

Submission to the Productivity Commission: Housing Supply Regulation

Australian Tiny House Association (ATHA)

The Australian Tiny House Association (ATHA) welcomes the opportunity to provide input to the Productivity Commission's inquiry into regulatory impediments to housing supply in Australia.

Australia's housing affordability crisis requires a broad range of housing solutions that can be delivered quickly, affordably, and with minimal impact on existing infrastructure. One housing option with significant untapped potential is the tiny house, typically constructed as a registrable caravan and designed for permanent residential occupation, with the capacity to move when the owner needs to move.

Tiny houses provide comfortable, secure, and affordable accommodation for a wide range of Australians, including key workers, older people, single-person households, young adults, people experiencing housing insecurity, and those seeking lower-cost housing alternatives. Compared with conventional housing, tiny houses require fewer building materials, consume less energy, have a smaller environmental footprint, and enable home ownership for people who may never be able to afford to purchase land.

Despite these benefits, regulatory frameworks across Australia continue to create significant barriers to the use of tiny houses on wheels and other moveable dwellings as legitimate housing options. While tiny houses are generally required to meet the same registration and safety requirements as recreational caravans, they are frequently subject to planning and development controls that do not recognise their unique role as long-term housing.

Historically, residential caravan parks have provided an important source of affordable housing. However, increasing redevelopment of these parks for tourist accommodation has resulted in the displacement of long-term residents as operators pursue more profitable business models. For residents forced to leave caravan parks, finding alternative sites for their homes is often extremely difficult. Similarly, for the growing number of Australians seeking to live in tiny houses, lawful placement options remain limited and inconsistent.

Regulation of caravans and moveable dwellings varies considerably between jurisdictions and local government areas. In some states, the occupation of a caravan in conjunction with an existing dwelling is treated as ancillary use and may occur without development approval, subject to specific conditions. In others, planning approval is generally required regardless of the circumstances. Even where local governments possess approval powers, the lack of consistency between councils creates uncertainty for residents, landowners, and regulators alike.

New South Wales provides a clear example of this regulatory complexity. While the Local Government Act appears to provide councils with the ability to develop local approvals policies for moveable dwellings, the operation of the *Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2021* has resulted in legal interpretations that generally classify caravan occupation as development requiring planning consent. Consequently, councils have limited practical ability to establish locally appropriate approval pathways for caravans and tiny houses without requiring development applications.

This contrasts with approaches adopted elsewhere. For example, guidance published by the South Australian planning system recognises that occupation of a caravan on residential land containing an existing dwelling will generally not require development approval as the use is ancillary to the primary dwelling.

ATHA notes that a review of the NSW regulation commenced in 2023 but has since been indefinitely deferred. Feedback provided during consultation highlighted concerns that proposed reforms were overly complex and failed to provide the clarity and flexibility needed by councils and residents. As a result, local governments continue to lack practical regulatory mechanisms to facilitate the use of caravans and tiny houses as short-term or long-term housing on private land.



ATHA submits that there is an urgent need for more consistent and proportionate regulation of moveable dwellings across Australia. Regulatory frameworks should recognise the temporary and relocatable nature of caravans, including tiny houses, their comparatively low environmental impact, and their potential contribution to addressing housing shortages.

A practical model has recently been implemented in Western Australia through reforms that simplify approval pathways for caravan occupation. Key features include:

- No approval requirement for camping on private land for five days or less.
- Applications for longer periods being determined by the relevant local government rather than the Minister for Local Government.
- Local governments being empowered to approve caravan occupation for periods of up to 24 months, subject to appropriate conditions.
- Ministerial approval only being required where multiple caravans are proposed.
- The ability for applicants to reapply upon expiry of an approval.
- Powers for local governments to revoke approvals where conditions are not met.

ATHA considers this approach to be a practical and proportionate model that balances community expectations, local oversight, public health considerations, and housing needs.

Recommendations

ATHA recommends that the Productivity Commission consider the following reforms:

1. Encourage states and territories to develop consistent regulatory frameworks for the occupation of caravans and tiny houses as long-term housing.
2. Establish streamlined permit-based approval pathways administered by local governments, rather than requiring full development approval processes in most circumstances.
3. Recognise tiny houses and other moveable dwellings as a legitimate component of Australia's housing supply and affordability strategy.
4. Provide greater flexibility for occupation of caravans and tiny houses on residential land where appropriate health, safety, and amenity standards are met.
5. Promote nationally consistent guidance to reduce regulatory uncertainty for residents, landowners, councils, and industry participants.

The Australian Tiny House Association believes that appropriately regulated tiny houses on wheels and moveable dwellings can make a meaningful contribution to housing affordability, housing diversity, and housing resilience across Australia. Removing unnecessary regulatory barriers would allow this form of housing to play a greater role in addressing Australia's current and future housing challenges.

Additionally, there are other aspects of planning regulation that hinder the development of communal living, including inter-generational living. State planning schemes focus on number of dwellings on a site, rather than total environmental impact. This provides for unsustainably large single dwellings in the majority of zonings while restricting the capacity for lower impact communal housing that offers significant benefits to residents and the environment. Some specific aspects of regulation are addressed separately in the attached appendices.

ATHA welcomes the opportunity to engage further with governments and regulators on the development of consistent, practical, and evidence-based regulatory frameworks for long-term caravan and tiny house occupation throughout Australia.

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