



SUBMISSION - PRODUCTIVITY COMMISSION INTERIM REPORT ON HOUSING SUPPLY REGULATION (27 JULY 2026)

The National Trust of Australia (ACT) (the Trust) welcomes the opportunity to respond to the Productivity Commission's Interim Report on Housing Supply Regulation (27 July 2026).

The Trust is a not-for-profit community organisation. Our Vision is To be an independent and expert community advocate for the conservation of our natural, cultural and Aboriginal heritage.

Our Mission is to encourage an awareness of heritage issues generally, and more specifically to promote the conservation of, and foster public knowledge about, places, objects and issues that are significant to the heritage of the Australian Capital Territory.

The Trust has been a well-respected and credible advocate for ACT's heritage since the late 1960s and has been responsible for heritage classification of many iconic heritage assets in the Territory. Originally associated with the NSW Branch of the National Trust, the ACT National Trust was established as a separate entity in 1976.

We have excellent relationships with other heritage and kindred organisations in the ACT and, in addition to our own analysis and ideas, our submission references the outcome of discussions with a number of these organisations and perusal of their published submissions to the Inquiry.

Executive summary

Housing supply and heritage conservation are not in conflict, and we do not accept the suggestion in the interim report that they are. The Trust recommends that the Commission withdraw or substantially redraft the heritage language of reform directions 2.1 and 2.5 and the related material in Box 2.2 and Table 1.1. We consider that this rests on a thin evidentiary base, has not been tested against the heritage sector, and would result in a substantial loss of heritage values - to precincts such as Canberra's Garden City suburbs - that cannot be reversed.

This submission makes five recommendations:

- (1) withdraw the heritage-deregulation language until the Commission has consulted heritage councils, National Trusts, Australia ICOMOS and statutory agencies, and published the data behind its headline calculations, including the indicative 17 per cent Melbourne infill estimate;
- (2) reject replacing area-based heritage protections with site-specific listings alone, since precinct-level controls protect streetscape, landscape and social values individual listings cannot capture;

(3) reject a blanket requirement that every listing be justified by site-level cost-benefit analysis, which undercounts non-market and intergenerational values and would function as a slow-motion delisting program;

(4) adopt a conserve-and-build pathway that directs new supply to non-contributory sites and large institutional land, supports adaptive reuse and fast-track approvals for low-impact works, and funds up-to-date heritage studies; and

(5) preserve and strengthen building safety regulation, which the ACT's own recent building failures show cannot safely be relaxed.

The cities Australians most admire are, without exception, cities that retain their built and cultural heritage.

Information Request: impact of reducing heritage overlay coverage on housing supply

The likely outcome of reducing heritage overlay coverage is modest and context-dependent. Canberra's Reid precinct - the ACT's largest - already has a mixed housing stock: 2021 Census data records 905 dwellings, only 36.2 per cent of which are detached houses, with 22.0 per cent semi-detached, row or terrace and 41.3 per cent flats or units. The same pattern holds nationally: the City of Yarra, more than half heritage-overlaid, added 13,148 dwellings between 2011 and 2021 (36 per cent growth against 26 per cent across Greater Melbourne); the City of Sydney, with extensive conservation areas, added 29,175 dwellings (31 per cent against 21 per cent across Greater Sydney).

Potential housing benefits are further constrained by lot fragmentation, dispersed ownership and adaptive additions (eg granny flats, rear infill, sympathetic extensions) that owners have already made. A proper assessment requires parcel-level surveying and feasibility modelling, rather than the interim report's indicative arithmetic.

The risks of reducing coverage are largely irreversible. They include degraded streetscape and landscape character, loss of socio-cultural value, and increased urban heat as canopy trees are removed. The CSIRO's 2017 Canberra mapping records a measurable cooling effect from precincts such as Reid. Land-price effects near the centre of Canberra, made worse by the earlier loss of social housing towers on Cooyong Street and Northbourne Avenue, would likely outweigh housing gains.

Information Request: quantitative evidence on minimum lot size and heritage control reforms

It is impossible to respond to this Request with a single indicative figure and measuring socio-cultural value is problematical. DelBene et al. (2025) set out six questions - where research has occurred, how values are conceptualised and measured, what methods exist, whose values are captured, and what a future agenda should be - that have not been engaged with by the interim report.

Several components of heritage value resist simple monetisation: public appreciation, heritage tourism, volunteer time (worth roughly \$50 an hour), the heritage sector's contribution to arts and culture, adaptive-reuse benefits, and the cooling effect of mature-canopy streetscapes. As Lee Boldeman observed, economics 'cannot provide a convincing overarching theory of government action or of social action more generally' (*The Cult of the Market*, ANU Press, 2007) - a caution the interim report's confidence in cost benefit analysis does not reflect.

Where quantitative work exists, it does not support a presumption that heritage protection is costly on net: English conservation areas carry a roughly nine per cent price premium across a million transactions; Dutch heritage investment returns 1.1 to 4.3 units of benefit per unit spent; Victorians' willingness to pay for state-register places capitalises to about \$1.1 billion; and international visitors to heritage-rich Victoria stay a quarter longer and spend a fifth more than other international visitors, worth \$13.2 billion a year.

A credible answer needs multidisciplinary pilot studies - cadastral surveying, feasibility modelling, heritage impact assessment - applied to representative precincts, including in the ACT, before any national conclusion is drawn.

Why heritage matters: values beyond simple market calculation

The value of heritage places will be underestimated in any analysis relying primarily on a housing-supply-only lens. The ICOMOS Burra Charter and the Historic Urban Landscape approach treat cities as layers of cultural, spatial and social meaning. Significance resides in precincts, streetscapes and relationships between places - not only in individually listed buildings.

Heritage values provide education and place-based identity. Historic England's Heritage Counts research finds a measurable positive effect on life satisfaction, community identity and wellbeing. They sustain tourism, trades and cultural industries, and they deliver environmental benefits through adaptive reuse, embodied-carbon retention and tree-canopy cooling.

Many of these benefits are non-market and irreversible, and a cost benefit analysis that omits option and non-use value is structurally biased toward development. The Commission's own 2006 inquiry found that historic heritage provides important cultural benefits and no significant negative price effect from listing. The Allen Consulting Group found in 2005 that 93 per cent of Australians see heritage as part of national identity, 62 per cent think too little is done to protect it, and respondents would pay \$39.50 a year on average to keep stronger protection.

However, it is important to recognise that current heritage based urban development practices already recognise the importance of precinct, character and cultural values, in addition to listed places, and the opportunities for adaptive reuse and context-specific infill to contribute to housing supply. Heritage-based urban development treats heritage places as active building blocks for sustainable city growth rather than obstacles to development.

Historic England's June 2026 *Good Growth, Heritage and Housing* sets out three practical delivery approaches - adaptive reuse, sensitive intensification, contextual transformation - that deliver housing while reinforcing rather than erasing identity. These, not a presumption that overlays obstruct supply, are the right starting point for reform.

Other relevant international research is highlighted in section H of the Australian Council of National Trusts submission.

English studies find that conservation areas command a price premium: about 23% unconditionally and 8.5-9.5% after controls (Ahlfeldt, Holman and Wendland, 2012), rising towards area interiors, with a 5% spillover just outside boundaries. Later research found roughly 10-12% premiums, and 74% of adults support restrictions. Studies from Germany and the Netherlands show heritage protection raises property values. Berlin landmarks lift nearby prices within 600 metres. Dutch research finds billions in external benefits and public investment benefit-cost ratios of roughly 1.1 to 4.3. Listed buildings sell for about 27 per cent more in Zaanstad, with smaller conservation-boundary premiums.

US studies largely find that historic designation raises property values. New York City research shows gains outside Manhattan, spillovers to nearby properties, and modestly reduced new construction. Texas cities showed premiums of 4.9–20.1 per cent, Chicago landmarks 3–10.6 per cent, and Abilene's benefits outweighed costs. Brookings cautions the literature is partly advocacy-driven.

The Canberra case: Garden City precincts and the ACT's missing middle approach

Canberra's heritage-listed housing precincts should be recognised in the national discussion on potential reforms. The inner-northern and inner-southern precincts were built to house construction workers, tradespeople and public servants during the establishment of the national capital, applying Garden City principles adapted to the Australian environment by John Sulman and implemented by Charles Scrivener Robert (Weston) and the early Federal Capital administration under figures including Henry Maitland Rolland. Each precinct signifies a different level of occupation, from skilled trades to senior public servants, and the precincts collectively - streets, setbacks, mature street trees, dwelling typologies - represent a whole that is greater than the sum of its individually listed parts.

These precincts embody both tangible history directly connected to Federation and the founding of Canberra, and substantial intangible socio-cultural values. They represent a moment in Australian federal administration - a young Commonwealth government successfully constructing housing at scale for the people building and running the new capital - that will not recur. Most of the affected dwellings were first listed in 1980 on the Commonwealth's Register of the National Estate and, following ACT self-government, are now listed on the ACT Heritage Register, with statements of significance developed using the ICOMOS Burra Charter methodology led by experts including David Yencken AO and Max Bourke AO, in consultation with affected owners.

The ACT Government's own 'missing middle' housing reforms offer a working model for reconciling supply and heritage goals without discarding either. The ACT Planning Authority has confirmed that heritage legislation will continue to apply under the missing middle proposals, so conservation areas and individually listed places are not automatically overridden by density reform. This is a more defensible approach than the interim report's proposed default of allowing three-storey development everywhere except individually listed buildings.

That said, this submission notes two open concerns even with the ACT's approach: first, the character and landscape values that underpin Canberra's broader Garden City identity - including in areas without formal heritage listing - could still be eroded by density reform applied without regard to streetscape and tree-canopy character; and second, the true effects of the missing middle reforms are not yet known, since implementation is recent and outcomes have not yet been observed.

Owners of dwellings within these precincts have, for the most part, deliberately chosen to live there, have paid off mortgages, and continue to pay the higher rates that come with proximity to central Canberra, often with knowledge that their properties carry ACT Heritage Register listings dating to 2004. Existing planning law recognises this; any reform that would remove these protections should require both a clear legal process to vary or remove a listing and genuine, resourced consultation with residents before any such change - not a default assumption that heritage status should yield to development potential.

If three-storey 'candlestick' development were inserted broadly into these precincts, the likely effects would be:

- degradation of the structure, amenity and socio-cultural character of the area, and a measurable increase in local urban heat as canopy trees are lost;
- high per-dwelling construction costs, driven by rising build costs and by land values already elevated by proximity to central Canberra - a situation worsened by the earlier loss of social housing towers along Cooyong Street and Northbourne Avenue; and,
- a limited net housing gain, because much of the available land within these precincts has already been used for granny flats and other adaptive extensions; and a poor fit with the character of streets where existing extensions have, in most cases, already been carried out sensitively and in keeping with the surrounding streetscape.

Flaws in the interim report's evidentiary basis on heritage

This submission endorses the detailed critique advanced by the Australian Council of National Trusts (ACNT) in its submission on the interim report. The ACNT submission finds the interim report's treatment of heritage 'a very problematic and flawed document' that should not proceed to final form in its current state, and identifies specific, checkable errors that this submission summarises below.

Process. Produced in a short window (terms of reference received 28 May 2026, interim report published end of July), none of the roughly 100 submissions, 40 consultations or 20 roundtable participants represented a heritage council, agency, National Trust or Australia ICOMOS body; the two roundtables held were with the housing industry and housing academics. Despite terms of reference requiring consideration of benefits as well as costs, the report offers only one sentence acknowledging heritage protections are "grounded in protecting history and community identity."

The headline calculation. The claim that removing broad heritage controls could lift significant infill within 10km of Melbourne's CBD by around 17 per cent is a cross-sectional arithmetic exercise built from two Grattan Institute figures, excluding smaller projects, controlling for none of the characteristics that lead high-value land to be overlaid in the first place, and treating a permit trigger as a prohibition. The Commission itself calls the figure "indicative" yet treats it as a finding.

Individual sources. A Heritage NSW commissioned willingness-to-pay study measuring only benefits (\$9-\$198 per household per year, no cost estimate) is cited for the opposite proposition. A study finding heritage exclusions remove only about five per cent of Melbourne's potential lots, with "relatively small" yield effects, is cited as though it found the reverse. A cited industry submission contains no examples of overlays protecting low-value sites such as car parks. A theoretical model of Auckland's special character areas - legally separate from Auckland's heritage overlay, whose authors warn it "cannot readily be generalised" - is applied as though it measured Australian heritage law.

Mischaracterising the instrument. Victoria's Heritage Overlay requires a permit rather than prohibiting works, applies decision guidelines and a net-community-benefit test, and follows heritage study, exhibition, panel review and ministerial approval; Heritage Victoria refused only four applications in 2020-21 while approving or exempting works worth about \$1.25 billion (3.1 per cent of all permits) in 2021-22 - inconsistent with a "blanket, unassessed" description.

What the constraint evidence shows. The National Housing Supply and Affordability Council attributes the binding supply constraint to commercial viability, mentioning heritage once, neutrally, in 2025 and not at all in 2026. National completions fell from 219,000 (2016-17) to 173,000 (2025)

while heritage coverage stayed essentially unchanged - a static control cannot explain a falling trend of that scale.

Heritage and housing as complements, not competitors

The interim report relies on a static view of heritage, when significance often resides in precincts, streetscapes and social relationships that individual listings cannot substitute for. Heritage - rather than zoning, height limits, feasibility or construction costs – are the binding constraint. Many historic areas already show compact forms (terraces, shop-top housing, walk-up flats, courtyard housing) that can inform missing-middle reform, although it is generally acknowledged that some low-density heritage areas have genuinely limited capacity for intensification.

Adaptive reuse and context-sensitive infill can materially increase supply while retaining the values heritage protection exists to secure, and larger gains are more likely from non-heritage-constrained sites - former industrial land, defence sites, hospitals, schools - than from unwinding protections on established precincts.

Building safety, regulation and enforcement

The interim report's general claim that unnecessary regulation constrains supply understates the risk of weakening oversight of building quality. The 2023 collapse of the PBS Building group, and earlier reporting on ACT building defects (*The Canberra Times*, 2019; *Architecture & Design*, 2019), document harm connected to insufficient regulatory enforcement, not excessive regulation.

Any reform to speed approvals or raise yield must be matched by resourcing for compliance and stronger professional accountability, not a relaxation of construction standards. Heritage and land-use reform should not be conflated with, or used as cover for, a broader loosening of building-quality regulation, which serves a distinct purpose and should be evaluated on its own evidence.

A conserve-and-build reform pathway

Rather than adopt reform directions 2.1 and 2.5 as drafted, this submission proposes seven elements:

- (1) strategic, area-based planning that decouples overlay constraints from underlying zoning so non-contributory sites can intensify while significant elements are retained, extending reform direction 3.1's own preference for area-wide over site-by-site assessment;
- (2) prioritising large non-heritage-constrained sites - former industrial and institutional land, defence sites, hospitals, schools - for the bulk of new supply. Town or suburban centres could also be considered for more intensive residential development;
- (3) contributory/non-contributory grading so infill can be directed with less friction;
- (4) minor-works exemptions and pattern books giving pre-approved envelopes for low-risk compatible works;
- (5) fast-track approval pathways for works fitting an approved pattern;
- (6) funded, periodic, expert-led heritage reviews, modelled on Historic England's Heritage Counts, so listings stay current and open to genuine review, including delisting where values have diminished; and

(7) genuine, resourced community consultation before any change to heritage protection, with decision-making authority resting with Traditional Owners where Aboriginal or Torres Strait Islander cultural heritage is implicated.

Alongside this pathway, incentive measures - grants, low-interest loans, rate concessions for adaptive reuse, and land-tax measures such as a Victorian-style Vacant Residential Land Tax - can bring existing under-used stock to market without touching heritage protections at all.

Conclusions and recommendations

Historic heritage and housing supply are not inherently in conflict. Well-designed, evidence-based, locally calibrated reform can increase supply while conserving assets that, once lost, cannot be restored. On the evidence above, and in the sector submissions this document endorses, the Commission should:

- (1) withdraw or substantially redraft the heritage language in reform directions 2.1 and 2.5, and related material in Box 2.2 and Table 1.1, until sources are checked, methods are published and heritage-sector consultation has occurred;
- (2) reject replacing area-based protections with site-specific listings alone;
- (3) reject a blanket site-level cost benefit requirement, and instead require guidance that captures non-use and option value and avoids functioning as de facto delisting;
- (4) commission multidisciplinary pilot studies in representative precincts, including in the ACT, before drawing national conclusions;
- (5) adopt the conserve-and-build pathway set out above;
- (6) preserve and strengthen building safety resourcing alongside any approvals reform; and
- (7) support ongoing data collection on heritage's contribution, modelled on Heritage Counts, so future reform rests on evidence rather than indicative arithmetic.

Finally, we emphasise that conserving and enhancing our heritage is not about restricting property rights or development. Rather, it is about conserving and celebrating the places that our community values, places that reflect our identity, support social cohesion and facilitate ongoing community wellbeing.

We would welcome the opportunity to meet with the Commissioners and to give evidence at a hearing.

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