



New Homes Bonus is a Bust

The federal, state and territory governments are on track to fall well short of their housing supply targets, and the Federal government's poorly structured New Homes Bonus is failing to do its job.

Seven out of eight states and territories are expected to fail to meet their targets for new homes built under the National Housing Accordⁱ. That means 7 out of 8 will not receive the all-or-nothing New Homes Bonus.

Despite Federal Government housing policies, the data paints a bleak picture. The median house price in Sydney is a record \$1.75 million dollarsⁱⁱ. National Shelter's Rental Affordability Index published today shows that only 2 per cent of rental properties are affordable to essential workers, and 42 per cent of low-income renters are experiencing rental stressⁱⁱⁱ. Change is not coming fast enough, and the New Homes Bonus is not doing its job.

The New Homes Bonus was designed to motivate states and territories to exceed their share of the original target of 1 million new well-located homes – with jurisdictions that beat their target eligible for a share of the Government's \$3 billion funding pool.

But the poorly designed scheme has an all-or-nothing bonus payment only at the end, and no progress incentives for step-by-step improvements. We support the Government's ambition to build 1.2 million new homes by 2029 to address the housing affordability crisis, and the concept of outcomes-based incentives, but it's clear this scheme is not delivering.

We call on the Albanese government to urgently reform the incentives to help the Accord achieve its goals, by unblocking delays and enabling the states and territories make step-changes to increase their housing supply.

We propose incentives should be brought forward and split into milestone payments connected to reforms that remove impediments and lower construction costs, such as zoning changes, accelerating approvals and investing in enabling infrastructure.

Upzoning reforms, like those in Auckland that have added 4% to housing stock and reduced rents by 28%^{iv}, could be the sorts of changes incentivised through a revamped New Homes Bonus. The Grattan Institute recently estimated that similar changes in Australia could add 67,000 new homes per year and reduce rents by 20% over the next two decades.

The federal government has limited direct levers on housing supply, so must focus its efforts on motivating the states and territories. Federal government support to incentivise the states and territories to deliver new housing, for both first home buyers and renters, are critical components of solving our housing affordability crisis.

Allegra Spender, Independent MP for Wentworth

“Unaffordable housing is the biggest social issue facing this country. The government’s appropriately ambitious housing targets are not backed up by enough policy action. The Federal Government can help drive supply by incentivising the states, but its current New Homes Bonus is not fit for purpose. It’s time that the Government utilised Keating’s adage “Never get between a premier and a bucket of money” and structured the bonus so that it really drives the changes we need.”

Sophie Scamps, Independent MP for Mackellar

“The Northern Beaches has some of the most expensive housing in the country to rent or buy. Our young people and essential workers are finding it harder and harder to live here. “We don’t want to be a community without young families and grandchildren, or teachers, nurses and carers.”

Kate Chaney, Independent MP for Curtin

“Australians struggling with housing affordability don’t care whether the problem is caused by State or Federal governments - they just want governments to work together to fix the problem.

“The current incentives for State governments aren’t moving the dial, so let’s fix them.”

Zali Steggall, Independent MP for Warringah

"Australia is in the midst of a housing crisis. The Albanese government must urgently fix the New Homes Bonus scheme so Australia can deliver more homes and bring rents and construction costs down.

"We must also find a balance between supply-side solutions, such as accelerated construction, and demand-side measures such as addressing short-term accommodation options, improving rent security and tax reform."

Monique Ryan, Independent MP for Kooyong

“In the face of an unprecedented housing crisis, we have to be innovative and bold in developing policies to improve availability and affordability. The New Homes Bonus scheme is not working as intended. The government has to incentivise state government to pull every lever possible to get new homes built.

ACT Independent Senator David Pocock

“While Labor’s increased investment in housing is welcome, they still aren’t addressing this leading issue of concern for Australians with the urgency it deserves.

“It has taken nine months after the Housing Australia Future Fund Round 2 closed, for Round 3 to open. Almost four years after announcing it, a shared equity scheme to get more people into home ownership still isn’t operating in all states and territories.

“There’s still no sign of the promised National Housing and Homelessness Plan and tax reform is off the table. We need urgent delivery that stops treating housing as an investment and starts treating it as a human right.”

Nicolette Boele, Independent MP for Bradfield

“Housing is broken – and Bradfield is ground zero for that. I represent our nation’s most unaffordable electorate for buying a home.

“My community needs the federal government to play its part.

“Delivering more homes locally, also requires stronger investment and better infrastructure - schools, transport, and open spaces. Bradfield deserves practical solutions that match the scale of this challenge.”

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ⁱ Property Council of Australia, [Smarter Incentives More Homes](#), p10.

ⁱⁱ [Housing market changes gear](#)

ⁱⁱⁱ National Shelter, [Rental Affordability Index 2025](#)

^{iv} [To fix the economy, fix housing - Grattan Institute](#)