

Better Planning. Enduring Reform. More Homes in Great Places.

PIA's response to the Productivity Commission's Interim Report
on Housing Supply Regulation

30 September 2026



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Executive Summary

Australia needs more homes and greater housing choice, particularly in established areas close to jobs, transport and services. PIA supports ambitious reform that enables more homes in well-planned, well-serviced communities. We welcome the progress made in the Interim Report, which reflects many of the positions and recommendations in our original submission. We encourage the Final Report to go further in strengthening the role of strategic planning, replacing blanket upzoning with a more comprehensive approach to housing capacity, recognising infrastructure as key to delivery, and extending the focus beyond planning to housing delivery.

What we support	What needs more consideration	What misses the mark
- Planning for mid-rise or high-rise apartments in high-demand areas, <i>reform direction 2.2</i> - Strategic planning, <i>reform direction 3.1</i> - Expanding the use of fast-track pathways, <i>reform direction 3.2</i> - Infrastructure sequencing and delivery, <i>reform directions 4.1 and 4.2</i>	- Reviewing land-use controls, <i>reform direction 2.5</i> - Relaxing built-form controls, <i>reform direction 2.6</i> - Developer contributions frameworks, <i>reform direction 4.4</i>	Blanket 3-storey designations, <i>reform direction 2.1</i>

Further, PIA recommends strengthening the best-practice principles to recognise that lasting reform should enable more homes while managing long-term impacts, proportionate regulation, and well-functioning places.

Key messages

- **Reform needs to take the long view.** Australia needs more homes, but decisions about where and how our cities and regions grow shape infrastructure demand, household costs, natural hazard exposure and the functioning of communities for generations.
- **Plan more and assess less.** Make the major choices about where and how growth occurs upfront through robust strategic planning, resolve infrastructure and major trade-offs early, then provide faster and more predictable pathways for development that is consistent with the plan.
- **Be more ambitious than three storeys everywhere.** A uniform height standard measures regulatory permission rather than whether homes can feasibly be built and supported by infrastructure. A stronger approach would require growth locations to maintain sufficient planned, feasible and serviceable capacity for future housing and jobs growth.
- **Align infrastructure with housing.** Housing capacity needs a credible pathway to servicing, supported by funded and sequenced infrastructure plans. Infrastructure costs should be fairly and transparently allocated according to the additional demand created and who benefits.
- **More homes should create great places.** Housing growth should create well-located, safe and resilient communities where people can afford to live and have good access to jobs, transport, services, infrastructure, open space and everyday needs.
- **Follow the housing pipeline all the way to delivery.** Zoning and approvals are only part of the housing production pipeline. We should track feasible capacity, infrastructure readiness, approvals, post-approval processes, commencements, completions and occupation, and target the barriers actually preventing homes from being built.
- **Back reform with the capability to deliver it.** Ambitious change requires investment in the planning workforce, data, modelling, infrastructure coordination and institutional capability needed to turn planning decisions into completed homes.

PIA recommends six key changes in the Final Report:

1. **Amend the descriptor for Principle 1** (“Adopt a build mindset”) to: “Plan for the location and form of development to maximise long-term public benefit and minimise unnecessary costs.”
2. **Amend the descriptor for Principle 2** (“Only regulate where necessary”) to: “Only regulate housing design features where necessary and proportionate to address a material market failure, protect health, safety and liveability, or manage significant long-term impacts on occupants, neighbouring properties and the wider community. Regulation should focus on outcomes and performance and allow flexibility in how they are achieved.”
3. **Add a fifth best-practice Principle: “Plan for well-located, well-functioning communities”**: with the following descriptor: “Housing growth should create well-located, safe, resilient and affordable-to-live-in places with access to jobs, transport, services, open space and everyday needs.” This principle recognises that reform should also contribute to the long-term quality and functioning of the places created through individual development decisions.
4. **Replace the blanket three-storey reform direction with an ambitious, outcome-focused housing capacity requirement.** Require every major city and high-growth region to maintain up-to-date planning frameworks that provide sufficient planned, feasible and serviceable capacity to accommodate projected housing and employment growth over an agreed long-term horizon. This could be expressed as a minimum number of years of projected growth, with the appropriate period agreed with state and territory governments. It should be supported by costed and sequenced infrastructure plans that align infrastructure investment with where and when growth is expected to occur.
5. **Amend Reform Direction 4.3 to be “Ensure infrastructure costs are fairly and efficiently allocated according to demand and benefit.”** For reform to endure, infrastructure contributions must be fair, transparent and based on the additional demand development creates and who benefits, recognising that whilst infill often has lower infrastructure costs, additional infrastructure needs to be paid for.
6. **Broaden the reform directions** from development capacity to housing delivery by:
 - i. defining well-located homes, giving practical meaning to the National Housing Accord commitment;
 - ii. establishing a National Housing Evidence and Evaluation Framework, that tracks housing from planned and feasible capacity through approvals, infrastructure readiness, commencements, completions and occupation;
 - iii. creating a distinct post-approval reform direction addressing conditions, operational works, utilities, subdivision, certification and titling; and
 - iv. investing in the planning workforce and institutional capability required to implement reform, including strategic planning, infrastructure coordination, development assessment, data and modelling.

1. Build on the Interim Report

PIA's June 2026 submission, *Enabling More Homes Through Better Planning*¹, argued for a reform agenda that addresses immediate delivery barriers while rebuilding the strategic planning, infrastructure coordination and institutional capability required for future supply.

It called for a National Housing Evidence Framework, a Future Homes Planning Fund, a National Zoning and Infill Best Practice Model, a Post-Approval Delivery Program, Housing-Enabling Infrastructure Compacts, a Planning Workforce and Capability Plan, and Housing Evidence and Evaluation Framework.

The Productivity Commission's Interim Report has moved toward several of those propositions and PIA welcomes that progress. The purpose of this post-interim submission is to build on that common ground and identify where the evidence should be carried further.

PIA's Original Submission	PC Interim Report	Next step for the Final Report
Housing and infrastructure must be planned together.	Principle 3 and Chapter 4 explicitly recognise infrastructure coordination as a major supply constraint.	Require funded and sequenced infrastructure delivery plans linked to planned growth.
Approval speed alone is not the objective; completed homes are.	The Commission says approval efficiency will help but will not shift housing supply by itself.	Add a distinct post-approval delivery reform direction and whole-pipeline measurement.
Land release only works when land is genuinely housing-ready.	The Interim Report concludes that land release only matters if land is ready for development.	Apply the same logic to zoning: measure feasible, infrastructure-ready capacity rather than theoretical capacity (like 3 storeys everywhere)
Resolve more decisions upstream through strategic planning.	Reform direction 3.1 proposes addressing infrastructure and development trade-offs early through strategic planning.	Elevate strategic planning as the organising framework for the reform package.
Use risk-based pathways for low-risk, plan-consistent development.	The Interim Report supports fast-track and state-significant pathways and coordination bodies.	Tie streamlined pathways to clear strategic plans and proportionate risk assessment.
Evaluate reform on outcomes.	The Interim Report seeks more transparent reporting but remains heavily focused on regulatory inputs.	Create a national evaluation framework from capacity through to completions and long-term outcomes.

This provides a way to combine national ambition with place-based planning. The Commonwealth does not need to prescribe the same built form in every neighbourhood to create accountability. Governments can instead agree on measurable housing-capacity outcomes, consistent definitions and reporting requirements, while allowing cities and regions to determine through strategic planning where and how that capacity should be accommodated.

The Final Report can build on this common ground by setting clear long-term outcomes, planning for them spatially, aligning infrastructure, streamlining development consistent with the plan and measuring whether homes are ultimately delivered.

¹ PIA, June 2026, [National | Enabling More Homes through Better Planning](#)

2. Take the long view: what reform should optimise for

PIA shares the Commission's ambition for more housing, greater housing choice and better use of well-located land. Restrictive or outdated controls that no longer serve a clear public purpose should be reformed.

The key question is how governments decide where growth should occur, what form it should take and what minimum safeguards remain justified.

Of course, market conditions are important. Land values, construction costs, interest rates and expected returns all affect whether planned housing is feasible and likely to be delivered. Planning frameworks should respond to those conditions, but must do so without allowing short-term market settings to become the primary decision rule for long-lived spatial choices.

Land-use decisions also shape infrastructure demand, access to jobs and services, household transport and energy costs, natural-hazard exposure, environmental outcomes and the productivity of cities. Many of these effects persist for decades and some are difficult or costly to reverse.

Recent resilience evidence makes the long-term cost tangible. The Insurance Council reports that declared events generated more than 400,000 home repair or rebuild claims between 2022 and 2026, costing \$11.3 billion, and that 145,392 homes were damaged in 2025 alone. Those repairs draw on the same construction workforce and materials needed for new housing.² Avoiding and reducing the creation of foreseeable risk is therefore both a resilience objective and a housing-supply objective.

This requires more than avoiding land already identified on existing hazard maps. Increasing development capacity can change the nature and scale of risk, requiring additional technical assessment, infrastructure investment or mitigation measures. These issues, and the trade-offs they involve, are best considered through strategic planning before development occurs, rather than being resolved project by project.

2.1. A broader evidence base is consistent with economic discipline

Taking a broader view of land-use impacts is consistent with established economic analysis. The Australian Government's impact-analysis guidance supports a broader approach. Cost-benefit analysis is intended to account for all effects on the community and economy, not only immediate, direct or financial effects.

The Office of Impact Analysis recognises that environmental, social, cultural, health and safety impacts may be difficult to monetise but should still be identified and assessed. It also states that a decision-maker may reject the option with the largest net present value where there are significant adverse equity impacts, and recommends that effects on future generations be considered explicitly rather than assumed away through discounting.³

PM&C's 2026 Long-term Insights Report similarly recommends making long-term wellbeing central to public investment decisions, using the five connected dimensions of healthy, secure, sustainable, cohesive and prosperous.⁴

For land-use decisions, economic analysis should therefore extend beyond short-term development feasibility. It should inform a broader assessment of the costs and benefits of different patterns of growth, including their

² Insurance Council of Australia (2026), Insurance Catastrophe Resilience Report 2025–26 and media release, 1 September 2026. <https://insurancecouncil.com.au/news-hub/current-catastrophes/annual-catastrophe-reporting/>

³ Office of Impact Analysis (2026), Australian Government Impact Analysis Framework and 7 Impact Analysis Questions. <https://oia.pmc.gov.au/impact-analysis/australian-government>

⁴ Department of the Prime Minister and Cabinet (2026), Long-term insights report: The future of human services. <https://www.pmc.gov.au/resources/long-term-insights-report-future-human-services>

distribution across communities and generations, exposure to risk and uncertainty, and long-term consequences for public well-being.

2.2. Key considerations for planners when assessing the public interest

For land-use reform, this broader assessment means considering consequences that may not be captured by economic considerations including through development feasibility or the immediate cost of regulation. Relevant considerations include:

- **Externalities and system-wide costs:** for example - infrastructure demand, congestion, urban heat, environmental systems, disaster exposure and future public expenditure.
- **Distributional effects:** who receives the benefits, who bears the costs and where those impacts fall.
- **Risk and uncertainty:** especially where consequences may be significant, uncertain or difficult to reverse.
- **Irreversibility and option value:** preserving future infrastructure, employment, environmental and development choices where appropriate.
- **Intergenerational effects:** recognising that decisions made today allocate risks, costs and opportunities across decades.

This does not point towards less development. In many locations, applying these considerations will support substantially greater density than exists today, particularly where land is well located and infrastructure can support growth. Elsewhere, infrastructure capacity, natural hazards or competing strategic uses should all influence the appropriate form, location or timing of development. The objective should be to enable more housing while making deliberate choices about the long-term pattern of growth.

Recommendation 1: Amend the descriptor for Principle 1 (“Adopt a build mindset”) to: “Plan for the location and form of development to maximise long-term public benefit and minimise unnecessary costs

Market conditions change. Cities endure. Good planning brings together economic, social and environmental evidence to inform the long-term choices we make about the future. Planning is how governments provide a long-term framework for enabling growth while managing the consequences of decisions that can be difficult and costly to reverse.

2.3. The Commonwealth itself takes a 40-year view

The 2026 Intergenerational Report projects Australia’s economy and budget to 2065-66 specifically to help governments understand future challenges and improve policy settings over the next 40 years. For the first time, it includes a dedicated chapter on intergenerational equity, and Treasury states that concerns about intergenerational inequality have deepened, particularly in housing.⁵ This provides a useful frame for reform: decisions about urban structure, infrastructure, hazard exposure and development patterns can endure for generations, so their assessment should extend beyond the market conditions prevailing when a planning decision is made.

2.4. Design regulation should be necessary, proportionate and outcomes-based

PIA supports removing design controls that are unnecessary, duplicative or poorly justified. A test based only on immediate consumer choice or market failure is too narrow for homes and neighbourhoods that will perform for

⁵ Australian Treasury (2026), 2026 Intergenerational Report, 21 September 2026. <https://treasury.gov.au/publication/2026-intergenerational-report>

many decades. Design choices can affect future occupants, neighbours, infrastructure systems and the wider community through heat exposure, energy use, accessibility, adaptability, servicing and amenity.

This does not justify regulating every desirable feature. Controls should address a clearly identified issue, be supported by evidence and be proportionate to the risk or impact. Wherever possible, regulation should specify the outcome or performance level required and allow flexibility in how it is achieved.

Recommendation 2: Amend the descriptor for Principle 2 (“Only regulate where necessary”) to: “Only regulate housing design features where necessary and proportionate to address a material market failure, protect health, safety and liveability, or manage significant long-term impacts on occupants, neighbouring properties and the wider community. Regulation should focus on outcomes and performance and allow flexibility in how they are achieved.”

A 2026 systematic review in the Journal of Urban Health screened 11,247 records and included 27 studies evaluating built-environment policy standards. Health-impact assessments of urban green-space standards projected up to 25 fewer deaths per 100,000 people, while one superblock model projected about twice that reduction. The review also found evidence relating to cardiovascular health, walking, loneliness, psychological distress and health inequalities. The evidence supports treating health as a legitimate outcome of neighbourhood and design policy rather than an external consideration.⁶ The long-term fiscal context strengthens the case for prevention. Treasury’s 2026 Intergenerational Report identifies ageing and the care economy as one of the major transitions shaping Australia over the next 40 years, with Australians expected to live longer and demand for health and care services placing continuing pressure on government budgets.

2.5. More homes should create well-functioning communities

Reform should recognise the cumulative outcome created by thousands of decisions about housing location, form and design. More infill, missing-middle housing and apartments should connect people with jobs, transport, services, infrastructure, open space and everyday needs. These factors affect household costs, access to opportunity, infrastructure efficiency, health, resilience and city productivity. This is consistent with the Commonwealth’s broader long-term wellbeing framework, which treats prosperity alongside health, security, sustainability and social cohesion.⁷ Recent research shows that these outcomes matter to public confidence in housing growth. AMPLIFY’s 2026 *Density Bargain* research⁸ found that support for additional housing is strongly influenced by what accompanies it. Support was high where growth contributed to affordable housing for essential workers, green space and thriving local businesses, but fell to 43% where residents expected density to worsen congestion.

Recommendation 3: Add a fifth best-practice Principle: “Plan for well-located, well-functioning communities”: with the following descriptor: “Housing growth should create well-located, safe, resilient and affordable-to-live-in places with access to jobs, transport, services, open space and everyday needs.” This principle recognises that reform should also contribute to the long-term quality and functioning of the places created through individual development decisions.

⁶ Huijzendveld, R.A. et al. (2026), “Policy Standards for Healthy Built Environments: A Systematic Review of Health Impact Assessments and Nonrandomized Evaluations of Implemented Policies”, Journal of Urban Health. <https://doi.org/10.1007/s11524-026-01137-4>

⁷ Department of the Prime Minister and Cabinet (2026), Long-term insights report: The future of human services. <https://www.pmc.gov.au/resources/long-term-insights-report-future-human-services>

⁸ Amplify (August 2026) [End street-by-street planning battles to save NSW \\$265 million a year | AMPLIFY](#)

3. Plan more and assess less

One of the most supportable themes in the Interim Report is the need to resolve infrastructure requirements and development trade-offs early through robust strategic planning. Strategic planning is the mechanism for resolving decisions that cannot efficiently be made site by site: the location and scale of growth, infrastructure sequencing, cumulative network effects, natural hazards, environmental constraints, competing land uses and public investment. It should also incorporate feasibility and market evidence so plans create commercially realistic capacity rather than theoretical capacity alone.

Once those choices are resolved, planning instruments should translate them into contemporary regulation. Low-risk development that is consistent with the plan should proceed through simpler, faster and more predictable pathways. This is the practical meaning of plan more and assess less.

Strategic planning is therefore itself a form of regulatory reform. By resolving infrastructure requirements, cumulative impacts and major land-use conflicts at the appropriate spatial scale, it can reduce uncertainty, duplicated technical assessment and the number of issues that need to be negotiated through individual development applications.

CASE STUDY 1: Auckland, the importance of land use and infrastructure coordination

PIA has previously argued that Auckland should not be understood simply as a case of blanket upzoning⁹. The Auckland Unitary Plan emerged from metropolitan-scale strategic planning, with growth directed towards centres and rapid transit corridors, supported by governance and infrastructure reform, and informed by extensive community consultation. Planning controls were then amended and approval pathways streamlined to implement that broader spatial strategy.

Auckland's experience also demonstrates the institutional conditions required for ambitious strategic planning. The changes followed local government amalgamation and metropolitan-scale governance reform, were developed through an iterative planning process, and involved substantial political and community engagement. The resulting upzoning was therefore part of a broader process of metropolitan planning and institutional reform rather than an isolated change to development controls.

New research from Dr Geoff Anstey at Land Supply Insight adds an important infrastructure dimension to this story. Auckland's plans were successful in enabling development: residential capacity increased from around 241,000 to 946,000 dwellings, and townhouse consents increased. But development was concentrated, with 82% of townhouse consents occurring in 51% of relevant statistical areas.¹⁰ Infrastructure has subsequently become a constraint to development, in parts of the city. Anstey estimates around half of Auckland's mixed-housing zoned area is now within areas where water or sewer capacity may constrain development. He also finds Auckland enables three or more storeys on at-most 32% of residential land, substantially less than the Commission's proposed direction for most residential land.

The lesson is broader than Auckland's particular zoning settings. Regulatory capacity is not the same as deliverable housing capacity. Upzoning can substantially expand development rights, but where feasible development concentrates spatially, and infrastructure demand concentrates with it.

Without effective strategic planning, growth does not stop. Its pattern emerges through many individually rational site, market and agency decisions made at different times. The market is well placed to decide what housing is commercially viable and responsive to demand, but it cannot efficiently coordinate shared infrastructure, manage cumulative network impacts or compare the wider costs and benefits of different growth patterns.

⁹ Planning Institute of Australia (June 2026) National Op Ed <https://www.planning.org.au/resource?resource=759>

¹⁰ Land Supply Insight (23 August 2026) Auckland reforms <https://www.landsupplyinsight.com.au/insights>

What is strategic planning?

Strategic planning is the upfront work that determines how and where housing, jobs and investment can be accommodated over time. At a suburb, corridor, city or regional scale, it brings together projected growth, infrastructure capacity, transport, natural hazards, environmental and heritage considerations, and other opportunities and constraints to make choices about the future pattern of development. This work is informed by technical studies, forecasts, modelling and scenario testing. Development feasibility and market analysis are increasingly important inputs, helping ensure that planning provides capacity that can realistically be developed rather than capacity that exists only on paper.

Understand	Test	Informs
Population projections	Forecasts	Zoning
Housing and jobs demand	Modelling	Infrastructure sequencing
Transport and infrastructure	Scenarios	Development regulations
Environment and climate	Community trade-offs	Investment

The resulting strategic plan is translated into planning regulations (including zoning), infrastructure plans and investment priorities. It gives governments, infrastructure providers, developers, landowners and communities greater clarity about where growth is intended, what infrastructure will support it and the outcomes expected from development. Within that framework, the market can respond as demand, costs and preferences change. Done well, strategic planning also makes development assessment simpler and faster. Issues that can be resolved at an area-wide level are addressed upfront, reducing the matters that need to be reconsidered application by application. Proposals that align with the resulting framework can then proceed through clearer, more proportionate approval pathways.

3.1. Coordinate agencies through existing planning systems

In PIA's *Planning for Productivity*¹¹ submission to the Economic Reform Roundtable last year, we recommended a broader introduction of integrated state agency assessment and referral processes. We pointed to Queensland's State Assessment and Referral Agency¹² (SARA) as a best-practice model, which has been in place since 2013. SARA brings state agency referrals into a single process, with clear assessment benchmarks and accountability for agency delays. Queensland reports that it has improved decision timeframes by 20 per cent.

NSW has recently adopted a similar approach through its new Development Coordination Authority (DCA), which commenced on 1 July 2026. The DCA provides a single coordinated NSW Government response for relevant referrals and has consolidated more than 800 referral requirements spread across more than 175 planning instruments into a clearer statewide framework.¹³

PIA supports wider adoption of SARA-style coordination models. Effective models should provide a single point of coordination; clear and codified assessment benchmarks; authority to reconcile conflicting requirements and hold agencies to agreed timeframes; transparent performance reporting; and clear accountability for the final decision.

¹¹ Planning Institute of Australia (2025) *Planning for Productivity*, <https://www.planning.org.au/resource?resource=693>

¹² Planning Institute of Australia (2026) *Built on Planning story: SARA*, <https://planning.org.au/pia/news-resources/articles/latest-updates/NATIONAL/Built-on-Planning/SARA.aspx?name=SARA>

¹³ NSW Government (2026), *Development Coordination Authority: New referrals framework*, <https://www.planning.nsw.gov.au/the-planning-system/housing/development-coordination-authority/new-referrals-framework>

Based on the SARA experience, these models are strongest when they sit within a well-developed strategic planning framework. Upfront strategic planning should resolve as many questions as possible before individual applications are lodged. Coordination bodies can then focus on efficiently resolving the project-specific issues, rather than revisiting strategic questions that should already have been settled.

Strategic planning resolves the big choices upfront; codified standards translate those choices into clear requirements; and coordination bodies make the remaining multi-agency assessment faster and more accountable.

3.2. What ambitious strategic planning requires

Ambitious strategic planning means more than producing a plan. It means making clear choices about where growth will occur, putting the evidence and infrastructure behind those choices, implementing them quickly through the statutory system, and then holding governments accountable for delivery.

Principle	Explanation
Clear, measurable growth targets.	Strategic plans should be required to provide sufficient housing and employment capacity, with clear outcomes that can be monitored and reported.
Strong evidence and dedicated capability.	Strategic planning requires contemporary data, technical investigations and appropriately resourced planning teams.
Infrastructure planned, funded and sequenced with growth.	Strategic plans should be directly linked to costed infrastructure programs, funding commitments and delivery responsibilities for transport, water, sewerage, energy, schools, health, open space and community infrastructure. Planning additional capacity without a credible servicing pathway creates theoretical rather than development-ready supply.
Defined timeframes and milestones.	Strategic planning should operate within clear deadlines. Governments should set milestones for plan preparation, infrastructure commitments, statutory implementation and review so that strategic planning provides certainty to communities, investors and infrastructure providers rather than becoming an open-ended process.
Fast and direct statutory implementation.	Once strategic choices have been made, they should be translated promptly into zoning, development controls and infrastructure plans. Subsequent scheme amendments should be streamlined so agreed strategic decisions are not repeatedly re-litigated through statutory processes or individual development applications.
Community engagement while the big choices are still open.	Engagement should be focused at the strategic planning stage, when communities can meaningfully influence where and how growth occurs, infrastructure priorities and the trade-offs involved. Once those choices have been resolved, development that implements the agreed plan should be able to proceed through clearer and more predictable pathways.
Clear accountability and transparent monitoring.	Plans should identify which agencies are responsible for implementation and publicly report against housing delivery, infrastructure provision and other agreed outcomes. Reporting should distinguish between zoned, planned, feasible, serviceable and completed housing capacity. Reporting should be against nationally agreed definitions and benchmarks, with periodic review of whether sufficient capacity is being maintained and infrastructure commitments are being delivered.

Strategic plans should be stable enough to guide investment while remaining capable of adapting to new evidence, changing feasibility and emerging community needs. That stability is important because urban growth occurs over decades while political and market cycles change more quickly.

3.3. Replace blanket upzoning with an ambitious capacity test

PIA strongly supports more housing in established areas and greater diversity, including townhouses, terraces, apartments and other medium- and higher-density forms. The issue is how to enable enough well-planned density in the places where it can deliver the greatest long-term benefit.

Recommendation 4: Replace the blanket three-storey reform direction with an ambitious, outcome-focused housing capacity requirement. Require every major city and high-growth region to maintain up-to-date planning frameworks that provide sufficient planned, feasible and serviceable capacity to accommodate projected housing and employment growth over an agreed long-term horizon. This could be expressed as a minimum number of years of projected growth, with the appropriate period agreed with state and territory governments. It should be supported by costed and sequenced infrastructure plans that align infrastructure investment with where and when growth is expected to occur.

Planned capacity: permitted through current planning instruments. **Feasible capacity:** reasonably capable of development under expected market conditions. **Serviceable capacity:** supported by existing or committed infrastructure.

A uniform three-storey benchmark is a weak measure of housing ambition. Uniform upzoning can create extensive theoretical capacity that remains unfeasible or unserved. In strategically important locations, modest redevelopment may fragment key sites and make greater future density more difficult or costly to achieve.

	Blanket 3 storeys	Strategic planning
Enables more housing and housing diversity	Supports	Supports
Aligns growth with infrastructure and transport	Does not address	Supports
Responds to feasibility and likelihood of delivery	Limited¹⁴	Supports
Optimises density for each location	Does not address	Supports
Responds to local constraints and risks	Does not address	Supports
Supports community confidence and enduring reform	Limited	Supports

CASE STUDY 2: How do we maintain broad public support for urban growth?

Recent research from housing advocates, Amplify, “The Density Bargain”¹⁵, provides an important reminder that Australians are more prepared for that change than the political debate often suggests. This research found overwhelming support (around 94 per cent) for medium-density housing in well-connected locations and broad agreement that established suburbs need to accommodate more homes to improve affordability.

But that support is conditional. Australians are prepared to accept more homes and more change, but they expect growth to be delivered in a way that improves neighbourhoods, keeps infrastructure and services in step, and responds to the qualities of each place. The findings demonstrate that community support for housing reform is influenced by the quality of the growth proposition, including infrastructure, services and amenity.

Strategic planning provides an opportunity to negotiate these questions when the major choices about growth remain open, helping create reforms that can endure beyond individual political cycles.

¹⁴ Whilst there is some evidence (Grattan Institute (2025), More Homes, Better Cities Report) that 3 stories may be feasible, there is less evidence of likelihood for delivery.

¹⁵ Amplify (August 2026) [End street-by-street planning battles to save NSW \\$265 million a year | AMPLIFY](#)

4. Align infrastructure with housing

PIA strongly supports the Commission's emphasis on infrastructure-enabled housing supply. Planning capacity has little value without a credible pathway to servicing it. Land-use and infrastructure planning should therefore be undertaken together, with clear timing, funding, responsibilities, dependencies and delivery triggers.

A recurring problem across many jurisdictions is that land-use plans, infrastructure agencies and utilities often work to different planning horizons, population assumptions and investment cycles. Land use planning may therefore enable substantial growth without the corresponding network investment appearing in an infrastructure provider's forward program.

The table below summarises the some of the key weaknesses across jurisdictions in aligning housing delivery with infrastructure planning, funding and delivery.

Existing weaknesses	Principle
Land-use and infrastructure plans can operate separately	Plan infrastructure and land use together. Growth decisions should identify the infrastructure required to support them, with clear funding and timing decisions.
Providers can use different horizons, forecasts and assumptions	Plan from a common growth scenario. Land-use plans, infrastructure strategies and investment programs should use consistent assumptions about the location, scale and timing of growth.
Providers often optimise their own networks and investment programs	Optimise for the functioning of the place as a whole. Infrastructure planning should consider the combined requirements of planned growth across transport, water, utilities, schools, open space and other infrastructure, not individual networks in isolation.
Zoning can substantially precede infrastructure	Sequence infrastructure with feasible growth. Investment should respond to where development is planned and likely to occur, with infrastructure funding supporting the timely delivery of housing to avoid post-approval bottlenecks or uncertain infrastructure pipelines.
Contributions can become disconnected from what growth actually requires	Charges should have a clear nexus and be proportionate. Charges should relate to additional demand generated by development, be transparent, and be proportionate to the infrastructure required to accommodate planned growth.
Responsibility for broader shared infrastructure can be unclear	Allocate costs according to demand and benefit. Development pays attributable costs; shared growth costs are apportioned; existing deficits and broader community benefits are publicly funded.

Whilst it is obvious for greenfield development, it is also particularly important for infill. Established areas can often accommodate growth more efficiently by using existing networks and facilities, but infill housing increases the demand on existing infrastructure. Substantial housing development can trigger the need for upgrades to water, sewerage, drainage and transport networks, as well as additional or improved open space, active transport, recreation facilities, libraries, community facilities and public realm.

In many established areas, growth is also occurring alongside ageing infrastructure that already requires renewal. The funding challenge is therefore to distinguish between the costs attributable to new development, infrastructure that benefits both new and existing residents, and existing deficits that should be funded by governments. In many established communities, infrastructure and services can be decades old in areas

accommodating significant population growth, where upgrades must respond to both existing needs and future demand.

Recommendation 5: Amend Reform Direction 4.3 to be “Ensure infrastructure costs are fairly and efficiently allocated according to demand and benefit.” For reform to endure, infrastructure contributions must be fair, transparent and based on the additional demand development creates and who benefits, recognising that whilst infill often has lower infrastructure costs, additional infrastructure needs to be paid for.

4.1. Who should pay?

The starting point for allocating infrastructure costs should be additional demand and who benefits. PIA proposes a simple three-tier framework for applying this principle:

Type of infrastructure	Description of who bears the costs
Development-generated infrastructure	Where infrastructure is required specifically because of development, development should generally meet a proportion of the attributable cost. There should be a clear nexus between the demand created and the contribution required.
Shared growth infrastructure	Where infrastructure supports new development but also benefits the existing community, costs should be shared according to demand and benefit. This can include upgraded open space, recreation facilities, libraries, active transport and other community infrastructure used by both existing and future residents.
Existing deficits and broader community infrastructure	Where expenditure addresses an existing deficit, asset renewal or infrastructure with broader community benefits, it should generally be funded through wider government revenue.

The central test should be nexus and proportionality. Governments should be able to demonstrate the relationship between the contribution charged, the additional demand generated by development and the infrastructure or service to which the contribution will be applied. Where contributions are pooled across an area, strategic infrastructure plans should provide that connection by identifying the infrastructure required to accommodate planned growth, its beneficiaries, timing and funding sources.

This approach also recognises that who ultimately pays and when infrastructure is delivered are separate questions. Long-lived infrastructure can be brought forward through government co-investment, forward funding or borrowing, with the development-related share recovered over time. Existing practice demonstrates that contributions, council funding, grants and borrowing can be combined to deliver infrastructure ahead of the full revenue being collected.

As such, PIA recommends an amended reform direction 4.3 to be a more appropriate basis for infill infrastructure, rather than assuming either that established areas have no additional infrastructure costs or that new development should fund the full cost of upgrading existing communities.

Where governments waive or defer otherwise justified contributions to improve development feasibility, the resulting funding gap should be transparently identified and funded. Reducing the cost imposed on a development does not remove the underlying infrastructure need.

CASE STUDY 3: Population and Urban Growth Modelling

A number of Queensland local governments are developing more sophisticated approaches to integrating land-use and infrastructure planning. The [City of Gold Coast's Population and Urban Growth \(PUG\)](#) model provides one example.

With the Gold Coast expected to reach one million residents by 2046, the model brings together land use, development approvals, zoning, population projections, infrastructure and constraints data across approximately 170,000 lots. This allows planners to test not simply how much theoretical housing capacity exists, but where development is feasible, when it is likely to occur, and whether infrastructure has the capacity to support it.

As the Gold Coast prepares its new planning scheme, different growth scenarios are being tested against infrastructure capacity, development feasibility, likely redevelopment timing and constraints such as flooding, bushfire and environmental values. The resulting growth projections are then translated into infrastructure demand, including additional sewer capacity, transport demand and stormwater runoff, and shared with infrastructure agencies to inform forward network planning.

The lesson for housing reform is that zoning capacity alone is a poor proxy for housing supply. Effective strategic planning tests how much growth is feasible, where infrastructure can support it, and when development and infrastructure are likely to be delivered.

5. Broaden the focus from development capacity to housing delivery

PIA's original submission, *Enabling More Homes Through Better Planning*¹⁶, argued that for more housing to be delivered, bottlenecks must be addressed across the whole housing pipeline, not stop at zoning or planning approval. The Final Report should broaden its reform directions from development capacity to housing delivery, ensuring faster planning processes do not simply shift bottlenecks to later stages of the housing system. PIA recommends five additions to the Commission's existing reform agenda.

Recommendation 6: Broaden the reform directions from development capacity to housing delivery by:

- define well-located homes, giving practical meaning to the National Housing Accord commitment;
- establish a National Housing Evidence and Evaluation Framework, that tracks housing from planned and feasible capacity through approvals, infrastructure readiness, commencements, completions and occupation;
- create a distinct post-approval reform direction addressing conditions, operational works, utilities, subdivision, certification and titling; and
- invest in the planning workforce and institutional capability required to implement reform, including strategic planning, infrastructure coordination, development assessment, data and modelling.

South East Qld

136,389

approved dwellings, not under construction in South East Queensland¹⁷

Greater Sydney

118,627

dwellings approved for development in Greater Sydney¹⁸

Victoria

119,536

dwellings where construction had not yet started on approved homes under the state's planning system¹⁹

Available evidence continues to show large stocks of approved but unbuilt housing and significant barriers involving infrastructure, utilities, subdivision, certification, finance and construction readiness.

Additional Reform priority	Why	PIA recommendation	What it means in practice
1. Define and measure 'well-located homes'	The National Housing Accord commits governments to delivering 1.2 million well-located homes, but there is a lack of definition for what 'well-located' means.	Establish a definition of 'well-located homes' with a clear spatial basis.	Housing is delivered in locations that support productivity, affordability and liveability. Consider access to jobs and services, public and active transport, infrastructure capacity, natural-hazard risk and other spatial factors. Use it to align housing targets, strategic planning and infrastructure investment.
2. Measure the whole housing pipeline	Current data makes it difficult to identify where housing is actually stalling or distinguish theoretical capacity from deliverable supply.	Establish a National Housing Evidence and Evaluation Framework tracking housing from strategic planning through to occupation.	Track zoned capacity, feasibility, infrastructure readiness, applications, approvals, post-approval, commencements, completions and occupation, by housing type and location. Use the

¹⁶ Planning Institute of Australia (June 2026), [Enabling More Homes Through Better Planning](#)

¹⁷ QGSO, (July 2026 data) [Residential land supply and development: Residential development | Queensland Government Statistician's Office](#)

¹⁸ NSW Government, (July 2026 data), [Housing supply dashboard | Planning](#)

¹⁹ The Age, (Sep 2023), [Melbourne housing crisis: The 120,000 homes that are ready to be built – but work hasn't started](#)

Additional Reform priority	Why	PIA recommendation	What it means in practice
			framework to evaluate the outcomes of major reforms.
3. Move infrastructure with housing	Housing capacity is only meaningful where there is a credible pathway to the infrastructure needed to support growth.	Require funded rolling infrastructure delivery plans integrated with land-use plans, enabling at least 10 years of planned housing growth.	Identify infrastructure needs, timing, funding, responsibilities and dependencies. Make developer contributions transparent, predictable and proportionate to demand generated.
4. Make delivery capability and post-approval reform priorities	Planning approval does not equal housing delivery. Homes are continuing to stall after approval, while poorly resourced reform can simply move bottlenecks elsewhere.	Establish a distinct post-approval reform direction and a National Planning Workforce and Capability Plan.	Measure and address delays in conditions, engineering approvals, utilities, subdivision, certification and titling. Invest in strategic planning, technical capability, digital systems and workforce capacity.

Appendix A: PIA detailed response to the Interim Report

Response to the 4 best practice principles

Principle	PIA position	PIA response and proposed change
1. Adopt a build mindset: Alternative Only restrict the location descriptor and form of development proposed where the benefits clearly outweigh the costs, including the impact on housing supply and affordability	Alternative descriptor proposed	The principle should reflect the broader public interest purpose of land-use planning rather than rely on a narrow assessment of costs and benefits. Decisions about the location and form of development need to consider economic, social, environmental and cultural outcomes, alongside long-term strategic considerations such as infrastructure efficiency, natural hazards, climate resilience and access to jobs and services. These considerations are not always readily captured through conventional cost-benefit analysis. PIA recommends amending the principle's descriptor to: "Plan for the location and form of development to maximise long-term public benefit and minimise unnecessary costs"
2. Only regulate where necessary: Only regulate housing design features where there are clear market failures and allow households to choose and pay for other features they value	Alternative descriptor proposed	PIA supports removing unnecessary, duplicative or poorly justified design controls. However, market failure is too narrow a test for determining when housing design standards are warranted. Housing is a long-lived asset, and design decisions made today can shape living conditions, energy and water use, climate resilience, accessibility, adaptability, privacy, waste management and neighbourhood amenity for many generations. Many of these impacts are difficult or costly to remedy once development has occurred and the impacts extend well beyond the original purchaser or developer. PIA recommends amending this principle's descriptor to: "Only regulate housing design features where necessary and proportionate to achieving a clear public benefit, including managing long-term impacts on residents, communities and the built environment."
3. Plan housing and infrastructure together	Strongly support	This should be expanded beyond coordinating plans. Housing growth should be linked to funded and sequenced transport, water, sewer, energy, schools, health services, open space and community facilities. Strategic planning should identify what infrastructure is required, who is responsible, how it will be funded and when it will be delivered.
4. Make planning decisions timely, predictable and simple	Strongly support	Clear strategic plans, contemporary planning schemes, early technical studies and codified pathways can make decisions faster and more predictable. Assessment effort should reflect risk and complexity. Performance should be measured across the whole process, including referrals, applicant response times, utilities, subdivision and post-approval requirements.
5. Plan for great communities	New principle proposed	Reform should deliver more than theoretical capacity. It should create well-located, resilient and affordable-to-live-in homes with access to transport, jobs, services, infrastructure, open space and everyday needs. The quality and location of growth significantly impacts productivity, health, household costs, resilience and community support for more housing.

Response to the reform directions

Land-use regulation

Reform direction	PIA position	PIA response and proposed change
2.1 Allow up to three-storey development across most residential land	Alternative approach proposed	PIA strongly supports more missing-middle housing but does not support three storeys as a uniform default. Recommended to replace with Require every major city and high-growth region to maintain up-to-date planning frameworks that provide sufficient planned, feasible and serviceable capacity to accommodate projected housing and employment growth over an agreed long-term horizon. This could be expressed as a minimum number of years of projected growth, with the appropriate period agreed with state and territory governments. It should be supported by costed and sequenced infrastructure plans that align infrastructure investment with where and when growth is expected to occur. States, territories and local governments should regularly review and update their planning instruments to enable the highest and best use of land, informed by housing demand, accessibility, infrastructure, feasibility, hazards and community needs. Strategic planning should be used to update instruments to enable missing-middle housing more broadly across suitable residential areas, with greater density in locations able to accommodate more growth. Development consistent with these planned outcomes should receive a streamlined approval pathway.
2.2 Allow mid-rise or high-rise apartments in high-demand areas	Support, if based on upfront strategic planning	Support greater density in high-demand, well-connected areas. "Readily expandable" infrastructure should not be assumed. Strategic planning should establish the infrastructure, servicing, feasibility and public-realm improvements required to accommodate growth. The reform should also recognise locations where planned infrastructure can support future density, rather than limiting growth to areas with spare capacity today.
2.3 Reduce or remove minimum lot-size requirements	Support review, not blanket removal	Minimum lot sizes should be reviewed where they unnecessarily constrain housing diversity or feasible development. In many jurisdictions, the principal barrier to reform is political willingness to change established controls and accept different forms of housing. Governments should lead this reform while considering how lot size interacts with built form, trees, private open space, stormwater, servicing, access and subdivision requirements. Changes to lot size in isolation can create theoretical capacity without enabling viable or well-designed housing.
2.4 Allow residential development in commercial zones unless there is a clear rationale for excluding it	Support review, not blanket approach	Mixed-use development can increase housing supply in accessible locations and strengthen centres. Decisions to introduce residential uses should also consider the long-term need for employment, industrial, logistics, entertainment, digital infrastructure and essential service functions that can be difficult to relocate once displaced or constrained by sensitive uses. The growth of data centres illustrates this issue. Some facilities need proximity to customers and established urban infrastructure, while their 24-hour operations, infrastructure requirements and potential amenity impacts can conflict with residential uses. Strategic planning should identify where housing and employment uses can successfully coexist and where land should be retained for activities that are important to the functioning and future needs of cities.

2.5 Review, reduce and remove land-use controls that reduce commercial feasibility and do not adhere to best-practice principles	Support review, with qualification that fifth principle is added	PIA supports regular, evidence-based review of land-use controls. Reviews should consider both individual controls and their cumulative effect. In addition to commercial feasibility of development, reviews should also assess the public benefits the controls provide, including safety, resilience, amenity, environmental protection and infrastructure efficiency. Controls that impose costs without a proportionate public benefit should be reformed or removed. Commercial feasibility should therefore form part of a broader assessment of whether controls remain necessary, effective and proportionate.
2.6 Relax or remove built-form controls that limit flexibility and household choice	Support review, not blanket removal	Built-form controls should be clear, contemporary and no more restrictive than required to achieve their purpose. Some controls address impacts that markets do not adequately manage, including privacy, overshadowing, heat, accessibility, waste, servicing and the long-term amenity of future occupants. The final report should recommend an evidence-based framework for distinguishing necessary minimum standards from outdated or duplicative controls.

Approval reform

Reform direction	PIA position	PIA response and proposed change
3.1 Consider infrastructure requirements and development trade-offs early through strategic planning	Strongly support and elevate	This should be a central reform direction and provide the organising framework for reforms to land use, approvals and infrastructure. Governments should invest in the upfront work needed to make informed decisions about where and how growth occurs, including technical studies, infrastructure planning, feasibility analysis, community engagement and planning scheme amendments. Strategic planning should resolve as many issues as possible at the area-wide level, including infrastructure, natural hazards and cumulative risk, biodiversity, employment needs, transport, services and community infrastructure. This creates clearer development pathways and reduces the matters that need to be reconsidered at individual application stage.
3.2 Expand fast-track pathways for simple developments	Support simpler, risk-based assessment, not additional fast-track pathways	PIA supports simple and low-risk development proceeding quickly. Where development is consistent with strategic planning and presents little or no material risk, it should be exempt from assessment, self-assessed or subject to a streamlined code-based process, as appropriate. More complex proposals should receive a level of assessment proportionate to their risks and impacts. Clear strategic plans and contemporary codes, supported by qualified professionals and proportionate auditing, can enable more development to use these simpler pathways. The objective should be a planning system where assessment effort increases with the risk and complexity of a proposal, rather than adding separate fast-track processes that create another layer of complexity.
3.3 Use state-significant pathways where there is a clear need for state-led assessment	Support with safeguards	State-led pathways can improve coordination for genuinely complex or strategically important developments. Entry criteria should be clear, transparent and consistently applied. Decisions should be informed by regional and local strategic plans, even where the assessment authority is not strictly bound by local controls. Decisions should be made under delegation by appropriately qualified and experienced professionals, or on their recommendation where legislation specifies another decision-maker (such as a Minister). Clear reasons,

		transparent reporting and appropriate review mechanisms should support accountability. State-significant pathways should complement sound strategic planning rather than substitute for unresolved decisions about where and how growth should occur.
3.4 Improve referral coordination, technology use and reporting	Strongly support	This is a key reform direction. Coordination bodies should have authority to resolve conflicting agency requirements and hold agencies and utilities to agreed timeframes. Digital systems should track applications, referrals, conditions and post-approval stages. AI should assist applicants and qualified decision-makers, with transparency, human oversight and accountability. Reporting should cover the end-to-end housing pipeline rather than council assessment times alone.

Infrastructure and developer contributions

Reform direction	PIA position	PIA response and proposed change
4.1 Coordinate strategic infrastructure planning with housing objectives	Strongly support	Infrastructure plans should be prepared with land-use plans and identify project timing, funding, responsibilities and dependencies. The reform should cover transport, water, sewer, energy, schools, health, open space and community infrastructure. The Commonwealth should support consistent regional infrastructure planning through funding agreements and national data.
4.2 Improve infrastructure sequencing with housing development	Strongly support	Rezoning and infrastructure delivery should be deliberately sequenced. Governments should identify when infrastructure must be provided, which development thresholds trigger upgrades, who carries delivery risk and how first-mover barriers will be addressed. Accountability frameworks should include utilities and infrastructure providers, not only planning authorities.
4.3 Ensure developer contributions reflect the cost of providing infrastructure	Not supported. Recommended to be replaced	Replace with: “Ensure infrastructure costs are fairly and efficiently allocated according to demand and benefit.” Infrastructure contributions should be fair, transparent and proportionate to the additional demand created by development and who benefits from the infrastructure provided. A blanket approach can misallocate costs: excessive charges can make otherwise feasible housing unviable, while insufficient contributions can leave governments and existing communities to fund infrastructure required to support new development. Infill will often have lower infrastructure costs than greenfield development, but increased density can still require network upgrades, open space, community facilities and public realm improvements. Wider community benefits and existing infrastructure deficits should be funded more broadly rather than loaded onto new housing.
4.4 Improve developer-contribution frameworks	Strongly support	Upfront estimates, online tools, consistent administration, staged payments and transparent reporting would improve certainty. Later or staged payment can support feasibility, but governments still require upfront finance to deliver enabling infrastructure. The Commonwealth should provide low-cost finance, guarantees or forward funding to bridge this timing gap.

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