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Sustainable Built Environment

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## Productivity Commission - Housing supply regulation

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### **CASBE Submission**

**June 2026**

### **About CASBE**

CASBE is an alliance of Victorian councils committed to ensuring future generations can enjoy a sustainable built environment. CASBE member councils cover 87% of Victoria's population. A complete list of our 44 members can be found on our website<sup>1</sup>. CASBE provides a forum for the exchange of information, and ideas on innovation and best practice in Environmentally Sustainable Development (ESD).

CASBE's vision is for Victoria's cities and towns to be sustainable and thriving, and to foster a balance between social and ecological systems.

Our local, ground-up approach has resulted in collective local government led action to Victoria's built environment. CASBE has done this by seeking sustainable design outcomes through the statutory planning approvals process and broad scale positive changes to strategic policy. Over many years this has resulted in a change in practice in Victoria and demonstrable elevated sustainability outcomes in development.

CASBE is hosted by the Municipal Association of Victoria. CASBE supports the MAV's submission to this Inquiry.

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<sup>1</sup> [casbe.org.au/who-we-are/membership/](https://casbe.org.au/who-we-are/membership/)

## 1. Position and response to Information Request 1

### Info Request 1: Priority regulatory reforms to increase supply

CASBE supports reforms that improve the efficiency of housing approvals through better system design, including standardisation and integration.

However, recent reforms in Victoria highlight the importance of ensuring that efforts to streamline regulation do not come at the expense of core objectives such as safety, resilience and long-term performance.

In particular, reforms that achieve efficiency by constraining or 'switching off' key considerations, including climate and natural hazard risk, may reduce upfront approval burden but create longer-term costs and inefficiencies across the system.

This can undermine housing supply outcomes over time, where reduced consideration of site conditions and performance leads to a higher demand on existing infrastructure, increased lifecycle costs to the household and reduced viability and resilience of housing stock.

Regulatory reform should prioritise improving how requirements are applied, rather than reducing their scope, to ensure that efficiency gains do not come at the expense of long-term system performance and effective housing supply.

## 2. Evidence on codification and reduced consideration (Info Requests 2 and 3)

(Info Request 2: most onerous steps; Info Request 3: effectiveness of recent reforms)

Evidence from recent Victorian parliamentary inquiries indicates that planning reforms have introduced significant changes to the design of housing regulation, particularly through codified and streamlined assessment pathways.

These include codified planning controls (most notably the Townhouse and Low-Rise Code<sup>2</sup> (VC267<sup>3</sup>), implemented through Clause 55<sup>4</sup>), more recently extended to Clause 57<sup>5</sup> (Two or More Dwellings on a Lot and Residential Buildings of Four to Six Storeys). Reforms have also expanded fast-track approval pathways to accelerate decision-making and reduce timeframes.

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<sup>2</sup> [New townhouse and low-rise code enabling better outcomes and faster permits](#)

<sup>3</sup> [All schemes Planning Scheme - Amendments: Amendment VC267](#)

<sup>4</sup> [55 TWO OR MORE DWELLINGS ON A LOT AND RESIDENTIAL BUILDINGS OF THREE STOREYS OR LESS Victoria Planning Provisions Planning Scheme - Ordinance](#)

<sup>5</sup> [57 TWO OR MORE DWELLINGS ON A LOT AND RESIDENTIAL BUILDINGS OF FOUR TO SIX STOREYS Victoria Planning Provisions Planning Scheme - Ordinance](#)

These changes reflect a shift toward:

- Standardised controls
- ‘Deemed-to-comply’ assessment pathways
- Reduced discretion in decision-making
- Streamlined approval processes

Evidence from the *Select Committee Inquiry into planning scheme amendments VC257, VC267 and VC274*<sup>6</sup> suggests that these reforms have limited the ability of decision-makers to consider:

- Local environmental conditions
- Natural hazard risks (e.g. flood, bushfire, erosion)
- Established ESD local planning policies

The reforms also ‘switched off’ elements of planning schemes, including:

- Local ESD policies in place across 28 municipalities representing 71% of Victoria’s population
- Section 60 of the Planning and Environment Act<sup>7</sup>
- Clause 65 decision guidelines<sup>8</sup>

Finding 16 of the inquiry concluded that while a consistent statewide sustainability baseline was introduced, sustainability outcomes were reduced in 28 councils who already had a local ESD Policy, and it has not been demonstrated that the overall outcome represents an improvement due to the coverage of the local policy councils.

These concerns are reinforced by findings from the Inquiry into Climate Resilience<sup>9</sup>, which supported the need to review and strengthen the new Clause 55 standards and recommended ongoing monitoring of the impacts of recent reforms on planning outcomes, including the application of ESD provisions.

This reflects a broader concern that regulatory streamlining may be occurring before sufficiently robust replacement standards are in place to address climate and natural hazard risks currently managed through existing local policy-based controls.

This highlights an important distinction for this inquiry: Not all reductions in approval steps represent genuine efficiency gains. In some cases, they reflect a reduced scope of assessment, which may have unintended consequences for development outcomes and system performance.

The differences between the different policy approaches may appear minor, however their impact can be significant. For example, requirements for elements such as east-west shading; previously secured through ESD local policies or negotiated outcomes, are no longer consistently applied under codified pathways. This reduces councils’ ability to ensure buildings are designed for extreme heat conditions.

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<sup>6</sup> Parliament of Victoria 2025, [Select Committee on Victoria Planning Provisions Amendments VC257, VC267 and VC274: Inquiry Report](#), Legislative Council Environment and Planning Committee, Victoria.

<sup>7</sup> [PLANNING AND ENVIRONMENT ACT 1987 - SECT 60 What matters must a responsible authority consider?](#)

<sup>8</sup> [65.01 APPROVAL OF AN APPLICATION OR PLAN Victoria Planning Provisions Planning Scheme - Ordinance](#)

<sup>9</sup> [Reports - Inquiry into Climate Resilience - Parliament of Victoria](#)

The United Nations Global Chief Heat Officer has identified urban heat as a major emerging public health challenge and highlights passive cooling measures, particularly shading, ventilation and insulation, alongside broader climate-sensitive urban design strategies, as critical to maintaining habitable and resilient built environments in a warming climate. In this context, codification in Victoria risks creating unintended consequences where reduced design requirements constrain the ability to deliver buildings that remain safe and functional under future climate conditions<sup>101112</sup>.

### 3. Fast-track pathways and regulatory effectiveness (Info Request 3)

(Info Request 3: effectiveness of recent reforms)

In parallel, expanded use of state-led fast-track pathways (e.g. Development Facilitation Program<sup>13</sup>, Great Design Fast Track<sup>14</sup>) introduces additional system considerations:

- The State Government acts as decision-maker
- There is discretion to waive application requirements in some cases
- There is limited public data and transparency on:
  - Assessment pathways
  - Conditions applied
  - Long-term performance outcomes

While these pathways may reduce delays for specific projects, the lack of visibility makes it difficult to assess whether:

- Regulatory burden is being reduced efficiently, or
- Important safeguards are being bypassed in ways that create future costs or risks

There is currently no consistent, publicly available data to quantify these impacts.

The State Government frames recent planning data as a “townhouse boom,” with applications rising by nearly 50 per cent<sup>15</sup>, however increased permit volumes do not necessarily translate to improved housing supply outcomes and may instead reflect a shift toward simpler, lower-cost typologies that under-utilise well-located sites compared to more complex, higher-density development.

Emerging evidence from inquiries and sector experience suggests that, in some cases:

- Consideration of environmental and hazard-related risks may be reduced
- Application of planning requirements may be less consistent
- Development outcomes may differ from standard pathways

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<sup>10</sup> United Nations 2024, [United Nations Secretary-General’s Call to Action on Extreme Heat](#);

<sup>11</sup> Myrivili, E. 2026, speech at Merri-bek Urban Heat Event, 27 March 2026, United Nations Human Settlements Programme Global Chief Heat Officer.

<sup>12</sup> Eleni Myrivili’s *Passionate Pursuit: A Chief Heat Officer on a Mission*, [YouTube video](#).

<sup>13</sup> [Development Facilitation Program](#)

<sup>14</sup> [Great Design Fast Track](#)

<sup>15</sup> [Townhouse Boom After Labor Planning Reforms | Premier](#)

Anecdotal evidence, refer Case Study 3 below, also suggests that codified and deemed-to-comply pathways, particularly under Clause 55, may in some instances result in under-development of well-located sites. While not yet systematically quantified, this reinforces the need for improved monitoring of development outcomes.

Feedback from Victorian councils indicates that most councils are not currently collecting data on the number of applications are being assessed under the deemed-to-comply pathways, as distinct from merit-based assessment. This limits the ability to evaluate the performance and impacts of these reforms.

### **Council feedback on Clause 55 implementation**

Feedback from Victorian local governments at a workshop held by CASBE in September 2025 highlights several early implementation issues with Clause 55 reforms, including:

- Limited data collection on deemed-to-comply application pathways
- Confusion and inconsistent interpretation of new standards
- Reduced use of site-specific assessment and negotiation

While largely anecdotal, these findings reinforce the need for formal monitoring and evaluation frameworks to assess how reforms are performing in practice.

A number of councils provided recent case studies that demonstrated their feedback to the Clause 55 reforms:

#### **Clause 55 workshop case study 1 - Detrimental building and urban design outcomes:**

One council has reported that applicants are deliberately avoiding north-facing windows to avoid shading requirements, instead opting for south, east, or west facing windows. This approach has been enabled by the removal of the north facing living area requirement and the weakening of the shading requirements. Ironically, these changes may undermine both the short-term affordability as well as the long-term affordability of these dwellings through increased operational cooling costs due to reduced passive thermal performance.

#### **Clause 55 workshop case study 2 - Reduced design outcomes:**

A project previously given a permit in 2023, was withdrawn and resubmitted. A modest increase in dwellings in the revised application (28 to 33) led to major design shifts: basement parking was replaced with at-grade, building height increased to 9m, and the building envelope was significantly altered. These adjustments reduced landscaping, replaced an internal pedestrian pathway with a driveway, and compromised urban design outcomes.

**Clause 55 workshop case study 3 - Inability for planners to consider contextual issues is leading to underdevelopment, rather than increased density:**

One council cited numerous recent Clause 55 applications that would formerly have been deemed under-development. This included multiple applications for dual occupancy dwellings on sites that would have previously seen three or more dwellings, and a series of single-storey dwellings on a consolidated site near a train station and activity centre, where council would have advocated for low to mid-rise apartments. Clause 55 now excludes consideration of the purpose of the zone and the Municipal Planning Strategy (MPS), limiting council's ability to advocate for higher density.

**Clause 55 workshop case study 4 - A net loss in sustainability outcomes with broad implications:**

Recent Clause 54 changes for single dwellings on lots under 300m<sup>2</sup> removed Local Planning Policy Clause 19.03-3L- Stormwater Management consideration which required a Water Sensitive Urban Design (WSUD) response. For one council in 2024-25, this affected approximately 300 applications. As a result, rainwater tanks and raingardens are no longer required, leading to an estimated loss of 600,000 litres in rainwater storage and reduced stormwater filtering capacity. This is expected to increase stormwater runoff, placing greater pressure on councils' drainage infrastructure, elevating flood risks, and contributing to waterway degradation. Potable water use is likely to rise, while the loss of vegetation-based infrastructure reduces urban cooling and biodiversity benefits.

**Clause 55 workshop case study 5 - Measures are not necessarily resulting in the retention of canopy trees:**

One council reported that the Tree Canopy standard has proven difficult to apply, with frequent misinterpretation of deep soil rules and lack of enforceable definitions. Council officers cannot influence which trees are retained, as long as proposals meet basic size and location requirements. In some cases, trees nominated to meet canopy targets are environmental weeds, in poor condition, or nearing the end of their life.

A recent 44-dwelling proposal attempted to meet the 20% canopy coverage requirement by locating trees within constrained 25m<sup>2</sup> courtyards. These spaces were unsuitable for supporting healthy tree establishment and did not align with the 'clear usable area' guidance in the Townhouse and Low-Rise Code<sup>16</sup>, which recommends sufficient space for long-term tree viability. However, as this guidance is non-statutory, it cannot be enforced through Clause 55. In practice, these areas are often replaced with paving or synthetic turf post occupation, undermining canopy targets and broader urban greening outcomes.

<sup>16</sup> [Townhouse-and-Low-Rise-Code-Guidelines.pdf](#)

**Clause 55 workshop case study 6 - Application process challenges:**

One council reported a 21% increase in permit applications in 2024–25, yet planners observed that many applications were low-quality, continued to reference outdated standards, and often failed to address newer requirements (particularly tree canopy provisions) on the first attempt. Despite the rise in application numbers, dwelling numbers dropped by 38%, while processing times remained unchanged. The estimated cost of development fell by \$63 million (approximately 37.5%), however it is unclear whether this was due to the reduced dwelling numbers or other factors.

Planners also reported a rise in objector frustration, including instances of abuse linked to the removal of appeal rights. Although this change has enabled some high-quality developments to proceed more easily in affluent areas, overall confidence in the system remains low. As several planners noted: “It’s not working at the moment,” and “The way the standards are written assumes applications are prepared in good faith.”

These case studies suggest that while reforms are intended to streamline approvals, they are in some cases reducing the ability to respond to site-specific conditions, leading to poorer design outcomes, underdevelopment in strategic locations, and diminished environmental performance.

This points to a need for more systematic monitoring, evaluation and reporting framework to assess the impacts of the reform on housing supply and development yield, the application of planning requirements and the long-term performance and resilience outcomes of Victoria’s built environment.

#### **4. Long-term costs and system efficiency (Info Requests 1 and 7)**

(Info Request 1: reform priorities; Info Request 7: infrastructure-related regulation)

Climate change is already imposing significant economic costs, including damage to infrastructure, service disruption and broader productivity losses. Extreme weather events cost Victoria approximately \$2.7 billion annually, with cumulative damages projected to approach \$1 trillion by 2100 without adaptation<sup>17</sup>.

These estimates reflect system-level economic impacts, including direct damage to infrastructure and buildings, service disruption, emergency response and recovery costs, insurance payouts, and wider economic losses such as supply chain disruption and business interruption.

However, these figures do not fully capture the costs borne at the household level. Many of the most significant impacts are distributed across households and are not comprehensively measured, including higher insurance premiums, increased energy and water costs, rising rates and taxes, and exposure to damage, retrofit costs and declining property values in high-risk areas. These household costs are not fixed, rather they are shaped by planning and development decisions that influence

<sup>17</sup> [Victorias-climate-risks\\_Arup-report.pdf](#)

exposure to risk, infrastructure demand and long-term resilience. These issues must be considered when developing housing policy.

Reforms that streamline approvals by limiting consideration of environmental performance and hazard risk may create broader system inefficiencies over time:

**Shift costs to other parts of the system**

- Infrastructure systems (e.g. drainage, heat, water demand)
- Insurance markets (e.g. reduced affordability or availability of insurance)
- Governments (e.g. disaster recovery and retrofit costs)

**Increase long-term costs for households**

- Higher energy and water costs
- Reduced resilience to climate impacts
- Future retrofit requirements

**Create inefficient land use outcomes**

- Development in high-risk locations
- Poor alignment between housing and infrastructure capacity

This also reflects a shift in costs over time, where shorter approval timeframes come at the expense of higher long-term costs across the system. From a Productivity Commission perspective, this represents a reduction in overall economic efficiency, even where it delivers short-term gains in approval speed with the ultimate goal of reducing the upfront cost of housing.

These risks are not theoretical and are already being observed in infrastructure systems. Evidence from the Victorian local government sector highlights similar dynamics in practice. The Municipal Association of Victoria (MAV) estimates that:

- Weather-related damage already costs Victoria approximately \$2.7 billion per year,
- With costs expected to increase without improved resilience measures.

**Case Study (MAV): Rebuilding without resilience – repeated infrastructure failure (Hume region, Victoria)**

Following major flooding in October 2022, infrastructure in the Hume region was rebuilt using Disaster Recovery Funding Arrangements (DRFA). However, funding constraints meant that reconstruction restored assets to their previous condition, without incorporating resilience or “betterment” measures. Within 15 months, subsequent flooding in January 2024 caused renewed damage to the same infrastructure, requiring further repair. This illustrates how systems that prioritise rapid rebuilding or minimum compliance can lead to repeated public expenditure, service disruption, and inefficient allocation of resources. Where planning and approval systems enable development without adequate consideration of environmental risk and resilience, similar patterns of rework, retrofit and cost escalation may emerge in the housing system<sup>18</sup>.

Further evidence of system-wide impacts is emerging through insurance markets and financial regulation.

The Australian Prudential Regulation Authority’s *Insurance Climate Vulnerability Assessment* finds that increasing frequency and severity of climate-related hazards, including floods, bushfires, storms and heat, are expected to:

- Increase the cost of insurance premiums through higher claims and reinsurance costs
- Affect household incomes through broader economic impacts
- Reduce the overall affordability of general insurance over time<sup>19</sup>

This highlights a growing misalignment between planning systems, which may reduce consideration of risk, and financial and insurance systems, which are increasingly required to identify, disclose and price those same risks.

**Case Study (Victorian local government): Misalignment between flood risk information and planning controls**

Victoria’s current flood controls are widely recognised as outdated, with the Department of Transport and Planning progressing an overhaul toward a risk-based hierarchy of zones and overlays. In the interim, councils rely on flood studies in varying states of completion, many of which are not translated into planning schemes, reflecting uncertainty about forthcoming reforms and the process for their integration. It is estimated that over 100 completed flood studies across the State remain unadopted, despite representing the best available information on flood risk.

While this information is used by insurers and other private actors, planning decision-making may be constrained where statutory controls are not updated, or where planning reforms limit

<sup>18</sup> Municipal Association of Victoria (MAV) 2025, *Make Good Happen: A Unified Voice for Victorian Councils – MAV Federal Election Campaign 2025*, MAV, Melbourne.

<sup>19</sup> Australian Prudential Regulation Authority (APRA) 2021, *Insurance Climate Vulnerability Assessment*, APRA, Sydney, available at: <https://www.apra.gov.au/insurance-climate-vulnerability-assessment>.

consideration of risk through Clause 65 decision guidelines, which have been effectively 'switched off' for many development types under recent reforms. The Victorian Civil and Administrative Tribunal (VCAT) decisions have reinforced that where controls are not formally incorporated, councils may have limited ability to act on known risks.

This creates a misalignment where development can proceed in areas known to be at risk, despite the availability of better information. In many cases, risk could be managed through site-responsive design measures such as adjusted siting or floor levels, but the absence of clear mechanisms to apply updated data reduces the ability to deliver these solutions.

This illustrates how planning reforms that prioritise streamlined pathways over risk-informed decision-making can shift costs to households, local government, and future disaster recovery, rather than reducing them.

**Case Study (Metropolitan Melbourne municipality): Reduced flood resilience resulting from the removal of rainwater tank requirements in ESD local planning policies**

Codified planning pathways are limiting councils' ability to apply ESD local policies, preventing consistent requirements for rainwater tanks across new development. This reduces on-site detention and increases stormwater runoff into ageing drainage systems.

In established bayside municipalities, stormwater systems are already at capacity and constrained by physical limits and tidal influences, with limited scope for upgrade. This creates a cost shift to local government, as additional runoff from densification must be managed through expensive or infeasible infrastructure works.

Recent 'dry flooding' during king tide conditions (where streets and public spaces flooded without rainfall) demonstrates that systems are already under stress. Smart rainwater tanks provide a cost-effective solution, enabling pre-emptive discharge ahead of rainfall or high tide events while delivering substantial on-site detention.

Without these distributed measures, rising sea levels, intensification, and changing weather patterns will exacerbate flood risk and long-term public costs.



*Image 1 & 2 Caption: Melbourne bayside municipality recent 'dry flood' event*

These represent an example of the potential cumulative impact of the removal of context specific assessment on public drainage systems, infrastructure, private property and risk to life.

**Case Study (Metropolitan Melbourne Precinct): Place-based climate adaptation versus standardised design responses.**

A climate vulnerability assessment in an established inner-urban precinct identified significant risks from flooding and extreme heat, compounded by limited drainage capacity, constrained underground infrastructure, and a highly built-up public realm with minimal space for canopy cover.

The assessment found that standardised design responses are insufficient in such contexts. Measures such as light-coloured roofs alone would not address key local risks, including stormwater constraints and urban heat exposure. Instead, integrated, place-based responses were required, such as increasing site permeability and stormwater capture (“sponginess”), avoiding development in high-risk flood areas, and improving building-level thermal performance.

Further modelling undertaken showed that targeted heat and flood measures delivered simultaneously across the private and public realms perform better than standard approaches under future climate conditions.

This demonstrates that uniform or template-based approaches can lead to maladaptation where they fail to reflect site-specific risks and constraints. Where planning frameworks limit locally tailored, evidence-based responses, this can result in higher infrastructure demand, increased retrofit costs, and reduced long-term resilience, undermining overall system efficiency despite short-term gains in regulatory simplicity.

**Case Study (City of Stonnington): Urban greening shortfall under standardised planning controls**

Urban greening delivers significant community benefits, with each dollar invested returning an estimated four dollars through improved health outcomes, reduced urban heat, and lower energy and flood costs<sup>20</sup>. Canopy cover in inner city areas is already below the levels that deliver the greatest benefits, however, increased infill development and recent planning reforms risk reducing canopy cover, particularly on private land where most canopy is located within this municipality.

Modelling on behalf of City of Stonnington found that, despite state level reforms to implement the Victorian Government’s 30% canopy target, residential canopy in the municipality is projected to decline from 19% to 14.3% under the recently implemented current settings. While additional planting on public land can partially offset losses, even an ambitious and costly program of planting 2,250 trees per year to achieve 53% canopy in the public realm, would be insufficient to meaningfully lift overall canopy given private residential land comprises around 60% of the municipality.

Recent planning reforms intended to facilitate additional housing development, including widespread application of the Housing Choice and Transport Zone, standardise development

<sup>20</sup> Living Melbourne: Our metropolitan urban forest. (2023). [Priority urban greening analysis: Final report](#) (May 2023).

outcomes and limits the scope for local schedules and overlays to secure canopy outcomes on private land.

Initial modelling indicates that stronger canopy requirements on private residential land could be introduced with minimal impact on development feasibility or the number of dwellings that can be delivered, with any yield impacts offset by a 3 to 7% market premium reflecting buyers' willingness to pay for dwellings in well-canopied areas.

This illustrates how standardised controls that constrain local variation can undermine policy objectives, shift costs to local government, and reduce system efficiency by increasing long-term infrastructure and adaptation costs.

Beyond infrastructure and urban greening outcomes, there is strong evidence that the health and safety impacts of a non-resilient built environment are substantial but not fully reflected in system-level cost estimates.

Extreme heat already causes more deaths and hospitalisations in Australia than any other natural hazard<sup>21</sup> and is associated with increased cardiovascular, respiratory and mental health conditions<sup>22</sup>. Poor housing performance increases exposure to these risks. In New South Wales, social housing residents have been recorded experiencing indoor temperatures of up to 40°C in summer and as low as 5°C in winter,<sup>23</sup> conditions associated with elevated risks of illness and mortality.

These impacts also have measurable economic consequences. Heatwaves alone are estimated to reduce labour productivity by approximately \$8.7 billion per year across Australia<sup>24</sup>, while modelling indicates that eliminating cold housing could reduce health expenditure by around \$0.87 billion by 2040<sup>25</sup>.

From a Productivity Commission perspective, these findings indicate that health impacts are not external to the housing system. They represent a significant and partially avoidable cost that is shaped by building performance and planning decisions, and directly affects long-term economic efficiency.

<sup>21</sup> [Let's talk about the weather: injuries related to extreme weather, About - Australian Institute of Health and Welfare](#)

<sup>22</sup> [Impact of extreme heat on health in Australia: a scoping review | Global Heat Health Information Network](#)

<sup>23</sup> [Social housing temperatures in NSW exceed health and safety limits: study](#)

<sup>24</sup> [Feature - Heat health risk | Australian Climate Service Website](#)

<sup>25</sup> [https://researchers-admin.westernsydney.edu.au/ws/portalfiles/portal/282759761/The\\_total\\_health\\_gains\\_and\\_cost\\_savings\\_of\\_eradicating\\_cold\\_housing\\_in\\_Australia.pdf](https://researchers-admin.westernsydney.edu.au/ws/portalfiles/portal/282759761/The_total_health_gains_and_cost_savings_of_eradicating_cold_housing_in_Australia.pdf)

### **Implications for housing supply and regulatory efficiency**

Planning and development controls play a critical role in determining:

- Whether housing is delivered in areas exposed to flood, bushfire or other hazards
- The extent to which dwellings are designed to withstand future climate conditions
- The infrastructure demands and servicing costs associated with new development
- The level of urban greening, canopy cover, and heat resilience achieved through development
- The long-term liveability, operating costs, and market value of housing

Where reforms limit the ability to consider these factors, particularly through codified pathways that 'switch off' risk-based or performance-based decision-making, or rely on standardised responses that do not reflect site-specific conditions, there is a risk that housing may be delivered more quickly in the short term, but in ways that increase:

- Infrastructure and servicing costs
- Insurance risks and exposure
- Household operating costs and reduced thermal comfort
- Exposure to climate-related damage
- Long-term adaptation and retrofit costs
- Maladapted design responses that fail to address local risks and constraints
- Risk to life.

Over time, these impacts can constrain the effective supply of housing by increasing costs, reducing insurability, and diminishing liveability and market appeal, ultimately limiting the viability of development in affected areas, particularly in locations exposed to climate-related risks, environmental stressors, and complex site conditions.

## **5. Improve regulation rather than remove**

Local government has led best practice, context-specific approaches to development assessment. Codified and 'deemed-to-comply' pathways deliver less context-responsive outcomes. This leads lower environmental outcomes. The codification approach also further exacerbates the disconnect between high level planning goals articulated in the planning schemes, and on-the-ground outcomes. This is particularly relevant for climate resilience – climate change is a purpose of the planning scheme 'switched off' by codification.

CASBE suggests that consideration of efficiency be considered more broadly, and that efficient dwellings could be achieved through:

- Building statewide frameworks based on years of local government leadership that has changed Business-As-Usual practices in Victoria.
- Embedding standards in the planning framework that consider life-cycle costs of a household, and the ability of a dwelling to remain functional in a changing climate.
- Ensuring standards are clear and implementable within assessment pathways.
- Ensuring standards deliver on high level policy goals and targets that benefits all Australians.
- Retaining discretion for site-specific risk and context

Rather than:

- Constraining consideration of key risks
- Applying uniform standards that ignore local context
- Replacing higher-performing local approaches with state-wide requirements that reduce the level of outcomes previously achieved across 28 councils with ESD local policies, representing approximately 70% of Victoria's population.

## **6. Reform priorities (direct response to Information Request 1)**

CASBE recommends the following priority reforms:

### **1. Strong, standardised baseline controls**

Develop statewide standards that deliver on state policy goals and targets, drawing on existing leading local government practices in climate responsive policy, and importantly, enabling consideration of localised climate and natural hazard risk.

### **2. Maintain risk-based flexibility**

Limit the use of 'deemed-to-comply' pathways where site-specific or hazard risks are present.

### **3. Avoid cost-shifting across the system**

Design regulation to minimise whole-of-system costs, rather than focusing on up-front costs and approval timeframes. Ensure decision making accounts for infrastructure impacts and considers the long-term cost and resilience of housing.

### **4. Improve transparency and evaluation of reforms**

Establish clear monitoring frameworks and collect and publish data on:

- Housing supply and development yield
- Fast-track approvals
- Variations from standard requirements
- Long-term performance outcomes



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## Closing

CASBE supports smart regulation that reduces unnecessary delay in housing approvals. However, reforms that prioritise speed by constraining consideration of risk and performance can create higher long-term costs and weaker outcomes.

Best-practice reform should focus on improving how regulation is applied, maintain a robust consideration of risk, performance and long-term system efficiency, to support both the supply and quality of housing over time.

Thank you for taking the time to consider our submission. We would appreciate the opportunity to discuss our submission. I can be contacted on 03 9667 5555 or via email [casbe@mav.asn.au](mailto:casbe@mav.asn.au).

Yours sincerely

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CASBE member councils include:

City of Ballarat	Hobsons Bay City Council	Mount Alexander Shire Council
Banyule City Council	Hume City Council	Murrindindi Shire Council
Bass Coast Shire Council	Indigo Shire Council	City of Port Phillip
Bayside City Council	City of Kingston	City of Stonnington
Boroondara City Council	Knox City Council	Strathbogie Shire Council
Brimbank City Council	Manningham City Council	Surf Coast Shire Council
Cardinia Shire Council	Maribyrnong City Council	Wangaratta Rural City Council
Casey City Council	Maroondah City Council	Warrnambool City Council
Darebin City Council	City of Melbourne	Whitehorse City Council
East Gippsland Shire Council	City of Melton	City of Whittlesea
Frankston City Council	Merri-bek City Council	City of Wodonga
City of Glen Eira	Mitchell Shire Council	Wyndham City Council
City of Greater Bendigo	City of Monash	City of Yarra
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