04 July 2025

Victorian govt could save $1.99 billion, deliver thousands of affordable homes through site amalgamation

New modelling reveals the Victorian government could save $1.99 billion and unlock as many as 26,000 social homes over the next decade by supporting community housing organisations to purchase land next door to existing community housing properties.

A Swinburne University and Ys Housing discussion paper, in partnership with CHIA Victoria and 10 community housing providers, identifies 1,637 sites across Melbourne, Geelong, Ballarat and Bendigo that could be redeveloped and merged with adjacent social housing to boost supply.

The paper finds that a state government investment of $80 million a year for ten years has the potential to:

- Purchase 1,000 lots, unlocking land to deliver between 10,500 and 26,000 new social homes
- Save taxpayers $1.99 billion through lower land costs, efficient land use, and more cost-effective project delivery
- Create savings of $250,000 per new dwelling.

Over the longer term with further investment, the strategy could create up to 65,000 social housing units, enough to clear Victoria's social housing waitlist.

Community Housing Industry Association (CHIA Vic) chief executive Sarah Toohey said: "Victoria faces a golden but narrow window of opportunity to unlock land that could deliver thousands of new social housing dwellings across Melbourne and regional Victoria.

"By buying properties next door to ageing community housing dwellings, we can create larger blocks, and deliver more social homes at scale. This would switch the dial on the housing crisis while saving taxpayers money in the long run.

"This is a chance for not-for-profit organisations to develop more homes that are genuinely affordable, rather than allowing private developers to transform these sites into premium properties designed to maximise profit margins and drive up prices.

“This would also help the Victorian Government achieve its goal of delivering more homes in existing suburbs, rather than relying on an ever-increasing urban growth boundary.

“If we don’t act quickly it will mean less homes that are affordable for Victorians, and inevitably a more expensive social housing budget in the long run to catch up. The longer we wait, the fewer options we’ll have to bring these sites together, meaning we will have to build further away, sacrificing proximity, services, and amenities for lower cost.”

Ys Housing CEO Oscar McLennan said: “The strategy is about securing the future of community housing in Victoria, with a saving to government of $250,000 per new dwelling. We know it's absurdly hard to deliver housing at a reasonable price-point at the moment, yet site amalgamation presents a viable pathway to do just that.

“Amalgamating ageing community housing with neighbouring properties would involve voluntary transactions, providing property owners who may already be considering selling with the opportunity to do so.

"Site amalgamation is a strategic and sustainable way to help safeguard Victoria's social housing future. But the state government, in partnership with the community housing sector, must act decisively to seize this opportunity now before rising land prices and missed acquisition chances reduce its potential. The greatest challenge we face isn't the strategy itself but the urgent need for upfront investment and swift action to secure these sites while we still can.”

Media contact:
Sofie Wainwright 0403 920 301