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**Productivity Commission Inquiry into Housing
supply regulation - Submission**

Abundant Housing Network Australia | June 2026

WHO WE ARE

The Abundant Housing Network Australia is a national alliance of independent, grassroots campaigners working to build a new vision for housing and cities—one that’s more sustainable, liveable and affordable for everyone.

Our members—Greater Brisbane, Greater Canberra, Sydney YIMBY and YIMBY Melbourne—came together in 2023 to forge a new urbanist politics that brings together renters, homeowners, planners, transport advocates and all lovers of cities.

We represent thousands of people across Australia who want to see their cities grow and mature, who want secure and affordable rentals and who want to live near their families, friends and communities—but who feel drowned out by a debate dominated by a few loud voices.

We believe housing abundance—**building more homes where people want to live**—is key to solving the housing crisis and building the kind of cities people love.

Abundance gives everyone greater choice in where they live, gives renters better bargaining power, encourages better use of public infrastructure, and is more environmentally sustainable than sprawl.

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ACKNOWLEDGEMENT OF COUNTRY

The Abundant Housing Network Australia acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land and community. We would like to pay our respects to their Elders, past and present.

A broken housing system hurts First Nations people more sharply than others and housing equity is a step on the path of justice and reconciliation we have failed to take.

We acknowledge that we are on stolen land and that sovereignty was never ceded.

This always was and always will be Aboriginal land.



Executive Summary

Australia's housing shortage is, at its core, a problem of regulation. But not all regulation constrains housing in the same way. This submission distinguishes between *burdens*—rules that make building slower or costlier, such as approval delays and reporting requirements—and *bans*—rules that prevent homes from being built at all, chiefly restrictive land-use regulations.

The evidence shows these two categories are not remotely comparable in scale. The cost of planning delays is measured in the low thousands to tens of thousands of dollars per home—between roughly \$3,400 and \$19,000 for townhouse projects. The cost of bans is measured in the hundreds of thousands. Reserve Bank research put the “zoning premium” at \$489,000 per dwelling in Sydney and \$324,000 in Melbourne, and Grattan Institute's excess-profit estimates finds gaps of up to \$490,000 per dwelling in the most constrained local government areas. On these figures, the cost of bans is up to roughly 26 to 29 times the cost of delays.

Yet because burdens are politically easier to address than bans, governments have repeatedly overhauled planning processes while leaving the underlying restrictions on density intact. Several jurisdictions have rebuilt their planning systems over the past decade; none has produced clear evidence of making it materially easier to build enough homes where

people want to live. The efficiency gains available from process reform have largely been exhausted.

We therefore urge the PC to direct supply-side reform first at bans rather than burdens: broad upzoning that permits gentle and medium density on well-located residential land, with reform success measured by the additional feasible housing capacity it unlocks rather than by faster processing times.



1 | To maximise the impact of supply-side policy, reform should focus on bans over burdens.

Broadly, bad regulatory settings fall into two forms: *burdens* and *bans*. As Maltman outlined in his 2025 essay, *Best Practice for Supply-Side Reform*¹:

Burdens are instances where governments still allow things to happen, but make them slower, costlier, or more cumbersome. They require firms to spend more time, hire more compliance staff, or incur new costs due to government processes. Long wait times for permits, complex documentation, and heavy reporting requirements all fall into this category—whether it’s for a new health tech startup, a solar farm, or a housing development.

Bans, by contrast, are rules that literally prevent things from happening—or make outcomes so uncertain that firms face a real probability that a project never proceeds. These include zoning and land-use rules that restrict what can be built, as well as occupational licensing, quotas and caps that limit output, and merger controls. Even the government’s recent reforms to restrict the use of non-compete clauses belong here—paradoxically an instance where *more* regulation allowed *more* economic activity to happen, because the prior unregulated labour

market was preventing workers from switching jobs at the same rate.

Another way to think about the distinction is through the margins of adjustment. Burdens operate on the intensive margin, or how much of something happens: activity can still occur, but the costs mean you probably get less of it. Bans operate on the extensive margin, or whether something happens at all: they stop activity altogether—the house or wind farm can’t be built, the worker can’t move, the firm can’t start.

We can demonstrate this thesis simply by looking at the estimated costs of burdens vs bans regarding housing policy.

Grattan Institute estimated that an extra six months of planning delays can cost an extra \$18,700 per home for a four-townhouse, two-storey project in Sydney and \$11,200 for Melbourne.²

Centre for International Economics (CIE) estimates that planning delays in Queensland cost between \$3,403 per home for an inner city apartment to \$11,166 for a townhouse in the Character Zone.³

These costs are marginal when compared against the costs of restrictive planning controls. “Zoning premium” estimates from

¹ Matthew Maltman (2025), [Best Practice for Supply-Side Reform](#), Inflection Points

² Coates et al (2025), [More homes, better cities](#), Grattan Institute

³ Centre for International Economics (2025), [Costs of Housing Regulation in Queensland](#); zoning premium estimates for Brisbane are lower due to recent interest rate hikes and very high construction costs in South East Queensland.

the same CIE report, range between \$66,802 for an inner city apartment and \$89,951 for a townhouse—respectively 20 times and 8 times larger than the estimated planning delay costs for those dwelling types.

Reserve Bank researchers in 2018 found the zoning premium in Sydney to be \$489,000 (26 times larger) and \$324,000 in Melbourne (29 times larger).⁴

Alternatively, Grattan Institute used the calculated gap between the willingness to pay for an apartment on a block of land and the current price of that land for each additional apartment to estimate how much planning controls were restricting housing on a given site.

Table 1 and 2 highlight how this gap, as expressed as excess profits, is up to 26 times larger than the cost of a 6 month planning delay.

Table 1: Excess profits for Melbourne (top 5 LGAs)

Mean excess profit per dwelling	Magnitude relative to delay costs	Local government area
\$270,000	x25	Melbourne
\$270,000	x25	Port Phillip
\$220,000	x20	Stonnington
\$160,000	x15	Monash
\$150,000	x14	Manningham

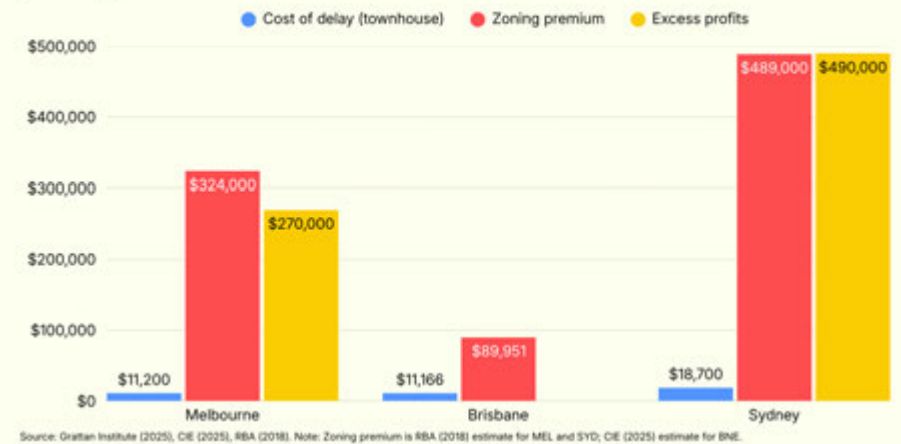
⁴ Ross Kendall and Peter Tulip, [The Effect of Zoning on Housing Prices](#), Reserve Bank of Australia, Research Discussion Paper

Table 2: Excess profits for Sydney (top 5 LGAs)

Mean excess profit per dwelling	Magnitude relative to delay costs	Local government area
\$490,000	x26	Woollahra
\$430,000	x23	Waverley
\$410,000	x22	North Sydney
\$330,000	x18	Sydney
\$310,000	x17	Mosman

Graph 1: Planning delay costs are an order of magnitude less important compared to restrictive zoning

The cost of planning delay is marginal compared to the cost of restrictive planning.



2 | The efficiency lemon has been squeezed

As Maltman outlined, addressing burdens is often politically costless, therefore governments often seek to address them rather than the most politically challenging, but more substantive work, of removing bans.

This is broadly evident in the number of state and territory governments that have embarked on massive planning system overhauls whilst maintaining bans on denser housing typologies.

In 2021, South Australia completely overhauled its planning system to what the Business Council of Australia now refers to as the best in the country⁵—despite the reforms, during this period, Adelaide's housing costs exploded. This is no small part due to the city being the only capital in the country with a one storey zone in the inner city area. Yet-to-be-released YIMBY Melbourne work suggests that Adelaide is the 2nd most restrictive capital city in the country.

The ACT and Tasmania have also introduced completely new planning systems in the past decade. Victoria and Western Australia recently massively overhauled their planning acts. While these process reforms have addressed some important issues, they do not address the most costly bans.

Moreover, these major framework reforms require an extraordinary investment of public sector resources spanning

multiple years—for example, the ACT's Planning Act 2023 required over 4 years of consultation and development.

Framework overhauls are not necessary pre-conditions for significant loosening of land use restrictions. All of Victoria's and NSW's recent major upzoning programs happened before any major changes of the overarching planning frameworks. The ACT's Missing Middle Housing Reforms have been developed under the new framework, but a similar reform package could have been delivered under the previous legislation.

All of these changes are, of course, welcome. But we've yet to see strong empirical evidence that any of them have moved the dial on making it genuinely easier to build enough homes to meet demand.

⁵ Business Council of Australia (2025), [Regulation Rumble 2025](#)

