

Submission to the Productivity Commission

Housing supply regulation inquiry: response to the interim report

Tiny Community Living

30 September 2026

1. Introduction

Tiny Community Living is a community-led group of residents campaigning for changes to the law so that people can live securely, long-term, in tiny homes of their choice within small communities on private land. Our campaign began in [Sunshine Coast, Queensland] in late 2022, when residents living in tiny homes on wheels on a private rural property became the subject of council compliance action.

We welcome the Commission’s interim report and support its overall direction, including its emphasis on a “build” mindset, regulating only where necessary, and keeping processes simple. We also support the reform directions to allow more housing in existing urban areas.

This submission addresses a gap in the interim report. Its reform directions focus on urban density, and the Overview does not consider small or movable dwellings, cooperative housing, or the rules governing rural land. We ask the Commission to consider three related issues:

- 1. Recognising **homes on wheels** (tiny homes on wheels, caravans and converted buses used as permanent homes) as a legitimate form of long-term housing on private land.
- 2. Allowing **multiple dwellings on rural land on a sliding scale by lot size, without subdivision**.
- 3. Removing barriers to **cooperative and shared-land housing** models.

Each adds privately funded housing supply that needs no new public infrastructure and can be delivered quickly by changing rules rather than building anything. We respond to the Commission’s information requests 2.1, 2.2, 2.3, 3.1, 3.2 and 5.1, and comment on reform directions 2.5, 2.6, 3.2 and 4.3.

2. Summary of recommendations

No.	Recommendation
1	Recognise homes on wheels as a long-term dwelling type on private land. State and territory governments should remove time limits and permit cycles designed for temporary caravan use, and treat long-term occupation of a home on wheels as a residential use.
2	Allow multiple dwellings on rural land by lot size, without subdivision. Rural zones should permit additional small dwellings, including homes on wheels, on a sliding scale by land area, through a code-assessable, deemed-to-comply pathway with no permit where a dwelling already exists on the lot.
3	Do not apply infrastructure tests and charges to off-grid dwellings. Where dwellings are self-sufficient in power, water and wastewater, governments should not levy developer contributions or apply capacity tests designed for connected dwellings. This is consistent with reform direction 4.3 (no nexus, no contribution).
4	Make traffic assessment proportionate and consistent. Traffic concerns about a small number of additional households should be assessed on the same basis as other uses already permitted in rural zones, many of which generate far more traffic.

No.	Recommendation
5	Enable cooperative and shared-land housing. Shared ownership and tenure structures should not require subdivision, and where groups do wish to subdivide, rural minimum lot sizes and subdivision rules should be reviewed (reform direction 2.3).
6	Implement through model provisions and a monitored trial. State governments should develop model planning and local law provisions, the Commonwealth should consider these in reform agreements, and outcomes should be publicly reported.

3. The problem: rules written for a different use

Tiny homes on wheels, caravans and converted buses are increasingly used as permanent housing because they are the only home some people can afford. Traditional housing couples the house and the land. Homes on wheels decouple them, so that a landowner and a homeowner can work together to provide secure, affordable housing, without the buyer needing to purchase land.

The regulatory framework has not caught up. Councils generally treat homes on wheels as temporary accommodation, because local laws were written when caravans were used for holidays or while a house was being built. As we understand the position on the Sunshine Coast, a home on wheels may be occupied without a permit for 4 weeks in any 52-week period, or up to 18 months with a permit, after which the household must move to another property and start the process again. A small number of councils in Western Australia and Victoria are understood to have no time limit. In most other councils, the practical effect is that households have no security beyond a short period, and landowners face compliance action for hosting them.

In the Commission's terms, this is both a **regulatory ban** (multiple dwellings on a rural lot are generally not permitted at all) and a **regulatory burden** (permit cycles, show-cause processes and discretionary assessment for those uses that are allowed). It suppresses a source of supply that is entirely privately funded. It affects people who are unable to access conventional housing, including renters, older people, single parents, low-income workers, and people leaving unstable accommodation.

4. Off-grid dwellings do not burden existing infrastructure

The interim report identifies infrastructure as a major constraint on new housing, especially in greenfield areas, and asks how developer contributions affect feasibility (information requests 4.1 to 4.4). The dwellings we are proposing sit outside this constraint.

Advances in off-grid technology mean that small dwellings on rural land can be self-sufficient. In practice this typically means:

- **Electricity** from solar panels and battery storage, so no new demand on the electricity network.
- **Water** from rainwater tanks or an existing on-site supply, so no new connection to reticulated water.
- **Wastewater** treated on site through approved systems (for example, a compliant on-site treatment system or composting toilet), so no new demand on sewerage.
- **Connectivity** through satellite or mobile services.
- **Access** using the existing driveway and road frontage of the host property.

Because such dwellings place no additional load on trunk or local infrastructure, the case for infrastructure-related assessment or charges is weak. Reform direction 4.3 already proposes that governments should "remove contributions when there is no demonstrable nexus between a development and infrastructure use".

We ask the Commission to state expressly that this principle applies to off-grid dwellings, and that capacity tests designed for connected development should not be applied to them.

We are not asking governments to waive health, safety or environmental standards for on-site systems. We are asking that these be applied through clear, published standards (for example, a requirement for a compliant wastewater system and adequate firefighting water) instead of discretionary, site-by-site permit assessment.

5. Traffic: applying a consistent standard

The objection councils raise most often to additional dwellings on rural land is increased traffic. We ask the Commission to consider this objection carefully, because it is used to justify restrictions that are not applied consistently.

Scale. A small number of additional households on a rural lot generates a small number of additional vehicle movements. Most households have one or two vehicles.

Inconsistency. Rural zones in many jurisdictions already permit industrial and intensive uses, such as rural industries, extractive industries, transport depots, intensive agriculture, tourist accommodation and events; confirm which are permitted in the relevant zones. These uses generate traffic from employees, deliveries and heavy vehicles. Heavy vehicles impose considerably more wear on rural roads than passenger vehicles. It is inconsistent to accept these movements while refusing a few additional cars associated with people's homes.

Proportionality. Traffic concerns should be assessed against a published threshold, using each state's standard traffic-generation guidelines. Below that threshold, no traffic assessment should be required. We suggest the Commission ask states to compare, in a simple table, the traffic generated by a household with that of other uses permitted as of right in the same zone. An illustrative table follows.

This is a direct application of the Commission's principle that governments should only regulate when necessary, and that rules should be proportionate to risk.

6. Responses to the information requests

Information request 2.1: alternative dwelling types and small secondary dwellings

The Commission asks which land-use controls need to change to enable more alternative dwelling types, and whether further reform is needed for small secondary dwellings such as granny flats. In rural areas, the principal control is the limit of **one dwelling per lot** (or one dwelling plus one secondary dwelling). This limit applies regardless of lot size, so a 40-hectare property is treated the same as a 2,000-square-metre lot.

We recommend that rural zones permit additional dwellings, including homes on wheels and other small dwellings, on a sliding scale by land area. Homes on wheels should be treated as a dwelling type in their own right for long-term occupation, rather than as caravans. This is consistent with reform direction 2.6 (remove restrictions on housing types).

Information requests 2.2 and 2.3: land availability and rural land-use controls

Rural land is zoned, owned, and in many cases already has road access and an existing dwelling, but cannot host additional households. The barrier is not the availability of land but the rules about how many dwellings may be built on it. In answer to request 2.2, this is land that is available and could be used within months, without any infrastructure investment.

We propose a sliding scale. The community-proposed local law that our group has put to Sunshine Coast Council uses a scale from one dwelling on a lot of 800 square metres up to five on properties over 10 acres (about 4 hectares). For rural zones generally, we suggest a similar approach:

Lot size	Additional dwellings permitted	Assessment pathway
About 800 sqm	1	Code-assessable, no permit if a dwelling exists
801sqm – 20,000 sqm	2	Code-assessable, no permit if a dwelling exists
20,001 sqm – 41,000 sqm	3	Code-assessable, no permit if a dwelling exists
41,001 sqm – 81,000	4	Code-assessable, no permit if a dwelling exists
Over 81,000 sqm (10 acres)	Up to 5	Code-assessable, no permit if a dwelling exists

Exclusions would apply consistent with reform direction 2.1: areas of environmental protection, hazard overlays (for example flood or bushfire) and heritage-listed buildings, unless the benefits of an exception outweigh the costs. The scale would be trialled for five years, with monitoring and evaluation.

Subdivision is not required. The proposal does not depend on subdividing rural land, and we are not asking for it. That keeps land as a single holding, avoids the cost and delay of subdivision, and avoids any pressure to create new roads or services. Subdivision reform would still help groups that want separate titles (see section 7), but it is a separate matter.

Information requests 3.1 and 3.2: discretion and onerous requirements

Discretionary permit processes are the main source of uncertainty for hosts and residents. The most onerous features are: (a) the need for a permit even where a dwelling already exists on the property; (b) time-limited permits that force households to leave and reapply; and (c) show-cause and compliance processes when a household exceeds an arbitrary time limit.

We recommend a **deemed-to-comply pathway** (reform direction 3.2): where a lot meets defined criteria (lot size, existing dwelling, compliant wastewater and water, access, and no excluded overlay), a home on wheels or small dwelling should be allowed without a permit, or with a simple notification. The permit should not expire. This removes discretion, reduces council workload and gives households security.

Information request 5.1: quick wins and sequencing

Changing a local law or planning provision to recognise homes on wheels is one of the fastest reforms available. It needs no construction, no infrastructure, no public funding and no new approval body. A state government could issue a model local law or planning policy, and councils could adopt it. We suggest a five-year trial to build the evidence base. It could be implemented ahead of, or alongside, broader zoning reform.

Reform direction 4.3: developer contributions

Off-grid dwellings should be exempt from developer contributions because there is no nexus with any infrastructure (section 4). Charging them would add cost with no corresponding service, which is precisely the situation reform direction 4.3 aims to remove.

7. Cooperative and shared-land housing

Cooperative and shared-land models allow households to pool resources to buy or use land together and build or place small dwellings. They can deliver housing at a cost that individual purchasers could not achieve. The main regulatory barriers we see are:

- **Dwelling limits per lot**, which prevent several households from living on a single holding (section 6).
- **Subdivision requirements and minimum lot sizes**, which apply where a group wants separate titles. Rural minimum lot sizes can make small titles impossible, even on large properties. We support reform direction 2.3 and ask that it be extended to rural zones where servicing and hazard risks can be managed.
- **Ownership and tenure structures** (co-ownership, company or cooperative title, long-term leases) that are not recognised in planning rules, leaving residents with no security even where the land use is permitted.

We recommend that planning rules be neutral about tenure and ownership, and that a group of households on a single title be treated in the same way as a single landowner hosting several dwellings.

8. Managing risk

We recognise that regulation exists to protect residents, neighbours and the environment. The proposals above are designed to manage the main concerns through clear standards.

Concern	Proposed response
Bushfire and flood	Exclude mapped hazard overlays from the deemed-to-comply pathway; require defined access and water for firefighting where in bushfire-prone areas.
Wastewater and environment	Require a compliant on-site wastewater system; exclude environmentally protected areas.
Amenity and neighbours	Set defined setbacks and a maximum number of dwellings by lot size, so limits are certain rather than discretionary.
Tenure and resident protection	Recognise long-term occupation and provide a clear written arrangement between host and resident.
Safe use of homes on wheels	Rely on existing vehicle, gas and electrical safety rules, which are outside the scope of this inquiry.
Trial and review	Run a five-year trial with public reporting by councils, and review the rules on the evidence.

9. Consistency with the Commission's best-practice principles

Principle	How our proposals apply it
Adopt a "build" mindset	Enables housing that households and landowners are ready to provide now, at no public cost.
Only regulate when necessary	Replaces time limits and permits with clear standards, and applies traffic and infrastructure tests only where they address a real impact.

Principle	How our proposals apply it
Coordinate with infrastructure	Directs off-grid, self-sufficient housing to where it places no demand on infrastructure, and exempts it from contributions where there is no nexus.
Keep the process simple	Uses a deemed-to-comply pathway with no permit where a dwelling exists, and a non-expiring approval.

10. Role of governments

- **State and territory governments** should develop model planning and local law provisions for homes on wheels and rural multiple dwellings, and require or encourage councils to adopt them.
- **Local governments** should apply the provisions, report annually on approvals and compliance, and share data.
- **The Australian Government** should consider recognition of small and movable dwellings, and of rural multiple-dwelling provisions, when negotiating housing reform agreements with states and territories.

11. Scope

We understand that the National Construction Code, vehicle standards and registration, taxation and finance are outside the scope of this inquiry, and this submission is confined to land-use planning and local laws. We note that these other matters also affect the uptake of small and movable dwellings, and we would welcome the opportunity to raise them with the relevant reviews.

12. Conclusion

Allowing long-term occupation of homes on wheels, permitting multiple dwellings on rural land on a sliding scale, and removing barriers to cooperative housing would add homes quickly, without public funding or new infrastructure. The concerns most often raised, about infrastructure and traffic, can be addressed with clear standards that are applied consistently with other rural uses. We ask the Commission to include these matters in its final report and would welcome the opportunity to meet with the Commission's staff.

Attachments

- Attachment A: Community-proposed New Local Law – Establishment or occupation of a temporary home, Sunshine Coast