

## **Australian Government Productivity Commission**

4 National Circuit

Barton

ACT 2600

### **Re: Response to the Housing Supply Regulation, Interim Report (2026)**

The Urban Design Association NSW (UDA) is the peak body for urban design in NSW, with the objective to advance urban design as a profession playing an essential role in shaping better built environments. The UDA advocates for integrated design and planning across the complexities of different urban scales to deliver coordinated outcomes with economic, environmental and social benefits.

The UDA welcomes the opportunity to respond to the Productivity Commission's Interim Report on Housing Supply Regulation (the Report).

The UDA supports efforts to improve housing delivery and affordability, in particular the potential benefits associated with the following proposals outlined within the Report:

- Strengthened integration between infrastructure planning and housing delivery, to ensure housing delivery is accompanied by the requisite social, community, transport and civic infrastructure to deliver a more equitable standard of living across diverse communities.
- Limiting discretion within the regulatory and planning framework, to provide greater certainty of outcomes for communities and developers alike.
- The opportunities offered by increasing standard height limits to three storeys in a wider range of settings, enabling a resurgence of “missing middle” housing typologies.

At the same time, it is the UDA's view that, cumulatively, the Report's findings:

- underestimate the potential long-term adverse consequences of greater deregulation
- overstate the role of the planning system in constraining supply, and
- overlook the fundamental purpose of housing: **homes to live in within a functioning, healthy urban environment.**

Our key concerns are summarised below.

### **1. Deregulation reduces consumer protection and undermines confidence**

Australia currently provides minimal consumer protection for apartment buyers: Australians have more protections buying a car than the lifelong investment of a home. Removing planning and building standards would eliminate the only quality controls available to buyers, eroding confidence for purchasers and lenders alike.

### **2. Built-form quality is a public health and economic issue, not a discretionary luxury**

The report's framing ignores the century-long consequences of poor-quality housing. Amenity factors such as sunlight, ventilation, noise and thermal performance directly influence mental and physical health. Removing minimum requirements or standards would result in the externalities of future individual and population health costs shifted to the public purse, while benefiting the short-term private interests of developers.

### **3. Australia benefits from a planning system that provides certainty and good built environment outcomes in the best interests of all citizens, over the long term.**

The report portrays planning regulations as a constraint and prioritises the rights of new buyers over the rights of existing owners to residential amenity, when the planning system is designed to balance both.

Without a planning system ensuring orderly development of neighbourhoods, a new apartment buyer can have their investment and amenity undermined by a poorly sited and designed apartment building erected next door a year later. Why would Australians trust in the purchase of housing, or banks continue to loan in a property market without certainty and basic protections of their asset that ensures amenity and impacts are understood and shared?

The report should consider the cumulative impact of these changes on the whole built environment, the whole housing market and all citizens, not just the single buyer.

### **4. Precinct-based urban design frameworks are essential for desirable neighbourhoods and faster, coordinated delivery**

Broad-brush up-zoning produces unpredictable and often uncoordinated outcomes. Successful high-density precincts such as Central Park, Green Square and

Ultimo-Pyrmont have been delivered through detailed masterplans and/or urban design frameworks, to ensure the overall benefits associated with greater social engagement, enabled by denser housing typologies, high-quality public realm and well-serviced sustainable urban environments are realised.

Regulation is not the enemy – the greatest cities are highly regulated while delivering quality housing and urban places. Good rules create good streets and neighbourhoods with equitable outcomes. Public streets, parks, libraries, schools, and the like, are essential to creating successful new communities.

Rather than focusing on deregulation, there is potential for wider adoption of comprehensive precinct planning to assess potential environmental impacts at a precinct level. This approach reduces the assessment burden on individual developments that then only need to comply with the built form and land use outcomes at the site level.

## **5. ‘Trickle-down housing’ policy has not worked. Public housing must be prioritised**

The private market has failed to deliver sufficient housing for low-income households for decades. Market based “trickle-down housing” has failed to materialise as an effective strategy to provide genuinely affordable housing at a rate that meets demand. The Report acknowledges that governments cannot control all supply factors. Public housing is the one supply level factor governments can fully control: it must be urgently prioritised to relieve pressure on the private market and provide stable, long-term housing for people most in need.

## **6. Tiny apartments are not an affordability strategy**

International evidence shows that removing minimum apartment sizes leads to a ‘race to the bottom’ and smaller apartments often need expensive bespoke furniture and storage solutions to be effective. Ireland’s deregulated market now produces as small as 7-12sqm apartments with little choice and little amenity. Highly designed, one-size-fits-all micro-units are not a scalable long term affordability solution for a diverse population; noting that it is land values, financing and construction costs, not floor area, that often determine unit prices.

## **7. Removing FSR and envelope controls fuels speculation, not housing delivery**

Floor space ratios (FSR) and height controls act as feasibility caps on land value. Eliminating controls encourages land speculation, raises development costs and challenges feasibility, actively encouraging land banking and delaying of development. Deregulation is not a guaranteed path to an increased supply of new housing.

## **8. Heritage conservation areas are small, irreplaceable and measurably valuable**

Heritage areas comprise a tiny proportion of urbanised land yet deliver outsized social, cultural, tourism and lifestyle benefits. The Report's claim that heritage protections cover "50% of residential land in 50 Sydney suburbs" is unsupported. Heritage neighbourhoods are highly valued as a unique combination of factors: the street pattern, subdivision, building uses and form, architectural character, landscape qualities, adaptive reuse of buildings and places. Heritage neighbourhoods like The Rocks and Millers Point, Paddington, Battery Point or Fremantle are the result of responsible stewardship and have been successfully adapted and reused for generations, maintaining their amenity and value to both the homeowners and broader community. Broadbrush dismantling of all heritage conservation areas would impose irreversible social and economic costs and become a sad testament to short-termism.

## **9. Increasing supply alone does not reduce prices**

Independent research (NSW Parliament's Research Service and the NSW Productivity & Equality Commission 2024<sup>1</sup>) shows that housing supply increases do not automatically lower prices. Demand growth, construction constraints, land-use patterns, and feasibility mean prices often rise despite the provision of new housing. As the Report itself states (p51): "In fact, many local councils report high on-paper zoned capacity but limited housing development, suggesting that feasibility could be a significant constraint".

---

<sup>1</sup> Rachel Ong ViforJ and Chris Leishman 2024, The economics of housing supply: Key concepts and issues. Research Paper No. 2024-07. NSW Parliamentary Research Service. NSW Productivity and Equality Commission) 2024, *Review of housing supply challenges and policy options for New South Wales*. The Commission, NSW

## **10. Planning is not the brake on housing delivery**

The Report overstates the role of the planning and regulatory system in delaying the speed of housing delivery: Planning approval currently represents about 15% of the end-to-end housing delivery timeline. The remaining 85% is governed by financing, pre-sales, construction capacity and economic viability. Further, NSW currently has 100,000 approved dwellings waiting to be built<sup>2</sup>. Planning approval has been given, however, other factors stop them from being built. Factors such as labour shortages, price escalation in global supply chains, construction insolvencies or feasibility constraints will not be overcome by deregulation in the planning system.

## **11. Value capture is a good way of coordinating housing with infrastructure**

Infrastructure such as public transport substantially increases nearby land values and enables higher development densities. Well-planned and economically viable development levies have been shown to benefit both public and private interests.

## **12. All scales of housing are needed**

A range of apartment sizes are needed to accommodate all household types. If more Australians are to live in apartments, regulation must ensure the delivery of a range of diverse and functional homes with suitable amenity.

The UDA agrees with the Report that 3 storey development is desirable for reasons such as neighbourhood compatibility, human scale and suitability to people from diverse backgrounds, age groups and family compositions. This scale of apartment buildings is widely accepted by communities yet has been stifled in recent years due to a range of factors such as fire safety, accessibility and parking codes, affecting feasibility.

The UDA encourages Commonwealth and State governments to further investigate the factors impeding delivery of this low and mid-rise scale of housing, to deliver more of this “missing middle”.

---

<sup>2</sup> Tim Sneesby article “Abundance and why trickle-down housing economics just admitted what town planners already knew” ArchitectureAu 30 April 2026

## **Conclusion**

The Report overstates the role of planning in constraining supply and understates the long-term consequences of deregulation. Housing is not a consumer good; it is the foundation of community wellbeing, public health, neighbourhood stability and intergenerational equity. Australia needs better regulation, not less: regulation that ensures feasibility, protects amenity, restores buyer confidence in the apartment market, delivers diverse housing, addresses housing disadvantage, and creates neighbourhoods where people want to live and can thrive.

The UDA urges the Productivity Commission to carefully consider the potential adverse consequences of weakened planning controls: changes to the regulatory framework must be carefully designed to achieve the Commission's stated outcome that "housing regulation should not only consider economic benefits, but also social benefits, equity of access, cultural factors and environmental and climate change adaptation outcomes" (p 24ff)".

To this end, the UDA supports initiatives such as strengthened precinct-based planning with binding development rules, wider permissibility of low-rise medium density typologies and 3 storey building heights, coordinated infrastructure delivery and public housing investment.

Signed,

President  
Urban Design Association of NSW

29 September 2026