

Submission to the Productivity Commission Inquiry into Housing Supply Regulation (Interim Report)

Unlocking Housing Diversity Through a National Regulatory Framework for Tiny Homes on Wheels

Response to Chapters 2 and 3: Land-use Regulation and Approval Processes

Executive Summary

The Productivity Commission's Interim Report correctly identifies that Australia's housing regulatory system often struggles to accommodate innovative, land-efficient and lower-cost housing forms. The report recognises the potential contribution of tiny homes, land-lease communities and modern methods of construction, but stops short of analysing a significant regulatory gap currently affecting housing diversity: the absence of a coherent regulatory framework for Tiny Homes on Wheels (THOWs).

This submission argues that:

1. Tiny Homes on Wheels represent a potentially important component of Australia's housing system, particularly in regional areas, rural areas, and low-cost housing markets.
 2. Current regulatory arrangements create uncertainty for consumers, builders, financiers, councils and regulators.
 3. The primary regulatory problem is not planning permissibility, but the absence of a nationally recognised construction and certification pathway.
 4. THOWs should be distinguished from caravans on the basis of intended use, construction standards and residential function.
 5. The Commonwealth should investigate creation of a nationally consistent regulatory framework for "transportable residential dwellings".
 6. Such a framework would improve consumer protection, reduce regulatory uncertainty, support modular construction, and facilitate housing supply.
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1. The Regulatory Gap

The Interim Report highlights the importance of removing barriers to innovative housing forms and notes that alternative housing models such as land-lease communities and tiny homes may contribute to housing supply and improve the efficient use of land. However, the current regulatory treatment of THOWs remains fragmented. A THOW may simultaneously be:

- a road-going trailer;

- a habitable structure;
- a dwelling occupied as a person's primary residence; and
- a form of development subject to land-use regulation.

Each of these characteristics engages different regulatory systems. Vehicle regulation is largely national in character. Building performance requirements are established through the National Construction Code. Planning and land-use controls remain predominantly state responsibilities. The result is a product that falls between established regulatory categories.

In economic terms, this creates significant transaction costs. Consumers, builders, certifiers, councils and regulators must devote substantial resources to determining applicable regulatory requirements on a case-by-case basis. Such uncertainty suppresses investment, innovation and housing supply.

The issue is not unique to Australia. Recent research by Karen Flett in New Zealand identified a similar problem, concluding that Tiny Homes on Wheels fall between transport, building and planning systems and that the primary challenge is regulatory coordination rather than the creation of entirely new forms of regulation.

2. Tiny Homes on Wheels as a Housing Supply Measure

Much of Australia's housing debate focuses on apartments, detached dwellings and greenfield expansion. However, a resilient housing system should support a diversity of housing forms. THOWs may play a useful role in:

- rural and regional housing markets;
- housing for agricultural workers;
- intergenerational living arrangements;
- secondary dwelling opportunities;
- low-cost owner-occupier housing;
- transitional and crisis accommodation; and
- land-lease communities.

Importantly, THOWs are not proposed as a replacement for conventional housing. Rather, they represent an additional housing typology that may respond to market segments not well served by existing products.

The Interim Report places considerable emphasis on increasing housing diversity and reducing unnecessary constraints on alternative forms of development. The absence of a clear THOW pathway is inconsistent with those objectives.

3. Consumer Protection is the Strongest Case for Reform

A purchaser of a conventional dwelling benefits from a mature regulatory ecosystem that typically includes:

- National Construction Code compliance;
- regulated building approvals;
- inspections;
- certification processes;
- builder licensing arrangements; and
- consumer recourse mechanisms.

By contrast, purchasers of THOWs may spend \$100,000 to \$250,000 or more on what is effectively a primary residence without access to an equivalent and nationally recognised compliance framework.

This creates several risks:

- uncertainty about structural performance;
- uncertainty regarding moisture management;
- uncertainty regarding thermal performance;
- uncertainty regarding fire safety;
- inconsistent certification practices;
- financing difficulties; and
- insurance difficulties.

From a public policy perspective, there is little justification for consumers receiving fewer protections simply because their dwelling is mounted on a trailer chassis rather than a concrete slab.

The question should not be whether a dwelling has wheels. The question should be whether the dwelling is intended for long-term residential occupation. If it is, consumers should have access to comparable levels of protection and certainty.

4. Distinguishing Tiny Homes on Wheels from Caravans

A recurring obstacle to reform is the assumption that THOWs and caravans are interchangeable. However, they are not. The distinction is not mobility. Many manufactured homes, relocatable classrooms and modular buildings are mobile at various stages of their life cycle.

The more useful distinction is intended purpose.

Caravan

A caravan is principally designed for:

- travel;
- tourism;
- recreation;
- temporary accommodation; or
- short-term occupation.

The accommodation function is incidental to mobility.

Tiny Home on Wheels

A THOW is principally designed for:

- long-term occupation;
- permanent residential use;
- connection to services;
- day-to-day residential living; and
- functioning as a dwelling.

Mobility is incidental to the residential function. This distinction already reflects the approach adopted by planning systems that differentiate between residential accommodation and tourist accommodation. The existence of wheels should not, of itself, determine the regulatory treatment of a dwelling.

5. Lessons from New Zealand

The work of Karen Flett provides an instructive example for Australia. Her research assessed the interaction of New Zealand's transport, building and planning systems and concluded that Tiny Homes on Wheels are capable of meeting building performance requirements but lack a coherent compliance pathway.

Among the reform directions identified were:

- a nationally consistent compliance pathway;
- recognised certification processes;
- clearer planning treatment;
- integration between transport and building regulation; and
- recognition of THOWs as legitimate dwelling forms.

Australia faces a remarkably similar policy challenge. The Productivity Commission is well-placed to encourage consideration of a nationally coordinated approach.

6. Recommended Reform Direction

The Productivity Commission should recommend that the Australian Government, in consultation with the states and territories, investigate the creation of a nationally consistent regulatory framework for Tiny Homes on Wheels and other transportable residential dwellings.

Such a framework should:

1. Create a distinct regulatory category

Establish a category such as:

Transportable Residential Dwelling (TRD)

to distinguish THOWs from caravans and conventional buildings.

2. Establish nationally recognised construction standards

Develop construction and performance requirements addressing:

- structural integrity;
- fire safety;
- moisture management;
- sanitation;
- ventilation;
- durability;
- energy efficiency; and
- occupancy safety.

3. Create a national certification process

Allow builders and consumers to demonstrate compliance through recognised and transferable certification.

4. Improve consumer protections

Provide levels of assurance comparable to those available to purchasers of conventional dwellings.

5. Support planning consistency

Enable states and territories to focus planning assessment on legitimate land-use questions rather than construction classification disputes.

Conclusion

Australia's housing challenge requires not only more housing, but a greater diversity of safe, lawful and affordable housing options.

The Interim Report correctly identifies the importance of innovative housing forms, efficient land use and regulatory simplification. However, the report presently overlooks a significant regulatory gap affecting a growing housing typology.

Tiny Homes on Wheels occupy an uncertain space between vehicle regulation, building regulation and planning regulation. This uncertainty inhibits supply, constrains innovation, increases compliance costs and weakens consumer protections.

The Productivity Commission should recommend investigation of a nationally consistent framework for transportable residential dwellings that distinguishes Tiny Homes on Wheels from caravans, establishes clear construction and certification standards, and provides consumers with confidence equivalent to that available in the conventional housing sector.

Such reform would represent a practical, targeted and proportionate step towards increasing housing diversity while maintaining appropriate safety and regulatory safeguards.