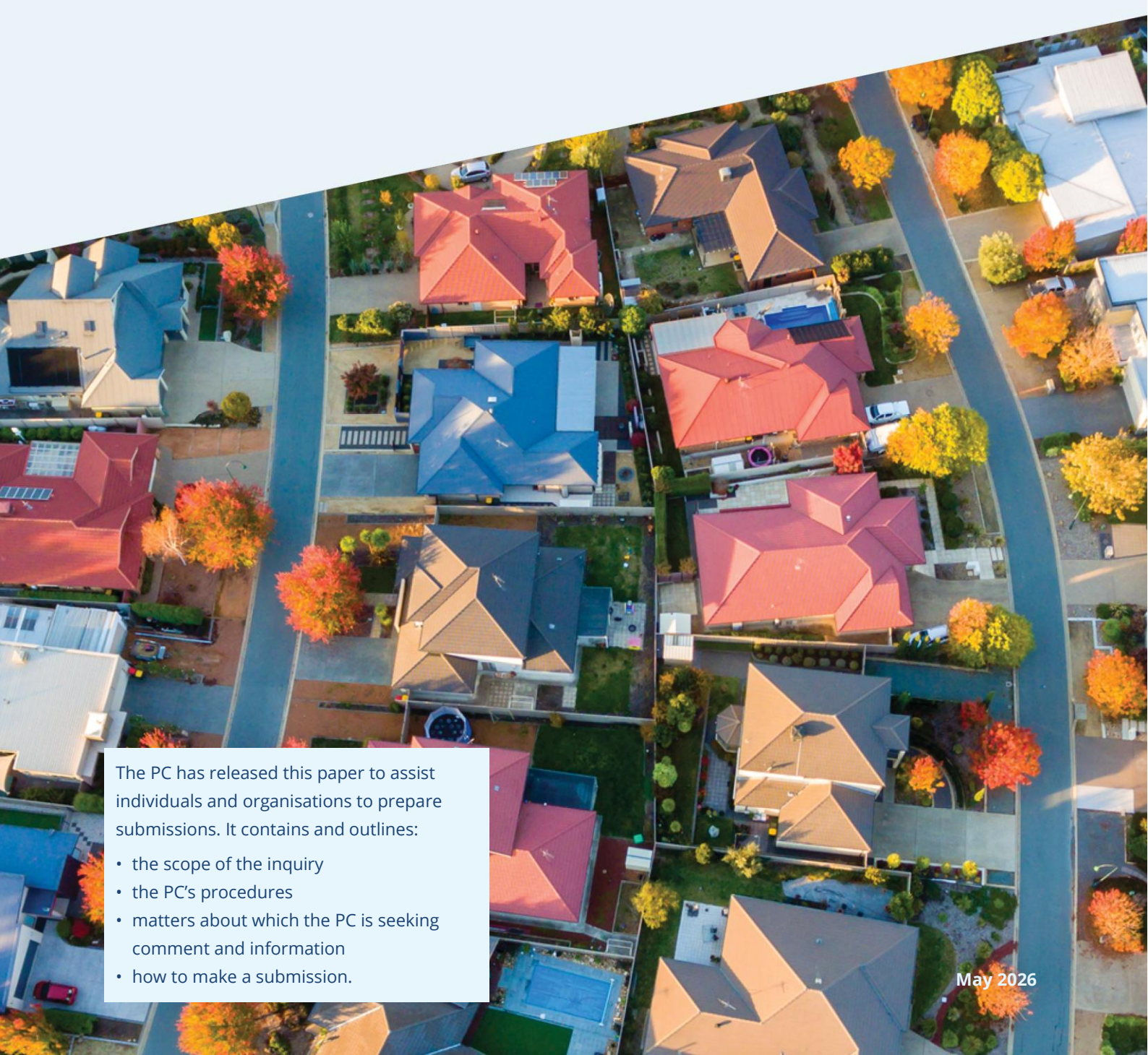




Housing supply regulation

Call for submissions

An aerial photograph of a suburban residential street. The houses have various roof colors, including red, blue, and grey. There are trees with autumn foliage in shades of orange, yellow, and red. A blue road runs through the center of the street.

The PC has released this paper to assist individuals and organisations to prepare submissions. It contains and outlines:

- the scope of the inquiry
- the PC's procedures
- matters about which the PC is seeking comment and information
- how to make a submission.

Acknowledgement of Country



The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

About us

The PC is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long-term interest of the Australian community.

The PC's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

For more information, visit the PC's website: www.pc.gov.au

Call for submissions

The PC has released this paper to assist individuals and organisations to prepare submissions to the inquiry. It contains and outlines:

- the scope of the inquiry
- the PC's procedures
- matters about which the PC is seeking comment and information
- how to make a submission (see appendix c).

Participants should not feel that they are restricted to comment only on matters raised in this paper. The PC wishes to receive information and comment on issues which participants consider relevant to the inquiry's terms of reference.

This paper was prepared with the assistance of AI for text editing. PC staff checked all outputs for quality and accuracy.

Key dates

Receipt of terms of reference	28 May 2026
Due date for submissions	15 June 2026
Release of interim report	End July 2026
Final report to Government	March 2027

Contact details

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1. About this inquiry

The Australian Government has asked the Productivity Commission to undertake an inquiry into the rules and regulations that affect new housing supply. The terms of reference for the inquiry (appendix B) ask the PC to recommend reforms that would increase housing supply, with a focus on 3 specific areas of regulation:

1. **Approval processes** (for example, development, building and post-approvals, including any barriers to the uptake of more productive methods of construction).
2. **Availability and use of land for housing** (for example, land release, land-use controls).
3. **Processes and frameworks to deliver new and utilise existing housing infrastructure** (for example, growth infrastructure planning, developer contributions model).

The government has also asked the PC to identify examples of regulations that most affect housing supply, housing affordability and construction productivity.

Under the terms of reference, the interim report will be limited in scope: it will identify regulations that most affect housing, and include a prioritised list of reforms to support faster and simpler approvals and make more land available and ready to build more homes.

For the final report, the government has asked the PC to evaluate recent reform efforts, such as state and territory reforms under the National Housing Accord, against features of a 'best-practice regulatory system' for housing and assess the impact of reforms on housing supply. It also asks us to recommend reforms to build homes more quickly, and quantify wherever possible the effects of reform on housing supply.

The National Construction Code (NCC) is excluded from the terms of reference for the inquiry.

The terms of reference require the PC to publish an interim report in July 2026 and to deliver a final report to government by March 2027.

This paper is a public call for engagement, including submissions. It outlines how the PC proposes to conduct the inquiry.

We want to hear a broad range of perspectives on housing regulation reform

The PC is inviting submissions for our interim report. We would like to hear from people, businesses, organisations and governments who are involved with or affected by regulations that affect the supply of new housing. Given the narrow focus of the interim report, and the limited amount of time we have to prepare it, we are requesting submissions by **15 June 2026**.

We would welcome written submissions on which regulations most affect housing, and what the greatest priorities should be for reform. We would particularly welcome data, case studies and evidence on which rules cause the biggest problems and costs, and examples of where reform has improved outcomes.

After the publication of our interim report, we will seek more detailed submissions on any parts of our terms of reference, the information requests we will include in that report, or other issues related to the inquiry. We will ask how housing regulations affect supply and construction productivity, how much variation there is between local government areas, the effects of recent reforms, and reform priorities for each state and territory. We will also seek perspectives on how housing regulatory systems affect the market supply of housing that meets the needs of Aboriginal and Torres Strait Islander people.

After our interim report, we also intend to conduct a survey to gather evidence of the regulatory burden at different stages of the approvals process.

The PC will meet with a range of participants including industry representative groups; representatives from relevant parts of government; subject-matter experts; and individuals and organisations with experience of housing regulation, including Aboriginal and Torres Strait Islander organisations.

The most up-to-date information on the progress of the inquiry and any deadlines for engagements is available on our website.

The specific questions we are consulting on for our interim report are below. Further context and background on the inquiry and questions follows.

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Information request

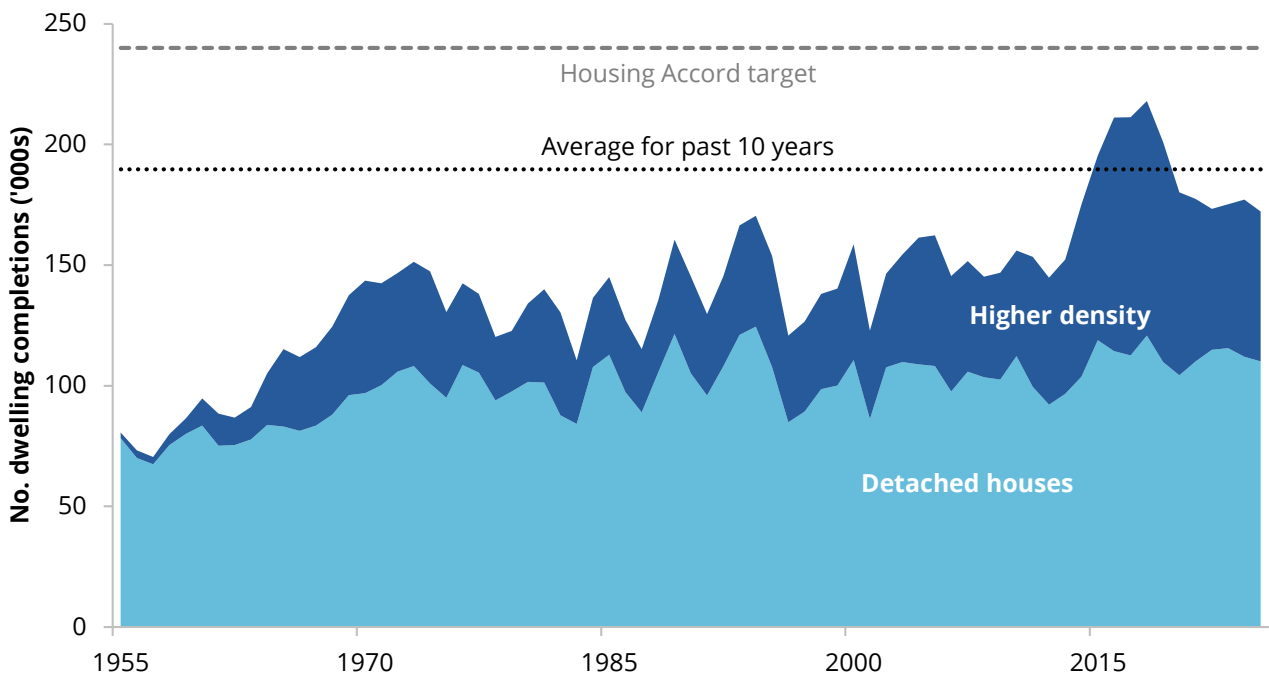
1. Which regulatory reforms should governments prioritise to get more homes built more quickly? What evidence (case studies and data) can you provide to support your answer?
2. Which steps of the housing regulatory approvals process are the most onerous, time consuming and costly? Why? How could the burden be reduced without compromising regulatory objectives?
3. Which recent reforms to approvals (for example, fast-track pathways, coordination bodies, AI-assistance) have been the most and least effective in increasing new housing supply?
4. Which specific zoning and land-use controls most limit the supply of new housing? What are the benefits to consider of specific land-use controls? How does this vary across particular Australian jurisdictions or areas?
5. How important are land release arrangements (including subdivision and titling) in limiting housing supply in an area, relative to other zoning and land-use controls?
6. How do development contributions and contributions frameworks affect project feasibility and new housing supply?
7. What other regulations relating to housing-enabling infrastructure should be a priority for reform to increase new housing supply?

2. Why further housing reforms are needed

In recent years, Australian governments have initiated a raft of reforms to increase new housing supply and improve housing affordability. Under the National Housing Accord reforms agreed by the National Cabinet, state and territory governments committed to working with the Australian Government to build 1.2 million new homes by the end of the decade. States and territories have initiated reforms to planning systems and specific planning policies, many of which are being monitored under the National Planning Reform Blueprint progress reports.

Despite these reforms, Australia is not on track to meet the Housing Accord targets (figure 1). Further reforms are needed to boost the supply of housing to more closely match demand where people want to live.

Figure 1 – Progress on the National Housing Accord targets
Number of dwelling completions, by housing type



Three-year centred moving average except at the first and last data point.

Source: PC estimates using ABS data (2026).

What we will examine in this inquiry

In this inquiry, the PC will look for practical regulatory changes that could boost new housing supply. To address regulatory issues in a systematic way, we have mapped the regulatory touchpoints involved in developing new housing. Our initial map is in figure 2.

We will focus on the following issues.

Regulations that restrict the use of land for housing

These regulations include zoning rules, which dictate whether land can be used for housing, and rules like building height limits, maximum floor-space ratios, heritage protections, allocations for affordable and social housing, and neighbourhood character controls. They set what can be built and how dense housing can be. Other factors, like when land is released for housing in existing or new areas, and limits on infrastructure, also hold back building in places people want to live.

Previous PC work has found that restrictive zoning rules are the biggest regulatory barrier to building homes, leading to less building activity and lower density than would be optimal (PC 2025b, p. 45). While some rules are needed to make sure housing is safe, comfortable, environmentally sustainable and suited to the area, too many rules can stop housing from being built, even when the benefits outweigh the costs.

The balance of these regulations will therefore be a key focus of this inquiry.

Regulations that make it more expensive to build housing

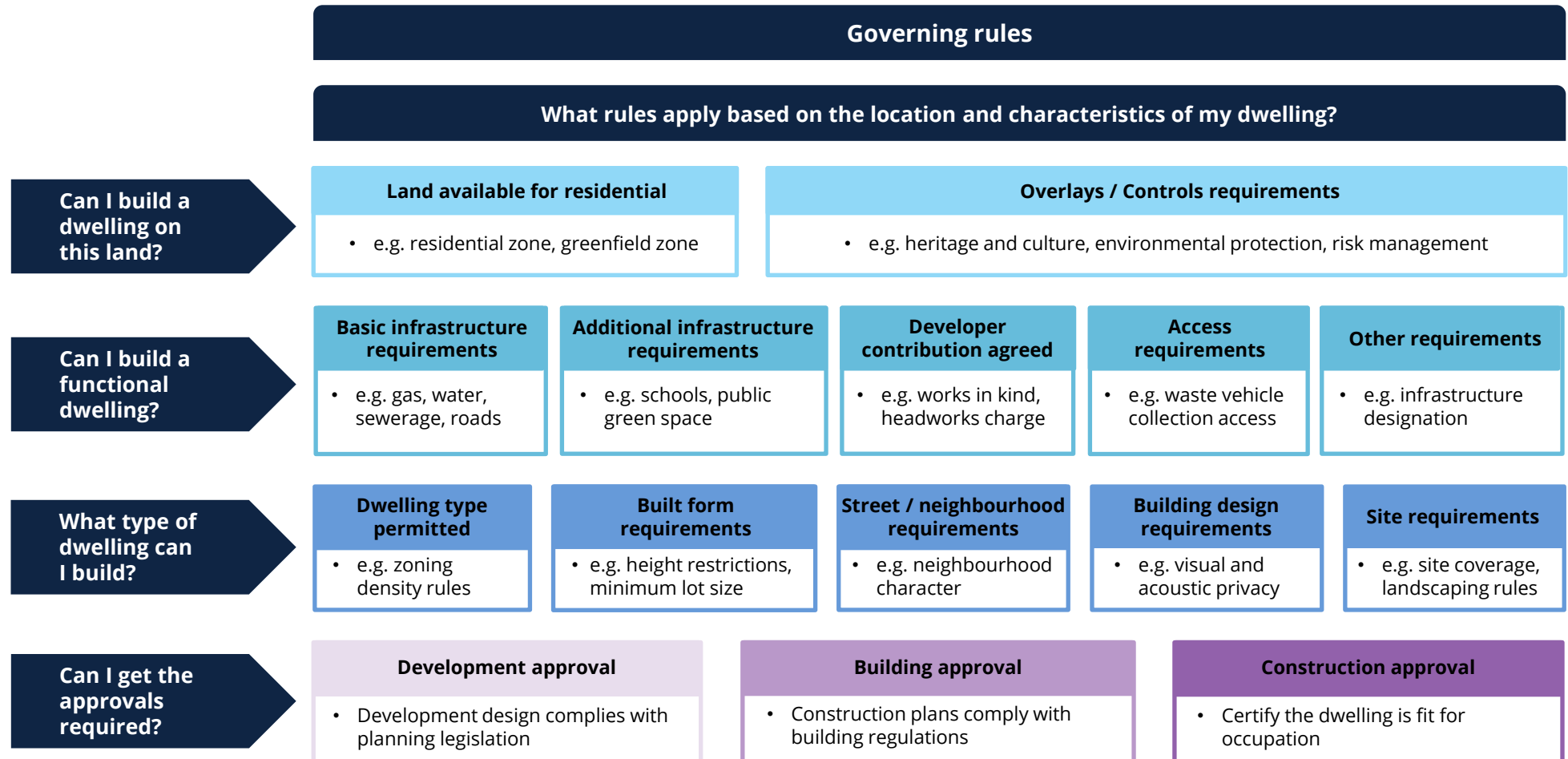
Regulations that slow or complicate the construction process also restrict supply, even when land is available. For example, zoning that only allows mid-rise rather than high-rise apartments can make projects unviable.

Even when building is allowed, complicated rules can add costs through delays, compliance, or excessive charges. Past PC work has shown that long and complex approval processes can cause cascading delays, slowing new housing supply and, in some cases, deterring development projects altogether due to the holding costs of delays (PC 2025c, pp. 32–36). Unclear or inconsistent rules can create uncertainty, which adds to costs and discourages investment. Restrictive rules can also discourage innovation in new building methods like prefabricated elements or modular homes.

Rules can also set how much developers must pay for the infrastructure that supports new housing development. If these developer charges are not efficiently set, developers, homebuyers or taxpayers may pay more than their fair share for infrastructure, relative to the wider community benefit it delivers. This can act as an effective tax on new housing. And if charges are not well implemented, they can contribute to the risks and uncertainty for developers in delivering new housing.

This inquiry will therefore look at how these rules affect new housing supply, including the responsiveness of supply to consumer demand and preferences.

Figure 2 – How the planning system governs new housing supply



This is a high-level summary of regulatory touchpoints for a housing developer created from PC research. For additional detail see appendix A. This diagram is illustrative of common regulations, however due to interjurisdictional and local differences it may not be exhaustive. Not every regulation will apply to all developments, and regulation categories have been designated for clarity.

What we are not looking at

The terms of reference for this inquiry do not cover every policy issue that affects housing supply. Other reviews are examining, or have recently examined, many of these issues.

The residential housing construction sector has experienced significant productivity declines over the past 3 decades (PC 2025c, p. 16). Many of the potential reasons for the decline in housing construction productivity are not in the terms of reference for this inquiry. These including workforce capacity, skills and workplace conditions and the requirements of the NCC. The PC has recently looked at developing Australia's skilled workforce more broadly and reducing barriers to labour mobility (PC 2025a, 2025d). The Australian Government is separately reviewing the NCC, and has paused changes until the end of the period of the Housing Accord in 2029 (Treasury 2025).

Broader policy settings also affect investment decisions for housing development. For example, lending rules and interest rate settings affect access to and the cost of finance. Taxes and levies such as stamp duty, capital gains tax and negative gearing may also affect investment decisions. These policy issues are also not covered by the terms of reference for this inquiry.

We are also not looking at broader economic conditions that affect the supply of new housing, such as supply chains and the cost of building materials, or crowding out of investment in new housing due to competition with infrastructure projects.

This inquiry is mainly about increasing market supply of new housing. But where relevant we may consider effects of improved supply on matters such as housing affordability, construction productivity and access to housing for different groups, noting that improved supply in general is likely to increase affordability.

3. Information that would help our inquiry

We are seeking information and evidence on how rules affect new housing supply, within the scope outlined above. We would particularly welcome data, case studies and evidence on which rules cause the biggest problems and costs, and therefore where the highest priorities are for reform. We welcome submissions from governments, industry participants, researchers, and members of the community.



Information request

1. Which regulatory reforms should governments prioritise to get more homes built more quickly? What evidence (case studies and data) can you provide to support your answer?

1. Approval processes

We are seeking to understand how each step in the housing construction approval process contributes to potential delays and regulatory burden. Our initial map of the steps involved in approvals using traditional methods of construction is in figure 4.

Governments must properly assess the risks of proposed developments. However, approval processes can be complicated, slow and contain significant uncertainty for developers. An overly burdensome approvals process reduces project commercial feasibility and limits new housing supply (NSW PEC 2024).

We are seeking participant input, particularly case studies and quantitative evidence, on which steps of the approval processes, requirements and documentation are the costliest to comply with.

For this aspect of our research, we are particularly interested in understanding the regulatory burden associated with the approval process as opposed to substantive compliance costs. That is, how much does it cost to go through the approvals process itself, as opposed to the cost of preparing initial planning documentation that would be required in any event?

For example, if a stormwater management plan is required to manage risks of unsafe drainage, the approval regulatory burden arises from having to use the plan to demonstrate compliance (for example, submitting the stormwater management plan for approval and the steps for its assessment), rather than from preparing the plan.



Information request

2. Which steps of the housing regulatory approvals process are the most onerous, time consuming and costly? Why? How could the burden be reduced without compromising regulatory objectives?
3. Which recent reforms to approvals (for example, fast-track pathways, coordination bodies, AI-assistance) have been the most and least effective in increasing new housing supply?

2. Availability and use of land for housing

We are looking at the ways that planning and zoning requirements and other land use rules affect the delivery of new housing supply, housing affordability and construction productivity.

Zoning rules can restrict housing supply by limiting the density permitted in an urban area. For example, in some areas, zoning allows the development of low-density detached housing but not townhouses or apartments. Other zoning controls – like maximum building heights, maximum floor-space ratios, minimum lot sizes and restrictions on subdivision such as those enforced by heritage and other overlays – can also restrict the number of dwellings allowed on a residential lot. These settings can reduce the range of available housing – particularly in inner and middle-ring suburbs where land is scarce and demand for new housing is high – affecting availability and affordability.

Planning and zoning regulations can also increase the cost of supplying dwellings, further constraining supply. Developers often face a range of costly, mandated construction requirements such as parking minimums or conditions on approvals such as requirements for affordable and social housing. Together these factors can constrain supply by reducing commercially feasible construction options.

We are seeking views on which aspects of planning, zoning and land use rules are the biggest limitations on new housing supply, and therefore in what areas reform could most improve supply.



Information request

4. Which specific zoning and land-use controls most limit the supply of new housing? What are the benefits to consider of specific land-use controls? How does this vary across particular Australian jurisdictions or areas?
5. How important are land release arrangements (including subdivision and titling) in limiting housing supply in an area, relative to other zoning and land-use controls?

3. Processes and frameworks to deliver new and utilise existing housing-enabling infrastructure

Housing-enabling infrastructure is the supporting infrastructure required to make a residential area liveable. It can be divided into 2 broad types:

- *basic infrastructure* – basic essential infrastructure that is often provided on the development site or in close proximity, including roads, footpaths, stormwater, sewerage, water, gas, electricity, telecommunications and street lighting
- *social infrastructure* – infrastructure that may be on- or off-site, and improves liveability for the broader community, such as public open spaces, parking, public transport, health services, public toilets, sporting facilities, schools and other community buildings.

Developers typically pay for a proportion of housing-enabling infrastructure through development contributions. For basic infrastructure that directly benefits those who live on a new housing site (such as electricity and water), development contributions should ideally reflect a ‘user pays’ approach where those who benefit most from the infrastructure are charged for their share of the benefits of it.

However, it is less clear who should pay for additional or social infrastructure that is not linked to residents of particular sites – and whether development contributions are the most appropriate way of funding it, and the extent to which these affect development feasibility. The frameworks and processes that determine contributions can also add to costs and uncertainty for developers. Poor infrastructure planning or a lack of coordination of different infrastructure can add to the time and costs of new housing projects, potentially reducing feasibility and supply.

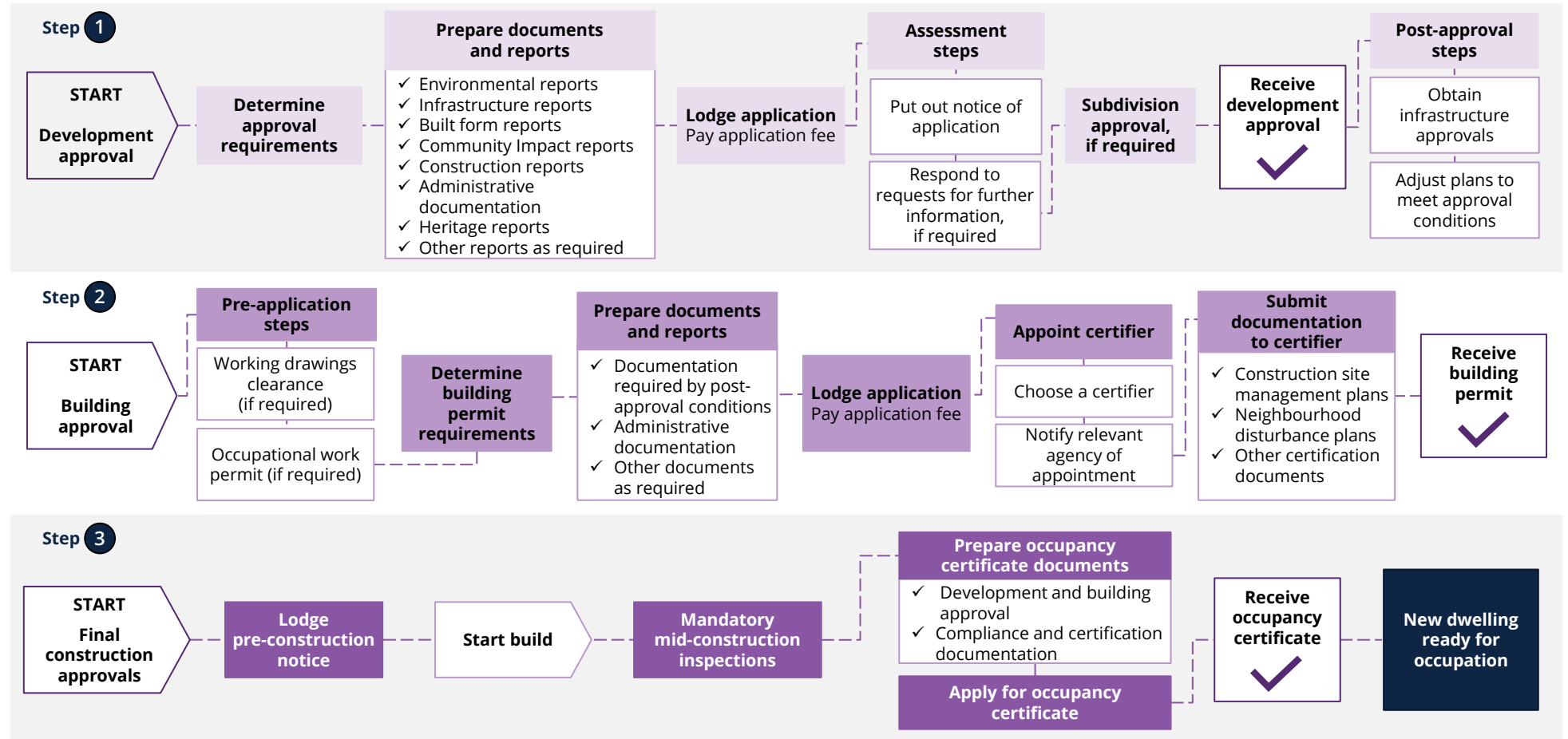
We are seeking views on the extent to which housing-enabling infrastructure can be a barrier to new housing supply and what regulatory and funding changes could be made to improve how housing-enabling infrastructure can support development feasibility and timely delivery of new homes.



Information request

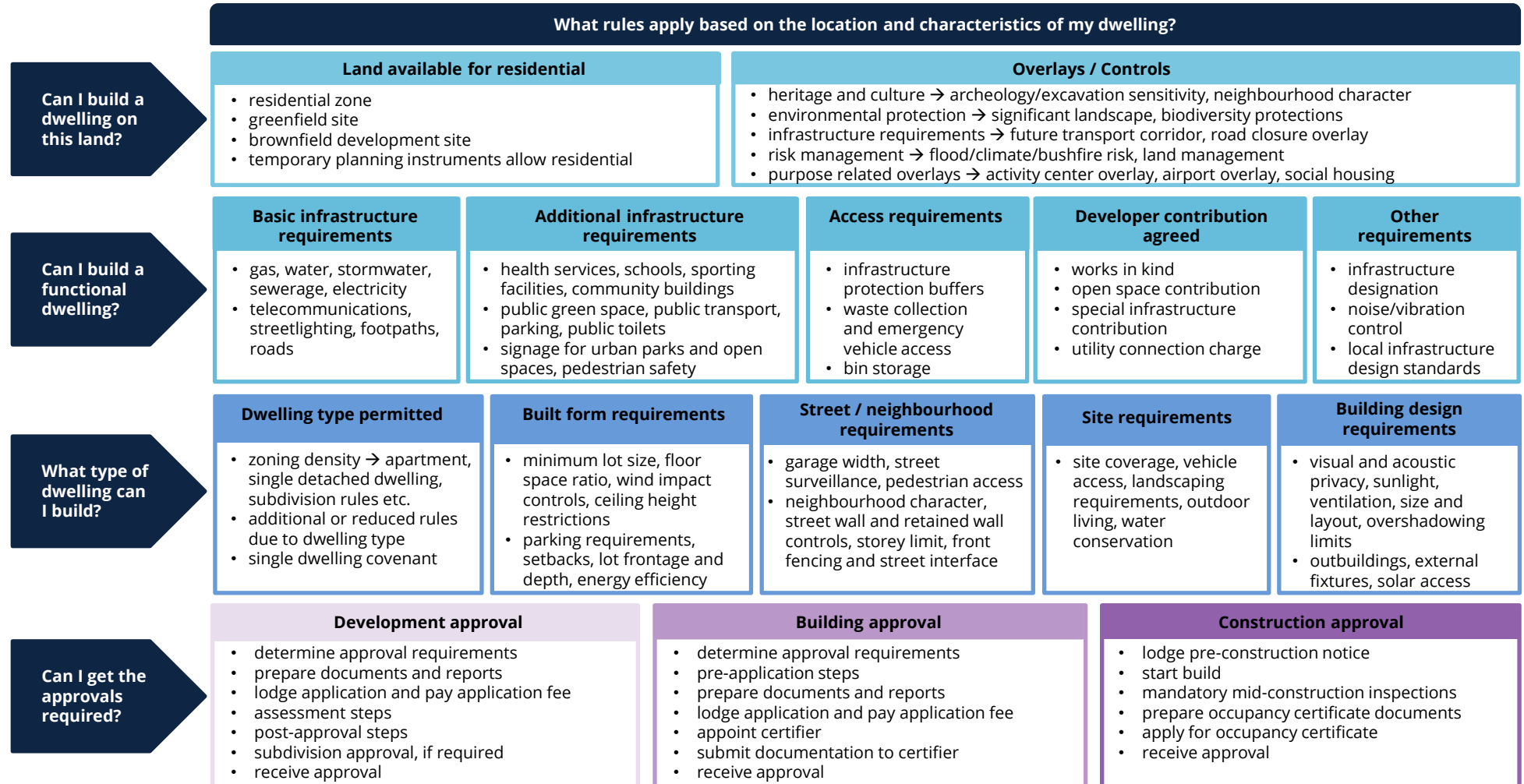
6. How do development contributions and contributions frameworks affect project feasibility and new housing supply?
7. What other regulations relating to housing-enabling infrastructure should be a priority for reform to increase new housing supply?

Figure 4 – Outline of the approval pathway for new dwelling construction



This diagram is a generalised representation of the approval steps required across Australia and does not include approvals to rezone or change the use of land. Steps may not be required or may have different names in different jurisdictions. For the purposes of this figure, 'development approval' refers to the process resulting in receiving an approval for a new dwelling, assessed against relevant planning requirements at the local and state government level. 'Building approval' refers to the process to receive a permit to begin construction of a new dwelling. 'Final construction approvals' refers to the process to receive an occupancy certificate.

A. Figure 2 extended version



B. Terms of reference

I, the Hon Jim Chalmers MP, Treasurer, pursuant to Parts 2 and 3 of the *Productivity Commission Act 1998*, hereby request that the Productivity Commission ('the Commission') undertake an inquiry into the rules and regulations that impact housing supply. I ask that the Commission develop actionable recommendations to lift productivity and help Australia build more homes.

Background

Australia has a housing shortage. We do not have enough homes, where people need them, at prices they can afford. Regulation serves an important purpose, but over the past several decades, the volume and complexity of regulations affecting the housing sector have increased significantly.

The Commission's *Creating a more dynamic and resilient economy* inquiry report estimates that regulation adds significant cost to the average new house or unit. While many regulations are critical to safety and quality, there is scope to reduce the regulatory burden, without compromising important standards.

Following the Economic Reform Roundtable in August 2025, the Government announced new actions to cut through regulations holding up new homes. This included pausing and streamlining the National Construction Code and to fast-track housing environmental approvals. The 2026-27 Budget built on this, by requiring states and territories to sign up to new reforms that fast track housing approvals, release more housing ready land, and support a genuinely national construction code in exchange for access to the new \$2 billion Local Infrastructure Fund.

To support the Government's ambitious \$47 billion housing agenda and further reduce the regulatory burden on housing supply, the Government is now tasking the Commission to conduct an inquiry into housing supply regulations.

Scope of the inquiry

The Commission will conduct an inquiry to assess how regulatory systems affect housing supply across jurisdictions, identify best practice and recommend reforms to get more homes built quickly across the following matters:

1. Approval processes (for example, development, building, and post-approvals, including any barriers to the uptake of more productive methods of construction)
2. Availability and use of land for housing (for example, land release, land use controls)
3. Processes and frameworks to deliver new and utilise existing housing infrastructure (for example, growth infrastructure planning, developer contributions model)

The inquiry should identify examples of the existing housing regulatory system across jurisdictions that have the greatest impact on housing supply, housing affordability and construction productivity. However, this should also consider the benefits of the regulations and their objectives.

The inquiry should also evaluate regulatory systems across jurisdictions against established best practice, with reference to existing reform efforts underway. The Commission's advice should clearly identify reform opportunities, including, where possible, quantitative analysis of the economic benefits of the recommended reforms.

The interim report should identify regulations that most affect housing and include a prioritised list of reforms to support faster and simpler approvals and make more land available and ready to build more homes.

The final report should also include an assessment of how advanced states and territories are in their reform efforts, against the features of a best practice system, and assess the expected impact on housing supply of planning and other relevant regulatory reforms taken by states and territories since 1 July 2024. The final report should also quantify, where possible, the economic benefits of the recommended reforms, and provide further advice on reform implementation.

The Commission should have regard to the Government's housing agenda and existing reform directions. This includes the National Housing Accord, which has set an aspirational target of building 1.2 million new, well-located homes over five years. The Commission should also take into account other current and recent reforms or reviews of relevance, the recently passed reforms to the *Environment Protection and Biodiversity Conservation Act 1999* and the measures and actions agreed to and progressed under the National Planning Reform Blueprint.

The National Construction Code is considered out of scope for this inquiry, as it is being separately considered as part of a streamlining and modernisation effort, announced following the Federal Government's Economic Reform Roundtable.

Process

The Commission should undertake appropriate public consultation, including inviting public submissions. The Commission should engage actively with the Commonwealth, state and territory governments as well as other industry experts.

The Commission should publish an interim report by the end of July 2026. The final report is to be provided to Government by the end of March 2027.

The Hon Jim Chalmers MP
Treasurer

[Received 28 May 2026]

C. How to make a submission

How to prepare a submission

Written submissions may range from a short comment outlining your views on a particular topic to a much more substantial document covering a range of issues. Where possible, you should provide evidence, such as relevant data and documentation, to support your views.

Publishing submissions

- Most submissions will be published on the PC's website shortly after receipt, and will remain there indefinitely as a public document.
- Material provided in confidence will not be published on the website (see below).
- The PC reserves the right to not publish material on its website that is offensive, potentially defamatory, or clearly out of scope for the inquiry.

Copyright

- Copyright in submissions sent to the PC resides with the author(s), not with the PC.
- Do not send us material for which you are not the copyright owner – such as pictures, photos and newspaper articles. Instead, include references or links to this material in your submission.

In confidence material

- This is a public inquiry. Participants are encouraged to provide submissions as public documents that can be placed on the PC's website for others to read and comment on.
- However, information which is of a confidential nature, or which is submitted in confidence can be treated as such by the PC, provided the cause for such treatment is shown. Only staff of the PC will be permitted access to this information. The information will be stored on secure, password-protected ICT systems and destroyed in accordance with terms detailed in the appropriate records authority.
- The PC may also request a non-confidential summary of the confidential material it is given, or the reasons why a summary cannot be provided.
- Material supplied in confidence should be clearly marked 'IN CONFIDENCE' and be in a separate attachment to non-confidential material.
- You are encouraged to contact the PC for further information and advice before submitting such material.

Privacy

- For privacy reasons, some personal details (for example, home and email address, signatures and phone numbers) will be removed before submissions are published on the website.
- You may wish to remain anonymous or use a pseudonym. Please note that, if you choose to remain anonymous or use a pseudonym, the PC may place less weight on your submission.

Technical tips

- The PC prefers to receive submissions as a Microsoft Word (.docx) files. PDF files are acceptable if produced from a Word document or similar text-based software. You may wish to search the Internet on

how to make your documents more accessible or for the more technical, follow advice from Web Content Accessibility Guidelines (WCAG) 2.1: <https://www.w3.org/TR/WCAG21/>

- Do not send password protected files.
- Track changes, editing marks, hidden text and internal links should be removed from submissions.
- To minimise linking problems, type the full web address (for example, <https://www.referred-website.com/file-name.html>).

How to lodge a submission

Submissions should be lodged using the online form on the PC's website. Submissions lodged by post should be accompanied by a submission cover sheet, available from the PC's website.

Online*	www.pc.gov.au/inquiries-and-research/housing-supply
Post*	Housing supply regulation Productivity Commission GPO Box 1428 Canberra City ACT 2601, Australia
Phone	Please contact the Administrative Officer on 02 6240 3241

* If you do not receive notification of receipt of your submission to the PC, please contact the Administrative Officer.

Due date for submissions

Please send submissions to the PC by **15 June 2026**.

References

ABS (Australian Bureau of Statistics) 2026, *Building Activity, Australia, December 2025*, Dataset, table 39, Australian Government.

NSW PEC (NSW Productivity and Equality Commission) 2024, *Review of housing supply challenges and policy options for New South Wales*, NSW Government.

PC (Productivity Commission) 2025a, *Building a skilled and adaptable workforce*, Inquiry report no. 110, Canberra.

— 2025b, *Creating a more dynamic and resilient economy*, Interim report, Canberra, July.

— 2025c, *Housing construction productivity: Can we fix it?*, Research paper, Canberra.

— 2025d, *National Competition Policy analysis 2025*, Interim report, Canberra.

Treasury (Australian Government Treasury) 2025, *Modernising the National Construction Code: Project scope*, Australian Government, pp. 1–3.