitive to changes in construction costs and indexation. The funding model utilises historic costs indexed at 2.5 per cent over the forecast period. In the near term, risks appear to be manageable, however project delays, indexation risks could compound over time, particularly towards the end of the forward estimates. |
| Short-term   | Increased MyHome shared equity contributions                            | The MyHome shared equity scheme is capital intensive with capital outlays front-ended in the funding model. Whilst the funding model is sensitive to increased demand, this can be managed through policy decisions. A larger risk is the potential for other programs (e.g. the Australian Government's Help to Buy scheme) competing with                               |

| Risk Horizon | Potential Risk  | Comments   |
|--------------|---|--|
|              |   | <p>this program, which then shifts housing delivery volumes into other programs.</p> <p>Additional participation in MyHome creates a short-term challenge in the form of additional capital outlays, but over the medium to long-term delivers housing at low cost to the Tasmanian Government. The risk of higher than forecast participation can also largely be managed through policy interventions (e.g. limiting the overall number of loans issued).</p>  |
| Short-term   | Increased land development costs  | <p>Development of affordable residential lots is also capital intensive early on, with development costs incurred early in the cycle and sales modelled later in the budget forward estimates period.</p> <p>As development costs are largely incurred to 2027-28 and the majority of sales volumes occur from that point onward, the near term financial risks also appear to be manageable, provided there is clarity on available lots for development and delivery risks are carefully managed</p>   |
| Medium-term  | Increased social housing capital outlays requiring increased debt funding | The medium-term risks relates to the potential for construction costs escalating significantly above the 2.5 per cent assumed in the funding model.  |
| Medium-term  | Reduced MyHome shared equity returns                                      | <p>Slower-than-anticipated buyouts or refinancing within shared equity programs could defer inflows, increasing reliance on short-term debt, reducing the ability to repay debt in the medium to longer term.</p> <p>Conversely, there is significant potential upside to incentivising shared equity participants to repay their loan early. Reducing the assumed repayment time from 6 years to 4 years reduces the funding requirement for this delivery stream by \$108 million.</p>   |
| Medium-term  | Lower than expected returns from affordable residential lot sales         | <p>Should development costs be higher than forecast, or sales values lower than forecast, Homes Tasmania's ability to repay the cost of other delivery streams will be put at risk.</p> <p>There is also a risk that Homes Tasmania is not able to achieve the forecast volume of affordable residential lot sales. Under the <i>Crown Lands Act</i>, crown land cannot be sold at a price that is below a price fixed by the Director-General, which could result in land being held up, subject to holding costs but unable to be sold due to market fluctuations.</p> |
| Medium-term  | Reduced funding from HAFF   | <p>The reliance on external funding sources, such as the HAFF, introduces policy-related risk, as delays or reductions in funding rounds could necessitate even higher borrowing.</p> <p>There is an assumption that Homes Tasmania will be allocated funding for approximately 580 dwellings through HAFF Round 3.</p>  |
| Long-term    | Long tail contribution of MyHome and affordable residential lot sales     | Any delays, reductions in inflows, related to the risks previously identified could extend planned debt repayment timelines.   |
| Long-term    | Ongoing operational funding deficits                                      | As housing rents do not currently cover operational costs, Homes Tasmania will always require an operational subsidy. Homes Tasmania has analysed its operational funding deficit, suggesting a \$11 million structural deficit in 2025-26. Property   |

| Risk Horizon | Potential Risk   | Comments   |
|--------------|--|--|
|              |  | <p>holding costs increased by approximately 7.7 per cent per annum over the past 5 years, with rental increases significantly below this.</p> <p>This funding gap has the potential to increase as social housing numbers increase, however this could be partially offset through improved cost efficiencies, and partnerships with CHPs over time.</p>   |
| Long-term    | Financial modelling only assumes housing delivery until 2031-32                        | The funding model does not consider development activity and financing requirements to deliver beyond 2031-32. This does introduce the risk that funding requirements and debt requirements are understated as they do not incorporate continuing activity beyond reaching the stated target.  |
| Long-term    | A significant amount of debt remains in Homes Tasmania at the end of projection period | <p>Over the longer term, the positioning of Homes Tasmania as a public non-financial corporation, providing goods and services, with an expectation to be primarily funded through revenue from sales of goods and services will need to be considered.</p> <p>Homes Tasmania is evaluating strategies to become more financially self-sufficient, including options to reduce the deferred maintenance liability and to accelerate renewal programs through self-funded mixed development projects.</p> |

### Recommendation 3. Facilitate Closer Engagement between the Department of State Growth, Treasury, and Homes Tasmania to Develop a Long-Term Funding Framework

The current annual funding model constrains Homes Tasmania's ability to execute multi-year development projects or provide certainty to private sector partners and CHPs.

The Department of State Growth, Treasury, and Homes Tasmania should work closely together to develop a multi-year funding framework tailored to housing development timelines, reducing dependence on short-term funding cycles. This should also include engagement with the Tasmanian Public Finance Corporation (TASCORP) where appropriate. While any funding framework must be compliant with relevant legislative requirements, and have consideration of the scope of Treasury's budget cycle (i.e. the budget year and three years of forward estimates), it should ideally enable flexible drawdown facilities, ensuring debt is accessed only when needed to minimise unnecessary borrowing costs, and allowing Homes Tasmania to respond effectively to market fluctuations, policy announcements, or unexpected costs while maintaining stability. This framework should include the establishment of regular, ongoing engagement to manage Homes Tasmania's funding requirement.

This funding framework, and the supported delivery pipeline, should be clearly communicated to enhance visibility and improve certainty for the community housing sector and private stakeholders as noted in Recommendation 15.

### Recommendation 4. Consider Opportunities to Optimise or Bring Forward Receipts to Alleviate Capital Outlays

Homes Tasmania's Reliance on debt funding creates significant financial vulnerabilities. Optimising revenue streams (while balancing policy objectives and respecting competitive neutrality) will improve long-term financial resilience and reduce peak debt. Opportunities include:

- Incentivising faster MyHome shared equity buyouts through policy adjustments to accelerate fund recovery and reduce long-term debt obligations.
- Expanding land sales programs by reviewing restrictions (e.g., restrictions on sale price under the Crown Lands Act) and fast-tracking development approvals to avoid delayed inflows.
- Exploring new funding sources, such as partnerships with private developers for mixed-use developments or leveraging additional Australian Government programs.

## Support for Effective Decision-Making

Homes Tasmania's governance and reporting frameworks face challenges that hinder transparency and effective decision-making. A critical gap is the lack of strategic scenario modelling tools to assess detailed financial and operational metrics alongside the drivers of funding and delivery models. Without these tools, scrutiny is limited to surface-level information, constraining the Board's ability to evaluate policy implications, cost-benefit dynamics, and strategic options. This undermines effective oversight and the ability to provide informed guidance to Ministers and stakeholders.

The absence of strategic capabilities leaves Homes Tasmania vulnerable to inefficient capital allocation, suboptimal delivery models, and missed opportunities to implement more effective policies. Effective governance requires integrated systems that offer a comprehensive view of financial and operational impacts, enabling detailed policy evaluations, option stress-testing, and cost-benefit analyses. Without these tools, both Homes Tasmania and the Department of State Growth struggle to provide the Tasmanian Government with robust advice on policy effectiveness and efficient use of public funds.

### Recommendation 5. Strengthen Governance and Strategic Decision-Making

A lack of sophisticated modelling tools and fragmented reporting limits Homes Tasmania's ability to provide the Board with actionable insights for planning on the strategic delivery of capital and operational programs.

Homes Tasmania should continue developing dynamic scenario modelling tools to assess the impact of policy shifts, market changes, and delivery options on financial and operational outcomes. This may include the introduction of real-time dashboards with integrated financial, operational, and risk data for improved decision-making and oversight at the Board level. In implementing this reporting, Homes Tasmania should align operational and strategic goals by embedding governance frameworks that monitor how project-level decisions (e.g., dwelling mix) impact broader housing and policy targets.

## Dwelling Type Funding Arrangements and Risks

Funding requirements for each dwelling type are sensitive to changes in underlying assumptions, requiring careful ongoing monitoring and management of the funding model.

### Social Housing and Supported Accommodation

Sensitivity testing results emphasise the susceptibility of the funding approach to construction cost volatility and potential changes in delivery volumes. While cost escalations and increased volume requirements strain financial resources, cost reductions or lower activity levels could ease funding pressures.

### Affordable Rentals

Delivering the planned portfolio of affordable rental dwellings will rely on disciplined financial management across funding, cost, and delivery dimensions. There is a risk that incentive changes, construction cost escalation and pipeline delivery delays will affect cash-flow timing, and overall output. Collectively, these factors will shape the program's cost of capital, capital efficiency, and operating sustainability.

### Affordable Home Ownership (Shared Equity Schemes)

The sustainability of funding for affordable home ownership schemes is exposed to changes in market conditions (e.g. the value of homes), refinancing timelines, and demand fluctuations. Increased volume or capital appreciation can improve net program benefits, but may also lead to short-term funding pressures, whereas delays in refinancing of loans postpone critical cash inflows, impeding the scheme's ability to fund the program.

### Affordable Residential Lots

The ability for affordable residential lot sales to generate the planned profits (which are used to fund other dwelling types) is exposed to changes in development costs, market prices, and sales volumes. While increased prices and volumes can yield significant financial benefits, higher costs or declining prices could

constrain program cash flows and extend repayment timelines. Program sustainability depends on effective risk management and strategic planning.

#### **Recommendation 6. Improve Risk Management and Mitigation in Specific Dwelling Types**

In addition to the above portfolio wide recommendations, Homes Tasmania and the Department of State Growth should continue to manage and mitigate risks associated with each dwelling type, including:

- Affordable Home Ownership:
  - Develop and maintain granular buyout forecasts for shared equity scheme participants, including regular monitoring of cohort behaviours and alignment of debt drawdown and repayment schedules with updated projections.
  - Conduct regular reviews of scheme eligibility requirements to confirm they remain aligned with policy objectives and market conditions.
- Affordable Residential Lots
  - Develop dynamic sales and cash flow forecasting models to proactively address absorption, price realisation, and timing risks. Regularly update forecasts to reflect changing market conditions and ensure alignment with financial goals.
  - Secure access to appropriate land through alternative acquisition strategies or partnerships, while working to understand and manage legislative and other constraints to avoid sales delays and additional holding costs.
  - Minimise delays in development approvals, infrastructure servicing, practical completion, titling, and settlement by implementing robust operational workflows and collaborating closely with developers, planners, and service providers.

## 2. Performance against benchmarks and comparable delivery

The review examined how Tasmania and Homes Tasmania compare against other jurisdictions and available benchmarks across delivery volumes, typologies and standards, delivery timeframes and costs, using available public data and Homes Tasmania inputs.

### Key Finding

Tasmania performs strongly on social and affordable housing delivery on a per capita basis and is tracking relatively well against National Housing Accord targets. Homes Tasmania's timeframes and costs are broadly aligned with national benchmarks, with identified improvement opportunity in commencement timeframes across the broader affordable housing sector and observed variation by region and delivery partner. Delivery typology is predominantly detached dwellings, reflecting the Tasmanian context, while national trends in larger urban markets are more weighted to medium and higher density formats.

### Dwelling Delivery Volumes

Tasmania has one of the highest rates of social housing provision per capita in Australia, which is being supported by Tasmania's increasing investment in the portfolio, while most other states have recently declined in both their per capita social housing provision and portfolio capital expenditure. Figure 4 below depicts the differences in social housing provision per capita across the different states.



Figure 4: Total Government capital expenditure on social housing per capita (2021-22 to 2023-24)

Source: Australian Productivity Commission, 2025

In the year to June 2025, Tasmania delivered fewer new social and affordable housing dwellings overall than other states, however, it delivered significantly more social housing as a proportion of new general housing supply and population size. Furthermore, Tasmania is exceeding its National Housing Accord targets, delivering 78 per cent of its five-year affordable housing goal in the first year, positioning it as a leading state in meeting NHA commitments.

However, Tasmania's general housing supply surged in 2020-2021 but has sharply declined in 2023-24. Relatively weak population growth is likely contributing to falling building approvals and completions, signalling continued general housing supply challenges in the short- to medium-term. Furthermore, high construction costs have pushed most new housing supply into the high to premium end of the market (\$900,000-\$1 million).

## Dwelling Typologies and Standards

Homes Tasmania and local community housing providers are primarily delivering detached social and affordable housing dwellings (81 per cent of new stock in 2024-25). This is in contrast with the national trend towards more medium and higher-density social housing developments being delivered in metropolitan and urban areas, with detached and townhouse products still common in regional and rural areas of Australia. Homes Tasmania is delivering new dwellings to a high design and quality standard in most cases, aligning with or exceeding benchmarks set by other states and territories.

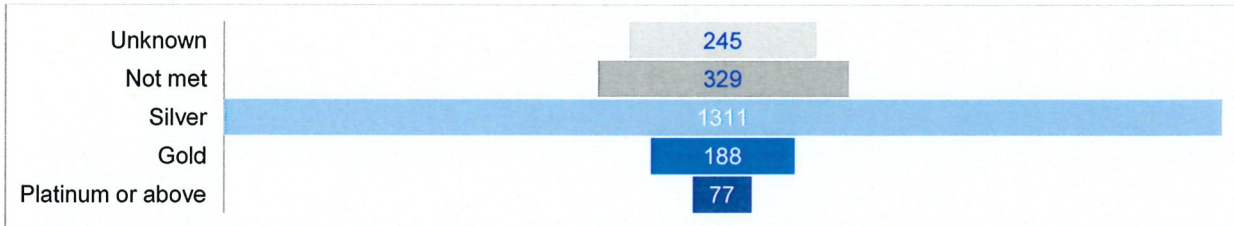


Figure 5: National Construction Code liveability standard of new social housing built in Tasmania between October 2020 and September 2025

Source: Homes Tasmania, 2025

The National Construction Code Liveable Housing Design Guidelines promote dwelling features that support accessibility, adaptability and inclusivity, with a recommended silver level standard be met by new housing. In the period from the 1 October 2020 to 30 September 2025, at least 74 per cent of new housing delivered by Homes Tasmania met the silver standard, with at least 15 per cent of new housing (or 329 dwellings) falling beneath the requirement, shown in Figure 5. Most other Australian states and territories have adopted the silver standard as a minimum requirement for new social and affordable housing dwellings.

## Dwelling Delivery Timeframes

In general, Tasmania is slower to commence construction of detached housing projects post planning approval compared to other states (4.2 months), but relatively fast to commence unit and townhouse projects (~2 to 2.5 months from approval). In the last decade, project commencement timeframes in Tasmania increased by about 43 per cent, far exceeding the national increase of 15 per cent. That said, in 2024, Tasmania was the fourth fastest state at completing the construction of houses (11.6 months) and units (15.2 months), constructing dwellings quicker than the national averages (12.3 months/house and 15.6 months/unit).

In comparison, recent affordable housing projects in Tasmania took on average 7.2 months from planning approval to commence construction, significantly higher than the state average. However, in terms of project delivery timeframes, the average time for affordable housing projects to reach completion from construction commencement in 2024-25 was 11.3 months, comparable to the state average of 11.6 months and national average of 12.3 months. Homes Tasmania performed well against these benchmarks, commencing projects in 3.6 months on average, and completing construction in 7.0 months.

## Dwelling Cost

In comparison to the cost of constructing new housing in other states, Tasmania has a relatively low overall cost per dwelling, but a relatively high cost-rate per square metre (based on average dwellings sizes by state). The cost of new social and affordable housing dwellings being delivered is low compared to the cost of general housing across the rest of the state, indicating that Homes Tasmania is delivering housing that is either generally smaller and/or of a lower quality than the typical house delivered in the State of Tasmania in 2024-2025.

Tasmania’s average social and affordable project costs by dwelling type are generally comparable to social housing projects in other states, shown below in Table 4. Detached houses typically provide the lowest cost option, but are comparable to townhouse and low-density apartment developments, suggesting that where

land values / acquisition costs are higher, low to medium density developments are likely to provide good value for money for Homes Tasmania.

*Table 4: Average social and affordable housing project costs by dwelling type and state (2024 and 2025) rounded to nearest thousand dollars.*

|   | TAS           | VIC       | NSW / ACT     | QLD           | WA            | SA            |
|---|---------------|-----------|---------------|---------------|---------------|---------------|
| <b>Average cost per apartment</b>         | \$526,000     | \$490,000 | \$491,000     | \$404,000     | \$600,000     | \$615,000     |
| <b>Average cost per detached dwelling</b> | \$314,000     | \$360,000 | not available | \$358,000     | not available | not available |
| <b>Average cost per townhouse</b>         | not available | \$424,000 | \$326,000     | not available | not available | not available |

Source: Various, 2025

The averages in Table 4 above are based on publicly available information from Tasmanian Government reporting and media releases, and data provided by Homes Tasmania. Jurisdictional variation in definitions has led to data gaps.

## 3. Alternate approaches and innovations to maximise housing supply

The review examined practical levers to expand developable land supply, improve feasibility and de-risk projects, maximise Commonwealth co-investment, and strengthen partnerships with CHPs, developers, councils and institutional investors; and strategic options analysis that tests alternative delivery mixes and timing approaches.

### Key Findings

- There is a suite of feasible levers available to improve delivery feasibility and reduce whole-of-program cost pressures, including land supply actions, development de-risking, planning reform pathways, concessional finance and targeted subsidies, and operating and construction efficiencies (including consideration of modern methods of construction). Australian Government programs represent a significant opportunity to defray costs and improve feasibility, with HAFF funding rounds identified as a key pathway for additional co-investment.
- Scenario analysis indicates that changing the delivery mix materially shifts both fiscal and policy outcomes. Accelerating the delivery of social housing and affordable rentals, delivery streams that more directly increase social housing supply, would require significant expenditure to be brought forward, increasing debt levels and creating additional reliance on proceeds from land sales achieving expectations. Alternatively, focussing resources on enhancing shared equity participation and on the land sales program is cost neutral (or net positive) over the long term, however the delivery mix must be considered in the context of Homes Tasmania's broader mandate and the policy objectives of the Tasmanian Government.

### Overview of Key Opportunities

Homes Tasmania is operating in a delivery environment where development timelines and budget cycles can create uncertainty for pipeline planning and procurement, while maintenance liabilities and cost escalation place ongoing pressure on financial sustainability. The following opportunity areas have been identified as having potential to maximise housing supply.

01

#### Opportunities to Increase Supply of Developable Land

Access to well located, developable land is identified as a key constraint, and Homes Tasmania's Land Supply Program (LSP) is positioned as a core response, with a long term plan to deliver over 1,400 lots, with about 15 per cent retained for social and affordable housing and the balance released to market.

02

#### Opportunities to Enhance Project Feasibility

Feasibility can be improved by combining multiple levers, including using government owned land through long term ground leases or discounted transfers, de-risking early site issues, negotiating utility cost relief across government interfaces, and using early contractor involvement and standardisation to reduce risk pricing.

03

#### Australian Government Co-Investment

The Australian Government has a broad housing agenda which encompasses several policy commitments. Australian Government co-investment represents a significant opportunity for Homes Tasmania to reduce the funding required to achieve its 10,000 Homes Target.

04

#### Opportunities for Partnership

Partnerships with Community Housing Providers, developers, councils and institutional investors are important delivery options, with different strengths and risks, including CRA access and balance sheet leverage in the community housing sector and the need to manage value for money and objective alignment when working with private developers and investors.

## Opportunities to Increase Supply of Developable Land

A constraint on the achievement of housing outcomes is access to well-located, developable land. Homes Tasmania is seeking to address this constraint through the utilisation of surplus government owned land via Housing Land Supply Orders (HLSOs), as well as its Land Supply Program, designed to deliver social and affordable housing through acquisition, preparation, rezoning and releasing of land to grow internal supply and support mixed-tenure housing outcomes. The LSP has a long-term plan to deliver over 1,400 lots, with approximately 15 per cent of lots retained by Homes Tasmania and the balance released to market.

Other opportunities available to increase supply include Homes Tasmania continuing to utilise surplus government-owned land and/or targeted private acquisitions to reduce reliance on on-market purchases (which may also have the effect of reducing the supply of development opportunities within the private market). Homes Tasmania may plan and construct subdivisions for future development, utilising government-owned land, sites that were rezoned and/or transferred under Housing Land Supply Orders or purchased on the open market.

### Recommendation 7. Increase the Supply of Developable Land

To the extent that supply of land is identified as being a constraint to the achievement of housing outcomes in a given area, the Government should consider programs and opportunities to increase the supply of developable land.

## Opportunities to Enhance Project Feasibility

Feasibility can be improved by combining multiple levers, including using government owned land through long-term ground leases or discounted transfers, de-risking early site issues, negotiating utility cost relief across government interfaces, and using early contractor involvement and standardisation to reduce risk pricing.

### Land Supply

To support the delivery of social and affordable housing outcomes, Homes Tasmania can offer long-term ground leases or discounted/freehold transfers of government-owned land for eligible social and affordable housing projects. This may reduce equity requirements, lower risk for delivery partners, and directly enhance project feasibility and bankability. In respect to market housing outcomes, Homes Tasmania can look to continue its current programs, which include the Land to Build Program, traditional house and land packages and branding and go-to-market initiatives.

### De-risk Development

Reducing development risk early in the project is critical to improving feasibility, attracting delivery partners and finance, and keeping delivery on schedule. Homes Tasmania can undertake targeted due diligence and enabling works on the project that it is supporting to reduce contingency allowances and risk pricing. Examples of preliminary activities may include site due diligence, utility cost relief and early engagement, and early contractor involvement and standardisation.

### Streamline Planning

The time and cost associated with the planning process can have a material impact on project feasibility for housing developments. Clear approval pathways and timely decision-making for planning applications are critical to ensuring projects remain viable and can proceed according to schedule. The Tasmanian Government can support project feasibility by providing certainty around planning outcomes, expediting approvals, and removing barriers to development. As such, planning reform represents an opportunity to enhance project feasibility and certainty, with ongoing initiatives led by the State Planning Office designed to provide clearer pathways and consistent guidance across councils.

### **Reduce Operating Costs**

Consideration should be given to opportunities to reduce operating costs and create efficiencies in the provision of social and affordable housing. This could include encouraging efficient operating models, undertaking “cost out” exercises in respect to Homes Tasmania operations, encouraging consolidation across the community housing sector to create efficiencies and economies of scale and undertaking robust procurement processes where Homes Tasmania is selecting a community housing provider to deliver tenancy and/or asset management services to ensure that operating costs can demonstrate value for money.

### **Access to Concessional Finance**

Concessional finance can play a key role in supporting the delivery of social and affordable housing projects, by increasing the availability and decreasing the cost of project finance. There are opportunities for Homes Tasmania and the Tasmanian Government more broadly to consider opportunities to support the delivery of social and affordable housing through facilitating access to long-term concessional loan products (in addition to the short-term / bridging facilities Homes Tasmania has arranged for the community housing sector in recent years).

### **Provision of Subsidies**

Homes Tasmania may look to provide cash subsidies to directly enhance project feasibility. As seen across other jurisdictions, these subsidies may be provided in the form of capital grants or as ongoing availability payments. Capital grants are generally preferred by the community housing sector, as they are straightforward, simplify project financing and support balance sheet strengthening. For Homes Tasmania, capital grants are straight forward from an administration perspective and reduce ongoing contract management requirements. They do however result in a larger upfront cashflow impact.

### **Increase Rent**

In general, there may be opportunities to maximise affordable rental income by targeting the delivery of affordable dwellings in areas where market rents are higher and by adopting rent setting approaches that do not apply income based rent tests, where appropriate. There may also be opportunities to explore innovative approaches to selecting renters for affordable housing, with a view to maximising rental income received by the rental provider while ensuring that the dwelling is affordable for the renter and recognising market demand. These opportunities should be considered in the context of the Tasmanian Government’s policy objectives.

### **Modern Methods of Construction**

Modern methods of construction are a potential efficiency lever, however cost competitiveness depends on a consistent repeatable pipeline, and previous experience through ModHomes has not demonstrated significant savings.

### **Commonwealth Rent Assistance (CRA)**

Commonwealth Rent Assistance is financial help to eligible people getting a Centrelink payment who pay rent and are not public renters. Critically, CRA is available to eligible people renting properties through the community housing sector. In most cases, properties managed by the community housing sector therefore generate higher rental incomes than those managed by Homes Tasmania. Today, the majority of new social and affordable housing is delivered by governments in partnership with the community housing sector, and governments are increasingly pursuing strategies of partnering with the community housing sector to manage state-owned housing assets.

### **Management Transfers**

Over recent years, the Tasmanian Government has moved towards community housing sector management of housing stock resulting in increased CRA revenue being received in the State of Tasmania, diversification in housing delivery outcomes, and strengthened operational capability and financial sustainability of the

community housing sector and additional dwelling outcomes being delivered by re-investing surplus operating cashflows. Today, CHPs deliver approximately 70 per cent of new social housing in Tasmania.

It should be acknowledged that Tasmania has the highest proportion of social housing managed by the community housing sector in Australia and that care should be taken to ensure that the Homes Tasmania operating models remains “efficient” in the context of any further reductions in the number of dwellings under management. We acknowledge the potential for future management transfers, subject to a policy decision by the Tasmanian Government.

#### **Recommendation 8. Explore Opportunities to Enhance Project Feasibility**

Homes Tasmania is pursuing a range of options to enhance project feasibility, noting that there is no panacea for delivering social and affordable housing outcomes at scale.

Homes Tasmania should consider the most efficient mechanisms of supporting project feasibility – whether it be through de-risking development, opportunities to speed up planning approvals, unlocking access to land or providing funding support via capital grants or availability payments.

Homes Tasmania should ensure that any funding provided to support the delivery of social and affordable housing projects is awarded through competitive processes (including through arrangements such as builders panels), with a focus on risk adjusted value for money.

#### **Recommendation 9. Continue Planning Reforms and Improve Process Efficiency**

The time and cost associated with planning processes can have a material impact on project feasibility for housing developments and slow the delivery of housing outcomes. Clear approval pathways and timely decision-making for planning applications is critical to ensuring projects remain viable and can proceed according to schedule.

We suggest that Government continue to explore opportunities to create a more consistent, efficient, timely and certain planning process.

#### **Recommendation 10. Optimise Delivery Mix Based on Strategic Drivers**

As noted in Recommendation 1, the Department of State Growth in consultation with Homes Tasmania should establish an agreed and consistent definition of “more social and affordable housing”, which will require consideration of the strategic rationale for the optimal mix of dwelling types. To develop this delivery mix, the Department and Homes Tasmania should consider delivery feasibility, Tasmanian Government policy goals, and fiscal capacity. Any approach should encourage flexibility in responding to market conditions, managing delivery risks, aligning with social housing priorities, and addressing homelessness and housing stress while optimising financial efficiency.

#### **Recommendation 11. Consider Alternative Procurement Approaches**

To enhance the delivery of medium-to-large housing projects at scale, Homes Tasmania should work with the Tasmanian Government to trial alternative procurement models, including collaborative approaches where value-for-money can still be demonstrated. Alliance-based approaches can expedite delivery timelines, improve innovation, and address capacity issues in Tasmania’s construction market. In delivering alternative approaches, Homes Tasmania must work with the Tasmanian Government to manage any requirements to comply with procurement policies and ensure value for money through robust stakeholder and governance frameworks.

**Recommendation 12. Consider a Concessional Finance Facility**

Homes Tasmania and the Tasmanian Government should explore creating its own concessional loan program, similar to Victoria's Affordable Housing Investment Partnerships (AHIP). Partnering with TASCORP or other financial institutions, this program could provide low-cost, flexible financing to developers and community housing providers. This would support housing delivery by increasing financial accessibility while maintaining long-term cost control.

**Recommendation 13. Consider the Merits of Further Management Transfers**

The Department of State Growth and Homes Tasmania should continue to explore stock and management transfers to community housing providers. This consideration should occur with reference to a strategic framework to ensure that any stock or management transfers contribute to policy objectives and delivery targets, and are mindful of the needs (and rights) of tenants.

A competitive process should be followed to ensure value for money, with a focus on operational efficiency and reinvestment into delivering additional housing outcomes. Collaborating with the sector can further enhance operating capacity and diversify development strategies.

## Australian Government Co-Investment

The Australian Government has a broad housing agenda which encompasses several policy commitments. Australian Government co-investment represents a significant opportunity for Homes Tasmania to reduce the funding required to achieve its 10,000 Homes Target, as set out in this section.

**Social Housing Accelerator**

The Social Housing Accelerator is an Australian Government initiative announced in 2023 to provide an immediate boost to social housing supply across Australia. It comprised a one-off payment of \$2 billion apportioned across the states and territories on a per capita basis. The payment is intended to provide funding for new and refurbished social housing across Australia. Tasmania received \$50 million of this allocation. In Tasmania, this funding will deliver 128 new social housing dwellings, with 116 funded by the Australian Government and 12 by Homes Tasmania, at an average cost of \$485,000 per dwelling.

**Housing Australia Future Fund and National Housing Accord Facility (NHAFF)**

In December 2025, Housing Australia released the details of HAFF Round 3 which will be the largest funding round to date. Round 3 commenced in January 2026 and is expected to deliver 21,350 social and affordable homes, to acquit the Australian Government's target of 40,000 new homes across the HAFF and NHAFF by June 2029. HAFF Round 3 represents a significant opportunity for Homes Tasmania to maximise the use of Australian Government funding to deliver both housing outcomes in Tasmania and the 10,000-Homes Target, either directly or in partnership with the sector.

**Other Australian Government Initiatives:**

- Affordable Housing Bond Aggregator (AHBA) provides low-cost finance to registered CHPs for social and affordable housing projects, with a \$10 billion liability cap. AHBA sources funding from wholesale debt capital markets by issuing long-term social and sustainability bonds from a \$4 billion line of credit provided by the Australian Government, with AAA (stable) credit ratings from Standard and Poors.
- National Housing Infrastructure Facility (NHIF) is an Australian Government initiative of \$2 billion funding to support the delivery of critical infrastructure to accelerate housing supply.
- Homes Guarantee Scheme (HGS) is a program which Australian Government guarantees to allow home buyers to purchase housing with a reduced minimum deposit.

- The 100,000 Homes for First Home Buyers scheme aims to improve the supply of housing suitable for and available for purchase by first home buyers over the short and medium term, primarily through provision of grants and zero interest loans.
- The Capacity Building Program is a \$3 million commitment to provide grant funding of up to \$20,000 for CHPs to access professional advisory services to support Housing Australia funding applications.

#### **Recommendation 14. Leverage Australian Government Co-investment**

There may be significant opportunities for Homes Tasmania to attract Australian Government co-investment into social and affordable housing outcomes through HAFF Round 3 and other processes.

In the context of Housing Australia's requirement to deliver 1,200 homes in Tasmania, we suggest that the Tasmanian Government consider how it wishes to work with Housing Australia to deliver the remaining component of the 1,200 dwellings, or alternatively focus its efforts and capital on alternative delivery approaches to deliver dwellings in addition to the 1,200 homes which Housing Australia has committed to deliver. Consideration of these opportunities should also be reflected in a delivery framework as noted in Recommendation 15.

### **Opportunities for Partnerships**

Partnerships with community housing providers, developers, councils and institutional investors are important delivery options, with different strengths and risks, including CRA access and balance sheet leverage in the community housing sector and the need to manage value for money and objective alignment when working with private developers and investors.

#### **Community Housing Sector**

The community housing sector comprises not-for-profit organisations that provide rental housing for people on low incomes or experiencing housing stress. These organisations, commonly referred to as community housing providers, operate under a social purpose mandate, meaning they are inherently incentivised to deliver and manage social and affordable housing without expectations of high commercial returns.

CHPs are well placed to partner with Homes Tasmania to deliver social and affordable housing as they have access to Commonwealth Rent Assistance, can leverage their existing asset base to secure debt financing for new developments, spread risk across entities, and provide wraparound services. Housing outcomes can also be achieved through stock management transfers, initiatives such as the Community Housing Growth Program and supporting HAFF Round 3 applications.

#### **Developers**

Homes Tasmania has an opportunity to accelerate delivery towards its 10,000-home target by partnering with private developers. These partnerships can take various forms, ranging from joint ventures to financial support mechanisms that improve project feasibility. All opportunities outlined in this chapter can be applied to make developer-led projects more viable.

#### **Local Government**

While local governments do not typically deliver housing directly, they can influence housing outcomes through access to land, planning decisions and enabling infrastructure. Strengthened partnerships between Homes Tasmania and councils can unlock new housing supply and improve project feasibility. Some opportunities include repurposing Council owned land and community assets for housing, expediting approvals for housing projects, co-investment in enabling infrastructure to support housing development.

#### **Institutional Investors**

The role of institutional investors in the delivery of social and affordable housing has grown significantly in recent years, both in Australia and internationally. As the sector has matured, there is increasing recognition of affordable housing as a viable dwelling type, supported by government investment, alternative funding

models, and evolving commercial frameworks. This trend is expected to continue, with institutional capital playing an increasingly important role in meeting the substantial funding requirements for new supply in Tasmania and across Australia.

## Summary

While institutional investors are a significant and growing source of capital for social and affordable housing, large-scale success in Australia has so far depended on government subsidy. The key challenge is aligning investor return expectations along with minimum investment sizes with government value-for-money objectives, however there may be future opportunities as the sector evolves. By providing clear commercial frameworks, targeted incentives, and appropriate risk-sharing mechanisms, government can leverage institutional investment to help meet Tasmania's housing needs, although careful consideration must be given to project characteristics (incl. project size and the achievement of well-integrated communities) and the balance of risk and return to ensure that public value is maximised in all partnerships with institutional capital.

### **Recommendation 15. Create Certainty Through a Communicated Delivery and Funding Framework**

Homes Tasmania should work with the Tasmanian Government to define and publicly communicate a long-term investment pipeline, and associated funding framework as noted in Recommendation 3. Greater visibility will foster confidence within the community housing sector and private stakeholders, enabling proactive investment in resources and longer-term planning. Furthermore, the current funding structure may constrain multi-year housing development projects and private sector partnerships. An adaptive approach will help manage market changes, policy requirements, and unexpected financial risks more effectively.

The delivery framework should also reflect any opportunities to leverage co-investment from the Australian Government as discussed in Recommendation 14, or partnerships with other parties.

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