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12 June 2026

Housing Supply Regulation Inquiry

Productivity Commission

GPO Box 1428

CANBERRA CITY 2601

Dear Commissioner,

Submission to the Productivity Commission's housing supply regulation inquiry

Uniting Vic.Tas is the largest community services organisation in Victoria. We work in partnership with people, communities, governments and other agencies to reduce the impact of poverty, trauma and disadvantage, supporting more than 110,000 people each year who are facing tough times and personal challenges.

Uniting is working towards increasing the supply of safe, secure and affordable housing for Victorians. Our soon to be released *Uniting Housing Strategy* outlines an ambition to be providing more than 3,000 homes by 2035. At present, Uniting manages 998 community housing dwellings, supporting more than 1,400 residents across Victoria.

Uniting is a proven housing developer, delivering end-to-end planning, design, and construction of major community housing projects and re-developments in across regional and metropolitan Victoria.

It is with this experience we provide this submission to the Productivity Commission's housing supply regulation inquiry.

Introduction

Australia's housing shortage is not primarily a function of land scarcity, but rather the result of complex, fragmented and sequential regulatory systems that delay project delivery, increase costs, and reduce feasibility.

Reform should prioritise system-wide efficiency, focusing on streamlined approvals, improved coordination, and nationally consistent frameworks that enable faster and more certain delivery of new housing, particularly social housing, which delivers clear public benefits.

Priority regulatory reforms to accelerate housing supply

Social housing developments should not be subject to the same approval pathways as speculative market developments. Social housing projects provide clear and measurable public benefits and should be treated as priority development.

Key reforms should include:

- Establishing fast-track planning pathways for registered Community Housing Providers (CHPs)
- Expanding Ministerial or State Significant Development pathways for projects above defined thresholds

- Implementing standardised planning requirements across jurisdictions, including local government, to reduce duplication and uncertainty
- Strengthening integration between planning approvals and funding programs
- Accelerating utility and referral authority approvals, including greater use of parallel processing

These reforms would reduce delays, improve investment certainty, and increase the rate at which projects can commence construction.

Instead of framing social allocations as a drag on supply, the inquiry should consider initiatives that have streamlined supply through their inclusion.

Evidence of effective reform

In Victoria, the **Development Facilitation Program** introduced planning provisions which allow some residential developments to be streamlined, with permit applications being made to the Minister for Planning rather than local councils. One of the criteria to access this pathway is the provision of affordable housing.

According to the Government's progress reporting to National Cabinet on the National Planning Reform Blueprint, this pathway is:

- Bringing around 13,200 additional homes to market that would otherwise have been delayed
- Reducing application timeframes from approximately 12 months to 4 months

These programs demonstrate how allocations to social and affordable housing can be used as incentives that bring forward housing supply, rather than regulations that restrict it.

At the same time, they encourage more diverse housing supply that better serves communities and supports economic participation and productivity.

Key bottlenecks in the regulatory system

Pre-application and planning approval

The early stages of the development process are characterised by:

- Multiple and iterative design review processes
- Inconsistent and sometimes conflicting requirements across local governments
- Limited certainty regarding approval outcomes

These factors collectively increase holding costs and delay capital deployment.

Referral authorities

Delays associated with referral authorities are a major constraint, particularly where processes are sequential rather than parallel. Key authorities include:

- Traffic and transport agencies
- Water authorities
- Utility providers
- Heritage bodies
- Environmental regulators

The lack of coordination across these entities contributes significantly to overall project delays.

Post-permit processes

A critical but often overlooked issue is that planning approval represents only the midpoint of the approvals process. Following planning approval, projects must still navigate:

- Service authority approvals
- Permit conditions
- Subdivision approvals
- Building permit processes

These post-permit requirements can extend delivery timelines by months or years, reducing overall system productivity.

Even after achieving Ministerial approval, significant pre-construction requirements remain before commencement.

Effectiveness of recent reforms

Most effective reforms

The Development Facilitation Program has demonstrated that centralised expertise, clear timeframes, and dedicated resources can materially increase housing supply.

Nationally consistent policies could not only increase the social and affordable housing delivered through planning processes, but also create certainty for the development industry and improve overall delivery.

The National Planning Reform Blueprint includes a commitment to:

'Create accelerated development pathways and streamline approval processes for eligible development types... particularly to support the rapid delivery of social and affordable housing.'

We encourage the Inquiry to investigate how this commitment can be progressed to see more social housing delivered nationally, and to use this as leverage to increase overall housing supply.

Least Effective Reforms

Incremental or procedural reforms that improve documentation or process steps without addressing system-wide coordination and sequencing issues have had limited impact on delivery timeframes.

Zoning and land-use controls

The most significant land-use constraints include:

- Restrictive height controls that do not align with demand or public transport investment
- Excessive parking requirements, which increase costs and reduce dwelling yield
- Heritage overlays, which can limit development feasibility and flexibility

In metropolitan areas, these planning controls are often a more significant constraint than land availability itself.

In growth areas, both land release and infrastructure provision are important; however, the key issue remains the ability to efficiently convert zoned land into approved, feasible projects.

Not addressing this growing gap between housing need and supply for low-income households could lead to findings and recommendations that only exacerbate this growing social and economic challenge. A lack of affordable housing for working households in the communities that employ them leads to these workers leaving or facing longer commutes. Both are to the detriment of local economies and a drag on productivity. Rather than viewing attempts at social and affordable housing provision as a handbrake on supply, we recommend that the inquiry investigates the benefits of creating inclusive communities during a time when affordable housing for low-income households is shrinking.

Development contributions and feasibility

Development contributions directly affect project feasibility.

For social housing:

- Costs cannot be readily passed on to tenants
- Rental income is constrained or regulated
- Margins are significantly lower than market housing

Consideration should be given to:

- Reduced or deferred contributions
- Exemptions for CHP-delivered housing
- Expanded use of inclusionary zoning frameworks

Such measures would improve feasibility and support increased supply of affordable housing.

Infrastructure and service delivery constraints

Housing delivery is increasingly constrained by delays in housing-enabling infrastructure, particularly:

- Electricity connections and grid capacity

- Water and sewer infrastructure
- Gas decommissioning and electrification requirements

In many cases, projects are ready to proceed but are delayed by infrastructure sequencing issues, reflecting a misalignment between planning approvals, funding, and delivery.

Improved coordination across infrastructure providers and planning systems is essential to unlock supply.

Productivity implications

The current regulatory system imposes significant productivity costs on the housing sector by:

- Extending project timelines
- Increasing holding and financing costs
- Reducing feasible dwelling yield
- Slowing capital recycling across the development pipeline

Addressing these inefficiencies is critical not only to increasing housing supply, but also to improving construction productivity, which has declined in recent decades.

Conclusion

Australia's housing shortage reflects systemic inefficiencies in regulatory frameworks, rather than a lack of land or development capability.

Evidence from existing reforms demonstrates that:

- Streamlined and centralised approval pathways
- Clear, consistent regulatory frameworks
- Better sequencing of infrastructure delivery

can materially increase housing supply and improve productivity outcomes.

Reform efforts should focus on whole-of-system improvements, while recognising that social and affordable housing can act as a catalyst for accelerating supply, not a constraint on it, while also delivering broader social and economic benefits.

Yours sincerely,

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Executive Director, Housing & Property

Uniting Vic.Tas