

Approved Is Not Built

Submission to the Productivity Commission inquiry into housing supply regulation, in response to the interim report of July 2026.

Grounded Community Land Trust Advocacy. September 2026.

Summary

This submission responds primarily to information request 2.2, which asks whether governments should report a land measure distinguishing land that is zoned residential from land that is serviced, approved, infrastructure-ready and commercially feasible to develop, and asks for examples of released land that has not been developed.

Our answer to the first part is yes. Two Australian jurisdictions already publish part of what is needed, and we set out what a complete measure would add. Our answer to the second part is that the examples exist in volume. Section 1 presents the transaction record for nine master planned communities, together with new analysis of that record provided here for the first time, and shows a pattern a standard competition screen would flag.

Behind the measurement question sits a premise. The supply argument assumes that permission and delivery move together, so that a landholder granted approval will build at the rate the approval implies. That assumption performs the work of a duty without being one. Where an information asymmetry and a divergence of interest occur together, Australian law elsewhere imposes an obligation on the advantaged party. In land release both conditions are present and no obligation exists. We set out that argument in section 2, because if it holds, the trickle-down account of land supply does not.

Section 4 then shows why the gap is widening, and section 5 sets out the five conditions that shape supply beyond the ones this inquiry has been asked to examine. Section 6 turns to instruments, working outward from the regulatory system to the delivery model that carries the missing obligation in its own constitution. The last of these is where we think the Commission's final report has the most to gain.

About this submission

Grounded Community Land Trust Advocacy is a small Victorian organisation working on community land trusts and on the tax and planning settings that determine who can afford to live where. Our economic case for the model is set out in [Grounded in Affordability: The Economic Case for Community Land Trusts](#).

Our director conducted the staged release study cited below while working at Prosper Australia, which published it in 2022. Prosper Australia is a separate organisation and is not a party to this submission. The variance analysis in section 1 is new work on that dataset, undertaken by Grounded and provided to the Commission here for the first time.

1. Information request 2.2: the measure Australia half has

The Commission writes that land release in and of itself is not a problem in many greenfield areas, but that released land can only translate into housing supply when supported by enabling infrastructure. We agree with the first half of the sentence and think the second half is incomplete.

Zoned capacity is a stock. It is counted, reported against the fifteen-year benchmark, and used to tell councils they have done enough. The interval between the moment land becomes developable and the moment a household occupies a dwelling on it is measured far less consistently, and in most of the country it goes unmeasured altogether.

Two jurisdictions are already most of the way there

We want to begin by crediting work the Commission should build on rather than duplicate.

Victoria's Urban Development Program publishes a [Quarterly Greenfield Monitor](#) covering the seven growth-area municipalities of Cardinia, Casey, Hume, Melton, Mitchell, Whittlesea and Wyndham. It reports proposed lots, being land in the subdivision process yet to be registered and titled, alongside titled lots ready for construction, and it reports average lot area. Victoria therefore already collects, and already publishes, the lot-size field we argue below is essential to measuring land price properly.

Queensland goes further still. The Government Statistician's Office [Residential Land Development Activity](#) series carries the development pipeline stage by stage: broadhectare land supply and expected yield, lot approvals, operational works and certifications, lot registrations, lot sales, vacant land sales, dwelling sales, dwelling approvals and material change of use approvals. It is quarterly, disaggregated by local government area, and runs up to twenty years. It is the most complete public account of the land development pipeline in the country, and it has been maintained for two decades without much notice being taken of it.

Both programmes deserve acknowledgement in the final report, and both deserve a question put to them. We have searched the [2026](#) and [2025](#) editions of the National Housing Supply and Affordability Council's State of the Housing System report, and neither cites the Urban Development Program, the Quarterly Greenfield Monitor, the Queensland Government Statistician's Office, the Residential Land Development Activity series or the broadhectare study. The Council's land evidence rests on the Australian Bureau of Statistics, a commercial analytics provider, the Centre for Population and Real Estate Institute of Australia vacancy data.

Two things follow from that, and the Commission is well placed to put both to the Council.

The 2025 report states that the median price per square metre of residential land rose 9.3 per cent over the year to September 2024, without naming the provider. The Council has therefore already settled on price per square metre as the right unit for land while having no public series to draw it from. That is the field we ask for below, and the Council is its first customer.

On vacancy, the Council relies on Real Estate Institute of Australia data compiled from managing agents. Four better-documented measures exist and are compared in the Henry Halloran Trust [explainer on rental price and vacancy metrics](#): SQM Research, which counts listings advertised for three weeks or more; Domain, which counts listings on the market beyond twenty-one days; the Census count of unoccupied dwellings; and Prosper Australia's water meter method. That explainer does not assess the industry survey measure at all. A national supply body reporting on rental scarcity should say why it has chosen the least documented of the available series.

What the existing series leave out

Both state programmes aggregate. Victoria reports growth-area totals and Queensland reports by local government area. Aggregation suits their purposes and it forecloses three things.

It cannot measure the interval for a given lot, because the lot is never followed from rezoning through to occupation as a single record. It cannot attribute a release rate to a landholding, because holdings become invisible once parcels are summed to an LGA. And it cannot support a repeat-sales series, because the second sale of a lot is never linked to its first.

The measure we propose is those two series continued down to the parcel.

The evidence on the interval

[Staged Releases: peering behind the land supply curtain](#), Prosper Australia, 2022, examined more than 25,000 lot sales across nine master planned communities, all figures published. After an average of 9.5 years in production those developments retained 76.2 per cent of their land bank vacant. Yearly supply was delivered at a median of 3.4 per cent of total lots approved, a rate implying a build-out of roughly forty years against a twenty-year expectation. Average land price inflation ran at 5.5 per cent a year in real terms while wage growth ran at 2.4 per cent. Comparing the hot market of 2015 to 2017 with the cooled market of 2018 to 2019, the rate of sales contracted by 48.7 per cent, which is the behaviour of a seller protecting a price rather than a seller clearing inventory.

The report also records that average lot sale prices rose by \$194,010 across those projects over the study period. We put that figure beside the release rate rather than deriving one from the other, because the study does not separate the price effect of metering from general market growth, and nor can we without the record proposed below. Producing that separation is among

the things a parcel-level series would make possible, and it is a better argument for the series than any number we could assert in its absence.

The study carries four limits, and we state them because they are the argument for the measure rather than against it. It is point-in-time and covers nine estates. Build status was inferred from sales records rather than observed on the ground, and the workflow cannot be reproduced by a third party because the transactional data was licensed rather than public.

The fourth limit is the one the Commission should attend to. A finding of this significance about the operation of the Australian land market depends on one researcher's access to a commercial dataset, and neither the Victorian nor the Queensland series would let a state government, a council or the Commission itself reproduce it.

New analysis: the pattern in the transaction record

The analysis in this subsection is provided to the Commission here for the first time.

Across the nine estates, 27,437 observed sales between 2001 and 2021, we have measured the standard deviation of quarter-on-quarter change in sales volume and in price. The median standard deviation of quarterly change in sales was 45.7 per cent, against 6.2 per cent for mean lot price and 4.9 per cent for price per square metre. In every estate, volume moved at least five times as much as price. When demand weakened, these sellers adjusted quantity and held price.

One estate should be set aside. Jordan Springs East in western Sydney records the widest ratio in the sample, and the same estate has a documented ground movement problem that the developer became aware of in 2018, leading to a buyback scheme from 2020, more than fifty homes repurchased and eighteen scheduled for demolition from 2024. Sales behaviour there reflects a remediation problem as much as a release strategy, so we exclude it from the claim. The finding holds across the remaining eight.

For a benchmark we take the market in which the seller has no control over supply: established houses sold by households. In the six largest south-east Queensland council areas, established house sales fell a median 9.4 per cent between 2017 and 2018 while prices rose 2.4 per cent. Vacant land sales in the same areas, a market dominated by large estates, fell 29.1 per cent. Sales across the nine master planned communities fell 48.7 per cent, and price per square metre rose in eight of the nine, by a median 8.5 per cent. Springfield sold 90 per cent fewer lots in 2018 than in 2017, while established house sales in Ipswich, the surrounding council area, fell 10 per cent. The more concentrated the seller, the deeper the cut in volume and the firmer the price. The estates cut volume more than five times as hard as households did in the same downturn.

Two qualifications belong with those figures. The benchmark is Queensland only, because the Victorian and New South Wales estates in the sample have no matched local established-market series. And established house prices are themselves sticky in volume terms, with a volatility ratio around five, which is why the comparison rests on the gradient through the 2017 to 2018 downturn rather than on the standard deviation ratio alone.

This is the pattern competition screens are built to detect. Abrantes-Metz, Froeb, Geweke and Taylor developed the [variance screen](#) from the frozen perch price-fixing case, and it flags markets where price variance is abnormally low and price has come loose from volume, with volume carrying the adjustment. The land release record fits that description. A screen identifies conduct for investigation, and establishing agreement requires an investigator's compulsory powers, so we ask the Commission to recommend that the Australian Competition and Consumer Commission apply this screen to the parcel record proposed below, and in the meantime to the transactional data it can already compel.

The wider evidence on manufactured scarcity

The release-rate finding sits within a body of work the interim report leaves aside.

Murray models the incentive directly in [Time is money: how landbanking constrains housing supply](#), and the [Letwin review](#) in the United Kingdom found the market absorption rate to be the fundamental constraint on the build-out of large sites, reaching the same place from the developers' own accounts.

On the standing stock rather than the pipeline, Prosper Australia's [Speculative Vacancies](#) series has used water consumption records to identify withheld dwellings since 2008. The eleventh report, on 2023 data, found 27,408 dwellings in metropolitan Melbourne, being 1.5 per cent of the stock, using no water at all across the calendar year, and close to 100,000 dwellings, 5.2 per cent, either empty or using less than a quarter of single-person consumption. The vacant stock exceeded two and a half years of new dwelling construction.

Withholding therefore appears in the pipeline and in the standing stock, measured by independent methods, over two decades. The common feature is that each finding came from a researcher assembling a dataset the state already holds and has never joined.

What the measure should contain

We propose that governments publish, at parcel level and updated annually, a land release record with six fields.

First, the date a parcel entered each regulatory stage: rezoning, precinct structure plan approval, subdivision permit, plan of subdivision registration. Second, servicing status, being the date trunk water, sewer, power and road connection became available to the parcel. Third, title creation date. Fourth, first transfer date and price. Fifth, observed build status, being whether a dwelling exists on the parcel and when it first appeared. Sixth, lot area in square metres, so that price can be reported per square metre of land.

The sixth field does more work than its position suggests. Lot sizes have fallen steadily across Australian greenfield estates over two decades, so a median lot price series tracks a shrinking object and understates land price inflation by the amount of the shrinkage. Price per square metre

holds the unit constant, and it exposes the substitution a purchaser actually faces, which is a smaller parcel at a similar price rather than a similar parcel at a lower one. Our own analysis above depends on it, since price per square metre rose in eight of the nine estates through a downturn in which volume halved. Victoria already publishes average lot area quarterly and the Council already reports in price per square metre, so the field is proven rather than speculative, and what remains is to report it per parcel and divide it into price.

Five of those six fields already exist inside government. Rezoning and permit dates sit in state planning permit activity reporting and, in Queensland, in the Residential Land Development Activity series. Title creation, transfer and lot area sit in the land registry and the cadastre. Servicing dates sit with the water corporations and distributors. The sixth, observed build status, is obtainable from building footprint datasets already maintained under the [National Housing Data Exchange](#) and from imagery change detection.

This requires no new collection. It requires that existing collections be joined at the parcel and published, that the two states already doing most of the work be funded to finish it, and that the others be brought up to their standard.

Why the Commission should want it

Without such a record, three things the Commission proposes cannot be evaluated after the fact.

Reform directions aimed at increasing commercially feasible capacity will be assessed against approvals and zoned capacity, because that is what is published nationally. If approvals rise and occupancy stays flat, the reform will be recorded as a success.

The [Victorian vacant residential land tax](#) extends to unimproved residential land in metropolitan Melbourne from 1 January 2026 where the land has been undeveloped for five years or more. Evaluating whether that tax changes landholder behaviour requires a parcel-level record of vacancy duration, and Victoria holds none in publishable form. A tax has been legislated against a condition the state can presently only estimate.

Third, the Commission has said its final report will draw on a detailed survey of housing developers about their experience of approvals. That survey will produce a careful account of the constraints developers face. There is no counterpart instrument directed at the landholding side of the same firms, and no dataset that would let the Commission test what it is told.

2. The premise the supply argument rests on

We ask the Commission to examine an assumption that runs through the interim report without appearing in it.

The report proceeds as though permission and delivery move together. Remove the ban, reduce

the burden, and housing follows at the rate the approval allows. For that to hold, the interest of the party holding the approval must run in the same direction as the interest of the household waiting for the dwelling. Where the two diverge, nothing in the regulatory system requires the holder to prefer the second.

Australian law does not usually leave that to coincidence. Superannuation trustees hold members' money under a best financial interests duty. Company directors owe duties to the company. Financial advisers owe a best interests duty to the client. The common condition in each case is an informational advantage held by one party over another whose position the first party controls, and the duty exists because the advantage exists.

Land release satisfies both conditions and carries no duty. The holder of an approval knows the release schedule, the absorption rate, the comparable sales and the competitor inventory, while the household waiting to buy knows the advertised price of what is on the market this month. The holder benefits from a slower release and the household bears the cost of it. There is no obligation anywhere in the Planning and Environment Act, in any planning scheme, or in the conditions attaching to a precinct structure plan approval that requires the holder to have regard to the interests of the party on the other side.

We are aware that fiduciary duty is a term of art and that the Commission will be cautious about it. We are not asking that landholders be made trustees. We are asking the Commission to notice that its supply argument requires an alignment of interest which the law has been careful to require by obligation in every comparable setting, and which it leaves to chance here. Absent that alignment, the mechanism by which additional approvals reach the household breaks at the release step, and regulatory efficiency alone will not repair it.

The measurement problem that makes the duty unenforceable

A duty is only as good as the evidence that would establish its breach, and here the evidence does not exist.

Australia publishes median and hedonic price series. The Australian Bureau of Statistics Residential Property Price Index and the commercial hedonic indices measure the price of what transacted in a period, adjusted for the composition of what transacted. Neither is a repeat-sales index, and there is no Australian equivalent of the Case-Shiller construction, which tracks the same property between successive sales.

The distinction matters for this inquiry more than for any other purpose. A first sale in a master planned community is a transaction between a household and a party that controls the supply of the entire estate, while the second sale is a transaction between two households. Market power is present in the first and largely absent in the second. A repeat-sales series is the instrument that separates them, because it shows what the same lot does once the original seller has left the market, and it is also the series that would let the benchmark in section 1 be built for every estate in the country rather than for six Queensland council areas.

Without it, the effect of a metered release on the households who bought into one disappears into

a median that also contains every other transaction in the region.

The measurement problem is larger than this inquiry

We offer one further illustration of scale, because it bears on how the Commission should read every housing statistic in front of it.

Australia reports home ownership by dwelling, and the 2021 Census puts the rate at 66.9 per cent. Counted by person, as the share of adults who own the home they live in, the same Census returns 51.0 per cent. The gap has held at every Census since 2006: 53.7 against 70.2 in 2006, 52.2 against 68.7 in 2011, and 49.1 against 67.2 in 2016. Across the states and territories the gap runs between 14.4 and 16.4 points, with the Northern Territory the only outlier. This is Grounded's analysis of Census data, following the homeowners-to-population ratio the Federal Reserve Bank of Minneapolis published in July 2026, which moved the United States rate from 65 per cent to 53. Method and series at grounded.org.au.

No new question and no change to the Census form produced that figure. The Bureau holds the variables and has never run the tables together. We raise it because the pattern is the same one the rest of this submission describes: the unit of measurement was chosen long ago, it flatters the outcome, and the correction requires joining data the state already holds. A supply target expressed in dwellings, assessed against a dwelling-based ownership rate, can be met while the share of adults holding a home continues to fall.

Who should hold the series

A repeat-sales series will exist on a useful horizon only if a body is assigned to hold it. A first sale in a master planned community and its second, arm's-length sale are typically ten to twelve years apart, well beyond the life of any single research grant. The National Housing Supply and Affordability Council already publishes the annual State of the Housing System report and is the natural custodian of a repeat-sales series built from the parcel record. We recommend the Council be given that function explicitly, rather than leaving repeat-sales monitoring to whichever researcher can next obtain the transactional data.

3. On the literature the interim report sets aside

Box 1 of the overview sets out the filtering mechanism the report relies on, and footnote a records that some studies find more mixed relationships between new supply and prices, citing Garvin 2026 and Murray and Limb 2023, but that the Commission gives more weight to studies using causal methods that capture long-term city-wide effects.

We accept that a well-identified city-wide study is better evidence about city-wide price effects

than a local one. We say the footnote answers a different question from the one at issue.

The filtering literature asks what happens to prices when supply increases. The land banking literature asks what determines whether supply increases at the rate approvals imply. A causal estimate of the price effect of completed dwellings tells you what to expect once the dwellings are completed, and leaves open whether a rezoning will produce them. Both bodies of work can be right at once, and if they are, the policy implication concerns scope rather than the value of regulatory reform. Regulation and release rate are separate levers, and the Commission has been asked to examine only the first.

4. Why the measurement gap is widening

Perfect information was always the premise

Every argument for market allocation of land rests on an assumption about information. The competitive model assumes that price, quality and availability are known to all parties at negligible cost, and that no participant can improve their position by knowing more than the others. Land has never satisfied that assumption, and what has changed is the size of the departure.

How did we stray so far with so little warning? Largely because each step was defensible on its own. A registry was leased to fund infrastructure. Analytics firms consolidated because scale lowered unit costs. Valuation was automated because manual appraisal was slow. Each decision left market power where it found it, and the accumulated effect is that one side of the housing transaction now operates with a view of the market that the other side, and the regulator, can obtain at no price they are able to pay.

Land information has been substantially privatised

Victoria leased the operations of its Land Titles and Registry Office for forty years in August 2018, for \$2.86 billion, and New South Wales and South Australia made comparable arrangements. The transactional record of every land dealing in the state continues to be created by a statutory process and is then held, priced and distributed commercially.

The analytical layer above it is more concentrated still. The sales histories, valuation models and market analytics on which lending, development appraisal and release scheduling all depend are supplied by a small number of firms. A developer deciding how many lots to release in a quarter has access to a view of demand, comparable sales and competitor inventory that no council, no state planning department and no resident has.

We use the term informational advantage for the structural condition, and section 1 sets out conduct in the transaction record that a standard cartel screen would flag. The advantage itself is

lawful, it is purchased, and it is the ordinary condition of the market. That is the problem. A regulator examining why approved land stays vacant is examining a market in which one side can see the board and the other cannot.

A public interest concession on property data

There is a question inside this that the Commission could resolve cheaply, and it goes to who can afford to do the work this submission relies on.

When a state privatises a land registry or licenses its transactional record, nothing in the arrangement reserves access for public interest research. Australian universities pay commercial rates for data their own state governments created. Small organisations pay rates that put the data beyond reach entirely, which is why the 2022 study exists as a single point-in-time exercise rather than a series, and why its workflow cannot be reproduced by anyone who lacks a licence.

The consequence for this inquiry is direct. The Commission is assessing a market whose evidence base can be purchased by the parties being assessed and cannot be purchased by the parties assessing them. We ask that a public interest concession be written into every future property data privatisation, licensing renewal and registry concession, giving accredited researchers, councils and not-for-profit organisations access at cost. Existing arrangements should be amended at their next renewal point.

The advantage has grown, not held steady

Metering a land release well requires knowing how much the next lot will fetch if held another year, how many competing lots will come to market in that year, and how sensitive local demand is to price. Those are forecasting problems, and they were once expensive, slow and inaccurate enough that a large landholder had limited ability to act on them at parcel resolution.

They are now cheap. The relevant industry here is the property, development and land intermediation industry, which has adopted machine learning tools built by others and applied them to inventory it already held. The same modelling capability that made automated valuation ordinary has made release optimisation ordinary.

We are aware of no published Australian evidence quantifying the effect of that shift on release rates, and we say so rather than assert a number. Our claim is narrower and concerns capability rather than conduct. The capacity to identify the profit-maximising release schedule for a large land holding has improved by more than an order of magnitude in a decade, while the regulatory settings governing that holding have stood still.

The data centre question nobody is asking

Everyone is worried about the carbon footprint of AI data centres. I am concerned about the economic ripple effect from the most valuable data inside them.

Governments have built a serious apparatus around the first concern, requiring water modelling, cooling analysis, drought resilience, emissions modelling, biodiversity, noise and stormwater assessment. We support all of it, and we observe the pattern in what it captures.

Every impact on that list is local and visible. Water drawn from one catchment. Heat and noise at one boundary. Emissions measured at one stack. Each has an identifiable neighbour who can object, a proponent who can be conditioned, and a technical discipline able to model it. The assessment system is built for costs shaped like that.

The cost that escapes assessment has no neighbour. When land in a corridor is bid to four times its previous value, the effect travels well past the fence. It resets the reference price for every comparable parcel in the district, and through the comparable sales method it reaches every valuation, every mortgage, every rate notice and every rent review in the surrounding towns. It reaches households who will never see the facility and were never notified of it. A cost borne by one neighbour is assessed exhaustively, while a cost borne by every neighbourhood within an hour's drive is assessed nowhere, because the system has no procedure for a harm without a boundary.

The scale is already established. Reported in July 2026, an analysis by Digital Agricultural Services estimated approximately \$21 billion of farmland across New South Wales and Victoria sits within areas favourable for data centre development. In Victoria, thirty proposed projects were reported as potentially requiring around nine gigawatts of electricity and water equivalent to the demand of 330,000 additional residents by 2030. The Commonwealth departments responsible for agriculture and for climate, energy and water confirmed that no modelling of the effect on agricultural land, water availability or food production had been undertaken before the national framework was announced. The state can express the water demand of thirty projects as a population equivalent, and nobody has expressed their land price effect as anything.

The mechanism matters more than the scale. Col Medway, managing director of rural agency LAWD, [described](#) landholders along major transmission corridors being offered up to four times market value under call option agreements, with upfront non-refundable fees of roughly \$100,000 to \$200,000, minimum terms of three years, and conditions preventing the landholder from selling, transferring or leasing while the option runs. Many of those taking options are not the proponents and intend to on-sell.

An instrument that removes land from the market for three years, pays a fee for the privilege, and is held by a party who intends to resell rather than build is a land banking instrument. The parties writing these options are property intermediaries rather than technology firms, and they are being assessed by governments for their water consumption.

In central Victoria this is concrete. Hepburn Shire issued 90 dwelling building permits outside its five towns between 2022 and 2024, twenty-two per cent of the 408 issued shire-wide, while Trentham held 1.8 years of township residential land supply and Glenlyon 2.3 years. Mount Alexander Shire holds 4,342 residential lots against forecast demand of 2,750 to 2041, more than thirty years of supply against a fifteen-year benchmark. Rural land in these shires is already

absorbing housing one detached house at a time, with no affordability condition attached to any of it, and is now attracting a second class of bidder with deeper pockets and an interest in resale rather than occupation.

The value being competed for in both cases is the same thing. It is location. It is created by the public, through transmission investment, road investment, water augmentation and the presence of a settled population, and it is captured privately by parties with a much better view of it than the community that produced it.

5. The conditions that shape supply

The Commission asks in information request 1.2 whether its objective and best practice principles are appropriate. The objective states that a well-functioning system gives weight to the interests of both current and future residents. We support that formulation and ask that it be given operational content, because as drafted it appears once and nothing follows from it.

Consider the two delays side by side. Planning delay is measured in weeks and months, it is visible, it is complained about, and it is the subject of sixteen reform directions and a developer survey. Land banking delay is measured in years and decades, with the 2022 study finding an average of 9.5 years elapsed while three quarters of the land bank stayed vacant. The inquiry is directed at the delay measured in weeks.

A future resident waits through both. More than that, a future resident is affected by five conditions, of which regulation is one. We set them out because the interim report addresses one and treats the others as outside its terms of reference, and because a final report that names all five is more useful than one that does not.

Detection, being whether withholding can be seen at all. This is the parcel record, the repeat-sales series and the price-per-square-metre field of section 1, and without it nothing downstream can be evaluated.

Containment, being whether the return on withholding, or on converting housing to another use, can be reduced. This covers vacancy taxation, short-stay regulation and enforceable build-out obligations.

Capital, being whether finance exists at the scale and duration that perpetually affordable delivery requires. Small projects fail at the enabling infrastructure stage rather than at the planning stage.

Delivery, being which entity builds and what its interests are. Section 6 argues this is a supply variable rather than a welfare question.

Stewardship, being whether affordability survives the first resale. A subsidy released at first resale buys one household one house, where a subsidy locked in the land buys every subsequent household the same house.

Regulation touches the second and fourth of these and governs neither. We ask that the final report state the five conditions and identify which fall outside the terms of reference, so that the reforms it does recommend are read as partial rather than sufficient.

We would go further on the objective, though we recognise the Commission may not. Land held under approval is held on terms set by the public, serviced at public expense and made valuable by public decisions. The relationship is closer to custodianship than to ownership in the ordinary sense, and a custodian who benefits from delay while others bear its cost is in a position the law elsewhere regards as requiring justification.

6. Information requests 2.3 and 3.4: instruments

Information request 2.3 seeks evidence on inclusionary zoning and information request 3.4 asks about including social and affordable housing in streamlined pathways. This section answers both by working outward from the regulatory system to the delivery model.

What the regulatory map contains

Figure 2 of the Commission's call for submissions maps the regulatory touchpoints governing a new dwelling. Can I build a dwelling on this land. Can I build a functional dwelling. What type of dwelling can I build. Can I get the approvals required. The extended version at appendix A runs to more than fifty separate requirements, from archaeological sensitivity and biodiversity protection through to bin storage, street wall controls, overshadowing limits and solar access.

Every box concerns the dwelling: its zone, its overlays, its servicing, its height, its setbacks, its site coverage, its acoustic privacy, its certification. Read down the whole map and one question is absent throughout. Who will live in it, and will anyone.

That absence is the boundary of what regulatory reform can deliver. The system is a precise instrument for governing the form of a building and a blunt one for governing its use, and it has no instrument at all for governing the pace at which buildings arrive.

Containment: the Affordable Supply Impact Statement

Australia's planning system tests yield, traffic and infrastructure capacity. It rarely tests affordability, and where it does the test is a count of dwellings rather than a relationship between local incomes and local prices.

We propose an Affordable Supply Impact Statement, lodged with a major rezoning or land disposal, in which the proponent states the current median income-to-price and income-to-rent ratio for the local market and the projected ratio at full build-out. Inflation allowances must be

conservative, documented and evidence-based, and price increases must rest on more than market precedent. The income-to-price trajectory becomes the public accountability benchmark, reported annually against delivery.

The statement carries four further elements. An agreed supply rollout, typically four to six per cent of total dwellings a year, with annual shortfalls made up within two years, so that the delivery profile is a commitment rather than a projection. A voluntary inclusionary zoning contribution of around ten per cent of dwellings or equivalent value, directed to perpetual affordability through ground lease, shared equity or covenant-based tenure rather than to a one-off discount. Infrastructure alignment, with staging verified against servicing agency capacity through a shared data platform, and time-limited allowances only for verified external delays. And a financier's statement confirming that lending terms, drawdowns and presale requirements are consistent with the approved rollout, because a delivery schedule the finance structure contradicts is a forecast rather than a schedule.

Baseline and compliance both run off the parcel record proposed in section 1. We call that monitoring layer the Scarcity Radar, and it tracks approvals, completions and undeveloped lots against the agreed rollout, showing a staged release for price advantage while it is occurring rather than a decade afterwards.

Illustratively, a 1,500-dwelling rezoning generating \$25 million of land value uplift discloses a current income-to-price ratio of 1 to 9 and projects 1 to 8 at full build-out, on staged supply, moderated absorption and ten per cent voluntary inclusionary dwellings under a ground lease. Delivery proceeds at five per cent a year, and a verified sewer upgrade delay triggers a temporary schedule adjustment. Everything in that example is publicly checkable, which is the point of it.

We put the statement forward as the strongest instrument available inside the existing regulatory frame. It has a limit, and the limit is the one section 2 identifies. It binds a proponent whose interest lies in the other direction, so it depends on monitoring, enforcement and the willingness of a council to hold the line for twenty years.

Containment: how many holiday homes are too many

A second containment problem sits alongside the first in regional Australia, and the regulatory map has even less to say about it.

At the 2021 Census, 31 per cent of dwellings in Daylesford were unoccupied on Census night, against 11 per cent across Victoria. Daylesford sits in the shire that issued 90 dwelling permits outside its towns between 2022 and 2024 while Trentham held 1.8 years of township land supply. The regulatory system governing those towns can specify the acoustic privacy of a bedroom and holds no view whatever on whether the bedroom is slept in.

Victoria has applied the one instrument available to it. The [short stay levy](#) commenced on 1 January 2025 at 7.5 per cent. Statewide short-stay listings had grown 18 per cent in 2023 and 22 per cent in 2024, growth fell to 2.6 per cent in the first year of the levy and to approximately negative 0.5 per cent in the year to January 2026, from a base of 46,342 listings, and the levy

raised \$85.8 million in 2025 against a \$75 million forecast. We have been unable to establish from published sources how much of that was raised in regional Victoria, or how much returns there, and we suggest the Commission ask.

Read the listing figures as a result rather than a verdict. A price signal on occupancy arrested the growth of the stock, left the stock where it stood, and raised revenue. It converted no house into a home, because a levy adjusts the return on a use and offers no path to a different one.

The instrument that would be a cap and trade on short-stay permits, which we have set out in [Airbnb: From a Housing Problem to Solution](#) and in the accompanying [explainer](#). A council sets a ceiling on short-stay dwellings in a defined area, permits become tradable within that ceiling, and the ceiling tightens on a published schedule where short-stay use displaces long-term housing. That converts an open extraction channel into a regulated stock that can be reduced deliberately, gives existing operators a transferable asset and an orderly exit, and gives a town the answer to the question it actually asks. A levy prices the use. A cap decides how much of it a community will carry.

We are careful here. A holiday home is a lawful use of a dwelling and its owner has broken no rule. Our argument concerns the absence of any public instrument for weighing one use of the existing stock against another in a town where both are contested. A council can refuse a two-storey extension on neighbourhood character grounds and can say nothing at all about the fortieth dwelling in a street going dark.

Delivery: community land trusts carry the duty in their constitution

Section 2 argued that the supply case assumes an alignment of interest which no rule requires of a landholder. That is a criticism framed around an absence. The constructive form of the same point is that entities already exist which supply the alignment themselves.

A [community land trust](#) holds land under a constitution binding it to affordability in perpetuity. The resale formula is fixed before the first resident moves in, and the board carries resident and community directors. The trust has no shareholder to whom a higher price is owed, and no mechanism by which withholding land would benefit anyone inside it. Where a developer's optimum release rate is a function of absorption and price, a trust's is a function of demonstrated need and available capital, and those move with the waiting list rather than against it.

Set the section 1 finding against that structure. The estates cut volume more than five times as hard as households did through the same downturn, and held price while they did it. A trust facing weaker demand has no equivalent move available, because its price is set by a formula agreed in advance and its land cannot be resold at market value in any case.

This is the distinction we ask the Commission to draw, and it is the reason we think the final report should treat delivery model as a supply variable rather than a welfare question. The obligation that would have to be imposed on a conventional landholder by regulation, at considerable administrative cost and against sustained resistance, is already present in the constitution of a community land trust. Directing land toward entities that carry the duty is cheaper than imposing

the duty on entities that resist it.

Two further properties matter for this inquiry. Public subsidy placed into a trust stays in the asset and is available to every subsequent household, where a grant to a market purchaser is released in full at the first resale. And because the trust separates the land from the dwelling, the household buys the building at build cost and the land value stays with the community that created it.

We put this as a testable proposition rather than an article of faith, and we are building the comparison now: whole-of-life public and private cost per affordable dwelling-year across the two delivery models on comparable ground, with the cost model and assumption set published before the first site result and the modelling independently reviewed. The unit of comparison is deliberate. Cost per dwelling flatters market delivery, because a market dwelling is affordable once and a trust dwelling is affordable at every turnover, and only time in the denominator makes the two commensurable. We would welcome the Commission's interest, and we will accept what the comparison shows.

Delivery: a targeted release pathway

Rural exception sites under the English [National Planning Policy Framework](#) release small parcels for affordable housing adjacent to existing settlements, on land that would otherwise stay closed to market housing, tied to demonstrated local need and retained affordable in perpetuity. They are commonly delivered by community land trusts and housing associations, and the provision was strengthened in 2023.

The economic mechanism inverts the usual objection to inclusionary requirements. Because the land can only ever be affordable housing, hope value stays off it and it transacts near existing use value. The affordability is funded by the price the land never reaches rather than by a levy on a market development.

No Australian jurisdiction has an equivalent. In Victoria the Farming Zone permits a lot below the minimum in three circumstances, being re-subdivision of existing lots, land for a utility installation, and excision of an existing dwelling, with affordable housing absent from that list. The state's one recent liberalisation, exempting a small second dwelling of 60 square metres or less from permit requirements, ties the dwelling to the existing house and forbids separate sale. It adds a rentable dwelling to an existing landholder's asset and creates affordability that expires at the next transfer.

That is the general pattern we ask the Commission to watch for. A relaxation of control paired with no tenure condition transfers value to the current landholder and produces no permanent affordability multiplier.

Capital: affordable housing infrastructure bonds

The barrier to small affordable projects on rural and peri-urban land is rarely the land price once a

perpetual affordability condition has removed hope value. It is the enabling infrastructure. Our own modelling of a twenty-one dwelling community land trust project estimates enabling costs at roughly \$115,000 a dwelling, of which connections are about \$15,000, and we offer those as modelled orders of magnitude rather than tendered figures. A project of that size cannot carry that cost against affordable prices, and a grant program funds it once and recovers nothing.

Grounded has proposed to the Victorian Government an affordable housing infrastructure bond, under which the state finances enabling infrastructure for perpetually affordable projects and is repaid from the ground rent and stewardship stream those projects generate. The subsidy is recovered rather than spent, and the dwelling stays affordable at every subsequent turnover.

We raise it here because information request 3.4 asks about pathways rather than money, and the two are inseparable. A streamlined pathway for affordable housing on land that cannot be serviced is a pathway to nothing.

7. Two reform directions we ask the Commission to reconsider

Reform direction 4.3 would remove developer contributions where there is no demonstrable nexus between a development and the infrastructure funded, and would move the system toward cost-reflective charging. Reform direction 4.4 would bundle levies and require upfront estimates before land release or acquisition.

We support transparency of charges and the upfront estimate in particular. We ask the Commission to consider that a strict nexus test, applied generally, forecloses value capture as distinct from cost recovery. Uplift created by a public rezoning decision has no nexus to any particular item of infrastructure, because it is created by the decision itself. Victoria's windfall gains tax exists on that reasoning. A national reform direction framed around nexus would place instruments of that kind outside best practice, and we take that to be beyond the Commission's intent.

Reform directions 2.1 and 2.3 would allow three-storey development across all residential land and reduce or remove minimum lot size requirements. Both are drafted with metropolitan infill in view. Neither carries a qualification for rural living and low density residential land at the edge of small towns, and neither attaches an affordability condition to the lots that result. Applied without qualification in shires like Hepburn and Mount Alexander, where more than 3,000 properties fall in the 2 to 30 hectare range and dwellings are as of right in the Rural Living and Low Density Residential Zones, the effect is more lifestyle lots on agricultural land.

We ask that the final report distinguish between relaxing controls on serviced land inside settlement boundaries and relaxing them on farmland. In doing so we ask the Commission to be explicit about something usually left implicit. A rural exclusion, a green wedge, a minimum lot size, a farming zone: each of these is a boundary, and a boundary is a competitive instrument. It determines which land may compete to house the next household and which may not, and therefore sets the marginal parcel whose price the whole local market is struck against.

That cuts both ways and we would rather say so than have it said to us. A rural exclusion applied to protect farmland raises the price of the land that remains eligible. This is the strongest argument against the position we take in section 6, and we accept it. Our answer is that the choice lies between a boundary that admits only market housing and one that also admits perpetually affordable housing. The English rural exception site is the second kind, and it moves the marginal parcel while leaving the district closed to speculation, because the land it admits can never be resold at market value.

We therefore ask the Commission to treat a boundary carrying an affordability exception as a different instrument from one without, because the first releases land that the second locks up.

Recommendations

One. Publish a parcel-level land release record with the six fields set out in section 1, including lot area so that land price can be reported per square metre, built by extending the Victorian Urban Development Program and the Queensland Residential Land Development Activity series down to the parcel and bringing other jurisdictions up to their standard.

Two. Ask the National Housing Supply and Affordability Council to draw on the Victorian and Queensland series, to name the source of the price per square metre figure it already reports, and to explain its choice of vacancy measure.

Three. Construct a public repeat-sales price series from the parcel record, held by the Council as an extension of that reporting, so that the price effect of a controlled first sale can be distinguished from the price of the subsequent market.

Four. Write a public interest concession into every future property data privatisation, licensing renewal and registry concession, giving accredited researchers, councils and not-for-profit organisations access at cost, and amend existing arrangements at their next renewal point.

Five. Recommend that the Australian Competition and Consumer Commission apply a variance screen to the land release record, and in the meantime to transactional data it can already compel, to test whether the volume-over-price adjustment pattern documented in section 1 holds across the national greenfield market.

Six. Evaluate reform directions against occupancy and release rate rather than against approvals and zoned capacity alone.

Seven. Examine whether the alignment of interest the supply argument assumes should be secured by obligation, as it is in every comparable Australian setting where an information asymmetry and a divergence of interest occur together.

Eight. Name the five conditions that shape supply in the final report, and identify which fall outside the terms of reference, so that the reforms recommended are read as partial rather than sufficient.

Nine. Treat delivery model as a supply variable. Community land trusts carry in their constitutions the obligation that would otherwise have to be imposed by regulation, and the final report should assess whether directing land toward such entities delivers more affordable dwelling-years per public dollar than regulating the entities that resist the obligation.

Ten. Assess a cap and trade on short-stay permits as the containment instrument a levy alone cannot provide, for towns where short-stay use displaces long-term housing.

Eleven. Give the future-residents clause of the overarching objective operational content, and treat release rate as within its scope.

Twelve. Note that the terms of reference exclude tax, demand and finance, and that reforms to regulation alone cannot be assessed for sufficiency while those exclusions stand.

Thirteen. Assess competing non-residential demand for serviced and near-serviced land, including data centre and energy infrastructure land assembly, for its effect on residential land price and availability, rather than on utility consumption alone.

Fourteen. Qualify reform directions 2.1 and 2.3 so that they do not apply unconditionally to rural and peri-urban land, and qualify reform direction 4.3 so that it preserves capture of publicly created uplift.

Fifteen. Recommend a targeted affordable housing release pathway on the English rural exception model, with perpetual affordability as the condition of release, and test the Affordable Supply Impact Statement and an affordable housing infrastructure bond as the accountability and financing instruments that make such a pathway operable.

Closing

The Commission has asked a question in information request 2.2 that no Australian government can fully answer about its own land supply. Two states can answer more of it than the rest, and the national body reporting on housing supply has used neither answer. We think that is the most important sentence in the interim report, and we would rather help answer it than argue about the parts of the inquiry that are closed.

The answer will not hold still, because the tools for timing a release improve every year while the public record of what is being released does not. Everyone is asking what a data centre consumes. The most valuable thing inside it is the value of location, and nobody is asking about that at all.

In the towns where this lands hardest, the people who can see the problem most clearly have been given a levy and a consultation. They could be given an instrument instead.

We did not democratise property. We gamified exclusion.

References

Abrantes-Metz, R., Froeb, L., Geweke, J. and Taylor, C. (2006), A variance screen for collusion, *International Journal of Industrial Organization* 24(3), 467 to 486.

Murray, C.K. (2020), Time is money: how landbanking constrains housing supply, *Journal of Housing Economics* 49, 101708.

Letwin, O. (2018), Independent Review of Build Out: Final Report, UK Ministry of Housing, Communities and Local Government.

All other sources are linked in the text.