



# **HIA Submission**

## **Inquiry into Housing Supply Regulation**

**THE PRODUCTIVITY COMMISSION**

11 June 2026



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## About HIA

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 170,000 new homes each year through the construction of new housing estates, detached homes, low and medium-density housing developments, apartment buildings and completing renovations on Australia's over 11 million existing homes.

HIA members comprise a diverse mix of businesses, including volume builders delivering thousands of new homes a year through to small and medium home builders delivering one or more custom built homes a year. From sole traders to multi-nationals, HIA members construct over 85 per cent of the nation's new building stock.

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into the manufacturing, supply and retail sectors.

Contributing over \$100 billion per annum and accounting for 5.8 per cent of GDP, the residential building industry employs over one million people, representing tens of thousands of small businesses and over 200,000 sub-contractors reliant on the industry for their livelihood.

HIA exists to service the businesses it represents, advocate for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry. HIA's mission is to:

*"promote policies and provide services which enhance our members' business practices, products and profitability, consistent with the highest standards of professional and commercial conduct."*

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population. New policy is generated through a grassroots process that starts with local and regional committees before progressing to the National Policy Congress by which time it has passed through almost 1,000 sets of hands.

Policy development is supported by an ongoing process of collecting and analysing data, forecasting, and providing industry data and insights for members, the general public and on a contract basis.

The association operates offices in 22 centres around the nation providing a wide range of advocacy, business support services and products for members, including legal, technical, planning, workplace health and safety and business compliance advice, along with training services, contracts and stationery, industry awards for excellence, and member only discounts on goods and services.



## Introduction

Australia continues to face a severe housing crisis, with new home commencements, approvals and lending activity at or near cyclical lows, despite sustained population growth. This reflects a persistent and growing supply shortfall. While governments have committed to ambitious housing targets under the National Housing Accord, it is now acknowledged that these targets will not be met. Nonetheless, the Accord has played an important role in drawing attention to the magnitude of the housing challenge and the need for systemic reform.

Feedback from HIA members consistently identifies regulatory burden as a primary constraint on the industry's capacity to increase housing supply. Consistent with the Productivity Commission's findings in *Housing construction productivity: Can we fix it?*, builders report that more time is now spent fulfilling regulatory requirements in the office than delivering housing outcomes on site.

### Land use regulation

At its foundation, housing supply is determined by land use regulation. Across Australia, many planning controls continue to reinforce legacy settlement patterns rather than address current housing needs. This is reflected by the following:

- Vast areas of residential land are zoned for low-density purposes or similar, reinforcing detached housing and limiting diverse types of housing even in well-located areas;
- In many established suburbs, minimum lot sizes requirement for subdivision do not enable the creation of an additional lot based on existing block patterns. Most concerning, some of these lot size requirements have barely changed since initially being introduced over a century ago for sanitation and public health concerns that no longer exist<sup>1</sup>; and
- Concurrently, efforts to expand housing supply at the urban fringe are constrained by urban growth boundaries introduced in most metropolitan area from the early 2000s. While aimed at limiting perceived urban sprawl and protecting agricultural land, these measures have constrained developable land availability and reduced investment in the expansion of new infrastructure.

### Approval processes – absence of a competitive market in planning assessments

Even where land is appropriately zoned, planning assessment is often slow and uncertain. Planning approvals routinely **take 2 to 3 months** to assess minor applications, such as a single non-compliant setback. By contrast, under the privatised building certification system, a building certifier and associated professionals, can complete a far more comprehensive assessment of an entire dwelling against the National Construction Code (NCC), including structural integrity, safety and energy efficiency, granting an approval within **1 to 3 days**.

Private building certifiers operate in a competitive market where timelines and service quality directly affect their ability to attract work. Delays carry commercial consequences. Planning systems, by contrast, lack these incentives, and often the risk of political or community opposition can actively discourage timely decision-making for government employees.

Given the overall success and efficiency of the private building certification system, there is a strong case that expanding the role of independent planning professionals in low-risk planning assessment is now well overdue. Similar to the building approval framework, governments should consider a more nationally harmonised private planning certification system for housing applications. Emerging AI-assisted assessment technologies should also be leveraged to streamline compliance review and ensure consistency in decisions made by independent planning professionals.

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<sup>1</sup> See *Undue Subdivision of Land Prevention Act 1885 (Qld)*.



## **Approval processes – lack of standardisation and growing regulatory burden**

A lack of standardisation across planning systems is a core driver of inefficiency. While some jurisdictions have introduced elements of state-wide requirements, substantial variations remain. For example, Western Australia operates under 130 different planning schemes, and Queensland has more than 80 planning instruments each with differing requirements.

This highly fragmented system extends beyond design controls or planning approvals to lodgement processes, supplementary technical standards for engineering requirement for driveways or procedures for obtaining traffic permits or removing street trees. Proponents are often required to navigate different systems across each local government areas for similar developments which hinders productivity.

Historically there has been efforts to improve planning consistency such as the Australian Model Code for Residential Development (AMCORD) which introduced performance-based planning. International examples, including New Zealand's recent reforms to exempt certain secondary dwellings (granny flats), demonstrate that greater consistency is possible and can increase housing supply.

Against this fragmentation, regulatory burden has continued to expand. Planning systems increasingly rely on overlays, constraints and technical assessments. In HIA's view, a precautionary approach is often adopted, and constraints are now being increasingly modelled against long-term uncertain predictions for climate change. While this may reduce perceived institutional risk, it has shifted a significant cost burden onto applicants to demonstrate regulators are wrong. Concerningly, some regional councils are requiring a technical level assessment through planning schemes without the in-house expertise to assess it, resulting in a reliance on external consultants causing time delays.

## **Developer contributions and housing enabling infrastructure**

Previous research has confirmed developer contributions add \$25,000 to \$85,000 per dwelling (around 8 to 11 per cent of construction costs)<sup>2</sup>. Despite the cost burden, many developer contribution frameworks still lack transparency to determine their effectiveness. Some reports from New South Wales detail a large and growing balance of unspent contributions held by councils of up to \$4 billion<sup>3</sup>, while infrastructure delivery still lags. Conversely, local governments in Queensland continue to argue that there is insufficient funding to deliver new infrastructure<sup>4</sup>.

The scope of contributions has also expanded beyond essential infrastructure with a clear nexus to new housing. For example, an inner-city pedestrian bridge may be partly funded through developer contributions utilising charges from a homebuyer on the urban fringe, despite this homebuyer potentially never using this infrastructure asset.

The physical construction of new infrastructure is also constrained by inflexible standards and a desire for over-engineered, ultimate capacity solutions. In many cases, utility providers operate as monopoly networks and are unwilling to accept alternative materials or delivery approaches. This reduces flexibility, prevents innovation and contributes to delays.

Internationally, more adaptive models exist. In the United States, municipal utility districts enable infrastructure to be progressively funded and scaled over time, aligning investment with demand rather than requiring full capacity build-out.

HIA provides further detail throughout this submission, including supporting analysis and case studies that illustrate the impacts of current regulatory settings and opportunities for reform.

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<sup>2</sup> National Housing Finance and Investment Corporation. (2021). Developer contributions: How should we pay for new local infrastructure

<sup>3</sup> McGowan, M. (2026, April 20). The \$4.2b infrastructure war chest local councils say they can't spend. The Sydney Morning Herald

<sup>4</sup> Local Government Association of Queensland. (2023). Infrastructure charges and funding for growth.

## 1. Land use regulation in planning systems

The output of the housing industry is fundamentally determined by land use regulation. Planning systems dictate where housing can be delivered, the density of development, the ability to subdivide land, and the feasibility of delivering diverse and affordable housing products.

Across Australia, restrictive zoning, minimum allotment sizes and prescriptive built form controls are constraining housing supply, limiting construction sector productivity and contributing to worsening affordability outcomes. The Queensland Productivity Commission (QPC) identified restrictive land use regulation as a significant barrier to housing supply and economic productivity across South-East Queensland (SEQ).<sup>5</sup> The Commission found planning systems often prevent efficient use of well-located urban land, despite substantial investment in transport infrastructure, employment centres and public services.

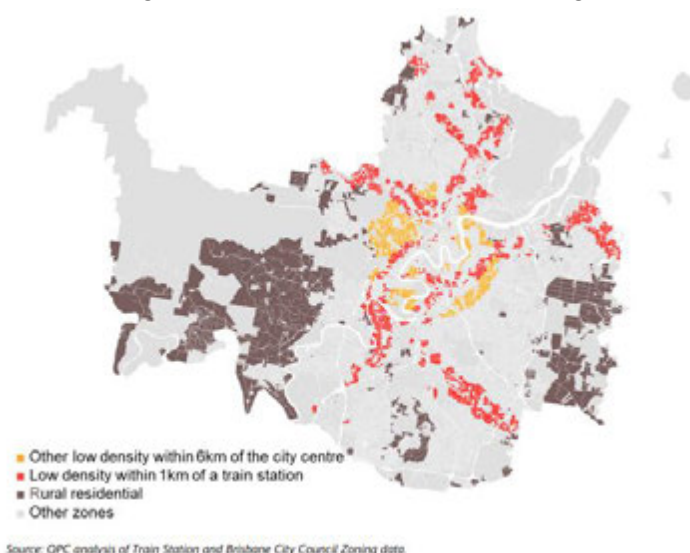
International research similarly demonstrates that restrictive land use regulation reduces the scale and efficiency of housing development, discourages innovation and constrains productivity growth within the construction industry.<sup>6</sup>

### 1.1 Restrictive zoning limits infill housing

Restrictive zoning practices significantly limit opportunities for infill housing and increased densities in established urban areas. Large portions of residential land across Australian cities remain subject to low density residential zoning (or similar) and character protections that prohibit apartments, townhouses and smaller housing formats.

The QPC found that:

- Only 10 per cent of Brisbane and 23 per cent of Gold Coast land is zoned for medium or higher-density development;
- Approximately 69 per cent of residential land within 1,000 metres of Brisbane train stations is restricted by low density or character zoning; and
- Significant areas surrounding major transport corridors and activity centres continue to prohibit increased density despite strong demand for well-located housing.



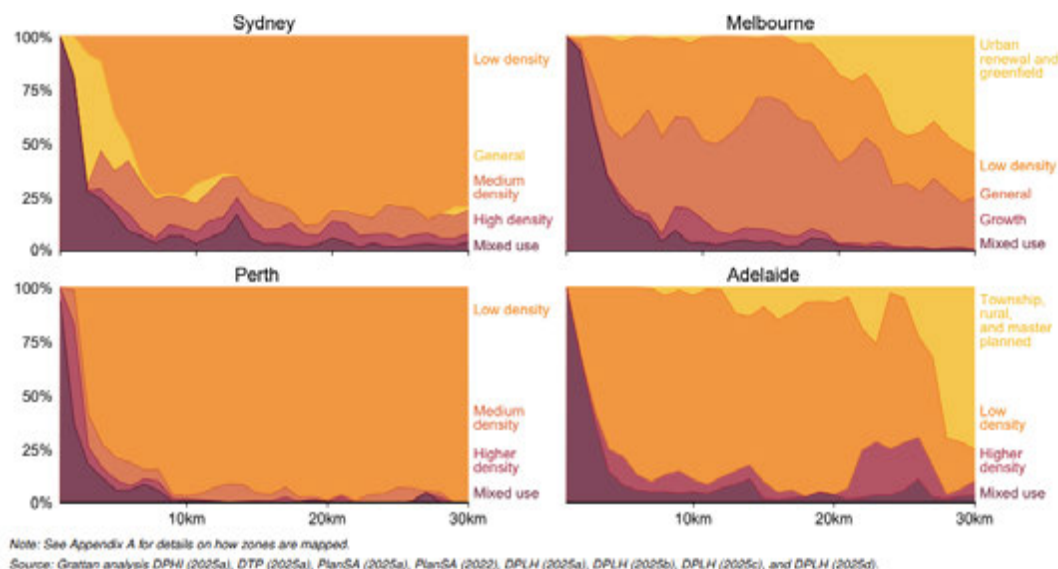
**Figure 1: Well-located land in Brisbane with restrictive zoning preventing new homes**

<sup>5</sup> Queensland Productivity Commission, *Interim Report: Opportunities to improve productivity of the construction industry* (2025), pp. 160–162.

<sup>6</sup> Maltman, M. (2024).

Similar zoning restrictions are evident nationally, The Grattan Institute found that:

- Approximately 80 per cent of residential land within 30 kilometres of the Sydney CBD and 87 per cent in Melbourne is restricted to housing of three storeys or less;
- More than three quarters of residential land in Perth and Adelaide is restricted to housing of two storeys or less; and
- Many inner and middle-ring suburbs with the highest access to jobs, transport and services continue to prohibit apartments, townhouses and medium density housing.<sup>7</sup>



**Figure 2: Extent of restrictive zoning in select capital cities**

Previous research attempting to quantify the impacts of restrictive land use regulation has consistently concluded the economic benefits of planning reform would be significant. The Queensland Productivity Commission estimated that targeted zoning reform in well-located areas of South-East Queensland could generate net economic benefits of up to \$48 billion and deliver up to 330,000 additional dwellings. Similarly, the Grattan Institute found that broader planning reforms to permit greater density could increase Australia’s GDP by up to \$25 billion annually over the long term while materially improving housing supply and affordability outcomes.

### Recommendations for Land Use Regulation – Zoning

HIA recommends:

1. **Establish a national housing and planning dashboard** – publicly track housing capacity through zoning, land supply and planning approvals, housing commencements, urban growth boundaries and infrastructure planning across all jurisdictions. Improved and transparent data would support more effective land use planning. However, significant limitations remain in the data currently used to inform planning decisions including:
  - Limited visibility and consistency in dwelling completion data across local governments;
  - ABS building approval data not accounting for demolitions and misinterpreted to overstate net housing supply;
  - Incomplete tracking of specific housing types such as secondary dwellings; and
  - Underestimation of population growth forecasts from Treasury which inputs into other levels of government for planning and infrastructure decisions.

<sup>7</sup> Grattan Institute, *More Homes, Better Cities: Letting More People Live Where They Want* (2025).



**2. Establish a performance-based funding program** – similar to the National Housing Accord’s *New Homes Bonus*, incentivise state and local governments to undertake upzoning reform and tie funding to an increase of infill dwelling completions including apartments, townhouses, terrace homes and duplexes.

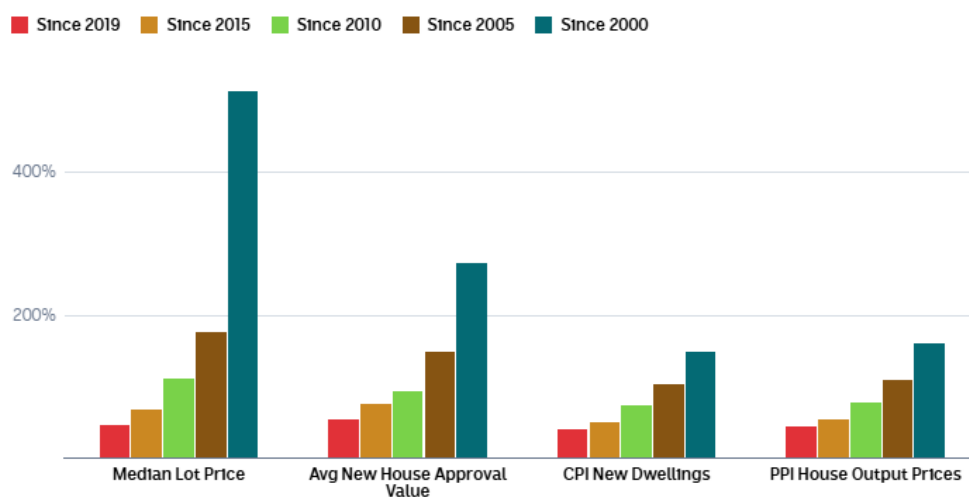
## 1.2 Minimum lot sizes restrict housing supply

Minimum allotment size controls are a significant barrier to increasing housing supply in many established urban areas, rural areas and some greenfield areas. Across Australia, large proportions of residential land remain subject to low density residential zoning or equivalent controls, with minimum lot sizes commonly ranging between 400m<sup>2</sup> and 2,000m<sup>2</sup>.

In many established suburbs, a significant proportion of allotments are already smaller than current minimum lot size thresholds, meaning suitable sites are unable to accommodate additional housing via subdivision. ABS data shows that lots exceeding 800m<sup>2</sup> represent a minority of residential parcels across major urban areas<sup>8</sup>, substantially limiting opportunities for further subdivision in well-served locations.

Mandating the size of allotments is rooted in historic planning requirements established to address 19th and early 20th century concerns around overcrowding and sanitation. Queensland’s Undue Subdivision of Land Prevention Act 1885 introduced a minimum lot size of approximately 404m<sup>2</sup> (16 perches), while Sydney’s Cumberland County Plan in the 1950s reinforced suburban lot patterns typically exceeding 550m<sup>2</sup>.<sup>9</sup> Despite significant improvements in infrastructure, sewerage, stormwater management, and urban planning practices, many planning schemes across Australia continue to apply minimum lot sizes broadly consistent with these historic standards.

Restrictive minimum allotment controls are also contributing directly to housing affordability pressures. The HIA–CoreLogic Residential Land Report found land prices have increased by more than 500 per cent since 2000, significantly outpacing increases in building and labour costs of approximately 150 per cent over the same period.<sup>10</sup> Larger mandated lot sizes increase the overall cost of housing by requiring households to purchase more land than may be necessary to meet their housing needs.



Source: ABS, Cotality, HIA

**Figure 3: Review of land, house and PPI increases since 2000**

<sup>8</sup> Australian Bureau of Statistics, *Land and Housing Supply Indicators* (2022).

<sup>9</sup> Winston, D. (1957), *Sydney’s Great Experiment*; Spearritt, P. (2000), *Sydney’s Century*.

<sup>10</sup> HIA & CoreLogic, *Residential Land Report* (February 2026).



Reducing or removing prescriptive minimum lot size requirements would allow the market to deliver a more diverse range of housing outcomes, including smaller detached homes, terraces, and compact infill housing in established suburbs. Similarly, minimum lot size restrictions applied to large rural properties prevent even larger subdivisions of 1,000m<sup>2</sup> to 2,000m<sup>2</sup> of land which has been identified as a significant opportunity to increase housing supply.

HIA estimates that reducing minimum lot sizes from 500m<sup>2</sup> to 300m<sup>2</sup> could reduce land acquisition costs by approximately \$205,400 per dwelling.<sup>11</sup> Importantly, subdivision outcomes would continue to be moderated by practical constraints such as topography, stormwater requirements, flooding, biodiversity protections, access arrangements, and redevelopment feasibility, meaning concerns regarding widespread overdevelopment from reducing minimum lot sizes are often overstated.

International evidence also demonstrates the relationship between restrictive lot size controls and worsening affordability. Research from the United States found that cities with lower minimum lot size requirements, such as Houston and San Antonio, have maintained stronger housing affordability outcomes than cities with more restrictive minimum lot size settings.<sup>12</sup>

### Recommendations for Land Use Regulation – Remove or Reduce Minimum Lot Sizes

HIA recommends:

- 3. Encourage planning reform through national housing agreements** – Work with state and local governments to review and remove outdated minimum lot size requirements.

### 1.3 Urban growth boundaries constrain new communities and infrastructure planning

Urban Growth Boundaries (UGBs) were progressively introduced across Australian cities during the late 1990s and early 2000s to contain urban expansion and encourage consolidation. However, research has consistently linked restrictive growth boundaries and constrained land release with rising land prices and worsening housing affordability.

Research examining Melbourne’s Urban Growth Boundary found land prices increased significantly inside the boundary following its introduction, contributing to broader upward pressure on housing prices.<sup>13</sup> Concerns regarding restrictive land supply policies were also identified by the Senate Select Committee on Housing Affordability (2008), which highlighted urban containment policies and delayed land release as contributors to affordability pressures.

Increasingly, major new growth fronts are now occurring beyond existing growth boundaries, requiring lengthy approval processes (see **Case Study 2.1.1** for related example). This creates uncertainty for long-term investment in future housing supply and infrastructure delivery.

### Recommendations for Land Use Regulation – Review of Urban Growth Boundaries

HIA recommends:

- 4. Review of Urban Growth Boundaries** – Governments should review existing urban growth boundary policies and transition toward infrastructure serviceability as primary mechanism for managing and sequencing future growth areas.

<sup>11</sup> HIA estimate based on reducing lot size from 500m<sup>2</sup> to 300m<sup>2</sup> at average land value of \$1,027/m<sup>2</sup>.

<sup>12</sup> Bonura, J. (2024), *Unlocking Affordability: The Impact of Lot Size Regulations on Housing Costs*, Texas Public Policy Foundation.

<sup>13</sup> Ball, M., Cigdem, M., Taylor, E., & Wood, G. (2014). *Urban growth boundaries and their impact on land prices*. *Environment and Planning A: Economy and Space*, 46(12), 3010–3026. <https://doi.org/10.1068/a130255p>

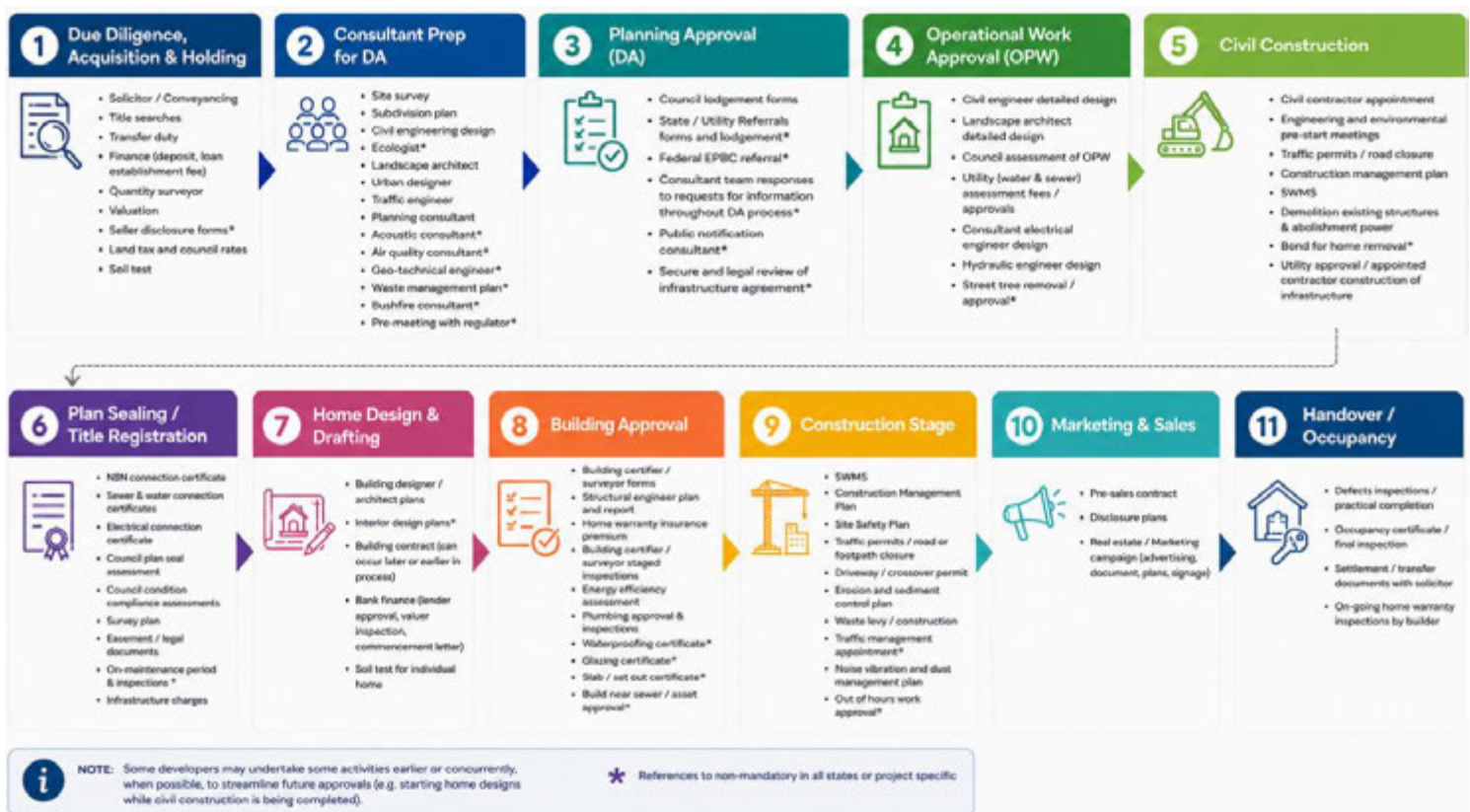


## 2. Approval processes

Industry feedback consistently indicates that the approval process for new housing has become increasingly complex, time consuming and costly to navigate compared to a decade ago. For all scale of developers, the end-to-end development process often now involves a broad range of interrelated planning, infrastructure, engineering, environmental and servicing requirements, often requiring input and approval from multiple government agencies and service authorities.

The indicative development process and typical supporting documentation for a house and land development is shown in **Figure 4** below. While delays and costs can arise at any stage of the development process, industry stakeholders widely identify the planning approval phase as carrying the greatest level of risk and uncertainty.

Source: HIA 2026



**Figure 4: Overview of development process and documents for house and land developer**

Importantly, delays or changes imposed during the planning approval process can materially affect development feasibility. Increased holding costs, redesign requirements, reduced yield outcomes, additional infrastructure obligations or approval uncertainty can significantly undermine project viability and, in some cases, prevent projects from proceeding altogether. As a result, approval system inefficiencies are increasingly recognised as a major constraint on the timely delivery of new housing supply.



## 2.1 Designation to urban growth boundary/rezoning often tied to most risk, time and cost

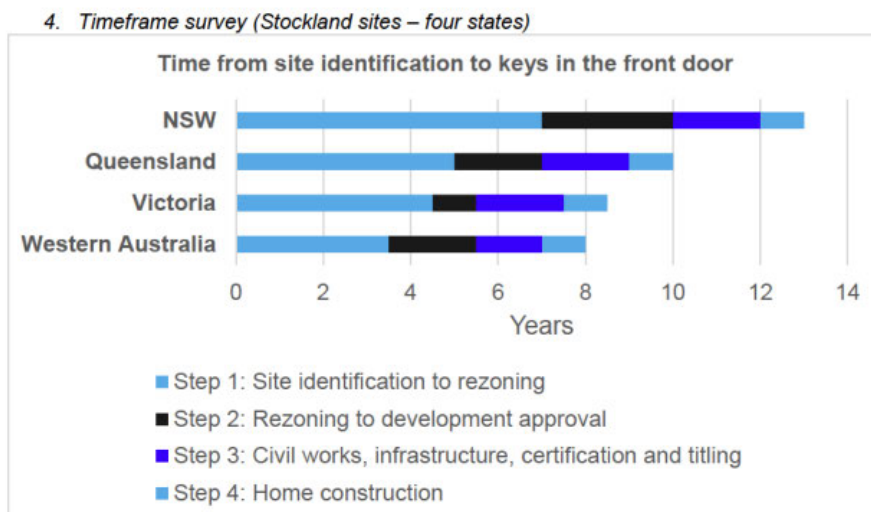
While delays can occur at any stage throughout the development process, industry evidence increasingly indicates that for greenfield housing estates, the greatest risk, cost and time burden occurs at the earliest planning stage, securing designation within an urban footprint or rezoning land as residential.

In many cases, despite clear private landowner interest, demonstrated market demand and a willingness by the private sector to fund infrastructure and development, planning frameworks actively constrain or discourage future housing supply through restrictive urban growth boundaries and lengthy rezoning processes.

Rather than governments proactively identifying and sequencing future growth areas, the burden of progressing strategic planning investigations has been increasingly shifted to the private sector. This frequently requires landowners and developers to fund extensive environmental investigations, servicing studies, transport modelling, infrastructure planning and agency approvals before land is considered suitable for residential development. These costs ultimately flow through to the final price of housing.

Stockland, in its submission to the Queensland Productivity Commission, identified that the approximate timeframe for land to be designated/zoned for residential development for their projects as:

- 7 years in New South Wales;
- 5 years in Queensland;
- 4 years in Victoria; and
- 3 years in Western Australia.



(Source: Stockland Submission to QPC 2025)

**Figure 5: Comparison of timeframe in some jurisdictions for greenfield housing**

When combined with subsequent subdivision approvals, civil engineering and home construction, it is increasingly common for the process of converting vacant land into new lots and homes to be from 8 to 18 years across Australian jurisdictions.

These extended timeframes significantly reduce the responsiveness of housing supply, increase holding and infrastructure costs, discourage forward investment and ultimately contribute to escalating land and housing prices. Refer to 2.1.1 – **Case Study 1** (below) for a recent example of the complexity and timeframe associated with bringing a new greenfield estate to market, which was outside of Urban Growth Boundary albeit in very close proximity to an established residential area.

## 2.1.1 Case Study 1 – Creation of a new greenfield community and display village



(Source: Queensland Globe 2024)

**Figure 6: Aerial Image of Lilywood Landings**



(Source: Lilywood Landings by Lennium Group 2025)

**Figure 7: Lilywood Landings Display Village**

### CASE STUDY Lilywood Landings (QLD)

**Overview:** Lilywood Landings recently constructed a new residential estate and display village within the emerging Waraba growth area in Moreton Bay (formerly known as ‘Caboolture West’).

#### Key Timeframes:

- **2008** – Locality identified as a future growth area for consideration for new housing beyond 2031.
- **2009** – A group of landowners unsuccessfully seek earlier development outcomes.
- **2012** – Queensland Government declares locality as a Master Planned Area, triggering strategic planning.
- **2016** – Council include Caboolture West as a local plan into their planning scheme.
- **March 2021** – Queensland Government announce Caboolture West local plan as a pilot project.
- **November 2021** – Planning application submitted for subdivision to enable lots and display village.
- **December 2021** – Queensland Government identify Caboolture West as Priority Development Area.
- **August 2023** – Planning approval granted for Lilywood estate and display village.
- **October 2023** – All operational works approvals granted for Stage 1 and display village.
- **July 2025** – First residents move into homes.
- **November 2025** – Display village opens.
- **June 2026 (ongoing)** – Queensland Government start consultation of development instrument for broader locality. Stage 11 land settlements expected in July 2026 for Lilywood Landings.

**Key takeaways:** Lilywood Landings reflects an unfortunately common timeframe for new growth areas, at approximately **17 years** from landowner interest to completion of the first homes. Parts of the estate are located about 50 metres from an existing suburban neighbourhood. Achieving status as within the urban growth boundary required more than 20 technical and background studies.



## 2.2 Environmental and natural hazards are increasing regulatory burden

Historically, environmental and natural hazard regulation within Australian planning systems was relatively limited and focused primarily on major physical risks such as flooding and bushfire but also included heritage buildings. Modern overlay-based planning systems emerged more broadly during the 1990s, particularly following introduction of the Victorian Planning Provisions in 1997, which formalised state-wide environmental and vegetation overlays<sup>14</sup>.

Over time however, overlays and environmental mapping have expanded significantly and are now commonly used to regulate:

- biodiversity;
- heritage and traditional building character;
- waterways and wetlands;
- flooding and storm tide inundation;
- landslip;
- fish habitat areas;
- water resource catchments;
- acid sulfate soils;
- stock routes;
- transport corridors or noise areas;
- scenic view corridors;
- infrastructure buffers or pipelines;
- quarry separation and haulage routes;
- specific amenity on hillsides or slopes;
- koala habitat;
- coastal or canal setbacks;
- scenic amenity;
- airport operations;
- lighting impacts;
- operational interfaces; and
- environmental corridors.

Examples of overlays now extend well beyond traditional natural hazards. Bundaberg Regional Council applies a dedicated 'Sea Turtle Sensitive Area Overlay' regulating lighting and development impacts near turtle nesting beaches at Bargara<sup>15</sup>.

Similarly, some councils apply highly localised controls, including South Burnett Regional Council's 'Bacon Factory Overlay', intended to manage odour and amenity impacts around existing processing facilities<sup>16</sup>. Overlays are increasingly functioning as a substitute for strategic planning, layering additional controls onto land rather than resolving land use conflicts upfront through zoning and forward planning.

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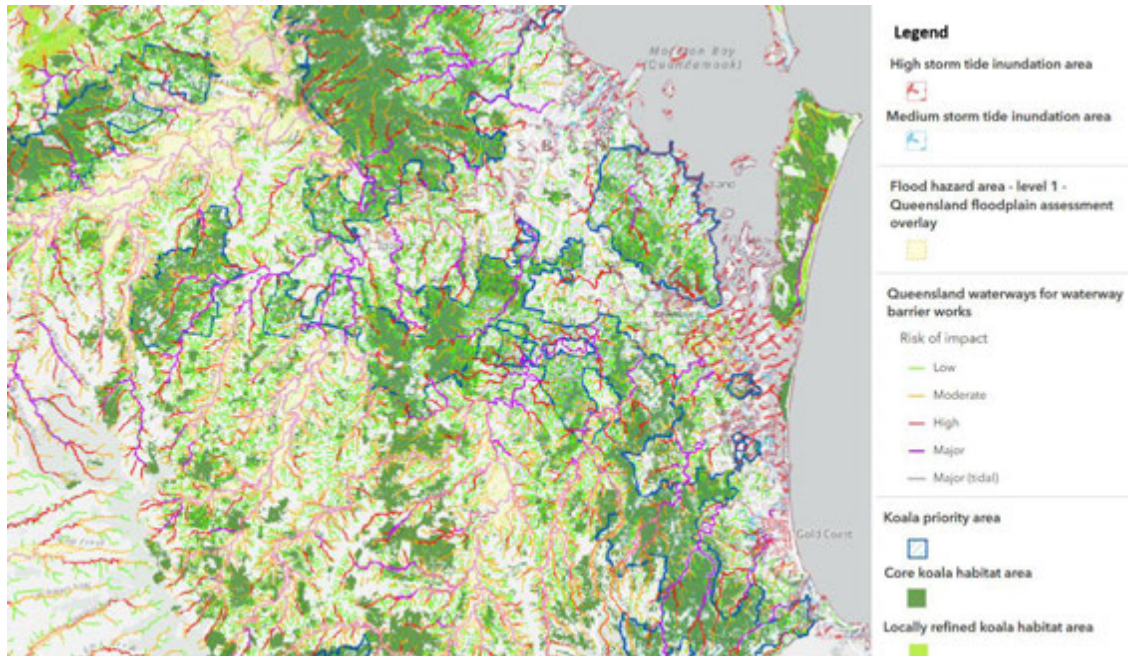
<sup>14</sup> Gonzalez-Mathiesen, C., March, A., Leonard, J., Holland, M., & Bianchi, R. (2019). *Urban planning: Historical changes integrating bushfire risk management in Victoria*. *Australian Journal of Emergency Management*

<sup>15</sup> Bundaberg Regional Council. (2023). *Adoption of Planning Scheme Amendment No.11 (Building Height and Other Matters) and Repeal of Temporary Local Planning Instrument No.1 of 2021 – Protection of Sea Turtles – Bargara Building Heights (TLPI 01/2021)*.

<sup>16</sup> South Burnett Regional Council. (2024). *South Burnett Regional Council Planning Scheme Version 2.0*.

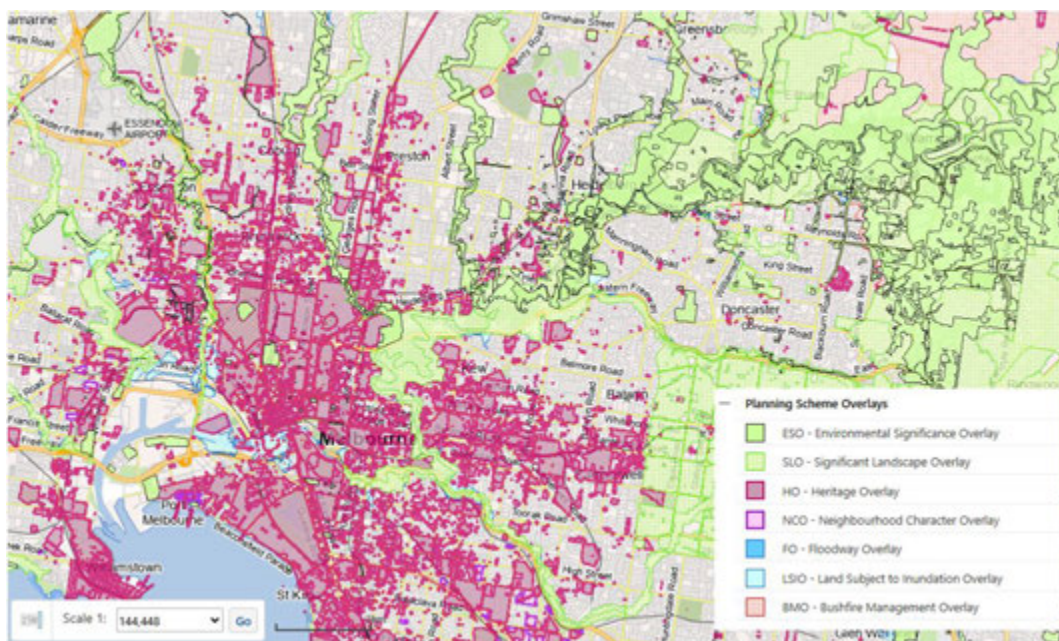
### 2.2.1 Progressive expansion of environmental and hazard mapping

HIA members continue to report a progressive expansion in environmental and hazard mapping across many regions. In practice, many interactive planning maps now identify little unconstrained land across major areas.



(Source: Queensland Government 2026, State Planning Policy interactive mapping)

**Figure 8: State planning mapping for some key constraints in South-East Queensland**



(Source: Victorian Government 2026, VICPlan interactive mapping)

**Figure 9: State Planning Mapping for some constraints in Victoria**



## 2.2.2 Inconsistent methodologies and modelling to map constraints

A major concern is the lack of consistency and standardisation in environmental and hazard modelling methodologies across regulators.

While most jurisdictions have guidance frameworks and a national best practice guidance exists through the Australian Institute for Disaster Resilience (AIDR), these are generally principles-based rather than strict consistent methodologies. Despite the guidance frameworks, councils and other regulators/agencies still retain substantial discretion regarding modelling assumptions, climate change inputs, acceptable risk thresholds and what development requires a planning assessment.

HIA members report examples where:

- different technical experts reviewing the same modelling produce materially different conclusions;
- mapping methodologies change during assessment processes;
- councils apply highly technical requirements without the in-house expertise necessary to assess them, creating additional reliance on external consultants and resulting in delays; and
- local governments within the same flood catchment adopt materially different planning responses, with one council prohibiting development in areas identified as high flood risk while another approves comparable development.

This inconsistency is difficult to reconcile given regulators are fundamentally assessing the same risks to human life and property. Communities exposed to flood and bushfire hazards should not face materially different planning outcomes simply because they fall within different local government boundaries.

The recent Logan City Council flood mapping review highlight issues with inconsistent methodologies. In 2023, Council introduced extensive new flood mapping through a Temporary Local Planning Instrument, resulting increased floor height levels, prohibitions on minor building work in high-risk area and development refusals linked to flood-free vehicle access requirements.

Following widespread community concern, Council commissioned an independent review which concluded some flood levels were likely overestimated and that Probable Maximum Flood mapping was highly uncertain and inappropriate for broad statutory planning purposes<sup>17</sup>.

In HIA's view, a precautionary approach is often adopted, with constraints increasingly modelled against long-term and uncertain climate change predictions. While this may reduce perceived institutional and legal risk for regulators, it shifts significant cost and evidentiary burden onto applicants to demonstrate mapping or modelling assumptions are inaccurate or a risk can be appropriately mitigated.

### Recommendations for Approval Processes – National consistency for development in hazards

HIA recommends:

- 5. Introduce a nationally consistent development framework for hazards** – Governments should establish nationally consistent approaches for mapping and regulating development in hazards. This should be supported by spatial mapping, consistent modelling approaches and clear expectations of what forms of development require planning assessment. This level of national consistency for hazards is possible as demonstrated by Australia's framework for construction in cyclonic regions (see 2.2.2.1 **Case Study 2**, next page).

<sup>17</sup> Logan City Council. (2026). *Flood maps review released – media release 22 May 2026*.

### 2.2.2.1 Case Study 2 – Nationally consistent hazard mapping and requirements

**Wind regions for Australia**  
according to AS/NZS 1170.2:2021

*(Source: AS/NZS 1170.2:2021)*

**Figure 10: Wind regions for Australia**

#### CASE STUDY Building in Cyclonic Regions

**Overview:** Cyclonic regions provide an example of nationally consistent and standardised approach to natural hazards in Australia.

Under the National Construction Code (NCC) and Australian Standard AS/NZS 1170.2 (*wind actions*), Australia is divided into defined wind regions, including cyclonic Regions C and D across northern Australia.

These mapped regions apply consistent engineering and construction requirements nationwide rather relying on varying council-by-council methodologies and requirements. Importantly:

- risk classifications are nationally standardised;
- technical requirements are clearly prescribed; and
- acceptable risk settings are consistent.

**Key takeaways:** The current approach for building in cyclonic regions demonstrates a nationally consistent risk mapping and technical standards are achievable where governments prioritise regulatory certainty and consistency.

### 2.2.3 Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act)

Federal environmental approvals under the EPBC Act are associated with significant uncertainty and often delays and additional costs. At present, environmental features protected under the Act (protected matters) are often not clearly identifiable at the point of land acquisition even following extensive due diligence. The trigger for assessment as a ‘controlled action’ and associated offset obligations may only emerge during the later assessment stages.

A HIA member reported a proposed residential project of 390 lots experienced around two years of delay following a ‘controlled action’ determination under the EPBC Act. The member reported:

- The environmental offset methodologies changed three times during 12 months of assessment;
- Holding costs exceeded \$2.6 million;
- Consultant costs estimated at \$580,000; and
- Environmental offset land costs exceeded \$2 million.

Total additional project costs exceeded \$5.2 million, equating to more than \$13,000 per lot before construction costs were considered. Ultimately, these delays and costs are passed through into higher housing prices for future homebuyers.

**Recommendations for Approval Processes – A National Settlement Strategy**

HIA recommends:

**6. Develop a National Settlement Strategy** - The Australian Government, in partnership with states and territories, should develop a nationally consistent framework for identifying and sequencing future growth areas, aligned with proposed EPBC Act reforms relating to strategic assessments and bioregional planning.



The framework should establish clearer and more consistent approaches for:

- a. growth boundary expansion;
- b. housing demand modelling;
- c. upfront identification of environmental constraints and protected matters;
- d. strategic rezoning processes/ timeframes; and
- e. technical assessment requirements.

This would improve early planning certainty, reduce duplication between planning and environmental approvals, better integrate strategic environmental planning with housing delivery, and reduce delays caused by late-stage EPBC Act and environmental constraint issues.

### 2.3 A significant volume of planning assessments are low risk house projects

Evidence from multiple jurisdictions indicate a substantial proportion of planning systems resources are directed toward low-risk residential applications including single houses, house alterations and additions for matters such as new bedrooms, patios and carports.

In New South Wales, the Department of Planning, Housing and Infrastructure identified that low-rise housing accounts for around 70 per cent of all development applications processed through the planning system. The NSW Government also recognised many low-rise housing proposals are ‘typically low-impact and low-risk’ yet are still diverted into more complex assessment pathways due to prescriptive controls, inconsistent planning standards and restrictive complying development criteria<sup>18</sup>.

Similar trends have been identified in Western Australia. Western Australia Local Government Association’s *Council Determined Development Applications Report (2024)* found that the most common residential applications determined by councils related to new single houses and alterations to existing houses. The report also found these applications were routinely supported, with approval rates for both new single houses and existing house alterations sitting at approximately 83 per cent.<sup>19</sup>


The evidence suggests planning systems are continuing to assess large volumes of housing applications that are routinely approved, rather than reforming planning rules to reflect what is commonly supported in practice. As a result, skilled planning resources are increasingly directed toward relatively minor residential proposals instead of more complex developments and strategic planning matters that could materially increase housing supply.

There are examples of positive reform initiatives, including accelerated development assessment programs such as the City of Newcastle’s fast-tracked pathway (see **Section 2.3.1 – Case Study 3** below). However, these reforms are typically isolated or only partially empower independent planning professionals, limited in scale and rarely expanded in a way that materially improves overall planning system productivity.

<sup>18</sup> Department of Planning, Housing and Infrastructure. (2026). *Low-rise housing reforms and targeted assessment: Discussion paper*. NSW Government.

<sup>19</sup> Western Australian Local Government Association. (2024). *Council determined development applications report: July 2024*. WALGA.

### 2.3.1 Case Study 3 – Independent planning professionals improve approval timeframes

 <p>(Source: City of Newcastle, 2026)  <b>Figure 11: Accelerated Development Assessment (ADA) Program</b></p>	<p><b>CASE STUDY City of Newcastle (NSW)</b></p> <p><b>Accelerated Development Assessment Program</b></p> <p><b>Overview:</b> Introduced in 2022 this program expedites low-risk development applications including single dwellings. The initiative allows independent authorised consultants undertake assessment of certain projects when noted as compliant with key planning controls.</p> <p>Eligibility is determined through an online self-assessment tool, enabling applicants to confirm whether their proposal meets the ADA criteria prior to lodgement.</p> <p><b>Key takeaways:</b> The ADA initiative has significantly reduced assessment timeframes, lowering average determination times for eligible applications from approximately <b>40 days</b> to around <b>7 days</b>. Council has noted improved overall system efficiency by allowing resources to be redirected toward more complex development proposals.</p>
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More fundamentally, planning assessment frameworks have not evolved in the same way as building approvals. Private building certification was progressively introduced across Australian jurisdictions during the 1990s to create a more efficient and competitive approvals framework operating against nationally harmonised building standards and codes<sup>20</sup>.

Today, private building certifiers routinely assess technically complex applications and issue approvals within one to three days. By comparison, planning assessments for relatively minor residential projects like reviewing a single boundary setback remain heavily dependent on local government assessment processes despite often involving matters of substantially lower technical complexity.

HIA considers there is significant opportunity to expand the role of independent or accredited planning professionals for lower-risk development, particularly:

- single detached housing;
- renovations and additions; and
- straightforward residential code assessment like small subdivision, duplexes and townhouses.

A more competitive and partially privatised planning assessment model could also be supported through emerging AI-based assessment technologies capable of improving consistency, identifying non-compliances and automating routine planning checks against standardised assessment criteria.

<p><b>Recommendations for Approval Process – Productivity in planning assessments</b></p> <p>HIA recommends:</p> <p><b><u>Short Term</u></b></p> <p><b>7. Incentivise independent planning professional programs</b> – Expand the role of independent accredited planning professionals for low-risk applications, building on models such as the City of Newcastle’s Accelerated Development Assessment Program and Queensland’s Certification Procedures Manual.</p>
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<sup>20</sup> NSW Department of Planning. (2006). *Planning circular BS 06-002: Implementation of the Building Professionals Act 2005*

**8. Proactive reforms to reduce common planning applications** – Review and modernise planning controls to remove common assessment triggers for development outcomes routinely approved in practice, particularly for minor siting variations, patios, carports and small dwelling alterations.

**Long Term**

**9. Progress towards a nationally consistent planning framework** – The success of the National Construction Code with a private building certification system being introduced in the 1990s, demonstrates that nationally harmonised standards and competitive assessment markets can significantly improve approval efficiency.

With advancements in AI-assisted assessment systems, there is also significant opportunity to automate routine compliance checks and improve consistency in decision-making across jurisdictions.

**2.3.2 Case Study 4 – Independent professionals improve other approval timeframes**

<p>(Source: EDQ, 2026)</p> <p><b>Figure 12: EDQ’s Certification Procedures Manual</b></p>	<p><b>CASE STUDY Economic Development Qld</b></p> <p><b>Certification Procedures Manual</b></p> <p><b>Overview:</b> Economic Development Queensland's Certification Procedures Manual (CPM) streamlines the operational works process for Priority Development Areas (PDAs). By utilising certified RPEQ professionals rather than traditional council assessments, developers reduce approval timeframes, enable earlier construction starts, and significantly lower project holding costs.</p> <p><b>Key takeaways:</b> Industry stakeholders consistently report significant time and cost benefits from the CPM’s model. However, despite its longstanding success (introduced around 2012), the ability for accredited professionals to certify operational works remains largely limited to Queensland PDAs and has not been broadly adopted within standard local government development assessment frameworks.</p>
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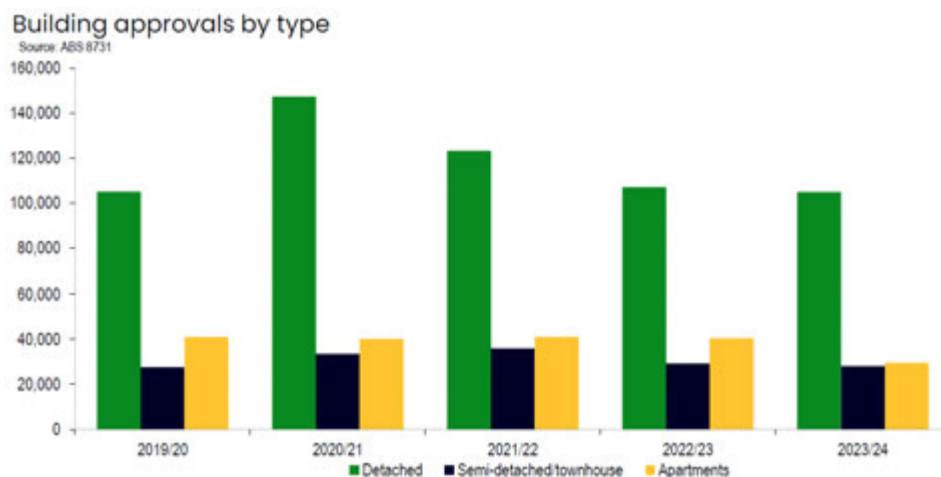
**2.4 Restrictive built form controls limit diverse types of housing**

A consistent concern raised by industry is the limited availability and feasibility of sites capable of delivering more diverse housing types, particularly ‘missing middle’ housing such as duplexes, townhouses and terrace homes.

This issue is becoming increasingly important as household sizes decline and demand shifts toward smaller housing forms. However, Australian housing delivery remains heavily concentrated toward detached housing, with relatively limited medium-density supply.

ABS building approval data indicates detached housing continues to dominate residential approvals, while townhouses and semi-detached homes have remained a comparatively small component of total housing stock and approvals across most jurisdictions, typically ranging from only 11 per cent to 13 per cent of total approvals.<sup>21</sup>

<sup>21</sup> Australian Bureau of Statistics. (2025). *Building approvals, Australia*. ABS. <https://www.abs.gov.au/statistics/industry/building-and-construction/building-approvals-australia/latest-release>



**Figure 13: ABS building approvals by type**

Stakeholders consistently report that missing middle housing is not only constrained by zoning restrictions, but by increasingly complex, inconsistent and commercially challenging built form controls and approval pathways.

The Queensland Productivity Commission (QPC) identified that:

- townhouse developments can require more than 30 separate approvals and referrals;
- local governments frequently apply inconsistent local variations to development standards; and
- these variations are rarely tested to determine whether they generate broader net community benefit outcomes<sup>22</sup>.

Across many jurisdictions, planning schemes have progressively increased requirements relating to minimum car parking, private open space, deep planting, landscaping, setbacks and reduced site cover. While reforms to slightly increase these controls might be viewed as modest, the cumulative impact of these controls can significantly reduce yield and development feasibility, particularly on smaller infill sites.

The Grattan Institute's 2025 report *The Wasted Space*<sup>23</sup> identified minimum car parking requirements as a significant contributor to higher housing costs and reduced housing supply. The report found there are more apartment car parks than cars in Sydney and Melbourne, with around 40 per cent of parking spaces sitting vacant each night despite mandatory parking requirements continuing to increase construction costs. Grattan Institute estimated these requirements add approximately:

- \$70,000 to a typical two-bedroom apartment in Sydney;
- \$62,000 in Melbourne;
- \$113,000 in Brisbane;
- \$137,000 in Perth; and
- \$95,000 in Adelaide.

In HIA's view, planning controls over the past decade have often evolved in a single direction, progressively increasing standards and restrictions rather than balancing feasibility, affordability and housing supply outcomes. Over time, this creates a planning environment increasingly averse to incremental infill development and more diverse housing forms.

<sup>22</sup> Queensland Productivity Commission. (2025). *Inquiry into productivity in the construction sector – Interim report*. Queensland Government.

<sup>23</sup> Grattan Institute. (2025). *The wasted space: Why Australian cities are still building too much parking — and what to do about it*.

### 2.4.1 Enabling ‘Missing Middle’ housing

Importantly, missing middle housing is typically delivered by smaller developers, builders and ‘mum and dad’ investors operating on small infill sites rather than by large institutional developers.

Unlocking greater missing middle housing supply is therefore closely linked to empowering these smaller market participants. These projects generally require:

- fast and predictable approval pathways;
- standardised and consistent design controls;
- confidence regarding likely planning outcomes; and
- proportionate compliance requirements.

Smaller infill proponents are typically less capable of absorbing extended delays, redesign costs and uncertain planning outcomes than larger developers with sites that have greater scale.

A number of jurisdictions have recently introduced positive reforms aimed at improving housing diversity and standardising assessment pathways.

For example:

- New South Wales introduced its *Low and Mid-Rise Housing Policy*, expanding permissibility for terraces, townhouses and low-rise apartments within 800 metres of nominated centres and transport hubs, supported by standardised design guidance and pattern-book style reforms; and
- Victoria introduced its *Townhouse Code in 2025*, establishing streamlined deemed-to-comply standards and faster assessment pathways (see 2.4.1.1 - **Case Study 5** - below).

These examples demonstrate that greater consistency and standardisation in housing controls is achievable and can materially improve housing supply responsiveness and certainty outcomes. However, such reforms still represent a relatively small proportion of overall planning activity and housing stock delivery, with broader planning systems continuing to rely heavily on fragmented and highly localised built form controls.

#### 2.4.1.1 Case Study 5: Missing middle projects need speed and certainty

 <p>Clause 55 Two or more dwellings on a lot and residential buildings</p> <p>Version 2 – May 2025</p> <p>(Source: Victorian Government, 2025)</p> <p><b>Figure 13: Clause 55 guidance document</b></p>	<h3>CASE STUDY Victoria’s Townhouse Code</h3> <p><b>Overview:</b> Victoria’s Townhouse Code, introduced in March 2025, created a streamlined planning pathway for duplexes, townhouses and low-rise apartments up to three storeys. The reforms established standardised ‘deemed-to-comply’ controls relating to setbacks, tree canopy, sunlight access, open space and overlooking. Applications meeting the standards are able to move through a faster and more certain approval pathway.</p> <p><b>Key takeaways:</b> According to the Victorian Government, since the reforms were introduced, applications for townhouse-style housing increased by almost 50 per cent across Victoria, rising from approximately 4,800 to 7,000 applications within a year<sup>24</sup>. Standardisation and streamlined pathways lead to increased housing supply for missing middle projects.</p>
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<sup>24</sup> Victorian Government. (2026, June 3). *Townhouse boom after Labor planning reforms*. Premier of Victoria. <https://www.premier.vic.gov.au/townhouse-boom-after-labor-planning-reforms>



Historically, Australia pursued greater consistency in residential planning through initiatives such as the Australian Model Code for Residential Development (AMCORD) in the 1990s, which sought to standardise approaches to residential design, subdivision and medium-density housing across jurisdictions<sup>25</sup>. However, AMCORD was a non-statutory national guideline rather than a mandatory code, meaning implementation varied significantly between states and local governments.

Internationally, New Zealand has also recently introduced nationally consistent reforms enabling secondary dwellings ('granny flats') to be exempt from resource consent and planning approval requirements in many circumstances (see 2.4.2 - **Case Study 6**, below). These reforms further demonstrate that governments can successfully implement more standardised housing controls and processes to reduce barriers to smaller-scale infill housing supply.

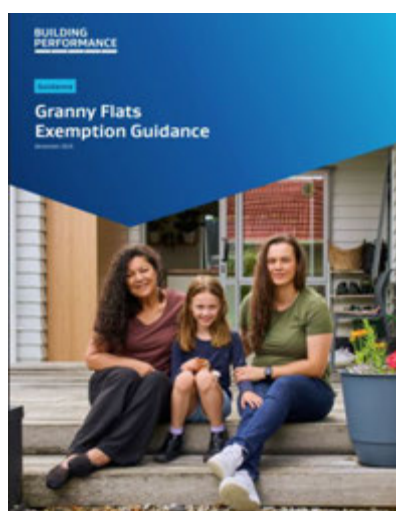
### Recommendations for Approval Processes – Greater standardisation in design requirements

HIA recommends:

**10. National exemptions for minor development** – Similar to the NZ Government (see 2.4.2 - **Case Study 6**), the Australian Government should introduce nationally consistent exemptions for minor and lower-risk forms of development, including single detached houses, secondary dwellings ('granny flats') and small-scale residential development within residential zones where prescribed design, siting and compliance criteria are met.

**11. Lead by example with a national model code/pattern book** – The Australian Government should work with the development industry, builders to develop nationally consistent pattern-book of housing designs or a model code for townhouses, terraces and duplexes. This initiative should be focused on amenity outcomes but also on commercial feasibility of new projects and housing affordability. These provisions should be supported with exemptions from planning assessment.

#### 2.4.1.2 Case Study 6: New Zealand's standardised granny flat exemption



(Source: New Zealand Government, 2025)

**Figure 14:** NZ granny flat guidance

### CASE STUDY NZ's Granny Flats Exemption

**Overview:** New Zealand commenced nationally consistent reforms in 2026 enabling new standalone secondary dwellings ('granny flats') of up to 70m<sup>2</sup> to be built without requiring a building consent, provided standardised national design, siting and construction conditions are met and licensed building professionals are used.<sup>26</sup>

Councils retain a limited oversight role through a simplified Project Information Memorandum (PIM) process rather than undertaking full planning and building assessment.

**Key takeaways:** The reforms commenced nationally on 15 January 2026, meaning detailed uptake data is not yet available. However, the New Zealand Government estimated the reforms would reduce approval and consenting timeframes by up to 14 weeks and save homeowners approximately \$5,650 in direct consenting costs for eligible granny flat developments.<sup>27</sup>

<sup>25</sup> Australian Government Publishing Service. (1995). *Australian Model Code for Residential Development (AMCORD): A national resource document for residential development*. Commonwealth of Australia.

<sup>26</sup> Ministry of Business, Innovation and Employment. (2025). *Granny flats exemption guidance*. New Zealand Government.

<sup>27</sup> Ministry of Business, Innovation and Employment. (2026). *Ready, steady, go for granny flats*. New Zealand Government. <https://www.mbie.govt.nz/about/news/ready-steady-go-for-granny-flats>



### 3. Developer contributions

#### 3.1 Developer contributions are increasing and undermining feasibility

Previous research has confirmed developer contributions add \$25,000 to \$85,000 per dwelling (around 8 to 11 per cent of construction costs)<sup>28</sup>. However, more recent evidence suggests these costs are increasing rapidly across some jurisdictions and growth areas.

**Figure 1: Greenfield Developer Contributions (Thousands of dollars per lot)**

Region <sup>(a)</sup>	Indicative cost <sup>(b)</sup>	Range
NSW	58	25 - 85
VIC	52	37 - 77
QLD <sup>9</sup>	32	29 - 42

(a) Selected regions are Western Sydney, North-western Sydney, Northern Melbourne, South-eastern Melbourne, Western Brisbane, Southern Brisbane, Gold Coast.  
(b) Median cost of developer contributions rounded to the nearest thousand

Source: NHFIC, Macroplan, developers

**Figure 14: Developer contributions compared for some states**

For example, Figure 14 above identified developer contribution ranges of up to \$42,000 per lot in Queensland. More recent planning for the Waraba growth area in Moreton Bay identified infrastructure charges of \$75,000 per lot.

In addition, many jurisdictions apply annual indexation to developer contributions, often linked to the Producer Price Index (PPI). While indexation is intended to reflect rising construction costs, it can compound affordability pressures over time, particularly where base charges are high or increasing.

Unlike construction inputs, developer contributions do not increase the size, perceived quality or functionality of dwellings. They therefore do not contribute to the value of the dwelling for financing purposes, meaning purchasers must absorb these costs without a corresponding increase in borrowing capacity or asset value.

#### 3.2 The scope of developer contributions has expanded beyond a user-pays model

The conceptual foundation of developer contributions is a ‘user-pays’ model, whereby new development funds the infrastructure required to service its own demand. This principle relies on a clear nexus between the contribution and the infrastructure delivered.

However, over time, the scope of developer contributions has expanded well beyond this original intent. Contributions are now routinely applied to a broader array of infrastructure, including community facilities, open space networks, recreational infrastructure and, in some jurisdictions, regional or state-level assets such as schools and hospitals.<sup>29</sup>

While these investments deliver important community benefits, they fundamentally alter the nature of developer contributions. Where infrastructure provides benefits to a wider population rather than directly to the contributing development, the nexus between cost and benefit is weakened. In these circumstances, developer contributions function less as a user-pays mechanism and more as a tax on new housing supply.

This shift raises significant equity concerns. The cost of funding infrastructure is increasingly borne by new homebuyers rather than being shared more broadly across the community. This concentrates the burden on those entering the housing market, exacerbating affordability pressures and creating intergenerational inequity. At the same time, it reduces economic efficiency, as costs are no longer aligned with those who benefit from the infrastructure.

<sup>28</sup> National Housing Finance and Investment Corporation. (2021). Developer contributions: How should we pay for new local infrastructure

<sup>29</sup> National Housing Finance and Investment Corporation. (2021). *Developer contributions: How should we pay for new local infrastructure?*



### 3.3 Uncertainty on the total cost of developer charges and timing of payment

A common reported concern in many jurisdictions is the misalignment between when total infrastructure costs are determined and when they must be paid.

In many jurisdictions, infrastructure costs are not clearly defined upfront at the point of land acquisition or rezoning. Instead, they are often determined through negotiated infrastructure agreements at the development approval stage, after significant investment has already been committed.<sup>30</sup>

By this stage in the development process:

- land has been purchased;
- holding costs are accruing; and
- design and approval work has been undertaken.


This places developers in a position with limited negotiating power. Given the commercial realities of development, including project timelines and financing constraints, developers frequently report they are effectively required to accept infrastructure conditions in order to proceed. This undermines cost discipline within the system and results in variability and unpredictability in infrastructure charges across projects.

At the same time, developer contributions are typically required to be paid early in the development process, often prior to home construction or revenue generation. This creates significant upfront financial burden, increasing capital requirements and financing costs which places additional pressure on project feasibility.

The combined effect of late-stage cost determination and early-stage payment requirements is particularly problematic. Developers are required to commit to uncertain costs and fund them upfront, often without clarity on final infrastructure obligations until late in the process. This introduces risk at multiple stages of development and reduces capacity of the industry to respond efficiently to housing demand.

In parallel, infrastructure delivery frequently occurs long after contributions are collected, sometimes over extended timeframes,<sup>31</sup> creating a disconnect between when costs are incurred and when benefits are realised, further reducing the efficiency of the system.

#### 3.3.1 Case Study 7: Residential Activation Fund – Competitive Funding Model

 <p>(Source: Queensland Government, 2025)</p> <p><b>Figure 15: Residential Activation Fund</b></p>	<p><b>CASE STUDY Residential Activation Fund (Qld)</b></p> <p><b>Overview:</b> In response to concerns of insufficient funding for new infrastructure, a \$2 billion infrastructure funding program has been created in Queensland.</p> <p>Funding is provided through a competitive grants process to local governments and developers for projects that are construction-ready, with requirements projects commence within defined timeframes and demonstrate clear links to unlocking residential development.</p> <p><b>Key takeaways:</b> Early outcomes published by the Queensland Government indicate that projects approved under Round 1 of the Fund are expected to unlock more than 98,000 homes across the state, highlighting the scale of impact that targeted infrastructure investment can achieve.<sup>32</sup></p>
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<sup>31</sup> National Housing Finance and Investment Corporation. (2021). *Developer contributions: How should we pay for new local infrastructure? A*

<sup>32</sup> Queensland Government. (2025). *Crisafulli Government unlocks 2,500 homes at Robina*. Ministerial media statement, Deputy Premier and Minister for State Development, Infrastructure and Planning.



### 3.4 Limited transparency on developer contribution frameworks

A persistent and widely recognised issue within developer contribution systems is the lack of transparency regarding how funds are collected, managed and spent.

In many jurisdictions, it is unclear whether developer contributions operate as a genuinely hypothecated funding mechanism, directly linked to specific infrastructure projects or whether they are effectively absorbed into broader revenue streams.

Evidence suggests significant balances of unspent contributions can accumulate over time, with infrastructure delivery lagging behind collection.<sup>33</sup> This disconnect reinforces concerns that funds are not being deployed efficiently or in a timely manner.

In response to similar challenges, some international jurisdictions have mechanisms to strengthen accountability. In the United Kingdom, for example, elements of the system allow for developer contributions to be refunded including accrued interest where funds remain unspent after a specified timeframe.<sup>34</sup> This approach is intended to create a stronger incentive for infrastructure to be delivered within a reasonable timeframe, while also ensuring, where delivery is delayed, capital can be returned and redeployed into new projects.

#### **Recommendations for Developer contributions – Best practice framework & competitive infrastructure funding models**

HIA recommends:

**12. Creation of a best practice infrastructure charges framework** – With some jurisdictions yet to introduce formalised frameworks (Tasmania and South Australia) and all others needing reforms, creation of best practice model may assist reforms.

Future reforms to developer contributions should focus on:

- a. Reinforcing a clear nexus to new homebuyers by limiting charges to essential infrastructure and excluding social infrastructure and other broader upgrades.
- b. Allowing developers to defer payment until settlement with future buyers.
- c. Capping maximum charges in all areas and detail amounts upfront prior to land acquisition.
- d. Strengthen transparency and hypothecation through modern digital public reporting on contribution collected, allocated and spent.
- e. Introduce time-bound expenditure requirements and enable a refund or credit mechanism to support timely investment.

**13. Competitive infrastructure fund** – Similar to that currently operating in Queensland, consideration should be given to further competitive infrastructure funds available to local governments, utility providers and developers. If available to the development industry, this may allow activation of planning approvals still facing commercial viability issues and drive competitive investment.

<sup>33</sup> McGowan, M. (2026, April 20). The \$4.2b infrastructure war chest local councils say they can't spend. The Sydney Morning Herald

<sup>34</sup> UK Parliament, House of Commons, Committee of Public Accounts. (2025). *Improving local areas through developer funding* (Forty-Sixth report of session 2024–25, HC 886).



## 4. Delivery of housing enabling infrastructure

### 4.1 Fragmented entities and responsibilities add to approval complexity

While developer contributions determine how infrastructure is partly funded, housing supply outcomes are ultimately shaped by how effectively supporting infrastructure is delivered.

Infrastructure delivery in Australia is characterised by a fragmented and inconsistent system of utility provision. Responsibility for essential services such as water, sewerage and electricity is divided across local governments, statutory authorities and state-owned corporations, with arrangements varying significantly across jurisdictions.

In Queensland, for example, water and sewerage services are delivered through a mix of council-operated systems and distributor-retailer authorities such as Unitywater and Queensland Urban Utilities, alongside state-managed bulk water providers. Similar variation exists in other states, with New South Wales relying on a combination of state utilities and council-run local water providers, and Victoria operating a more centralised model through state-owned water corporations.<sup>35</sup>

While these arrangements reflect historical and institutional differences, from a development perspective they result in a system that is:

- fragmented across multiple providers;
- inconsistent in standards and processes; and
- difficult to navigate.

This fragmentation limits coordination reduces transparency and weakens the alignment between infrastructure delivery and housing supply outcomes.

### 4.2 Infrastructure/utility decisions are not integrated with development assessment

Planning approvals are typically granted by local or state governments based on land use and design considerations, while utility requirements, particularly for electricity and sewer connections are determined separately by infrastructure providers. This separation means infrastructure requirements are often not fully resolved at the point of development approval.

In practice, this creates a disconnect between planning approval and delivery. Developers may proceed with approved designs based on indicative servicing assumptions, only to encounter revised requirements later in the process. This leads to duplication of effort, rework and delays that could otherwise be avoided through earlier coordination.

Developers report situations where infrastructure elements included in approved plans, such as pad-mounted transformers or connection layouts, are subsequently changed or removed following engagement with utility providers. This requires redesign, re-approval and resubmission through council processes. While these changes may be individually minor, their cumulative impact is significant.

### 4.3 Prescriptive standards and 'gold-plating' impact supply and increase costs

A further constraint arises from the highly prescriptive and risk-averse nature of infrastructure standards.

Utility providers are responsible for the long-term operation and maintenance of infrastructure assets. As a result, they apply conservative design approaches that prioritise durability and risk minimisation. In practice, this often results in 'gold-plated' infrastructure outcomes, where standards exceed what is required to support near-term development.

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<sup>35</sup> NSW Productivity Commission. (2024). *Alternative funding models for local water utilities: Issues paper*



Industry experience highlights how these settings operate in practice. For example, developers report that some councils will only accept specific materials, such as concrete pipes for sewerage infrastructure, even where supply constraints exist and alternative materials are widely used and proven in other jurisdictions. This limits flexibility, increases costs and can delay project delivery.

More broadly, engineering standards are typically drafted to apply consistently across development types, with limited regard to local context. In rural areas, this can result in requirements that are illogical or contextually inappropriate. Developers have reported being required to install urban-standard infrastructure such as kerb and channelling along extended road frontages, even where surrounding infrastructure is minimal or located kilometres away.

A key issue in Australia's approach to infrastructure delivery is a focus on ultimate capacity and upfront financing, based on long-term growth projections rather than actual staged demand. This requires developers to fund infrastructure that may remain underutilised for many years. Alternative arrangements to funding infrastructure are possible as demonstrated in Section 4.3.1 – **Case Study 8** - below).

#### 4.3.1 Case Study 8: Municipal utility districts (USA)



(Source: Wood Group Mortgage, 2023)

**Figure 16:** Municipal Utility Districts

#### **CASE STUDY USA Municipal Utility Districts – Alternative Infrastructure Funding and Delivery**

**Overview:** Municipal Utility Districts (MUDs) are special-purpose entities used in the United States to finance, deliver and manage infrastructure for new housing developments. They provide essential services such as water, sewer and drainage by raising funds through long-term bonds, with costs repaid by future residents via property-based charges rather than upfront by developers.

**Key takeaways:** This model enables infrastructure to be delivered early in the development cycle, allowing housing to proceed without waiting for traditional utility providers to extend trunk networks. It also supports scalable infrastructure delivery, with systems expanded over time as development demand grows rather than requiring full upfront capacity.<sup>36</sup>

In comparison to planning requirements, the provisions and standards set by utility providers are often subject to change without superseded application rights and occur without proper consultation processes.

The absence of consistent consultation processes, transitional arrangements and regulatory oversight comparable to planning systems creates uncertainty, increases delivery risk and undermines confidence in infrastructure requirements across multiple jurisdictions.

#### **Recommendations for Delivery of Housing Enabling Infrastructure – Alternative models**

HIA recommends:

- 14. Alternative delivery model** – Work with states and territories to enable alternative delivery and funding models, such as municipal-style utility-districts – that allow infrastructure to be delivered earlier and paid for progressively over time.
- 15. Nationally consistent infrastructure standards and processes** – Progress towards standardised utility requirements, connection processes and technical requirements across jurisdictions.

<sup>36</sup> Suburban Futures. (2026). *How to build more houses sooner, smarter – and for less: Large scale off-grid infrastructure and the means to pay for it*



## 5. Priority reforms

HIA has identified the following priority reforms to be undertaken in each jurisdiction to ensure meaningful planning reform that would enable the housing industry to greatly increase supply.

### Land use regulation and housing supply

1. **Establish a national housing and planning dashboard** – publicly track zoning capacity, land supply and planning approvals, housing commencements, urban growth boundaries and infrastructure constraints across all jurisdictions.

Improved and transparent data would support more effective land use planning. However, significant limitations remain in the data currently used to inform planning decisions including:

- Limited visibility and consistency in dwelling completion data across local governments;
- ABS building approval data not accounting for demolitions and misinterpreted to overstate net housing supply;
- Incomplete tracking of emerging housing types such as secondary dwellings; and
- Underestimation of population growth forecasts from Treasury which are inputs into other levels of government for planning and infrastructure decisions.

2. **Establish a performance-based funding program** – similar to the National Housing Accord's *New Homes Bonus*, incentivise state and local governments to undertake upzoning reform and tie funding to an increase of infill dwelling completions including apartments, townhouses, terrace homes and duplexes.
3. **Encourage planning reform through national housing agreements** – Work with state and local governments to review and remove outdated minimum lot size requirements.
4. **Review of Urban Growth Boundaries** – Governments should review existing urban growth boundary policies and transition toward infrastructure serviceability as primary mechanism for managing and sequencing future growth areas.

### Approval processes

5. **Introduce a nationally consistent development framework for hazards** – Governments should establish nationally consistent approaches for mapping and regulating development in hazards.

This should be supported by spatial mapping, consistent modelling approaches and clear expectations of what forms of development require planning assessment.

This level of national consistency for hazards is possible as demonstrated by Australia's framework for construction in cyclonic regions (see 2.2.2.1 **Case Study 2**).

6. **Develop a National Settlement Strategy** – The Australian Government, in partnership with states and territories, should develop a nationally consistent framework for identifying and sequencing future growth areas, aligned with proposed EPBC Act reforms relating to strategic assessments and bioregional planning.

This would improve early planning certainty, reduce duplication between planning and environmental approvals, better integrate strategic environmental planning with housing delivery, and reduce delays caused by late-stage EPBC Act and environmental constraint issues.

7. **Incentivise independent planning professional programs** – Expand the role of independent accredited planning professionals for low-risk applications, building on models such as the City of



Newcastle's Accelerated Development Assessment Program and Queensland's Certification Procedures Manual.

8. **Proactive reforms to reduce common planning applications** – Review and modernise planning controls to remove common assessment triggers for development outcomes routinely approved in practice, particularly for minor siting variations, patios, carports and small dwelling alterations.
9. **Progress towards a nationally consistent planning framework** – The success of the National Construction Code (NCC) with private building certification system being introduced in the 1990s demonstrates nationally harmonised standards and competitive assessment markets can significantly improve approval efficiency.

With advancements in AI-assisted assessment systems, there is also significant opportunity to automate routine compliance checks and improve consistency in decision-making across jurisdictions.

10. **National exemptions for minor development** - Similar to the NZ Government (see 2.4.2 - **Case Study 6**), the Australian Government should introduce nationally consistent exemptions for minor and lower-risk forms of development, including single detached houses, secondary dwellings ('granny flats') and small-scale residential development within residential zones where prescribed design, siting and compliance criteria are met.
11. **Lead by example with a national model code/pattern book** - The Australian Government should work with the development industry, builders to develop nationally consistent pattern book of housing designs or a model code for townhouses, terraces and duplexes. This initiative should be focused on amenity outcomes but also on commercial feasibility of new projects and housing affordability. These provisions should be supported with exemptions from planning assessment.

### **Developer contributions and housing enabling infrastructure**

12. **Creation of a best practice infrastructure charges framework** – With some jurisdictions yet to introduce formalised frameworks (Tasmania and South Australia) and all others needing reforms, creation of best practice model may assist reforms.
13. **Competitive infrastructure fund** – Similar to that currently operating in Queensland, consideration should be given to further competitive infrastructure funds available to local governments, utility providers and developers. If available to the development industry, this may allow activation of planning approvals still facing commercial viability issues and drive competitive investment.
14. **Alternative delivery model** – Work with states and territories to enable alternative delivery and funding models, such as municipal-style utility-districts- that allow infrastructure to be delivered earlier and paid for progressively over time.
15. **Nationally consistent infrastructure standards and processes** – Progress towards standardised utility requirements, connection processes and technical requirements across jurisdictions.





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