

Submission to the Productivity Commission

Housing Supply Regulation Inquiry – Interim Report (July 2026)

Tiny homes: the housing supply Victoria has regulated out of existence

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Date: 30 July 2026

This submission responds principally to Information Request 2.1 (alternative dwelling types and small secondary dwellings), Reform Direction 2.6 (built-form controls that limit flexibility and choice) and Information Request 1.2 (examples of regulation that clearly does not reflect best practice features).

1. Introduction and summary

I make this submission as the Victorian State Lead of the Australian Tiny House Association (ATHA), and as a legal practitioner with qualifications in building and construction. ATHA's earlier submission to this inquiry (sub. 51) addressed the regulatory barriers facing movable dwellings and land-lease housing. This submission builds on that work with concrete Victorian examples of the regulatory treatment of tiny homes – and asks the Commission to name this problem plainly in its final report.

The interim report observes that zoned capacity could be increased by “promoting more land-efficient alternative housing models such as land-lease communities and tiny homes” (p. 42), and asks what land-use controls need to change to enable more alternative dwelling types. The short answer for Victoria is: nearly all of them. A tiny home on wheels is the cheapest, fastest form of new dwelling available – typically \$80,000–\$150,000, factory-built in weeks, requiring no land purchase, no subdivision, no new infrastructure and no demolition. Yet in most of Victoria it is effectively illegal to live in one.

This is not because any parliament ever decided tiny homes should be prohibited. It is the accidental product of overlapping regulatory regimes – road law, building law, planning law and 79 separate council local laws – none of which was designed with permanent movable dwellings in mind. The result is a regulatory gap that operates as a ban. It is precisely the kind of “thicket” of interacting requirements the interim report describes (p. 5).

2. How Victorian regulation prohibits the cheapest home in the market

2.1 The definitional Catch-22: a vehicle you may own but not live in

A tiny home on wheels is a caravan. It is registrable with VicRoads as a light trailer under road law, may be lawfully towed, parked and stored on private land, and may be lawfully lived in – provided it is parked in a registered caravan park. But the moment its owner parks it on private land and lives in it, most councils treat it as a “building”. Yarra Ranges Council put the position candidly in 2025: “If a Tiny Home on Wheels is a place of residence, then it is deemed to be a ‘classifiable’ structure under the Building Act and Regulations and a building permit is required by law.”

That building permit is one a tiny home on wheels can never obtain. Building permits assume a Class 1a fixed dwelling: engineered footings, connection requirements, and a minimum 7-star NatHERS energy rating – standards written for houses on foundations, not registered vehicles. The identical structure is simultaneously (a) a lawful vehicle when moving, (b) lawful accommodation in a caravan park, and (c) an unlawful building in a private backyard. Nothing about its safety changes between those three locations. Only its legal character does.

2.2 Inside the machinery: the Yarra Ranges experience at first hand

I know the Yarra Ranges position from direct experience. Yarra Ranges is an amalgamation of the former Lillydale, Healesville and Upper Yarra shires; I am a former councillor of Healesville Shire, and in my role with ATHA I have met with Yarra Ranges planning and building staff concerning the council’s enforcement action against tiny home residents. [Redacted].

[Redacted] reasoning deserves to be understood, because [Redacted] is not misreading the law. [Redacted] is reading it literally – and the literal reading produces absurdity. The Building Code of Australia defines by function. A room that serves the function of a kitchen is a kitchen for the purposes of the BCA, and attracts everything that flows from that classification, including a minimum ceiling height of 2.1 metres; a dining room, like most habitable rooms, requires 2.4 metres. A dwelling is likewise defined functionally: a building delivering half a dozen functional outcomes – cooking, cleaning, sleeping quarters and the rest. On that logic, anything in which a person cooks, washes and sleeps is a Class 1a dwelling: a caravan, a tiny home on wheels, a shipping container – and, on the surveyor’s own analysis as he has put it to me, a motorised van or a car when used for those purposes. All of them, on this reading, require a building permit. And none of them, by construction, can meet the standards the permit imports. A car does not have a 2.4 metre ceiling.

The functional definitions were written so that builders could not evade standards by re-labelling rooms. Applied to vehicles, they conscript the building permit system into prohibiting a class of housing it was never designed to regulate – and no Victorian instrument excludes registered movable dwellings from their reach. [Redacted] the absence of any legal category for a permanent movable dwelling is. That is the gap recommendation 1 below asks the Commission to address.

The final irony is that Yarra Ranges’ own local law remains among the best in the state – camping on private land is unrestricted so long as it causes no nuisance to others – and it remains in force,

unamended. It is simply ignored. In practice the council treats its own nuisance-based local law as subservient to planning and building priorities, so a resident who complies fully with the local law is nonetheless pursued under the Building Act reading described above. Even where a council has got the rule right, it offers residents no protection. [Redacted].

2.3 A permit to sleep on your own land

Where councils do allow occupation of a movable dwelling on private land, it is grudging, temporary and discretionary. Cardinia Shire is typical: a person needs a council permit to occupy a caravan on private land for more than 14 days in any 28-day period. Permits are capped at two years, cost \$200 per year, and the council may weigh neighbours' objections before deciding whether a landowner may allow someone to sleep in a caravan on the landowner's own property. Many rural councils issue such permits only while a permanent house is under construction – the caravan must go once the "real" house is finished, however well it was serving its occupant.

2.4 The granny flat reform that excluded the cheapest granny flat

Victoria's small second dwelling reforms (Amendment VC253 in December 2023, refined by VC282 in September 2025) were a genuine step forward: a self-contained second dwelling of 60 square metres or less on a lot with an existing home no longer needs a planning permit in most zones, and may be occupied by anyone. The Commission's interim report rightly identifies this class of reform as promising.

But the exemption applies only to fixed buildings. Movable dwellings do not qualify. A \$250,000 fixed 60 m² unit in the backyard is permit-exempt; a \$100,000 tiny home on wheels of half that size, in the same backyard, housing the same person, is not – it remains in the Catch-22 described above. The reform that was meant to unlock small secondary dwellings deliberately excluded the most affordable form of them.

2.5 The postcode lottery

Because the field is left to 79 councils' local laws, whether – and for how long – a person may lawfully occupy a movable dwelling on private land depends on which side of a municipal boundary the land sits. A sample of current Gippsland and regional settings, drawn from my direct experience as ATHA's Victorian State Lead:

- Mount Alexander Shire permits one tiny home on wheels indefinitely on owner-occupied land with an existing dwelling, if it is readily removable and causes no amenity impacts.
- Surf Coast Shire required a formally adopted three-year "Tiny Houses on Wheels Pilot" – running only until 13 December 2026 – merely to allow residents to live lawfully in a tiny home on private land, with permits that all expire when the pilot ends.
- Bass Coast Shire (Local Law No. 1 – Neighbourhood Amenity 2022, cl 23) allows an owner or occupier to camp on their own land for up to 28 days a year without a permit, provided the sanitation and laundry facilities of a dwelling on the property are available. Beyond 28 days a permit is required; under the general permit provisions (cl 12) a permit can run until 30 June of the following year – up to about 12 months, including, on the instrument's face, on vacant land. On paper this is the most permissive of the three Gippsland regimes. In practice the

permit is wholly discretionary: council officers are usually against such arrangements, and an applicant cannot be confident of approval short of review at VCAT. A person's housing security should not rest on officer discretion, renewed annually, backed by the cost and uncertainty of a tribunal appeal.

- South Gippsland Shire (General Local Law 2024, cl 39) allows camping on private property for a cumulative three months in any 12-month period without a permit and without requiring an existing dwelling, provided appropriate sanitary facilities are available, there is no detriment to the amenity of adjoining land, and the occupant complies with an incorporated Camping on Private Property Code of Practice; beyond three months a permit is required. Notably, this is a tightening: under the shire's 2014 local law the limit was six months. Three months permits a bush block to serve as a holiday base for most of the school holidays – but never as a home.
- Wellington Shire – my own municipality – (Community Local Law 2021, as amended 16 September 2025, cl 5.6) illustrates how incoherent the drafting has become. Clause 5.6 prohibits camping only on “vacant private land” for more than 28 days in a calendar year – a flat ban, with no permit pathway to stay longer, other than a Standard S.20 permit to occupy a caravan while a dwelling is under construction. On the instrument's face, camping on land that already has a dwelling is not regulated by the clause at all; yet the supporting standard, S.21, is titled “Camping on Private Land” – quietly dropping the word “vacant” – and council officers describe the 28-day regime as applying to every property. A resident reading the instrument cannot determine whether the cap applies to them. Standard S.22 completes the picture: a person who sleeps in a stationary caravan for more than eight hours is deemed to be “Camping”.
- Yarra Ranges residents petitioned council in 2025 for a policy after being told their registered vehicles were unlawful buildings; some faced the prospect of eviction from their own land.

So: indefinitely in Castlemaine; three months in Leongatha; twenty-eight days in Wonthaggi with a discretionary permit possible beyond; and in Sale, either no limit at all or a flat 28-day ban with no permit option, depending on whether one reads the clause or the standard. The same dwelling, the same occupant, the same safety profile. No regulatory objective explains that distribution of outcomes; it is accretion and accident. By contrast, some interstate councils have fixed the problem at the stroke of a pen – Lockyer Valley Regional Council in Queensland now permits caravan occupation on private land for up to six months in any year with no approval at all.

2.6 The deeper point: regulation welds the home to the land

The examples above share a common root. Australian housing regulation assumes that a dwelling and the land beneath it are a single, inseparable asset, bought and sold together. That assumption is why the family home is unaffordable: the buyer must purchase the most expensive input – urban land – to obtain the thing they actually need, shelter.

And “movable” is not only the tiny home on wheels. Relocatable dwellings span a continuum, and I own examples from both ends of it. My tiny home on skids is 3 metres wide – beyond the 2.5 metre maximum registrable width for a trailer – so it cannot be registered as a vehicle at all. It therefore sits in an even deeper legal void than the tiny home on wheels: it is not a caravan, it is not a registrable vehicle, and it is not a permitted building. Every concession Victorian councils have so far made (including the Surf Coast pilot's requirement that a dwelling keep its wheels and registration)

excludes it by definition. At the other end of the continuum, my own home is a modular three-bedroom, two-bathroom house of 160 square metres that arrived on site complete, on the backs of two semi-trailers. Factories are quicker, more accurate and out-of-the-weather building environments – the very “more productive methods of construction” this inquiry is charged with enabling (interim report, ch. 3). A regulatory system built around dwellings fixed to a single lot forces every point on this continuum into categories designed for something else.

Relocatable dwellings break the weld between home and land. A tiny home separates ownership of the home (bought outright by its occupant for the price of a car loan, not a mortgage) from tenure of the site (rented or licensed from a landowner). This creates a genuinely new housing market on both sides:

- for occupants – outright home ownership without land purchase, with housing costs limited to a site fee, and the home retained (and moved) if circumstances change;
- for landowners – an income from underutilised backyards, farm land and regional blocks without subdivision, sale or construction, at near-zero capital cost – a lower-cost, more efficient class of investment in housing than the negatively geared established dwelling;
- for retired singles – our society has many more ageing women than men, and after retirement there is an understandable resistance – particularly among women – to sharing the home you have lived in and paid off with outsiders. A boarder living in a tiny home in the back yard – a kind of reverse granny flat – offers companionship, a modest extra income, and perhaps a hand with the yard work, while both people keep their own private space. It is the gentlest form of housing intensification imaginable, and it is currently unlawful in most of Victoria;
- for governments – new dwellings distributed across existing serviced land, with no land release, no infrastructure levies and no construction industry bottleneck.

The interim report already records the demand-side evidence: on Caravan and Residential Parks Victoria estimates, current Victorian regulatory settings would allow only 32,400 residential land-lease community homes by 2051 – 45,149 fewer than predicted demand (p. 42). The same suppression operates, invisibly and lot by lot, wherever a council prohibits a movable dwelling on private land. The Commission asked (Information Request 2.1) whether further reform is needed to enable small secondary dwellings. It is – and the largest untapped share of that supply is movable.

One final observation from the ground: prohibition does not remove this housing – it hides it. Victoria already has a quiet population stealth-camping in tiny homes and converted furniture vans, unregulated, uninsured and invisible to every safety regime, precisely because there is no lawful pathway to do openly what they are doing anyway. The real choice before governments is not between movable dwellings and no movable dwellings. It is between regulated ones and clandestine ones.

3. What the Commission should recommend

The final report should treat movable dwellings as a distinct, legitimate class of housing supply and recommend that states – with Victoria the clearest case – do the following:

1. Create a recognised legal class of “permanent movable dwelling” – covering wheeled, skid-mounted and transportable homes alike – regulated for what it is: proportionate standards for

smoke alarms, electrical and gas certification, wastewater and site amenity – not building standards written for fixed Class 1a construction that a movable dwelling can never meet, and not vehicle-registration criteria that a 3-metre-wide home can never meet either.

2. Legislate a state-wide default right to host one movable dwelling on any lot with an existing dwelling, subject to those proportionate standards – replacing 79 inconsistent local laws with one rule, exactly as the small second dwelling reforms did for fixed buildings.
3. Extend the small second dwelling planning-permit exemption (VC253/VC282) to movable dwellings of equivalent or smaller size, removing the anomaly that exempts a fixed 60 m² unit but not a smaller, cheaper movable one.
4. Abolish time limits and discretionary occupancy permits for movable dwellings that meet the applicable standards – a home's lawfulness should not expire after two years or turn on neighbours' objections to how a landowner houses someone on their own land.
5. Support the separation of home ownership from land ownership as an explicit supply lever: secure site-tenure rules for movable dwellings on private land (extending the protections that already apply in caravan parks under Part 4A of the Residential Tenancies Act 1997 (Vic)), and removal of the regulatory constraints on land-lease communities identified in the interim report.

None of these reforms requires a dollar of public money, a hectare of rezoned land, or a single additional tradesperson. They require only that governments stop prohibiting the housing that people can already afford, already own, and are already – quietly and unlawfully – living in across Victoria.

I would welcome the opportunity to provide further information or examples to assist the inquiry.

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Sources

- Productivity Commission, Housing supply regulation – Interim report (July 2026), pp. 5, 16, 42.
- Yarra Ranges Council statements reported in Star Mail, “Residents call for tiny home on wheels policy”, 6 March 2025.
- Cardinia Shire Council, “Apply to occupy a caravan” (local law permit requirements).
- Department of Transport and Planning (Vic), Small second homes (Amendments VC253 and VC282).
- Surf Coast Shire, Tiny Houses on Wheels Pilot (pilot ending 13 December 2026).
- Mount Alexander Shire local law provisions for tiny homes on wheels.
- Bass Coast Shire Council, Local Law No. 1 – Neighbourhood Amenity 2022, cll 12, 23.

- South Gippsland Shire Council, General Local Law 2024, cl 39 and the incorporated Camping on Private Property Code of Practice; cf the shire's 2014 local law (six-month limit).
- Wellington Shire Council, Community Local Law 2021 (consolidated, as amended 16 September 2025), cl 5.6 and Standards S.20, S.21 and S.22.
- Lockyer Valley Regional Council caravan occupancy reform, reported August 2025.