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## **Submission to Productivity Commission: Inquiry into Housing supply regulation**

Anglicare Sydney is a Christian not-for-profit providing care to older people and services to the vulnerable throughout Sydney, the Blue Mountains, Illawarra, Southern Highlands, Central West NSW, New England, North-West NSW and Norfolk Island. For 170 years, we have provided homes and support to older Australians, vulnerable families, and others at risk.

Anglicare Sydney are one of Australia's leading aged care providers, with thousands of dwellings and beds for older Australians. As a provider of homes for older and vulnerable people, we regularly experience challenges and delays in the planning system. The approval time across our aged care and housing regularly exceeds 18 months. The longest approval time, hindered by barriers at the Federal, State and local levels, stretched into years, incurring extensive holding costs. These challenges delay our ability to serve people in our communities, and as not-for-profit, they take away from essential funds that could be funnelled towards supporting more Australians in need of a home.

Currently, the regulation of housing and planning approvals prevents older people from remaining in the communities in which they have lived, worked and raised families. Providers of retirement living and/or aged care homes cannot develop the homes needed where residents want to continue living. Healthy communities must have the facilities needed to include older people as residents and participants, just as such communities must have adequate services such as schools and public transport.

For these reasons, we welcome the Productivity Commission's inquiry into Housing Supply Regulation and appreciate the opportunity to comment. The inquiry presents an important and timely opportunity to support the housing, developer, and aged care sectors to better meet the housing needs of our nation.

### **1. Summary of submission**

#### **Aged care is a foundational pillar of Australia's housing system, and our land use, planning, and approvals frameworks must treat it as such.**

Australia's housing system cannot be made genuinely productive without accounting for the full arc of housing need across a person's life. Yet aged care, including residential aged care facilities and retirement villages, is often treated as a separate policy domain rather than an

integral component of housing supply planning. This omission is a structural inefficiency that drives misallocation across the entire housing market.

Anglicare Sydney makes this submission to urge the Productivity Commission to recognise aged care and seniors' living infrastructure as an essential, non-negotiable component of the housing mix, and to recommend reforms that unlock supply at both ends of the housing pipeline.

Our submission makes three interconnected arguments:

- **The housing system is demographically misaligned.** Planning frameworks are designed around dwelling typology rather than population need. Australia's ageing population creates enormous, foreseeable demand for appropriate residential care and retirement living options, yet our planning and regulatory systems do not consistently anticipate or provide for it. This contributes to a shortage of suitable development opportunities in established communities, making it difficult to deliver the housing and care infrastructure needed to support ageing populations close to family, services and existing social networks.
- **Aged care and retirement living are powerful housing supply levers and have potential to alleviate pressures in the hospital and housing systems.** Enabling more older Australians to transition to appropriate housing, at the right time and with genuine choice where they wish to live, liberates significant under-utilised housing stock, easing pressure on the private rental and family housing markets.
- **Regulatory barriers are holding back economically valuable supply.** The approvals pathway for residential aged care and retirement villages is slow, complex and does not reflect their role as essential housing and care infrastructure. Fast-track and deemed-to-satisfy pathways available for other housing types have not consistently been extended to, or tailored for, aged care and retirement living developments, despite the sector delivering clear and quantifiable public benefit.

### **Recommendation 1: Mandate aged care and seniors' living in housing and planning frameworks**

State and territory planning policies should incorporate minimum provision requirements for residential aged care and retirement living as part of all significant residential and mixed-use developments, consistent with projected demographic need.

### **Recommendation 2: Establish fast-track approvals pathways for residential aged care and retirement village development**

Governments should create dedicated, time-bound approvals pathways for registered aged care providers and retirement village and aged care operators, modelled on existing fast-track mechanisms for social and affordable housing, with a target approval timeframe of no more than 6 months for major developments.

### **Recommendation 3: Establish streamlined renewal pathways for existing retirement villages**

Governments should develop planning frameworks that facilitate the renewal, expansion and redevelopment of existing retirement villages through simplified and accelerated assessment pathways. Existing seniors' living sites should benefit from proportionate approval requirements that support reinvestment, modernisation and increased housing supply.

## **2. A Demographically Misaligned Housing System**

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### **2.1 Planning frameworks start from the wrong place**

Australia's planning and housing frameworks are largely organised around dwelling typology, like detached houses, townhouses, apartments, social housing. They ask: what can be built here? What density is permitted? What height? But they rarely ask the prior, and more fundamental, question: who needs to be housed, and what does that population require over time?

This omission is reflected in planning systems that typically establish dwelling targets, density controls and housing supply objectives without corresponding requirements for aged care or retirement living provision. While most jurisdictions maintain forecasts of population ageing, these forecasts are not consistently translated into binding land use allocations or supply targets for seniors' housing and care infrastructure.

This is the core of our submission. A genuinely productive housing system must begin with demography, not dwelling type. Population is the starting point; supply is the response.

A planning system that does not adequately account for ageing demographics risks creating persistent mismatches between housing demand and supply, reducing the efficiency of housing markets and increasing costs across the broader economy.

The Productivity Commission has recognised that poor regulation is a handbrake on growth and that restrictive planning rules contribute to more expensive housing. We submit that the exclusion of aged care from planning frameworks is precisely such a handbrake – one whose costs compound across the entire housing market.

### **2.2 The scale of unmet need**

Australia is ageing rapidly. According to the Australian Government's 2023 Intergenerational Report, the number of Australians aged 65 and over is projected to more than double over the next 40 years, while the number aged 85 and over is projected to more than triple. By 2062-63, almost one in four Australians will be aged 65 or over<sup>1</sup>. These are not uncertain projections. The demand they represent is not speculative; it is demographic certainty. Unlike many forms of

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<sup>1</sup> [Australian Government \(2023\): Intergenerational report 2023](#)

infrastructure, demand for aged care and seniors' housing is highly predictable decades in advance because the future population requiring these services is already largely known.

Industry forecasts indicate that both retirement living and residential aged care supply are unlikely to keep pace with projected population ageing. The number of Australians aged over 75 is expected to increase from around 2 million to 3.4 million by 2040, while sector reports have identified significant shortfalls in both retirement living development and residential aged care bed supply relative to forecast demand<sup>2</sup>.

The result is that older people who would benefit from – or in some cases urgently need – appropriate care and housing are instead remaining in larger homes that no longer suit their needs. They are not doing so by free choice; they are doing so because the alternatives are unavailable, inaccessible, or prohibitively expensive.

This immobility has cascading effects. Large family homes occupied by a single older person remain under-utilised, while younger families and key workers are locked out of the housing market they need. The failure to provide sufficient aged care and retirement living supply within existing communities reduces the efficiency with which existing housing stock is utilised, limiting mobility within the housing market and increasing pressure on family-sized housing.

### **2.3 The regulatory system is out of step with demography**

State and territory planning frameworks vary significantly, but a common pattern persists: aged care and retirement living facilities are treated as a specialist or discretionary land use, subject to complex, uncertain, and lengthy approval processes, rather than as essential housing infrastructure to be planned for systematically and included as an essential service in a community.

Unlike some forms of social and affordable housing, which increasingly benefit from accelerated assessment pathways, aged care developments often remain subject to discretionary and merit-based assessment processes. As a result, the cost, time and uncertainty of developing aged care supply often renders projects commercially unviable, particularly for non-profit providers operating on thin margins.

The Productivity Commission has argued that poorly designed regulation can impede investment and service delivery, and has identified improving the efficiency and effectiveness of the care economy as one of five key pillars of Australia's productivity reform agenda<sup>3</sup>. Planning and approval frameworks that unnecessarily delay or deter aged care development risk constraining the sector's capacity to meet growing demand efficiently. We submit that this inquiry provides an important opportunity to address these barriers.

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<sup>2</sup> [Property Council of Australia \(2023\) Better housing for better health](#)

<sup>3</sup> [Australian Government- Productivity Commission \(2026\) Five pillars of productivity inquiries](#)

### **3. Aged Care and Retirement Living as Housing Supply Levers**

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#### **3.1 The supply multiplier effect**

There is a powerful and under-appreciated dynamic at the heart of Australia's housing challenge: providing appropriate housing for older Australians does not merely serve that cohort – it unlocks supply for everyone else.

When an older person transitions from a large family home into a retirement village or residential care facility suited to their needs and preferences, that family home re-enters the market. Often it is a three- or four-bedroom property, precisely the dwelling type most acutely undersupplied for young families. This is not a marginal effect. At scale, it represents a significant rebalancing of housing stock toward the households that most need it.

The Retirement Living Council's *Better Housing for Better Health* report provides compelling quantitative evidence for this dynamic. Growing the pipeline of retirement communities to meet current demand levels could reduce Australia's housing shortage by 67 per cent, and the existing pipeline alone already accounts for an 18 per cent reduction in the housing shortfall<sup>4</sup>. These are not trivial figures. They represent tens of thousands of homes unlocked for younger households through a mechanism that also improves the health, wellbeing and independence of older Australians.

Building approximately 49,000 retirement village units could reduce Australia's housing supply gap by around 67 per cent by 2030, housing over 70,000 people and freeing family-sized stock for younger households<sup>5</sup>.

To address Australia's housing shortage, we must relieve supply pressure from both ends: new social and affordable housing to house those priced out of the market, and new aged care and retirement living to enable rightful rightward movement through the housing lifecycle. Focusing on one without the other is a half-solution.

#### **3.2 Health and fiscal co-benefits**

The case for investment in retirement living is not only a housing argument. It is a fiscal and public health argument, and one that directly engages the Productivity Commission's pillar of delivering quality care more efficiently.

Research cited in the Retirement Living Council's *Better Housing for Better Health* report suggests that retirement village residents are around 20 per cent less likely to require hospitalisation after

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<sup>4</sup> [Property Council of Australia \(2023\) Better housing for better health](#)

<sup>5</sup> [Property Council of Australia \(2023\) Better housing for better health](#)

nine months of residency, with retirement communities estimated to avoid approximately 14,000 hospitalisations annually. The report further estimates that, under a scenario in which retirement communities delay entry into residential aged care by two years, national aged care expenditure could be reduced by approximately \$945 million annually<sup>6</sup>.

Residents of retirement communities are also meaningfully healthier: more physically active, more socially connected, and substantially less likely to experience depression and loneliness – with associated healthcare savings estimated at close to \$5 million<sup>7</sup>. These outcomes are the direct product of appropriate housing. They cannot be achieved through health intervention alone.

A housing system that frustrates access to appropriate aged accommodation is not only inefficient as a housing market. It generates avoidable costs in the health and aged care systems, costs ultimately borne by government and taxpayers. Reducing regulatory barriers to aged care and retirement living development is, in this sense, a preventive health investment.

### **3.3 The economic productivity case**

The Productivity Commission has identified improving the efficiency and effectiveness of the care economy as a key pillar of Australia's productivity reform agenda, recognising the role of care services in supporting wellbeing, community participation, and workforce engagement<sup>8</sup>. Aged care and retirement living infrastructure represent such an investment.

Construction and operation of residential aged care and retirement village developments generates significant economic activity: direct employment in construction and ongoing care roles, local supply chain activity, and reduced burden on downstream health and welfare systems. As the Commission has noted, the residential housing construction sector has experienced significant productivity declines over recent decades. Unlocking demand for aged care construction represents one key avenue to reinvigorate that sector with sustained, demographically-driven demand.

## **4. Regulatory Barriers: What Needs to Change**

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### **4.1 Approval processes**

Anglicare Sydney and the broader aged care sector face a development approvals environment that is materially more onerous than that faced by comparable residential developers. Key problems include:

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<sup>6</sup> [Property Council of Australia \(2023\) Better housing for better health](#)

<sup>7</sup> [Property Council of Australia \(2023\) Better housing for better health](#)

<sup>8</sup> [Australian Government- Productivity Commission \(2026\) Five pillars of productivity inquiries](#)

- Aged care and retirement village developments are typically assessed as 'impact assessable' land uses, requiring full merit review even in areas zoned for residential use, unlike standard residential development which may qualify for code-assessable or deemed-to-satisfy pathways.
- Approval timeframes routinely exceed two to three years for major facilities, creating holding costs that erode project viability and deter investment.
- There is no national consistency in how aged care is classified for planning purposes, creating significant variation across jurisdictions that disadvantages multi-site operators and discourages development.
- State-level fast-track mechanisms for housing supply, including those created in response to the National Housing Accord, have not consistently incorporated aged care and retirement living developments within broader housing supply acceleration initiatives, despite the contribution these developments make to housing market efficiency, care provision and economic productivity.

One of Anglicare Sydney's current projects has experienced significant delays securing a Works Authorisation Deed (WAD) from Transport for NSW. Despite early engagement and proactive submissions, the approval process extended well beyond expected timeframes, delaying delivery of an aged care facility and creating uncertainty around project timing, as well as creating substantial holding costs. This experience highlights the absence of statutory timeframes, limited accountability mechanisms and poor coordination between planning and infrastructure approval systems.

The Commission's call for submissions asks which approval process steps are most onerous, time-consuming and costly. Delays are often compounded by fragmented decision-making across multiple agencies, with limited coordination between planning and infrastructure approval processes.

For aged care providers, the answer is consistent: the requirement for full merit assessment for what is, in substance, essential residential infrastructure. The burden can materially affect project feasibility for many development proposals that cannot absorb the cost of protracted uncertainty.

Consideration should be given to introducing statutory response timeframes for infrastructure and referral agencies, similar to development assessment determination periods.

## **4.2 Land use and zoning**

Planning frameworks do not consistently treat aged care and retirement living as a standard component of residential supply. As a result, providers may face additional zoning constraints, discretionary assessment requirements or planning amendments that increase development risk, delay investment decisions and reduce project feasibility.

Planning frameworks need to systematically include aged care and retirement living as permitted or even required uses within residential zones, proportionate to projected demographic need. The Commission's focus on which zoning and land-use controls most limit new housing supply

should extend explicitly to this category of use. Aged care and retirement living are residential uses that respond directly to demographic housing demand and should be recognised accordingly within planning frameworks.

#### **4.3 Infrastructure contributions and feasibility**

Developer contribution frameworks can impose significant costs on aged care and retirement living developments. These frameworks are often calibrated around conventional residential development and may not always reflect the distinct infrastructure demand profile of aged care and seniors' housing, which can differ substantially from family housing in areas such as traffic generation, school demand and community infrastructure use.

Governments should review contribution frameworks to ensure charges appropriately reflect the infrastructure impacts of aged care and retirement living developments and do not unnecessarily reduce project feasibility.

### **5. Recommendations and conclusion**

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Anglicare Sydney makes the following specific recommendations to the Productivity Commission:

#### **Recommendation 1: Mandate aged care and seniors' living in housing supply and planning frameworks**

State and territory planning policies should be required to include aged care and retirement living as a mandatory consideration in all housing supply frameworks, with minimum provision ratios established relative to projected demographic need. Planning strategies at the regional and local level should contain binding requirements for aged care supply, not merely aspirational targets. Where significant residential or mixed-use developments are approved, assessment criteria should include consideration of aged care demand generated by the development and broader demographic trajectory of the area.

#### **Recommendation 2: Establish fast-track approvals for aged care and retirement village development**

Governments should create dedicated, time-bound approval pathways for development by registered aged care providers and approved retirement village operators. These should be modelled on existing fast-track pathways for social and affordable housing, and should aim for a maximum 12-month assessment period for major developments. Aged care and retirement village facilities that meet established design standards should be treated as code-assessable development within appropriate residential zones, removing the requirement for full merit assessment in the ordinary case. These reforms should be delivered through the National Planning Reform Blueprint and associated intergovernmental agreements.

#### **Recommendation 3: For existing retirement villages and residential aged care, prepare a policy that allows development to occur more readily**

Existing retirement villages and residential care have already established a community expectation around seniors' housing and care. As a result, the renewal, expansion or replacement of existing villages should be subject to streamlined assessment pathways,

particularly where development is broadly consistent with the existing use of the site. Requiring providers to undergo full assessment processes for like-for-like replacement, modernisation or modest expansion can delay investment, increase costs and constrain the efficient use of land already dedicated to seniors' living. Governments should develop a statewide planning policy that facilitates the renewal and redevelopment of existing retirement villages through proportionate approval pathways. By enabling providers to reinvest in established sites more efficiently, such a policy would support additional housing supply, improve the productivity of existing seniors' living assets, and ensure villages continue to meet the needs of an ageing population.

We would also encourage the Commission to recommend that the National Housing Accord framework be extended to explicitly include aged care and retirement living supply targets alongside broader housing targets.

Australia's housing challenges cannot be solved by increasing supply alone. We also need the right housing in the right places for people at different stages of life. A more productive housing system requires housing supply to respond efficiently to demographic demand across the life course. Reforming the planning and approval pathways for aged care and retirement living would improve housing market efficiency, support labour and care-force participation, and reduce pressure elsewhere in the housing system.

The Productivity Commission's inquiry provides an opportunity to recognise the role that appropriate housing for older Australians plays in improving housing outcomes more broadly. Supporting people to move into suitable housing through greater choice, adequate supply, and effective regulation can improve wellbeing, reduce pressure across the housing market, and deliver wider economic and social benefits.

We thank the Commission for inviting these recommendations and would welcome the opportunity to discuss them further.

Yours Sincerely,  
Anglicare Sydney