

# **Submission to the Productivity Commission’s Report on Housing Supply Regulation**

Richard Curtain, public policy consultant

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## Introduction

This submission has been prepared by public policy consultant Dr Richard Curtain.<sup>1</sup> I live in Brighton where I have become aware of the State Government's Train and Tram Zone Activity Centres Program and its impact on Brighton. I have taken part in the Program's consultation process, read the responses of the Bayside City Council (BCC), attended an online briefing organised by BCC and taken note of their concerns. I have benefited from discussions with the organisers of [Liveable Victoria](#), an alliance of 53 community organisations and individuals. Liveable Victoria is an advocacy group seeking to retain the liveability of Victoria's cities, towns and non-urban areas as the pressure for more housing and infrastructure grows. I endorse their vision of 'A Victoria where planning includes communities - it is not imposed on them'.

I made the effort to prepare this submission after I had read the Grattan Institute report *More homes, better cities: Letting more people live where they want* by B. Coates, J. Moloney, & M. Bowes, 2025. I was struck by the reliance on limited data-driven evidence, narrow analysis and unacknowledged bias in the report. I found this same narrow analytical and data-driven empirical framework used in Interim Report Housing Supply Regulation of the Productivity Commission.

## Main conclusions of the PC's interim report

The Commission's diagnosis in the interim report is that Australia is not building enough homes 'where people want to live', and that regulation is a key lever governments can pull to fix this. It sets out four best-practice principles: adopt a "build" mindset, only regulate when necessary, coordinate with infrastructure, and keep processes simple.

Its priority findings and reform directions are:

- Land-use controls matter the most. Relaxing zoning restrictions are seen as the key to increasing supply. These proposed changes include allowing 3-storey development on most residential land and permitting mid/high-rise residential buildings in high-demand areas. Other proposed changes are to regulate smaller minimum lot sizes, allow more mixed-use zoning, and require fewer restrictive built-form rules (parking minimums, floor-space ratios, blanket heritage overlays).
- Infrastructure coordination is the main constraint in developing greenfield areas. Land release alone is not enough to create housing if sewerage, roads, and utilities do not accompany the new houses. The report recommends aligning infrastructure plans with housing targets and reforming developer contribution charges to be cost-reflective, predictable, and staged.
- The interim report finds that approval processes are slow and inconsistent. This is said to be partly due to conflicting agency requirements and subjective criteria. It recommends more fast-track and state-significant pathways, coordination bodies with dispute-resolution power, and better use of technology. In words not stated, the report endorses top-down state-driven planning with little scope to allow these plans to be varied by local government. Challenges by residents based on the effects on the existing physical or existing built environment or infrastructure are not allowed.

The Victorian Government's Activity Centres Program is discussed in the report (Box 2.5) in a highly favourable way, citing the Coates et al. Grattan report and a 2026 publication of YIMBY

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<sup>1</sup> Dr Richard Curtain's publications include: *Good public policy making: How Australia fares* (2001) and *What Role for Citizens in Developing and Implementing Public Policy?* (2003). His list of publications can be found [here](#).

Melbourne. There is no reference to any of the criticisms that have been made of this top-down, ministerial diktat, ‘deemed to comply’, approach. There is no reference to criticisms of planners and architects. They emphasise that stripping back apartment design standards, removing minimum sizes, solar access and heritage protections risks locking in poor-quality, small, dark housing stock for decades to produce a quick, template-driven response.

Councils and communities are being sidelined in favour of consultation with developers. The note at the start of Chapter 3 states that ‘anyone who is applying to build new housing is a ‘developer’. This definition means that there is no separate analysis of individual applicants or not-for-profit operators in contrast to large-scale private investors. This creates an obvious bias in favour of the latter. It conveniently bypasses major developers as a distinctive group who have the resources to pursue their short-term and narrow profit seeking goals at the expense of well-designed affordable housing.

### **Criticisms of the Victorian approach from a responsive local government**

The Bayside City Council (BCC) is located southeast Melbourne, along Port Phillip Bay. The Council area has more than 107,500 residents, a number that has been steadily increasing for over a decade. BCC accepts the need for more housing and has exceeded its allocated housing target. However, it has made public its objections to Victorian Government’s centrally imposed, rapid rezoning. The BCC has stated at length in several submissions to the State Government its rejection to their approach. The most recent document is *BCC Response to Notice of Motion 347: State Government Planning Reforms*. August 2026.

The Council response to the government’s claim that Victoria is in a housing crisis and changes are needed is it is a tick box exercise with a one-size-fits-all approach.

*[Planning] should consider the character of localities and what draws people to live there. Each community in Victoria is unique with its own set of challenges and needs. The application of a blunt instrument, without the appropriate mechanisms or controls to achieve proper and orderly planning, will be to the detriment of our existing and future communities.*

BCC has repeatedly said it has been blindsided by state government planning announcements. On the expansion of the Activity Centres Program, BCC was disappointed with the lack of consultation with Council and the community. The council wants an engagement that is genuine and respectful, based on being provided with sufficient detail and time to respond to proposed changes. BCC in June 2026 launched legal proceedings in the Supreme Court of Victoria to gain access to documents relating to the Victorian Government’s Train and Tram Zone Activity Centres Program. The State Government has cited the housing crisis as justification for bypassing normal public exhibition and notice requirements when making planning scheme amendments. BCC wants to know how those decisions were made, including how particular areas, such as Bayside, have been selected. BCC initially sought this information through letters and Freedom of Information requests but these were refused.

BCC has estimated that the Activity Centre Program and the Suburban Rail Loop precinct area could change planning controls for more than 47 per cent of the Bayside Council area. This is a scale that BCC contends has been imposed with very little detail provided up front.

BCC further claims that it already has a well-established strategic planning framework, developed through extensive community engagement and independent planning panels. The planning framework channels housing growth into activity centres while preserving neighbourhood character. It sees the state’s rapid, top-down approach as bypassing that locally developed and consulted-on framework rather than building on it.

Specific concerns raised include:

- Excessive height limits, increased traffic congestion, and a squeeze on open space and community infrastructure
- Weakening of Heritage Overlay protections, since some heritage places sit within the new activity centre and Suburban Rail Loop catchments and may be rezoned for more intense development
- Loss of employment land, with Council saying growth in housing needs to be balanced against retaining and growing local employment opportunities
- Environmental risks, including canopy tree removal and development on contaminated or flood-prone land

On the state's broader ResCode changes bundled with the activity centre reforms, BCC has warned that developments in Bayside could become generically designed. They would be built closer to the street and take up more space on a site and entail a loss of tree cover.

Underlying most of these complaints is a concern that state-driven "deemed to comply" and fast-track mechanisms (such as the VC267 amendment introducing the Townhouse and Low-rise Code and 4-storey Apartment Standards) shifts decision-making away from the Council's own discretionary assessment and community objection processes. This reduces the checks Council believes are needed to secure "high-quality outcomes that maintain the liveability" of the area.

### **Expert criticism of the narrow focus of the Interim Report**

Economic geographer Dr Robert Sobyra is a leading commentator on housing economics, supply dynamics, and construction productivity. He has shown in his 23 August 2026 article on LinkedIn '[Can upzoning fix the housing crisis?](#)' that the Interim Report needs to consider, among other issues, that an upzoning of a residential area will only have a temporary effect.

*Upzoning may accelerate that adjustment by restoring feasibility more quickly. But it is a card that can only be played once, and it carries permanent consequences for the form and character of our built environment. That raises a much deeper issue than the PC (or any economist) is qualified to address.*

*Technocrats can help answer whether upzoning could help to restore housing production, and how large that effect is likely to be. And the PC should do its level best to provide rigorous answers here. **But the ultimate question is political: is the benefit of a quicker market adjustment worth the permanent change it would make to the physical form of our cities?** (emphasis added).*

### **Criticism of evidence-based policy analysis**

The Interim Report is an exercise in narrow data-based policy analysis and as such, it suffers from the limitations of this approach. Where the evidence is reliant only on data-driven analysis, key elements from the policy prescriptions are missing. These elements include: the complexity of the different contexts in which the policy is to be applied and the failure to consider political values and interests involved by those making the policy. The narrow focus on policy based on abstracted data analysis fails to acknowledge the way in which policy outcomes are often the result of negotiation between groups and individuals at community level. Data-based policymaking has become a top-down, technocratic mode which is used by central governments to override professional judgement and inclusive public deliberation. Instead, sole reliance is placed on measurable inputs produced by those defined by governments as 'experts' (Cairney

2022).

Recent academic analysis has highlighted how measurement, quantification, and data selection by government may be part of “governing by knowing” and a source of declining trust in the information provided (Boswell, 2018). This problem of the silent politics of evidence cultures, noted by Holger Straßheim (2024), is explained in this quote:

*Through active codification and categorisation, (social) phenomena can become reality. In the same vein, deciding not to measure social phenomena creates reality by exclusion and prioritisation. In this perspective, statistics can hence become inherently political (Umbach, 2020, p 1052).<sup>2</sup>*

### Using data-based policy analysis to promote single solution advocacy

The Grattan Institute’s report *Homes More homes, better cities: Letting more people live where they want* (May 2025) is presented as analysis provided by experts but in fact it is written by leading advocates for YIMBY Melbourne.

The Institute makes frequent reference to its independence ‘...taking the side of the public interest rather than interest groups’. On the governance webpage, it states the following:

*Our staff are required to disclose, and to have approval, to undertake any paid or unpaid external activities to maintain our independence and ensure transparency. This information is published on our website to maintain transparency with our stakeholders and the broader community. Disclosure includes approved current, and recent past, external activities of current Grattan staff.*

However, this independence is totally lacking in the Grattan report *Homes More homes, better cities*. The report fails to acknowledge that YIMBY Melbourne affiliations of the lead author and two contributors to the report. The lead author of the report was at the time of the report a member of the board of directors of YIMBY Melbourne. Two contributors to the report are YIMBY Melbourne’s Lead Organiser and Deputy Lead Organiser. Their YIMBY Melbourne connections are not mentioned in the Grattan Report. A YIMBY Committee member is thanked in the report for his input. But his connection to YIMBY Melbourne is also not mentioned. The report includes thirteen references to YIMBY advocacy documents to substantiate its arguments.

Another feature of the Grattan report that is not good practice is its lack of acknowledgement of criticisms made of the report and the corrections made in response. These criticisms were made by former OECD economist Cathal Leslie, now with Prosper Australia, and Tim Williams, the Cities Practice Lead for the international firm Grimshaw Architects. Cathal Leslie wrote a blog [posted](#) on LinkedIn.com with the title ‘*More people, More expensive cities: A closer look at the population trends underpinning Grattan's housing report*’.<sup>3</sup> He made important criticisms of the More Homes, Better Cities report. These included its incorrect use of data which falsely gave a low ranking to Australia’s housing market compared to other countries. The data in the report which Leslie criticised have been corrected in the current version of the report available on the website. However, these changes have not been acknowledged by the authors in the

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<sup>2</sup> References are: **Paul Cairney**, 2022, ‘The myth of ‘evidence-based policymaking’ in a decentred state’, *Public Policy and Administration*, Vol. 37(1) 46 –66. **Holger Straßheim**, 2024, ‘A world of evidence: the global spread and silent politics of evidence cultures’, *Policy and Society*, 2024, 43(4), 414–431. **Christina Boswell**, 2018, *Manufacturing political trust: targets and performance measurement in public policy*. Cambridge University Press. **Gaby Umbach**, 2020, ‘Of numbers, narratives and challenges: Data as evidence in 21<sup>st</sup> century policy-making’, *Statistical Journal of the IAOS* 36 (2020) 1043–1055 1043.

<sup>3</sup> <https://www.linkedin.com/pulse/more-people-expensive-cities-closer-look-population-trends-leslie-yty3e/>

report with a revised date for the corrected version.

Nor have Leslie's criticisms received a response in the unacknowledged revised version of the report. One major criticism he made was that the Coates et al. analysis did not consider the high rate of population Australia has had, 43 per cent over 23 years, which is much higher than most other countries in Fig 1.6. This, he notes, helps to explain in large part why housing growth has not kept pace the population growth. The sustained growth in migration-led demand for housing in Australia made it difficult for housing supply to keep up in response to higher prices.

Leslie also notes the small impact on housing prices and rents of the changes to planning rules the report proposes. This impact is estimated to be a 12 per cent reduction in house prices and rents over a decade. Leslie believes that this change is insufficient by itself to make any real difference. He suggests that a broader suite of housing policy reforms is needed. He lists these as: 'changes to Australia's migration intake, alongside planning, productivity, retirement income, and taxation'.

Cathal Leslie in an article in the AFR (14 October 2025) entitled 'Why planning reform alone can't solve the housing crisis'. He states that:

*Some argue the solution is simply to build more homes. But if that's the only lever we pull, it risks being both wasteful and short-sighted. ...Yet instead of confronting these deeper structural forces - ageing, inequality, and the policies that bind them - Australia has become fixated on planning reform, as though rezoning alone could solve this crisis.*

The Practice Lead for Grimshaw Architects, Tim Williams, commented in a blog on LinkedIn: 'I am shocked at the shonky data being used as a justification for our housing 'debate' by those who think Australian housing productivity is poor'.<sup>4</sup>

*...the delivery challenges [Australia] is experiencing at the moment are operative globally and historically and comparatively it has certainly not been at the bottom of the international league table as some who should know better have been saying.*

### **Narrow focus of the Grattan report makes it an advocacy tool**

The Grattan report by addressing only one option sidesteps the broader challenge of considering other factors. The report states that Grattan reports elsewhere deal with other issues related to housing supply. However, the report in its summing up does not attempt to refer to the other policies. The Grattan report's narrow focus on one issue turns it into an advocacy tool, which was used to support a party-political campaign. The Grattan report was released on 5 November 2025. This was only days after the Victorian government on 28 October 2025 made public its draft legislation to implement what in large part what the Grattan report recommends.

The Grattan Institute does not have a facility on its website for readers to make comments on its reports or summaries of its research. Nor does refer in its reports to feedback from peer reviewers. Its narrow reliance on desktop research means the complexity of the policies involved are often overlooked by its analysts in favour of employing a narrow data-driven approach.

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<sup>4</sup> [https://www.linkedin.com/posts/tim-williams-a6220253\\_cathal-leslie-has-done-some-good-research-share-7394995990685995008-Rje4/](https://www.linkedin.com/posts/tim-williams-a6220253_cathal-leslie-has-done-some-good-research-share-7394995990685995008-Rje4/)

### **Key concept based on false premise**

The key concept of the Grattan report is 'Letting more people live where they want'. It is a concept often quoted approvingly by the Interim Report. However, it is based on a false premise. The underpinning claim is that individuals should have an unrestricted right to live wherever they want. It is reasonable to propose that citizens have the right to adequate housing. But this claim does not include a right for individuals to have their preference met for housing in a specific location. Citizens may have a right to a job but not to their preferred job. In both instances, individuals access to a preferred location, or occupation depends above all on their capacity. In the case of a preferred occupation, it depends on the individual's human capital and demonstrated skills set. In the case of preferred housing location, it requires that the buyer has the financial capital and opportunity.

The concept of letting people live where they want, when stated without a qualification, is little more than a political advocacy slogan. The Interim Report needs to state that an individual preference for location is not the basis for making policy changes. Government policy to enforce regulatory changes that override local government infringes the rights of the wider community in which householders already live and work. A partisan electorally driven set of proposed changes to the housing density of existing communities is likely to result in a massive political reaction. The Interim Report needs to acknowledge the danger that a large-scale loss of trust in government is possible. This will result from the failure to respect the collective rights of communities at large. The emerging evidence for this is discussed in the next section.

### **Survey evidence on the declining level of trust in Government in Australia**

The 2025 Mapping Social Cohesion Survey, based on a nationally representative survey of more than 8,000 Australian adults, found that the belief that the 'Government can be trusted to do the right thing by the Australian people' rose sharply during the COVID-19 pandemic, with a peak of 56 per cent of adults in 2020 saying the government could be trusted 'almost always' or 'most of the time' (as opposed to 'only some of the time' or 'almost never'). Since then, however, trust declined steadily, reaching just one-in-three (33 per cent) people in 2024 (Mapping Social Cohesion 2025, p 17).

Overall, 40 per cent of adults say 'the system of government we have in Australia' needs 'major changes' or 'should be replaced' (59 per cent say 'it works fine as it is' or 'needs minor change'). Likewise, 29 per cent believe that 'government leaders in Australia abuse their power' all or most of the time (Mapping Social Cohesion 2025, p 18).

The interim report's proposed best practice principles fail to take notice of the growing political fragmentation in Australia. There is no recognition of the effect on levels of citizen trust that top-down imposition of new, highly standardised planning rules applied across the state is having. This lack of trust in the state government is demonstrated by the Bayside City Council which has in August 2026 [launched legal proceedings](#) in the Supreme Court of Victoria. The Council is seeking 'vital Activity Centres Program information' to understand and challenge the basis for the planning decisions taken.

### **The missing key stakeholder in the Interim Report**

Reference to the community and its representative agency local government is virtually absent from the Report. This is shown in the statement about which bodies were consulted:

*In undertaking this inquiry, the PC has benefited from engagement with individuals, industry, peak bodies, consultants and researchers, and with officials from Australian, state and territory government departments and from regulatory agencies.*

There is no reference to engagement with any local government or relevant community groups in the above list of persons and agencies in the above list. The only relevant participant in the consultations is the Australian Local Government Association (ALGA) (Table A.2). Local governments or community groups were also not invited to take part in a Roundtable (Table A.3). Despite submissions of five local government associations, only one is referenced in the report and this was only once. The report refers to local governments and councils are often only in negative way. No case studies of innovative approaches of local governments have been undertaken or are planned. However, developers are to be surveyed to provide the evidence the PC is seeking.

### **Importance of community needs to be recognised in any economic assessment**

Raghuram Rajan, is a Professor of Finance at the University of Chicago, a former Governor of the Reserve Bank of India, and IMF Chief Economist. He is the author of widely acclaimed *The Third Pillar: How Markets and the State leave the Community behind* (2020). The starting point for his analysis is that all economics is actually socioeconomics - all markets are embedded in a web of human relations, values and norms. Rajan argues that markets and the state have developed to become powerful over time but have weakened communities as a result, limiting the latter's role as a counterbalancing force. He contends that society suffers when any of these three pillars is weaker or stronger than the others. He concludes that if too much power is given to market forces, society becomes inequitable. If the community is too strong, society becomes static; if the state is too powerful, society becomes authoritarian. He argues that a balance between these three pillars of society is essential.

Leading US economist, Daron Acemoglu, in his just published book *What Happened to Liberal Democracy? Remaking a Politics of Shared Prosperity* (2026) has also highlighted the importance of community, alongside the market and government. Daron is critical of top-down social engineering and in favour of bottom-up community based on self-government, experimentation and the sharing of information. He notes that 'community cultivates self-government, enabling people to make decisions about their lives and activating group-level experimentation, which is vital for social adaptation'.

*Experimentation is powered by variation. If all communities had the same values, true experimentation would not materialise. Differences across communities, realised by freedom of expression and choice, can produce an environment in which community-level experimentation can flourish. Intense social engineering would, in contrast, extinguish the potential for such experimentation and the building of collective social knowledge (p 257).*

Bowles and Carlin, in the 2026 Annual Review of Economics, have published a major article on the importance of including civil society explicitly in addressing critical issues of policy design and overcoming societal coordination problems. It is entitled: '*The Governance Triangle: Economic Interactions in Civil Society, the State, and the Market*'.

*We introduce the third form of governance, civil society, to better account for the limited capacity of combinations of state fiat and private contract to implement solutions under plausible assumptions concerning both information conditions and the existence of social preferences. Just as for state and market, the pure type of civil society governance can be characterized by how economic actors interact and how outcomes are implemented. In civil society, actors are motivated by preferences in addition to self-interest that include fair-mindedness, reciprocity, altruism, control aversion, sustainability, dignity, and identity, including us-versus-them distinctions. The outcomes are implemented through social norms, reputation, and*

*the exercise of power by private actors in the setting of incomplete contracts or in the absence of contracts (p 56).*

The authors cite Nobel Prize winner for Economics, Eleanor Ostrom's statement about the key role small communities can play in organising beneficial collection action.

*The capacity of small communities to create new rules of the game to avert the tragedy of the commons and other coordination failures challenges "the presumption that individuals cannot organize themselves and always need to be organized by external authorities" (Ostrom 1990, p. 25).*

Bowles and Carlin explain in some detail (pp 68-74) how civil society has the potential, given the right conditions, to address coordination problems more successfully than states and markets can do. They conclude that:

*Civil society governance is likely to have comparative institutional advantage in addressing market failure and other coordination problems where conflicts of interest are modest and a lack of information available to the relevant actors hinders the effectiveness of the mechanisms-fiat and contract-designed to leverage some combination of state and market solutions (p 74).*

### **The importance of community bonds for social cohesion in Australia**

The 2025 Mapping Social Cohesion Survey found that around two thirds (64 per cent) of adults in 2025 agreed their neighbourhood has a strong sense of community, while just over 57 per cent said they have a say on issues that matter to them locally. Both proportions are down from earlier peaks but have been steady over the last year (Mapping Social Cohesion 2025, p 28).

In terms of active community participation, more than half of those surveyed (55 per cent) reported being involved in some form of a community, social, religious, civic and/or political group in 2025. One-in-six (17 per cent) adults were involved in a civic or political group such as a trade union, political party, environmental and civil rights groups, consumer organisations and tenants' associations, largely the same share since 2022 (Mapping Social Cohesion 2025, p 29).

Respondents who perceived strong cohesion in their neighbourhoods and those who participated in social, community and civic groups are much more likely to have a great sense of belonging in Australia. They were more likely to believe that most people can be trusted, to be happy and to agree that accepting immigrants from many different countries makes Australia stronger (Mapping Social Cohesion 2025, p 30).

The Mapping Social Cohesion survey found that people were more likely to remain or become happy between 2024 and 2025 if they lived in neighbourhoods that they perceived as being cohesive. Controlling for a range of demographic and socioeconomic characteristics, 54 per cent of people who were unhappy in 2024 became happy in 2025 if they lived in cohesive neighbourhoods, compared with 37 per cent of people in less cohesive neighbourhoods (Mapping Social Cohesion 2025, p 30).

Multivariate analysis suggests that local and community bonds support overall social cohesion. In other words, local and community bonds help people to attain and maintain the sort of personal and social wellbeing. In turn, this personal and social wellbeing supports social cohesion across Australia and protects against difficult and challenging times (Mapping Social Cohesion 2025, p 31).

## **Lack of focus on community and the importance of social cohesion in the Interim Report**

In the Interim Report, there are many references to such abstract concepts as net benefit to the Australian community at large but there is no mention of engaging local communities. The report makes one short and highly abstract reference to community identity, almost as an afterthought. Under the heading Housing regulation should not only consider economic benefits, but also social benefits ...one sentence is devoted to ‘cultural factors’ in the society at large in these words

*Planning regulations should also recognise that social benefits may come in the form of protecting culturally significant places or land. For example, heritage protections are grounded in protecting history and community identity for the benefit of current and future generations (Heritage Council Victoria 2023).*

The Charter 29 Report *Victoria's Planning System 2025: Reforming the Reforms* (July 2025) devotes a chapter to supporting community cohesion and consent. This issue was not addressed in any way in the Interim Report.

## **Problems with a narrow focus on land zoning and housing approvals**

A significant background influence on the single focus of the Interim Report is the Klein and Thompson book *Abundance: What Progress Takes* (2025). This book argues that government rules and regulations designed to solve the problems of the 1970s in the US often prevented urban-density and green-energy projects. In a New York Times podcast one year after the publication of the book, they acknowledge that when it comes to housing, ‘you do have to understand that there is this Russian nesting doll of problems’. These are broadly described as ‘fifty years of rules, 20 years of macroeconomic crises, and then five years of macroeconomic and financing crises’.

One major criticism of the book’s analysis is its neglect of financing which one of the authors now acknowledges: ‘I do think that it is fair to argue that our book missed that very important ingredient’:

*... about the fact that if you want to build this level of housing, you need to be obsessed with the question of: How do we actually finance that construction? How especially do we make loans to developers, at a time of high interest rates, possible for them to keep up with the level of housing construction that you want?*

This same neglect of the finance constraint affecting housing supply also applies to the Grattan report. Economists have argued the report's supply-side explanation is too narrow by attributing Australia's housing crisis exclusively to planning restrictions. The report, as a result, does not even discuss the negative roles of low credit expansion, investor tax incentives, and falling interest rates in driving up prices. Planning processes are visible and easy to blame, while the disincentives of a lack of finance remain hidden.

Cameron Murray and Tim Helm in their Blog *Fresh Economic Thinking* (Aug 27, 2023) have criticised the narrow focus on the upzoning as the only factor used to explain the increase in housing stock in Auckland. They note that the data show that the stock of homes did increase quickly during the building boom. But the attribution of this to upzoning rather than to ordinary construction cycles is what they contest. They note that while zoning effectively regulates locations and housing types, it is market forces that regulate the overall rate of new dwelling construction.

*We don't know how many extra dwellings the AUP [Auckland Unitary Plan] is responsible for. We don't think anyone else does either. But the story that upzoning produced a huge building boom is becoming an urban myth.*

### **The severe limitations of a top-down, bureaucratic solution**

Brian Levy, an experienced development economist, has made a major criticism of the Abundance analysis, which also applies to the Grattan report and the Interim Report. Levy focuses on the implementation challenge.<sup>5</sup> He defines the challenge in this way:

*For many of today's hardest problems, the challenge is not simply to plan and then act. It is to get multiple actors to work together in settings where goals overlap but do not fully align. Practitioners who have spent decades working around the world on the challenge of integrating governance reform and practical strategies for improving peoples' lives have learned the hard way that "just do it" top-down approaches can all-too-often be a recipe for hubris, disappointment, and subsequent cynicism.*

The range of causes limiting housing supply in Australia need to be addressed. Two broad options are available in relation to the planning issues. As Levy points out, one approach is to apply a top-down, across-the-board solution to design centrally a plan that is imposed by legislation and administrative fiat to remove the power of local government to object to any aspect of these plans. As already noted for Victoria, the whole process has been carried out without the prior input by local government and other stakeholders to the design of the plans. The limited consultations with councils and citizens have been undertaken after the plans were made public and so were on an information only basis. This minimal form of consultation meant there was no scope for those consulted to make any significant changes.

### **Bottom-up, local, problem-focused approach**

The alternative approach advocated by Levy is a bottom-up one. This is best applied where the local context and roles of different interests are complex and messy. This problem-focused approach revolves around getting many stakeholders such as different levels of government, and nongovernmental organizations to work together, with appropriate facilitation, to co-operate around a shared purpose. This is despite stakeholders having overlapping but not identical goals. However, what is needed is sufficient common ground so that the arrangement holds together politically as well as operationally. The aim is to build problem-focused coalitions that can work out an acceptable result, can adapt to the unexpected, and sustain momentum over time.

This approach has been widely used in complex settings in developing countries, under the name of its manifesto called [Doing Development Differently](#). The manifesto states that the following key elements are involved. The focus is on solving local problems that are debated, defined and refined by local people in an ongoing process. The process is legitimised at all levels (political, managerial and social) by building ownership and momentum throughout the process so that it is 'locally owned' in reality (not just on paper). The process involves working through local conveners who mobilise all those with a stake in progress (in both formal and informal coalitions and teams) to tackle common problems and introduce relevant change.

This method of working is to blend design and implementation through rapid cycles of planning, action, reflection and revision (drawing on local knowledge, feedback and energy) to foster learning from both success and failure. The risks are managed by making 'small bets':

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<sup>5</sup> Brian Levy, 2026, [Abundance: The Implementation Challenge](#). 30 April.

pursuing activities with promise and dropping others. The aim is to produce real results based on real solutions to real problems that have real impact: the process builds trust, empowers people and promotes sustainability. Levy sums up this approach in these words:

*Rather than assuming that space for reform is determined primarily through electoral outcomes, it works to expand that space through problem-level coalition-building. Some stakeholders are natural allies; others are potential spoilers, seeking to capture or undermine reform efforts. Building problem-level coalitions that are strong enough to advance shared goals-and resilient enough to withstand predation-is a core task.*

This approach requires that citizen stakeholders put aside their adversarial rejection of the other parties they need to deal with. For government officials, it involves moving from a purely legalistic perspective toward a more deliberative mode of interaction. The approach is applicable wherever the issues are complex and the citizens are skeptical of imposed directives from the centre.

### **What the Interim report does not say about the Auckland's housing reforms**

A major limitation of a data-driven analysis is the fact that the wider context is neglected. This is particularly the case in the discussion of the Auckland housing reforms called the Auckland Unitary Plan upzoning. The Planning Institute of Australia's Nicole Bennetts has [noted](#) in an article, dated 9 June 2024 the false assumption that Auckland was a case of blanket upzoning. She concludes:

*The Auckland story was never simply about allowing more density. It was about using strategic planning to determine where substantial growth could strengthen the city, support productivity, improve accessibility and make better use of existing infrastructure.*

She also noted that 'when growth is disconnected from infrastructure, accessibility or the broader structure of the city, political support becomes fragile and reform itself becomes much harder to sustain'. The evidence for this in New Zealand is presented below.

Two obvious questions are: (1) have the 2016 zoning changes in Auckland remained in place? What has been the follow-on effect of Auckland initial changes for national housing policy. A web search with the help of AI shows several changes, which have been summarised by a YIMBY advocate in March 2026 as 'a long, tortuous path' described as 'two steps forward and one step back'.<sup>6</sup>

In 2021, the national government introduced Medium Density Residential Standards (MDRS) with bipartisan support. This policy allowed property owners to build up to three homes of up to three storeys on a standard residential site, as of right, no resource consent needed, subject to various standards. But in 2023, Auckland suffered devastating floods. This meant that across the board housing density intensification would have dramatically affected the areas that were flooded or were at high risk. The floods cost Auckland ratepayers \$1.5 billion, and a significant part of that was buying out houses in those areas.<sup>7</sup>

The national government gave the Council the authority to prepare its own plan which has markedly reduced the widespread housing intensification previously proposed across Auckland.

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<sup>6</sup> Marko Garlick, 2026, '[The "Great Upzoning" of New Zealand's cities, in two charts Taking stock of 15 years of remarkable progress](#)', *Yes in Our Backyard*, 21 May.

<sup>7</sup> Russell Brown, 2026, '[PC gone mad? Everything you need to know about Auckland Council's controversial housing plan](#)', *The Spinoff*, 10 September

Now 85 per cent of Auckland's urban area will remain unchanged compared with the zoning rules in the 2016 Auckland Unitary Plan. However, due to feasibility constraints, Council modelling indicates that only about 140,000 homes could be built across Auckland over the next 10 years. This projected number of residences is far below the 1.5 to 1.7 million homes the planning rules have capacity for.<sup>8</sup>

There was an initial bipartisan agreement on a 2020 across-the-board policy, following the Auckland Unitary Plan's approach. This policy mandated for New Zealand's biggest ("tier 1") urban councils of Auckland, Hamilton, Tauranga, Wellington and Christchurch a six-storey zoning around transit, city centres, and commercial hubs, and abolished minimum carparking requirements. However, the bipartisan support did not hold in the lead up to a national election. The new National-led coalition repealed the Labour Government's planning reforms and introduced Fast-track Approvals Act in 2024. The new government also launched its own Going for Housing Growth programme and initiated a process to allow councils to opt out of the (MDRS).

Resource Management (Consenting and Other System Changes) Amendment Act (effective from August 2025) allows the Auckland Council and Christchurch City Council to opt out of the 2021 Medium Density Residential Standards. It replaces this set of requirements with bespoke, individually negotiated arrangements. Other tier 1 councils must still deliver housing intensification along strategic transport corridors and directly offset any housing capacity lost elsewhere. Tier 1 and 2 councils must enable a greater mix of uses across their urban environments, with standardised zones no longer requiring minimum floor areas or balconies.

The November 2025 New Zealand Government Policy Statement on Housing and Urban Development emphasises that local government keeps its traditional planning, consenting, and infrastructure roles. However, the new policy tightens central government's ability to mandate outcomes (via housing growth targets, national direction, and legislative requirements) rather than leaving these choices to council discretion. The government frames its relationship with councils as facilitative rather than purely directive. This includes making use of city and regional agreements to strengthen the partnership between central and local government, by, example, providing incentives for councils to enable more housing.

This entire sequence of reversal of previous reforms as too inflexible and the move by the national government to specific negotiated agreements with key councils is direct evidence that one-size-fits-all, centrally imposed rule has generated political and administrative uncertainty and instability. Stuart Donovan. A strong proponent of government mandated changes to housing regulation acknowledges that the collapse of cross-party consensus in New Zealand is evidence of 'the limits to top-down reforms'.<sup>9</sup>

More extreme, top-down reforms by the Labor government in Victoria have been without the support of the State Opposition. This begs the question of why the Victorian Government should introduce major reforms in the lead up to an election after 12 years in Government? One answer is that it is targeted at a specific group for short-term electoral gain. It can be seen as a move in some haste to win support from the Greens and, more generally, from young people for their vote in the forthcoming November 2026 election.

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<sup>8</sup> Russell Brown, 2026, as above

<sup>9</sup> Stuart Donovan, 2025, 'Less Crowded Houses: NZ's Housing Policy Success and Implications for Australia', Centre for Independent Studies Policy Paper 60, p 15.

## **Importance of decentralised decisions due to the importance of local context**

The above discussion of the changes to the Auckland upzoning and the national changes in New Zealand show the importance of both context on shaping upzoning outcomes and the importance of decentralised decision-making.

## **The key role of local government in housing planning decisions**

Submissions by four major local government bodies use housing approval data to show that the local government approval process is not the most important constraint on housing supply. The Municipal Association of Victoria (MAV) recommends that state governments publish matched approvals to completion data annually at the state, local government, and precinct levels. The MAV recommends that any state planning reform with material impacts on councils should be co-designed with the sector. It also recommends that state planning reform be accompanied by a regulatory impact assessment of costs imposed on councils, transition arrangements, and a formal partnership agreement with the peak body. The local government associations' submissions call for recognition of their members as a delivery partner, not as a constraint. The MAV frames and enables local government sector as a genuine partner for housing, whereas developer-led markets and centralised approval authorities are not. Western Australian Local Government Association (WALGA) planning principles position statement calls for decisions to be made 'by the level of government closest to and most impacted'.

## **Criticisms of consultation processes conducted by local government**

What is missing from the local government body submissions is an awareness of the limitations of citizen consultation processes run by local government in planning matters. Research shows that citizen consultation happens too late in the process, leading many of those involved to regard the process as merely procedural, merely fulfilling a requirement of the approval process only.<sup>10</sup> Another criticism of the consultation process is that it is narrowly targeted, excluding non-owners and the wider public.

Third-party objection and appeal rights can produce adversarial rather than deliberative consensus-based outcomes. Formal objection or appeal processes can draw resources away from other participatory planning styles, including consultation undertaken earlier in the process at the strategic planning stage, with more constructive and engaged community consultation. Objection and appeal processes do not give residents an opportunity to work out and present an alternative vision for how a site might be developed. The result is a consultation process that is only reactive and adversarial. The result is often general community disconnection, cynicism, and lack of trust. This was the finding of a 2010 NSW study by the Environment Centre with the Environmental Defender's Office, based on six regional/metro locations with 120 participants.<sup>11</sup>

## **New forms of citizen consultation are needed**

A much more appropriate form of consultation involving housing approvals is the UK's new 'street votes' process.<sup>12</sup> This new consultation method has been successfully signed into UK law under the *Levelling Up and Regeneration Act 2023* but is yet to be implemented which requires other supporting legislation.

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<sup>10</sup> 'Understanding and addressing community opposition to affordable housing development', AHURI Final Report No. 211, Australian Housing and Urban, Research Institute, September 2013.

<sup>11</sup> Reconnecting the community with the planning system, August 2010

<sup>12</sup> The following description of the yet to be implemented 'street votes' process of housing planning approval is based on research assistance provided by Perplexity AI with all citations verified against primary sources.

The street votes participation process is a new, resident-led route to planning permission. Neighbours on a street are asked to work together, usually with an architect or builder, to draft a 'street plan' or a street design code. This process sets the design rules and limits for a redevelopment such as how many extra homes or storeys are allowed, height, plot use, and appearance requirements. If the plan is approved through a vote of residents on the street, the relevant Government Minister then issues a 'street vote development order' which grants automatic, permanent planning permission to every plot on the street to build in line with the plan. This order then does not require a normal council application process (UK Government, Street Vote Development Orders consultation; Levelling-up and Regeneration Act 2023, Part 3).

The key design features of 'Street Votes' process are as follows:<sup>13</sup>

- A 'qualifying group' of residents can trigger a proposal; the consultation proposed a minimum group size of roughly 20 per cent of registered local-election voters on the street, with a street area needing at least 10 residential properties.
- Eligible voters are residents (owners and tenants) registered to vote in local elections at an address on the street. Excluded are absentee landlords. This means tenants rather than landlords get a say.
- No homeowner is forced by the process to develop; each owner decides individually whether to build under the approved rules and can do so at their own pace and cost.
- Non-participating residents still receive the property-value uplift that comes with the new planning permission attached to their land.

The benefits will be an increased housing supply. The Centre for British Progress's modelling estimates street votes could deliver more than 28,000 homes a year in high-demand parts of the UK (roughly 17,800 of those in London alone, assuming a modest 0.17 per cent annual household take-up rate), with some individual streets could experience up to a ten-fold increase in homes on a given plot.

A key benefit is genuine citizen democratic control over local development. Rather than having housing density-imposed, top-down by government through blanket upzoning, street votes would let the people most affected by change decide whether and how it happens.

The think tank Policy Exchange developed the proposal for 'street votes' in their 2021 report [Strong Suburbs](#). The report proposed at least 60 per cent votes in favour, with participation from at least half of households. The aim has been for only genuinely broad-based local consent authorises new development. Advocates frame this as solving the 'veto player' problem in planning by making residents co-authors of change rather than objectors to someone else's plan. This process will allow residents to keep control over design and pace of the development rather than losing that control to a developer or central authority ([Create Streets](#)).

Another expected benefit is better design outcomes because residents themselves write the design code such as floor limits, plot use, appearance rules. These advocating the proposal contend that the development will be higher quality and more sympathetic to the street's character. This contrasts with either ad hoc single-plot planning applications or generic top-down density mandates. The aim of the focus on citizen design control is to convert potential opponents of development into supporters ([streetvotes.org](https://streetvotes.org)).

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<sup>13</sup> See ['The next big lever: street votes'](#), Centre for British Progress.

Comparing Australian housing approval consultations with the yet-to-be implemented ‘street votes’ process in the UK shows two opposing approaches. The Australian approach by local governments is reactive, narrowly focused and adversarial. This compares with a proactive, opt-in and binding process for the UK’s new approach. As noted above, the residents themselves are the key stakeholders who can create an enforceable planning permission directly. Where deliberative pilots have been tried in Australia, such as the ACT’s 2018 Housing Choices Collaboration Hub, they have failed to engage with the actual residents and have been unable to resolve the key issues. The ACT deliberative pilots are drawn on randomly recruited, demographically matched citizen panels, not the actual residents involved. The deliberative pilots can only produce advisory recommendations, not binding decisions.

## **Conclusion**

The above critical discussion of the draft findings of the PC’s interim report entitled Housing Supply Regulation has highlighted its reliance on a narrow analytical framework. It also noted the report’s lack of acknowledgement of the limitations of the contextual evidence. This is shown by reference to the aftermath to the Auckland Unitary Plan 2016 in New Zealand which shows the limitations of top-down planning changes. Also missing from the report is an acknowledgement of good practice by local government councils. Neither is there a discussion of the wider changes needed for this level of government to be involved in a planning reform process.

Overall, the narrow way that terms of reference have been framed, and the corresponding response of the Productivity Commission, assume that simple solutions can be applied to resolve a complex set of factors involved in the operation of the housing market. As Cameron Murray has noted recently on his substack (14 September 2026), the housing market has different elements of demand and supply, which include the quantity of housing, the quality of housing, and its location. These elements, as well as other factors, all need to be considered to present a range of policy options that will be effective and widely accepted. A continuing focus on simple solutions will see the final report dismissed as playing partisan politics.