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Productivity Commission
Inquiry into housing supply regulation

To whom it may concern

Submission to the inquiry into housing supply regulation

Universities Australia (UA) strongly supports the Productivity Commission examining housing supply regulation. Australia's housing challenges are well documented and are fundamentally a supply problem, despite suggestions otherwise. The focus of this inquiry on the regulatory, planning and investment settings that constrain new housing development is therefore both timely and necessary.

In recent years, international students have become an increasingly convenient target in debates about housing supply. Successive governments and political parties have sought to link international student numbers to housing pressures, despite clear evidence that international students are not the cause of Australia's housing crisis. International students comprise around six per cent of Australia's rental market and around 40 per cent live outside the general rental market altogether through purpose-built student accommodation (PBSA), university housing, homestays and other arrangements. Blaming international students for a housing crisis decades in the making might make for a convenient headline, but it will not build a single additional home.

Australia's housing shortage has been driven by years of under-supply, planning constraints, workforce shortages and infrastructure bottlenecks. Restricting international education will do nothing to address those structural challenges. What it will do is damage one of Australia's largest export industries, undermine economic and productivity growth, weaken our future skills pipeline and diminish one of the country's most important sources of international engagement and influence. Whether the proposal is caps, planning levels or housing-linked enrolment restrictions, reducing international student numbers cannot substitute for the difficult work of fixing Australia's housing system. If governments are serious about increasing housing supply, they should focus on the barriers that prevent homes from being built.

At the same time, UA recognises that governments increasingly expect universities and the international education sector to play a greater role in providing student accommodation. Addressing Australia's housing shortage requires a genuine Team Australia approach, with governments, industry, investors, community housing providers and universities working together to increase supply and remove barriers to development. No single sector can solve it alone. Australia's universities are prepared to be part of the solution. They educate the architects, engineers, planners, surveyors, builders and construction managers needed to deliver more homes. They undertake the research that



improves housing design, construction methods and urban planning. Many are also investing directly in student accommodation and stand ready to do more.

But partnership must run both ways. Universities cannot be expected to help solve housing shortages while facing planning delays, regulatory barriers and financing constraints that limit their ability to build. If governments want universities to deliver additional supply, they must create the policy settings that enable it. Yet this principle is not always reflected in the policy debate. The Albanese government has increasingly linked international student growth to accommodation supply and encouraged universities to build more student housing. The Coalition has similarly argued that universities should take greater responsibility for accommodating international students. At the same time, governments at all levels continue to maintain planning, regulatory and financing settings that make student accommodation projects unnecessarily difficult, costly and slow to deliver.

The experience of universities attempting to develop PBSA demonstrates this challenge. In New South Wales, for example, proposals to deliver additional student housing have faced lengthy planning processes, community opposition and regulatory hurdles despite broad agreement that additional accommodation is needed to ease pressure on the broader rental market. Governments can't simultaneously demand more student housing while maintaining barriers that prevent it from being built. PBSA is one part of the broader housing solution. Every student housed in dedicated accommodation is one less person competing in the private rental market.

Universities have demonstrated that, when supported by the right policy settings, they can help increase housing supply. Our institutions have previously utilised schemes such as the National Rental Affordability Scheme (NRAS) to expand student accommodation capacity, demonstrating that well-designed Commonwealth incentives can successfully leverage university investment to increase housing supply.

The Productivity Commission has an important opportunity to identify reforms that remove barriers to development, unlock investment and accelerate the delivery of new housing supply. Within that broader agenda, governments should recognise the role PBSA can play in easing pressure on the private rental market. We recommend that governments:

- streamline planning and approval pathways for PBSA developments
- recognise PBSA as a distinct housing asset class within planning and regulatory frameworks
- reduce unnecessary duplication and delay across local, state and federal approval processes
- expand access to affordable and patient capital for student accommodation developments
- amend the Housing Australia Investment Mandate to explicitly support investment in PBSA, ensuring universities and university-affiliated accommodation providers have equitable access to Commonwealth housing financing mechanisms where projects demonstrably increase supply and reduce pressure on the broader rental market
- re-establish the NRAS, or a comparable successor program, recognising the important role such incentives previously played in supporting the delivery of additional student accommodation and increasing housing supply



- re-establish the Education Investment Fund to support universities seeking to expand student accommodation capacity and associated infrastructure, and
- ensure any housing-related obligations imposed on universities are matched by planning, financing and regulatory settings that make delivery achievable.

The Commonwealth has rightly set an ambitious target of delivering 1.2 million new homes under the National Housing Accord. Achieving that objective will require governments to remove barriers to housing development wherever they exist, including in the student accommodation sector. The central question for this inquiry is not whether universities should help increase housing supply. Many already are. The question is whether Australia's regulatory and investment frameworks are helping or hindering those efforts.

International students are not the cause of Australia's housing shortage. Continuing to suggest otherwise will not deliver a single additional home. Restricting international education is not a housing policy. Building more housing is.

This inquiry presents an opportunity to remove barriers, unlock investment and accelerate the delivery of new housing supply. Governments should focus their efforts on the reforms that will increase supply, rather than continuing a debate that ignores the real causes of Australia's housing challenges. Universities stand ready to play their part and would welcome further engagement with the Productivity Commission as this inquiry progresses.

Yours sincerely

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