

30 September 2026

Danielle Wood and Alison Roberts
Commissioners
Housing Supply Regulation Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

By email: housing.supply@pc.gov.au

Dear Ms Wood and Dr Roberts,

Re: Submission to the Productivity Commission Public Inquiry into Housing supply regulation – Interim Report

Mission Australia welcomes this Public Inquiry into housing supply regulation and the opportunity to make a submission in response to the Interim Report.

Mission Australia Housing (MAH) is a Tier 1 Community Housing Provider (CHP) which currently owns or manages more than 4,700 social and affordable homes with more than 8,000 residents across six states and territories. Under our *Strategy 2030*, we're seeking to deliver an additional 5,000+ homes across the country, expanding our ownership and management to 10,000 homes by 2030, so we can assist thousands more Australians in need to thrive in safe, secure and affordable homes.

Support for the overall approach – but supply uplift must include social and affordable homes

Mission Australia generally supports the approach adopted by the Productivity Commission in the Interim Report. We agree that a sensible relaxation of land use controls would be an effective way to increase housing supply.

However, as stated in our earlier submission to this Inquiry, we maintain that simply increasing housing supply will not be sufficient to meet the housing needs of all Australians, especially lower income households. As the Interim Report acknowledges, renters on very low incomes are especially vulnerable to higher rental prices. It went on to note that people on income support payments, such as JobSeeker and Youth Allowance, can only afford a handful of rental properties without housing stress in high demand areas. Affordability gains, even from ambitious increases to supply, will not fully address this issue for households on low – and in some cases average – incomes.

The Interim Report highlights how Auckland's adoption of upzoning took pressure off housing costs. Yet, as Greenway-McGrevy and So's detailed analysis of Auckland's experience since 2016 shows, the

widespread zoning changes the city implemented are not a panacea.¹ They concluded that additional policy responses are needed to achieve housing that is truly affordable, particularly for low-income households. To support the development of a truly equitable housing market, a range of policy responses including direct intervention is also required.

For CHPs such as Mission Australia Housing who deliver vital non-market housing, the regulations that cause the most frustration are those that deal with process and appeals. We urge you to consider these obstacles carefully as you draft your final report and recommendations.

Proposed objectives and principles

Objective

The Interim Report's proposed objective is a good start, but it neglects the problem it identifies earlier about the extreme housing challenges faced by those on the lowest incomes. We propose adding the phrase 'across the income distribution' to the objective, as indicated below, to address this shortcoming:

*A well-functioning housing and planning regulatory system that enables enough housing to meet people's needs **across the income distribution**, in the places where it delivers the greatest net benefit to the Australian community. It balances economic, social, cultural and environmental outcomes, and gives weight to the interests of both current and future residents.*

Principle 2

Proposed Principle 2 suggests that beyond areas of clear market failure, households should be able to choose the features they want and pay for them. For empowered housing consumers who are able to exercise choice, this is appropriate. However, for social housing applicants and tenants this user pays approach is just not applicable. CHPs allocate places to households based on eligibility criteria, and their tenants do not have the financial capacity to pay for upgrades. At the same time, there is scarce funding to retrofit non-market homes decades after they are built.

Along with basic thermal performance, accessibility standards must remain mandatory. This is especially important because around two in five social housing households include one or more people living with disability, and around one in five social housing residents are aged 65 and over.

Speeding up process for social and affordable housing development

We appreciate the attention in the Interim Report to streamlined approval processes for social and affordable housing on the understanding that they are more sensitive to the additional costs of delays than conventional projects. Not-for-profit CHPs are tightly regulated and our homes carry covenants ensuring that the public benefit is enduring. This means that moves to fast-track or streamline genuine community housing do not carry the same level of risk as for a private developer.

In addition, funding for social and affordable housing is fixed at bid, meaning CHPs cannot re-price or re-scope when approval drags. On an average project, six months of delay adds \$2-3 million to

¹ Greenway-McGrevy, R. & So, Y. (2026). 'Can zoning reform reduce housing costs? Evidence from rents in Auckland', *Economic Inquiry*: <https://doi.org/10.1111/ecin.70075>

project costs. But funding rounds for social and affordable housing have strict completion deadlines; delays do not push projects back – they kill them.

This is why streamlined state government approval pathways for social and affordable housing are critical. We are aware of a significant multi-unit social housing development that was assessed through the New South Wales Government's State Significant Development (SSD) approval pathway in just 7 months. Other comparable non-market housing projects in the same region took more than a year to complete the approval process.

As the Interim Report also correctly identifies, community housing projects are particularly sensitive to third-party appeals. In fact, for CHPs like Mission Australia Housing, removing objector appeals would have a greater impact than achieving faster average approval decision times, as builder prices and funding conditions fail on the worst case, not the average.

In England, third-party appeals are not generally a part of the planning system. However, here in Australia, third-party appeals through Administrative Tribunals and Land and Environment Courts represent the single biggest risk to CHPs' pipelines, and builders and lenders price that risk into their pricing and scheduling.

We recommend the development of a consistent national approval pathway for registered CHPs with a set decision timeframe, no avenues for third-party appeals outside set parameters and standardised assessment criteria. In return, to be eligible, CHPs would need to sign a long-term affordability covenant to ensure enduring public benefit.

Mandatory Inclusionary Zoning

The Interim Report is correct where it suggests that inclusionary zoning adds uncertainty to the delivery of new housing supply when it is subject to negotiation on a case by case basis. In those instances, inclusionary zoning acts as a tax on projects. However, we believe it is overly simplistic to dismiss inclusionary zoning when it is known upfront and applied consistently. If all players in a market are required to provide affordable housing through inclusionary zoning and the required parameters are pre-determined, the cost is priced into the land value and passed on to the vendor.

A well-designed national scheme in Australia could be a complementary policy lever to increase affordable housing supply, while providing regulatory consistency and certainty for all parties.

An example of where this approach has worked is England's Section 106 requirements, which have applied to every major site in the country since the 1990s and have delivered close to half the country's affordable housing during that time. This has not impacted overall supply; over the same period, England has built more homes than it had in the previous 30 years.

There is scope to apply low and consistent mandatory inclusionary zoning throughout Australia, with flexibility to provide an equivalent dollar amount to a fund for affordable housing if land is available and funds can be deployed within the same locality. This would be a minimum requirement, and not in place of requirements placed on developments where zoning uplift results in increased profits.

Closing remarks

In summary, we urge the Productivity Commission to include in its final report an emphasis that regulatory reform to increase housing supply must include the objective of increasing the supply of non-market housing in order to boost productivity and deliver better outcomes for all members of the community.

Mission Australia would be happy to expand on these insights through further submissions or consultation throughout this inquiry.

Yours sincerely

Marion Bennett
Executive, Practice, Evidence and Impact