

SUBMISSION TO PRODUCTIVITY COMMISSION REGARDING ITS INTERIM REPORT HOUSING SUPPLY REGULATION

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INTRODUCTION

By way of introduction, I am a resident of Leichhardt, located in the inner west of Sydney and part of the Inner West Council. I have been a resident of Leichhardt since 1987. I am currently retired.

Over the years since 1974, I have – with brief exceptions – resided in the inner suburbs of Melbourne (St. Kilda, Hawthorn, North Carlton) and Sydney (Randwick, Leichhardt).

I also spend some 4-5 months of the year in the inner Melbourne suburb of South Melbourne, a part of the Port Phillip Council.

With exception of my time in St. Kilda and Hawthorn where I resided in units (“flats”) and a period in a house in Hawthorn where off-street parking existed, I have lived in houses, none of which provided off-street parking. The house where I stay in South Melbourne also does not have off-street parking.

In my experience the absence of off-street parking is a common feature of the inner-city areas of Melbourne and Sydney. Typically, inner city suburbs, being the older established suburbs, historically comprised working class communities, combined with many factories engaged in various forms of manufacturing. Coming in the 19th and early 20th centuries, they did not develop with the motor vehicle in mind nor did they have the space advantages of houses on the proverbial “quarter acre block”. The houses – predominantly built on a terrace style, were often described as “workers cottages”.

Consequently, we see a lot of either fully attached, semi-detached or fully detached Victorian or Edwardian terraces, the overwhelming majority of which have no provision for off-street parking. Most of the houses are single fronted, which increases the number of houses per unit of land, in contrast to double fronted houses or, more so, double fronted houses with a driveway and garage. Most of the factories have long

since been demolished and replaced with apartment blocks, predominantly with off-street parking for the residents.

In addition, inner city areas devote space to commercial activities, mainly retail functions. For example, Clarendon Street and the South Melbourne Market in Melbourne and Parramatta Road and Norton Street in Leichhardt. Similar facilities can be identified in most inner-city suburbs.

Finally, a feature of such areas in the last 30 or so years has been their gentrification as the older working-class families have been replaced by predominantly younger, middle-class families.

The proximity to the CBD, the presence of a range of commercial activities, and the existence of large public facilities such as universities, hospitals, shopping centres, entertainment venues (hotels, music venues and restaurants) and schools add to the demand for parking spaces on inner-city streets, particularly, but not only, during business hours.

In addition, there is the need for parking to accommodate persons attending sport and recreational facilities and places like churches (religious ceremonies, weddings, funerals etc.)

There are also other features of the landscape and community that impact on on-street parking. Roadways such as Parramatta Rd. through Leichhardt has a busway on both its north and south side, such that the road is a clearway in one lane going east in the morning peak and one lane going west in the afternoon peak. Provision is also made for school drop off points, bus stops, pedestrian crossings and to meet the needs of drivers with disabled persons permits. Each of these restrict the amount of available on street parking, at least at various times.

The respective local councils regulate on-street parking in various ways and to varying degrees and with varying success. Local councils have long found it necessary to regulate areas of high demand for vehicle parking to ensure reasonable access by the community and residents to those areas. It is a recognition by those local councils that parking is already tight and that in the absence of such regulation, problems will follow. Local councils are also known to open up council owned land to public off-street parking.

These features coincide with the exponential increase in motor vehicle density nationally, since the 1950's: a density that has not been met by a corresponding increase in available car parking space, either on-street or off-street, in the inner city.¹

¹ Australian Bureau of Statistics, Transport: Census 2021, records that in 2021 the average number of motor vehicles per household was 1.8 and 91.3% of households reported having at least one vehicle and 55.1% reported having more than 1 vehicle.

Consequently, parking is at a premium in those areas and access is not getting any better. Added to this is the emergence of 2-car families and a growing popularity in the ownership of larger vehicles (SUV's and mid-sized pickup trucks or "Utes"), which take up more space per vehicle than traditional sedans

It is my experience that, over the years motor vehicle parking has become a problem for current residents in the inner city, who rely on on-street parking, and, on occasions, a serious problem. By problem I mean – again based on my experience - that a resident cannot rest assured that parking is always readily available outside or within acceptable proximity of their residence. Availability is variable from day to day, time of day and the incidence of vehicles parking on a temporary basis. It is not at saturation point but has been moving in that direction over the years.

Into this mix the Productivity Commission (PC) Interim Report on Housing Supply Regulation raises the spectre of increasing the number of housing units without off-street parking as a proportion of the total housing number.²

Herin lies my concern.

Simple mathematics and geography, together with other land uses, dictate how many car parking spaces can be provided on any particular sized block of land. At some point, a saturation point must be reached. It is a truism that you can't fit 50 cars into 20 parking spaces (on in any other similar ratio).

The number of car parking spaces is dictated by the allocation of priorities regarding the use of the land under consideration. The more housing that is added to a unit of land, the less the number of available car parking spaces (and vice versa).

It may be that more parking spaces are available on adjoining land such as roadsides, but if that space, albeit publicly owned, is already used by the residents who reside in houses beside those roads – or are also used for temporary parking by non-residents for, say, commercial reasons – and the demand for those parking spaces is high, then adding more vehicles into the mix, is a problem – saturation point becomes within reach as demand for the same available space increases; 50 in 20 won't go.

It needs to be emphasised that I am not opposed to greater urban density in the inner suburbs. I fully recognise the nature and extent of the current housing problem and that increasing urban density, particularly in areas such as the inner city, where many people would prefer to live, can contribute to addressing the housing problem. I also recognise that increasing urban density necessarily means increasing the number of housing units per unit of land, and that includes through small, medium or high-rise apartment blocks. My point is that the availability of adequate parking is an essential component of

² My use of the term "housing unit" is a general one applying to all form of housing although with respect to inner city areas there is a focus on apartment blocks ("flats")

residential amenity is modern day inner city living (as it is elsewhere). The existence of parking comprises as a natural limit on what can be done in any area. Such a natural limit cannot be overridden without significant adverse effects and significant costs being imposed on the area and its community. Such effects and costs are as unacceptable as they are unnecessary and avoidable.

The best form of evidence is direct observation. To test the validity of my concerns as outlined in this submission, I urge the PC to take some representative inspections around the streets of the inner-city areas of Sydney and Melbourne (and others) and see for itself.³ Such inspections should also occur at night when most residents are likely to be at home. Some entertainment precincts should also be included.⁴ Then envision the presence of several medium or high-rise apartments with no or reduced off-street car parking spaces being inserted into these areas. Then explain where the residents of those apartments who are not allocated a parking space, are supposed to park. Then try convincing the current residents that such an apartment block will not have any adverse effect on their capacity to find an on-street parking spot. In the event the PC is not predisposed to such inspections, or if that is not possible, the PC should have such locations very much in mind during its considerations.

In the absence of appropriate regulation, my concern is that saturation point, with all of its consequences, will be reached. And if so, then what?

THE PC INTERIM REPORT – CAR PARKING ALLOCATION: A CRITIQUE

As noted above, the focus of my submission is on the issue of the provision of car parking space as a vital consideration in the provision of new housing in the inner-city areas. I do not address other issues raised in the Interim Report as I have neither the experience nor qualifications to do so. My experience of the car parking issue is effectively a lived experience over 50 years.

The PC advocates the notion of “upzoning”, which includes building more housing per unit of land. One of the ways of doing this it by:

“...reducing restrictive land use and built form controls that lower development feasibility, limit choice and impose costs that outweigh their benefits, such as maximum floor space ratios and minimum car parking requirements.”⁵

³ It is suggested that emphasis be given to those areas that are heavily dominated by terrace houses and on-street parking e.g. Carlton, South Melbourne, Fitzroy, Richmond and Collingwood in Melbourne and Glebe, Annandale, Leichhardt, Newtown and Marrickville in Sydney. This is not an exhaustive list.

⁴ It needs to be kept in mind that the impact of parking in high entertainment areas such as King St. Newtown, Kings Cross, Lygon St. Carlton and Smith and Brunswick Streets Fitzroy (all in the inner city) is not confined to those streets alone, but spreads to neighbouring streets.

⁵ Productivity Commission, Housing Supply Regulation, Interim Report, Overview, Key points, p.2

The PC goes on to say:

“Governments should remove or reduce off-street parking requirement (especially minimum parking requirements) in areas where there is evidence of underused parking space and sufficient public transport connectivity.”⁶

It is observed that the PC does not provide unqualified support for the removal or reduction in off-street parking in housing units. As noted in the quote above, the PC makes such removal/reduction dependent on evidence of underused off-street parking or sufficient public transport. Presumably, these are the factors where the “costs outweigh the benefits”.

It is also observed that the Interim report does not focus specifically on the inner-city areas of the major cities. Its prescriptions are general and could apply anywhere. But it undoubtedly has significant relevance to the inner-city as is shown in current public policy discourse where much emphasis is put on housing availability in the inner-city.

Underused Parking

On the issue of underused parking, the PC refers to several reports or pieces of research.

The City of Melbourne claims that surveys in Southbank and West Melbourne have “revealed that between 26 and 41 per cent of private parking spaces are empty.”⁷

De Gruyter et. al. say that their research “estimated that around 18% of all off-street parking available to apartment households is unused.”⁸

The PC Interim Report, referring to the article by De Gruyter et. al. quotes a figure of 20.2% of unused parking spaces in a survey across Perth, Sydney and Melbourne.⁹

The Grattan Institute claims that in Melbourne and Sydney “As much as 40 percent of off-street car parking sits vacant each night.”¹⁰

A few points are worth making in respect to these surveys

⁶ Ibid. p. 8

⁷ City of Melbourne, Transport Strategy Discussion Paper: Discussion Paper, p.1

⁸ C. De Gruyter et al., Do Apartment Residents Have Enough Car Parking? An Empirical Assessment of Car Parking Adequacy in Australian Cities, *Journal of Transport Geography*, 107 (2023), p.8

⁹ Productivity Commission, Housing Supply Regulation, Interim Report, Box 204, p.

¹⁰ A Sathanapally et.al., Wasted Space: Axe car-parking rules to ease housing crisis, Grattan Institute, Melbourne, 2026, p.6

First, whilst the reports are not all confined to the inner-city areas, the variation between the figures is stark – from 18% to 41% - a more than 100% variation across the listed results. This brings into focus their reliability. It would be difficult to rely too much on data that has such a wide variation.

Second, there will inevitably be a certain percentage of empty car spaces regardless of the number of actual car spaces. For example, some units will be untenanted at the time; or some of the tenants will be away from home at the time. Further, as a large proportion of units are tenanted, and tenants come and go, a unit at one point whose tenant does not own a vehicle, can be replaced by one who does, and vice versa – this raises a timing point of any survey and measuring the actual need for a car parking space over longer periods of time.

Third, the data, carries another important, but unsaid, consideration. Whilst purporting to measure vacant car space, it also measures occupied car space and what it is saying in that respect, is that the overwhelming number of car spaces in each of the surveys are, in fact, occupied – ranging from 59% to 82%. This figure would only increase when consideration is given to untenanted units and absent tenants.

This data is hardly evidence of the unused car space that the PC says would be required to justify removing or reducing the provision of off-street parking as a regulation governing the construction of new housing.

In any event, the mere presence of some empty car spaces in existing unit blocks, does not, ipso facto, provide evidence of broader sufficient parking capacity in a particular area, especially inner-city areas with the large usage of on-street parking by current residents (not to mention temporary usage demands). It simply means that at a particular time, the off-street parking space in certain buildings was not fully utilised and says nothing as to why and as to what it means with respect to the need for parking availability. And it certainly does not mean that there is not an existing on-street parking problem in the relevant area; one that would be exacerbated by removing/diminishing the number of off-street parking spaces in a new unit block. The critical issue is the capacity of on-street parking within the immediate vicinity of a new apartment block, to absorb the increased number of vehicles in that block that would not have access to off-street parking, which is an inevitable consequence of removing/diminishing the requirement for off-street parking spaces in new unit blocks. It is not realistic to expect that residents should be compelled to search greater distances from their residence to find an available parking space.

Additional parking availability within the vicinity of a new apartment block cannot simply be conjured up from nowhere to compensate for the absence of low number of off-street parking in that new apartment block.

Sufficient Parking Connectivity

The second qualification on removing or reducing parking supply requirements set by the PC is the requirement for “sufficient public transport connectivity”.¹¹ Presumably the PC considers that if there is sufficient public transport it will reduce the demand or need for the private ownership of a motor vehicle and hence the demand for parking spaces.

The immediate response to that is that it is a fair bet that you won’t find too many people in Melbourne and Sydney who will say that they are well serviced by the current public transport network, at least to the extent it goes beyond commuting to and from the Central Business District (CBD) and to the extent the public transport systems are regarded as efficient and reliable. More so to the extent that it would entice people to regard the need for a motor vehicle as redundant, which is the critical test. I suspect the same applies in other major cities. It is acknowledged though, that residents of the inner city have better access to public transport in an overall sense than residents in many other parts of both cities – but that on its own doesn’t mean much.

Public transport has yet to meet the challenge of the private motor vehicle. The ABS transport census reports that cars continued to be the “most popular mode of transport to get to work in every state and territory” and “using trains as the sole mode of transport to get to work decreased” over the period 2016-2021.¹²

A part of that failure lies in the nature of the public transport systems in the various cities. The traditional focus of public transport in cities such as Melbourne and Sydney has been on transporting commuters to and from the CBD during peak hour. And a map of the transport networks in both cities show a predisposition to radiate out from the CBD. Public transport timetables have been designed with this specific purpose in mind.

A resident who needs to travel “cross-town” has not been, and is not, very well serviced by public transport, unless they adopt some circuitous route that takes a lot more time

Public transport, for most, is not amenable to many of life’s daily tasks, such as doing the weekly grocery shopping, taking young children to/from childcare or primary school, attending local meetings, participating in sport and recreation, visiting friends and family; going on weekend excursions – the list goes on.

For many people, a motor vehicle is not simply a preference; it is a necessity to undertake life’s chores and responsibilities. Connectivity to public transport as it

¹¹ PC, Overview, p.8

¹² Australian Bureau of Statistics, Transport: Census 2921, Key Statistics, p.1

currently stands, is hardly an adequate substitute for one's personal use of, and need for, a motor vehicle.

In summary, the mere presence of some vacant car parking spaces in existing unit blocks is not a sign that there is sufficient on-street parking in the inner cities to absorb the residents of new units blocks who possess a motor vehicle but have no parking space, and the existing public transport systems are not in a position to be a realistic substitute for the absence of a motor vehicle.

SOME FURTHER OBSERVATIONS

It's hard to argue with the logic that an increased number of housing units in any defined area, whilst holding the number of parking spaces constant or less than proportionate to the housing growth, will ultimately and inevitably prove a problem for the community.

In that respect, it is noted that the PC does not address the impact of its interim proposal on car parking in the surrounding area of any new housing block. It doesn't address the likely demand for housing with no off-street parking or what, given no off-street parking, prospective tenants/owners have in mind with respect to their transport needs e.g. will they expect to own a car and if so, what would be the parking arrangements.

It may well be that in some unusual set of circumstances, an apartment block minus all or some off-street parking spaces may not have a detrimental effect on surrounding on-street parking, but it would require the existence of alternative parking; a rarity these days and certainly not a feature of any inner-city location within my knowledge of Sydney and Melbourne.

It has been suggested that the impact of relatively less off-street parking can be addressed by regulating the demand for on-street parking. It's somewhat ironical that those who advocate the removal of regulation of the provision of off-street parking in apartment blocks are happy to recommend the use of regulation to control the demand for on-street parking and effectively transfer the burden of that regulation to those who currently rely on on-street parking and to the local government that has to deal with the consequences of such regulation on its ratepayers.

The focus here is on the parking permit system.

The Grattan Institute, for example, contends that "modest regulations" can prevent parking congestion.¹³ It proposes the use of time limits and the provision of parking permits that exempt residents with no off-street parking from adhering to such time

¹³ Sathanapally et. al. p.26

limits. Demand for permits can ultimately be regulated through the price mechanism – the higher the demand, the higher the price of a permit. It's hard to see how such a system would be effective in keeping the demand at a level that avoids the saturation point.

First, it is assumed that residents in an apartment block who don't have off-street parking will be entitled to a parking permit and as new apartments are built the new residents will be entitled to a permit. This means that the demand increases but the supply remains constant.

Second, local government in the inner city (and elsewhere) already operate parking permit systems. Certainly, the Inner West Council does: for residents who do not have off-street parking and absent any fee. As understood, the system is designed to enhance resident access to on-street parking by providing a disincentive in the form of parking fines to non-residents and residents who do not have such a permit (those who have off-street parking), not to overstay the relevant time limit (if any).

The notion of using the price mechanism to regulate the demand for off-street parking can have limitations and is not trouble-free. In this context, we are considering the position of residents of an area who do not have off-street parking, not non-residents or residents with off-street parking. Such residents are unlikely to react favourably to a charge being applied for a permit in any event, but more so where it is being driven by the introduction of a regulation removing or reducing the requirement for off-street parking in new apartment blocks and in circumstances where a consequence of such change is more demand for limited existing on-street parking. And for many, the reality is that the requirement for a permit is price inelastic. Off-street parking is not a matter of choice for many; it is essential commodity, not a discretionary one. Parking is a necessary consequence of a requirement to have a car. Like the utilities and petrol, the need to park a vehicle is not readily responsive to price changes; being a necessity, price is much less of a determinant of demand. There is also no available substitute for the motor vehicle.

Then there are the political difficulties any local government will confront when it must advise a particular cohort of its citizens that they will have to pay for a permit that they have not had to pay for in the past (or pay more than they currently do). Many local governments would likely balk at that proposition.

Third, the use of the price mechanism will inevitably raise equity and fairness considerations, which generates a range of other issues.

The NSW Productivity and Equality Commission raises the alternative idea of not providing parking permits to residents of new apartments.¹⁴

This creates a two-tier system with current residents with no off-street parking being entitled to a permit whilst “new” residents would be denied such an entitlement. Such a system is likely to be contentious, particularly amongst those denied the permit. At some point, the local council will come under pressure to make changes. The Grattan Institute reports that a few Sydney Local Government areas have utilised such schemes, but there is no analysis on how they have fared.¹⁵

A system of parking permits relies heavily of enforcement to be effective. In the Inner West, the total count of parking fines – which of course accounts for more than overstaying the limit – for the period January-June 2026, was 48,372.¹⁶ This figure is indicative of an already existing problem with access to parking in the municipality. It is reasonable to conclude that as the number of residents who do not have a parking permit and do not have access to off-street parking increases, the propensity for overstaying will increase. It is unrealistic to think that in these circumstances, the incidence of overstayers and of those who chose to “take a punt” and see how they go, will not increase. In that respect, it is also unrealistic to expect that the residents will be content to experience more difficulties finding available parking. This will come back on to the local councils who will come under pressure to devote more of their limited time, resources and finances to enforcing the parking permit system and finding a solution to the problems of an inadequate supply of parking. How local government deals with the problem of an undersupply of on-street parking is an interesting question: 50 into 20 won’t go.

CONCLUSION

In this submission I have endeavoured to identify the issues and problems that will arise in the event the final report of the PC recommends a removal/ reduction in the number of off-street parking spaces in newly constructed housing units across inner-city areas, and the relevant regulatory authorities adopt such a recommendation.

I have not purported to address other locations outside the inner city, simply because they are outside of my knowledge and experience, but I suspect that similar problems may exist.

I conclude that the PC should, in the absence of addressing and resolving the parking issues outlined herein, be very reluctant to advocate for such change as proposed in the

¹⁴ NSW Productivity and Equality Commission, Review of Housing Supply Challenges and Policy Options for New South Wales: Final Report, August 2014, p 59

¹⁵ Grattan Institute, Box 4, p.28

¹⁶ Inner West Council, Fines Act 1996 Report Jan-June 2026.

Interim Report. Unless the PC can find a way to overcome these problems, the regulations that stipulate the provision of off-street parking in housing units should remain in place. Any change that will result in adverse impacts on the use of on-street parking because of more housing units, should not be recommended.

There is no doubt in my mind that a profit maximising property developer will not include car spaces – at least for all- if the developer sees it as a means of extracting greater profit. In the absence of regulation to prevent that, that likelihood of flow-on problems is, in my opinion, real.

It is wrong, in my opinion, to hold that increasing the demand for overall parking in a specific area, whilst simultaneously decreasing the overall supply of parking relative to that demand, will be free of negative consequences. It is also wrong to hold that this increase in demand can be met by restricting access by some to the current supply of on-street parking will be free of negative consequences.

A parallel can be drawn with economics. When supply begins to be outstripped by demand, a point is reached when negative consequences such as an increase in the rate of inflation emerges; a problem that is currently being experienced and has proven difficult to control. This is an apt analogy and begs the Question: why should it prove any different here?

Reducing the supply of off-street parking in new housing developments will not, ipso facto result in a corresponding reduction in the demand for parking, whether on or off-street. Rather it will mean an increase in the demand for parking spaces relative to the supply of parking spaces.

Transferring the increased demand for parking from off-street parking to on-street parking is not a solution to the problems that will accompany any decision to remove or reduce the requirement for developers to provide off-street parking in new apartment blocks. It merely moves the problem and exacerbates already existing problems.

At the very least, if the PC believes that amending the relevant regulations regarding parking requirements in new apartment blocks can occur without the flow-on problems being foisted on the surrounding neighbours as discussed herein, it should seek to make sure that is the case before any construction begins.

In the respect, appropriate regulations should provide that the developer, or whoever is legally responsible for the construction of the new apartment block, furnish evidence that the building will not have any adverse effect on the demand for on-street parking as a consequence of the absence/reduction of off-street parking in that new apartment building. Such evidence should be publicly available and subject to public scrutiny

The notion that people need to justify that what they are doing will not adversely impact others, particularly where the profit motive is the dominant force, is a logical one and something people would naturally expect.

And it must occur prior to construction commencing. Once the building is completed or construction underway, it is too late – the “horse has bolted” so to speak. In such a situation, it is almost impossible to fix it.

Local government should not be saddled with the damage flowing from a rising incidence of car parking problems in their municipality that arise from inappropriate developments. And neither should the residents of the municipality or commercial operators in the area.

Parking must be regarded as an integral part of any housing development. Given the Australian urban environment, including current car usage, the provision of public transport, and the demands for on-street parking, off-street parking cannot be regarded as a discretionary part of such development and/or take second place to an overzealous and counterproductive endeavour to increase the number of housing units per unit of land. To do so is to generate a completely new set of problems.

It is not good policy if, in the end, despite the best of intentions, the outcome is to make a bad situation worse.