

National Trust

Victoria

Submission to PC Interim Report Housing Supply Regulation

30 September 2026

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Executive Summary

The National Trust Victoria (NTV) supports improving housing supply and affordability in Victoria and Australia and welcomes the Commission's goal of a more efficient and predictable planning system. We support densification in and around heritage areas and submit that existing heritage controls already enable such development. We also believe that retention of heritage places through these controls directly improves liveability outcomes.

The NTV finds the very premise and scope of the Productivity Commission's Interim Report on housing supply regulation (2026) (the interim report) inherently flawed and limited in evidence-based analysis. We are particularly concerned by the evidentiary basis for key findings that erroneously identify heritage controls as an impediment to housing supply. The interim report's treatment of heritage controls demonstrates a lack of understanding regarding how heritage overlays operate and proceeds from an inaccurate representation of the Victorian planning framework, chiefly that the presence of a heritage overlay substantially prevents development potential.

Furthermore, we find the scope of the interim report problematic, as it does not permit the Productivity Commission to draw sufficiently comprehensive conclusions about the causes of housing supply and affordability issues. Additionally, we are concerned that the inquiry's Terms of Reference appear to anticipate recommendations to reduce housing regulations, without requiring the Commission to first assess whether such reductions are justified.

KEY RECOMMENDATIONS:

The National Trust Victoria recommends that the Productivity Commission:

- **Strengthen the evidence base of the interim report.** Establish the causes of housing supply and affordability problems before recommending planning reform, and assess planning alongside taxation, finance, construction costs, infrastructure and other drivers of housing outcomes.
- **Correct the use of evidence regarding heritage controls.** Recognise that Heritage Overlays manage change rather than prohibit development, and that increased density can occur within heritage areas where appropriate. Re-verify heritage-related sources, clearly distinguish theoretical or modelled capacity from actual housing delivery, and do not present evidence where the underlying analysis of the findings cited cannot be independently reproduced.
- **Remove Reform Direction 2.5.**
- **Retain proportionate minimum standards for liveability.** Assess design and built-form requirements, including canopy, daylight, storage and open space, against both their impacts on development capacity and the public benefits they provide, rather than treating them solely as regulatory costs. Recognise canopy, green and blue spaces and heritage places as essential components of functional, resilient and liveable communities; support adaptive reuse and housing in established areas; and broaden consultation to include environmental, cultural and community perspectives alongside development and housing supply interests.

Introduction

WHO WE ARE

The NTV is a not-for-profit membership organisation formed in 1956. As Victoria's premier heritage organisation, the National Trust has an interest in ensuring that a wide range of natural, cultural, social and Indigenous heritage values are protected, respected and celebrated, contributing to strong, vibrant and prosperous communities. Whilst we are an independent and non-government organisation, we work collaboratively with government, local councils, businesses, local community groups and individuals, to strengthen heritage protection, increase community involvement in heritage conservation, and provide tourism and engagement experiences for diverse audiences.¹

OUR POSITION

The NTV supports planning reforms that enable well-managed densification in heritage areas, but this should not come at the cost of retaining significant heritage places, community trust, or professional oversight.

Streamlining processes should reduce unnecessary burden, **not** reduce safeguards.

Over the past several years, the NTV has engaged extensively with the Victorian Government regarding its suite of planning and strategy reforms aimed at increasing housing supply. Our submissions have responded to consultation regarding Plan for Victoria (2025),² the Department of Transport and Planning's Train and Tram Zone Activity Centres Program,³ and multiple state government fast track programs.⁴

We note the Australian Council of National Trusts has made a submission to this interim report in its capacity as the national body representing each state and territory National Trust in the country and we support the comments and recommendations in that submission.

The NTV submits the following comments regarding the key findings in the interim report, the requests for information and the proposed reform directions.

¹ <https://www.nationaltrust.org.au/vic/>

² <https://www.trustadvocate.org.au/national-trust-advocates-for-positive-heritage-planning-reform/>

³ <https://www.trustadvocate.org.au/integrating-heritage-into-the-activity-centres-program/>

⁴ <https://www.trustadvocate.org.au/heritage-housing-solutions-national-trust-nominates-to-the-state-design-book/>

General Comments

ISSUES WITH REPORT PREMISE AND SCOPE

Terms of Reference are fundamentally flawed

The NTV finds it deeply problematic that the interim report proceeds from an assumption that construction of new housing is the primary solution to improving housing affordability, without adequately interrogating or demonstrating this proposition. The Terms of Reference issued by the Hon Jim Chalmers MP request “an inquiry into the rules and regulations that impact housing supply” and that the Commission develop “actionable recommendations to lift productivity and help Australia build more homes”. The justification for this is set out in the Terms of Reference background as follows: “Australia has a housing shortage. We do not have enough homes, where people need them, at prices they can afford.” However, these propositions are not adequately examined in the interim report. The interim report largely accepts the premise that Australia has a housing shortage and that increasing the number of homes will address the identified problems of affordability, rather than establishing the nature, extent, and causes of those problems. Increasing the number of dwellings is not a proven solution to addressing housing supply or affordability. Rather, the National Housing Supply and Affordability Council State of the Housing System 2025 report noted “the single biggest constraint on supply currently is that many housing projects are not commercially viable given current land, financing and development costs relative to expected sale prices”. Furthermore, the same report does not identify heritage controls anywhere among the principal constraints on housing supply.

Additionally, the Terms of Reference further direct that “The interim report should identify regulations that most affect housing and include a prioritised list of reforms to support faster and simpler approvals...” This framing presupposes that regulatory reform is the appropriate policy response to increase housing supply, rather than allowing evidence to determine whether this is the case.

Recommendation:

- The Commission should show analytical rigour around the housing supply and affordability problems it is seeking to address;
- establish the outcomes against which its recommendations should be assessed; and
- demonstrate why planning reform and increased housing supply are the appropriate principal interventions.

Housing regulation should not be considered in isolation

The interim report identifies a number of significant matters as being outside its scope, including aspects of building regulation and the National Construction Code. While a defined scope is necessary for any inquiry, planning and land-use regulation should not be assessed in isolation from the other factors that influence housing supply, cost, feasibility and access. The costs, feasibility and form of new housing are influenced by a complex interaction of planning, construction and economic factors including building standards, construction and material costs, labour availability, financing, interest rates, inflation, taxation, infrastructure provision, development economics and market conditions. While these matters need not all be examined in detail by the Commission, their exclusion should be recognised as a limitation on the conclusions that can be drawn from the interim report. In particular, the Commission should be cautious about recommending changes to planning regulation when other significant factors have not been assessed.

For example, stamp duty tax can affect the cost of moving between properties and may effectively discourage households from downsizing to a more appropriate dwelling when their household circumstances change. Whereas if such households did downsize, this would in turn free up their former property for purchase by others. Therefore, reforming taxes such as stamp duty could improve the efficiency of housing ownership based on household needs without requiring the construction of an

entirely new dwelling. Such measures should therefore be considered alongside planning reform as part of a broader assessment of housing market efficiency.

Indeed, in its 2025 report, the National Housing Supply and Affordability Council identified that one of the key policy areas to improve housing supply and affordability is through “Ensuring the tax system supports housing supply and affordability. Tax settings have a wide-ranging impact on the housing system, affecting demand, supply and affordability. Tax reform requires strong evidence and political courage, but there is a strong case for reform to ensure fair access to the benefits of home ownership and to support the efficient use and exchange of the housing stock.”⁵

Risks of reduction in housing quality

Additionally, the interim report’s narrow scope places substantial weight on reducing regulatory requirements without sufficiently considering the purposes of those regulations to ensure minimum liveability standards. For example, minimum requirements relating to room size, storage areas, balconies, access to daylight, private open space, and other aspects of residential amenity were specifically introduced to address documented problems with the delivery of sub-standard housing.

Reducing or removing these requirements may increase theoretical development capacity or reduce the cost of individual developments, but this does not necessarily mean that the resulting housing will meet Australia’s housing needs from a liveability standpoint. Indeed, there is a particular risk that deregulation could produce smaller or lower-quality dwellings in parts of the market where purchasers and renters have the least capacity to exercise choice.

Where minimum standards were introduced in response to demonstrated deficiencies in housing quality, the Commission should identify the evidence supporting their introduction and demonstrate why the underlying problem has been resolved before recommending removal of the regulation. Otherwise, there is a risk of repeating previous problems with the delivery of sub-standard housing.

Recommendation:

- The Commission should assess proposed reductions in residential development standards against their full range of consequences, rather than treating each requirement primarily as a cost or constraint on development.

ISSUES WITH METHODOLOGY AND EVIDENCE BASE

The NTV is concerned that the Interim report does not consistently demonstrate the evidentiary basis for many of its conclusions about the relationship between planning regulation, heritage controls and housing supply. In several instances, the interim report appears to rely on secondary advocacy or policy material to substantiate propositions about the effects of regulation, without sufficiently interrogating the data, assumptions or limitations underlying those sources. This creates a risk that the Commission’s unsubstantiated propositions are repeated and progressively treated as established evidence without adequate independent verification. Given the extent of regulatory reforms contemplated by the Commission, conclusions should be supported by transparent, reproducible and appropriately contextualised evidence, including consideration of any conflicting evidence that may not support the proposed direction of reform as outlined by the inquiry TORs.

Additionally, the composition of the roundtable consultations informing the interim report appears to be weighted towards development and housing supply perspectives. If all roundtable participants were supportive of development and housing growth, there is a risk that the Commission has not adequately

⁵ National Housing Supply and Affordability Council. *State of the Housing System* (2025), 11.

captured the perspectives of organisations concerned with other important land-use, environmental, cultural and social outcomes.

A balanced assessment of housing regulation should include voices representing Traditional Owners, green space, canopy trees, heritage and community infrastructure, as well as those focused on development delivery. These assets contribute materially to the functioning, resilience, identity and liveability of Australian cities and should be meaningfully integrated into discussions and recommendations around housing regulation.

Recommendations

- The Commission should ensure that cited evidence is accurately represented in accordance with the methodology, assumptions and conclusions of the original source.
- Where a source advocates a particular policy position, that position should be identified as an advocacy or policy position rather than presented as an empirical finding.
- The Commission should ensure that future consultation includes a broader range of perspectives and that the benefits of retaining environmental, cultural and social assets are given appropriate weight alongside the benefits of additional development capacity.

KEY FINDINGS REGARDING HERITAGE CONTROLS

Heritage controls in Victoria

The interim report shows a clear lack of understanding regarding how the Victorian planning system operates, particularly in relation to Heritage overlays.

The purpose of a Heritage overlay is to protect the heritage significance of places that have been identified as important to the community and to manage change so that those values are not unnecessarily lost. Local Heritage overlays do not prohibit home extensions, the construction of new dwellings, subdivision, or, in appropriate circumstances, demolition. Instead, proposals to alter a heritage place are generally considered on their merits through the planning permit process. This provides an opportunity to balance the conservation of identified heritage values with other relevant planning objectives, including housing growth and development. Heritage places can be adapted, extended and upgraded to meet contemporary needs, provided that the significant heritage values of the place are appropriately considered. In many cases, this process enables change that improves the liveability, functionality and ongoing use of heritage places while retaining the heritage elements that make them significant. The NTV submits that the existence of an additional assessment requirement in the planning permit process (i.e. consideration of heritage issues) should not be characterised as evidence that development is prohibited or discouraged.

The application of a Heritage overlay is subject to a statutory planning framework and requires an evidence-based assessment of heritage significance. There is an immense amount of rigour behind this process which has always required assessment against other competing planning objectives. Recently updated [Victorian Local Heritage Guidelines](#) now also outlines requirements for strategic assessment of a proposed Heritage overlay to “determine if it delivers a net community benefit”.

The existence of a Heritage overlay therefore reflects a finding that particular heritage values warrant recognition and management; it does not represent a blanket determination that development cannot occur.

Moreover, heritage precincts commonly contain a range of different architectural styles and places that make different contributions to the identified heritage significance of the area. In addition, contributory and non-contributory places are identified. Understanding the significance of individual precincts and the places that contribute to this, is critical to assessing where change, densification, adaptation or replacement may be appropriate. We therefore submit that the interim report’s broad characterisation of Heritage overlays as areas in which housing development cannot occur is a complete misrepresentation Victorian heritage controls and the development opportunities that exist within individual heritage precincts.

It is also important to recognise that Heritage overlays are fundamentally place(/property)-based, and do *not* establish a universal prohibition on development at a particular height or density. The development opportunities within a Heritage overlay depend on what is significant about a particular place or precinct. Some heritage areas can accommodate three-storey development, while other locations may be better suited to increasing housing through other forms of development, including additions, subdivision, townhouse infill development, adaptive reuse of heritage buildings or development on non-contributory sites.

The interim report's focus on development of up to three storeys compounds this capacity misconception. There is no adequate explanation of why this particular built form should be the principal measure of whether heritage controls constrain housing supply, particularly when medium-density housing encompasses a broad range of forms. Townhouses, terraces, dual occupancies, subdivision, additions, adaptive reuse and development on non-contributory sites may all provide opportunities to increase housing within established heritage areas with smoother paths to approval due to lower impacts, in turn increasing the ability to accommodate more housing.

Although the interim report begins to address “cultural factors” at page 26, the Commission's consideration and understanding of the benefits associated with heritage protection is clearly limited. Heritage controls protect buildings, streetscapes and places that contribute to community identity, character, historical understanding and connection to place. They contribute to the liveability and distinctiveness of established neighbourhoods and are part of the public value that planning systems are intended to manage alongside development and economic considerations. The wider heritage industry is also a significant contributor to community wellbeing, tourism, the economy and the mitigation of climate change impacts.⁶

Draft findings regarding heritage controls

The NTV submits the Commission should undertake a more rigorous assessment of the evidence underpinning its conclusions about heritage controls. The key findings in Box 2.2, “Heritage controls constrain housing supply where people want to live”, relies substantially on opinions from submissions rather than by presenting independent evidence. While some organisations may believe heritage controls create additional approval requirements, costs or delays, this does not prove they prevent housing development, materially reduce the overall supply of housing, or constitute a constraint that is disproportionate to the heritage values being protected. Conversely other sectors have argued that the Victorian Heritage overlay is not supported enough to ensure significant local heritage places are adequately protected.⁷

Furthermore, the conclusions drawn from research cited by Coates et al. (2025) and Buxton et al. (2015) is unreliable and raises significant concerns. Specifically, the interim report notes; “PC estimates, based on Coates et al. (2025), suggest that removing broad heritage controls could increase significant infill development within 10km of Melbourne's CBD by around 17% (assuming heritage-covered sites would then develop at the same rate as comparable non-heritage sites).”⁸ However, this 17% figure never actually appears in the Coates et al report and the evidence that appears to be the source of this PC estimate are made with incredibly questionable source material.

The Coates et al report actually states that, “In Melbourne, sites with heritage overlays were about 50 per cent less likely to have had significant infill development than those without over the period 2017 to 2022, and mixed-use developments in a heritage overlay area had on average 28 per cent fewer storeys than

⁶ Clark. *Why Heritage: A synthesis of evidence for the social, economic and environmental impacts of heritage* (2023).

⁷ Heritage Council of Victoria. *State of Heritage Review*, 2020.

⁸ Productivity Commission. *Housing supply regulation Interim report* (2026), 41.

those elsewhere." However, none of these figures can be reproduced using cited sources at footnote 80, which attributes the analysis to two datasets;

- The first, DTP VicMap (2025a), is a large official spatial catalogue, the report does not specify which layers or data vintage were used, how "residential land" was delineated, or the specification of the analysis that yields the 50 per cent result; and
- the second, Nolan (2024b), is a Melbourne Property Map published by YIMBY Melbourne, a non-official, independently compiled dataset hosted on GitHub; it does not document the provenance of its "10 or more dwelling" project records, whether those records reflect planning applications, approvals or completions, how projects were spatially matched to heritage overlay boundaries, or the dataset's completeness.

Combined with the absence of any published model specification, sample size or coefficients in Coates et al. (2025), these gaps mean that a third party cannot replicate or test the 50 per cent figure — and therefore cannot verify the 17% estimate built upon it by the PC.

The interim report goes on to note that the 17% figure from Coates et al (2025) "aligns with previous findings that heritage controls reduce the number of potential of dwellings (Buxton et al. 2015, pp. 30–31)."⁹ However, the cited work by Buxton does not establish that heritage controls prevent or restrict development. Rather, the analysis considers a *theoretical* model in which properties subject to the Heritage overlay are excluded when calculating potential land supply for additional housing.¹⁰ This is a modelling assumption about how potential density might be calculated; it is not evidence that Heritage overlays prevent that housing from potentially being developed. We submit that treating the exclusion of heritage-protected properties from a theoretical land-supply model as an empirical "finding" to evidence Heritage overlays as restricting potential development shows a complete error in basic analysis of the source material.

Furthermore, this metropolitan-wide modelling for Melbourne by Buxton et al identified substantial redevelopment capacity in established areas even after heritage sites were excluded from the model. Their analysis estimated that removing heritage lots reduced the modelled lot pool by approximately 5 per cent and reduced potential yield by around 280,000 dwellings, leaving approximately 2.55 million potential dwellings in established areas. These figures demonstrate that even within a theoretical capacity model, heritage protection does not equate to an absence of development capacity across established Melbourne.

The report by Buxton et al also concludes that Victoria's existing Heritage overlays are inadequate to prevent loss of heritage places and specifically identifies the need for stronger overlay provisions and a broader precinct-based approach to prevent the loss of significant streetscapes and building envelopes. However, the Commission's interim report appears to ignore this element in the chosen source material entirely. The interim report's selective use of elements from this source material to support arguments suggests that references have been chosen and used to substantiate a predetermined position, while material evidence to the contrary has been disregarded, resulting in an unbalanced and incomplete assessment of the evidence.

We note that the Australian Council of National Trusts (the Council) raised queries around whether the Commission's use of AI tools "explains why citations do not support the propositions attributed to them, the errors are of a kind that source checking would have caught, and the Council asks that every heritage citation be re-verified before the final report is written."¹¹ The Commission should provide enough information about how its analysis was done for it to be independently checked and should clearly distinguish between actual development outcomes and modelled scenarios.

⁹ Productivity Commission. *Housing supply regulation Interim report* (2026), 41.

¹⁰ Buxton et al. *Melbourne at 8 Million: Matching Land Supply to Dwelling Demand*. Centre for Urban Research – RMIT University (2015).

¹¹ ACNT. *Submission in response to the interim report on housing supply regulation* (2026).

The NTV submits that the Commission must reconsider both the language and evidence it uses to characterise heritage controls in the interim report. Claims that heritage controls materially constrain housing supply should be supported by independently verifiable evidence that distinguishes theoretical development capacity from actual development outcomes, and regulatory requirements from genuine prohibitions. The assessment should also account for the public benefits generated by heritage protection and the range of development opportunities that remain available within Heritage overlay areas.

Recommendations:

- The Commission should review its use of research and other cited material to ensure that evidence is not being used outside the context, assumptions or limitations of the original research.
- Where a submission asserts that a particular regulation imposes an unjustified constraint, the Commission should identify the evidence demonstrating that the constraint exists, quantify its effect where possible, and assess that effect against the public benefit delivered by the regulation.
- Where the Commission relies on modelling, it should clearly distinguish between theoretical development capacity and actual development outcomes.
- The Commission should not present the 17% estimate as an established increase in housing supply that would result from removing heritage overlays, as this figure is not a measured result, but a theoretical estimate, the calculation of which cannot be reproduced from the cited sources.
- The Commission should distinguish between claims made by inquiry participants and independently established findings.
- Any assertions about the geographic scope or practical effect of heritage controls should not be elevated into findings of the Commission without this additional analysis.

Information Requests Feedback

INFORMATION REQUEST 1.2

What features should governments have in mind when evaluating reforms towards best practice?

The NTV considers that a best practice housing regulatory system should recognise that housing delivery is the product of multiple interacting factors. Housing should be well located, appropriately scaled, durable, liveable, environmentally responsive and supported by the infrastructure and services required by its residents. It should contribute positively to established neighbourhoods and support the long-term functioning and resilience of communities.

Planning and land-use regulation are only one component of a broader system that also includes taxation, financing, construction productivity, labour and material costs, infrastructure provision, social housing policy, market conditions and the existing housing stock. These factors should be considered together when evaluating the effectiveness of regulatory reform. The Productivity Commission itself has previously identified that the downturn in Australian construction has occurred in the context of a broader global construction downturn. This reinforces the importance of avoiding an assumption that planning regulation is the principal explanation for housing supply outcomes.

The NTV considers that an important feature of best practice is the existence of strong strategic planning processes that identify where and how housing growth can appropriately occur. Governments should invest in the strategic planning necessary to establish clear locations and pathways for housing growth, rather than relying primarily on broad deregulation across established areas.

Victoria provides examples of this where local councils have undertaken housing capacity and housing strategy work to identify areas where additional growth can be accommodated, taking account of factors including infrastructure, transport, services, urban form and existing neighbourhood characteristics. Similarly, strategic reviews of Heritage overlays can identify where heritage values require protection and where additional housing can appropriately be accommodated within or around heritage areas.

Reform should be directed towards achieving better housing outcomes rather than simply maximising the theoretical development capacity of land. A best practice regulatory system should distinguish between theoretical development capacity and housing that is realistically capable of being delivered. Increasing the amount of housing theoretically permissible on a site does not necessarily result in additional dwellings being constructed. Development feasibility, land ownership, site assembly, construction costs, financing, interest rates and market conditions, infrastructure capacity and the suitability of the proposed development for its location all influence whether theoretical capacity translates into actual housing.

There is also a significant unrealised opportunity for the Productivity Commission to consider how Australia can make more effective use of its existing built environment. While construction is an important component of housing policy, a policy framework focused predominantly on constructing new dwellings risks overlooking the substantial capacity that already exists within the existing building stock and does not rely on demolition and replacement. Existing buildings can be retained and upgraded, adapted, extended, converted, subdivided, or reused; additional housing can be intensified around existing buildings; and existing buildings can be integrated into new development. These approaches can increase dwelling numbers while retaining existing buildings, established neighbourhood character and embodied energy. A comprehensive assessment of housing supply should therefore consider the full range of interventions available across the existing built environment and encourage more efficient use of under-occupied dwellings, address mismatches between dwelling size and household size, facilitate downsizing, enable growing families to access larger homes, and reduce barriers to households moving between locations and dwelling types.

Governments could investigate mechanisms that encourage the retention and adaptive reuse of significant existing buildings for community and social purposes as part of development contributions, planning incentives or other infrastructure mechanisms. Such approaches could allow existing buildings to be considered essential social infrastructure and continue performing useful community functions while supporting additional housing and development around them.

Are the best practice principles and overarching objective (Figure 1.2) appropriate?

The NTV broadly supports the overarching objective proposed by the Commission:

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

However, we consider that the application of this objective requires greater recognition of the benefits provided by heritage protection and other elements of established neighbourhoods. The proposed principles provide a useful framework, but they should be applied in a way that recognises that regulatory requirements can deliver public benefits that extend beyond the immediate development site. For example, Heritage overlays in Victoria are consistent with this approach. They are introduced following the identification and assessment of heritage significance and establish a framework for managing change to significant places.

The Victorian Local Heritage Guidelines, published in May 2026, provide an example of the type of strategic framework that can support this approach by establishing clearer processes and thresholds for identifying and managing local heritage significance. Continued review of earlier Heritage overlays will also assist in ensuring that existing controls reflect contemporary evidence and best practice. This work should be adequately resourced so that reviews can occur in a timely manner.

1. Adopt a 'build' mindset

The NTV supports a development-positive planning system that facilitates appropriate housing growth. However, the principle that development should only be restricted where the benefits clearly outweigh the costs should be applied as a genuine net-benefit test rather than interpreted as a presumption that regulation is inherently a cost.

The battle between NIMBYs (Not in My Back Yard) and YIMBY's (Yes in My Back Yard) has pitted retention of heritage and new development against each other. However, we can have both. Despite strong misconceptions, a heritage-based approach, rather than being a barrier to change, is the key to achieving the best of both. A heritage-informed lens retains the values that represent our past and identity, as well as gaining innovative new design that reflects and addresses our current needs. This thoughtful approach creates streetscapes and community areas that we can be proud to look back on in the future. NTV calls this the TIMBY (Thoughtfully In My Back Yard)¹² approach.

TIMBY involves understanding local context and responding to the specific conditions, nuance, and distinctiveness of a place. This approach ensures the qualities that draw us to live in these spaces are not lost in the process of change. Instead, thoughtful change adds a new layer of richness. A cookie cutter approach to planning, designed only to increase housing density, would be of great concern. A formulaic, one-dimensional approach that does not consider local fabric, values and community will lead to vacuous, lifeless places and buildings that ignore the qualities that make our places genuinely liveable.

¹² <https://www.nationaltrust.org.au/blog/timby-thoughtfully-in-my-back-yard-a-case-for-more-thoughtful-development/>

Additionally, the climate change impacts of a knock down rebuild mindset must be recognised. The built environment is the world's single largest contributor to greenhouse gas emissions, consuming around 33% of our water and generating 40% of our waste. The US National Trust for Historic Preservation's 2011 study "The Greenest Building" found that, for comparable buildings, reuse almost always delivers environmental savings over demolition and new construction — a new building 30% more efficient than an average existing building can take 10 to 80 years to offset the carbon impact of its own construction

Historic England research similarly found that refurbished historic buildings emit less carbon by 2050 than equivalent new builds. Australian research by architect Ruth Redden supports this conclusion locally and recommends sector guidance to promote sustainable preservation practice.

Heritage-led retrofit should be a central component of Victoria's climate strategy, however the focus of this Plan continues to be on operating emissions in contemporary construction standards (slab floor, cavity frame and heater and cooled by mechanical systems) and not on the carbon and material cost of our current construction industry. Existing buildings contain embodied carbon, and their retainment has high value in this regard alone.

It is essential that we protect the embodied carbon in existing building stock and ensure their ability to perform in extreme weather events. Unfortunately, the same systems which often disincentivise retaining buildings are also limiting the construction of new vernacular buildings, buildings which respond to place through their design and construction, through material selection, landscaping, and passive design principles.

The Global Alliance for Building and Construction is cited for the finding that "current renovation rates must increase from 1% to 3% of all building work to achieve net zero carbon by 2050." However, government policy continues to favour demolition and new construction over reuse. Despite being a significant element in building energy there are currently no regulations or targets in Australia relating to embodied energy in the built environment. There is no legislative requirement to demonstrate the need to demolish an existing structure and as a result, Australia continues to demolish major infrastructure well short of its lifecycle.

Few incentives exist for retrofitting or restoring existing buildings, while contemporary building-performance measures are applied uniformly regardless of typology — disproportionately burdening older and heritage building stock. The current Australian Green Star ratings system primarily applies to new buildings.

Furthermore, our experience as building custodians and heritage professionals and practitioners has shown us that there is a lack of appreciation for how regular maintenance and repair using traditional methods reduces emissions, extends building lifespans, and avoids the resource cost of major deterioration or maladaptation requiring later reversal. Delivering this depends on a construction and design workforce with conservation skills, addressed further under Education and Training below.

Additionally, state funding that used to support a system of resilient maintenance works for heritage buildings has now been discontinued. The Living Heritage Grants program used to provide practical support for custodians and government bodies maintaining heritage buildings and infrastructure.

2. Only regulate where necessary

The NTV supports proportionate regulation and agrees that regulation should respond to clearly identified public policy objectives. However, the assessment of whether regulation is necessary should consider both the costs imposed by a requirement and the market or public benefit it delivers.

In the case of heritage, the existence of a Heritage overlay reflects an identified heritage significance that has been assessed through a statutory and strategic planning process. The additional planning requirements associated with a Heritage overlay therefore serve a specific public purpose: ensuring that significant heritage values are considered when change is proposed.

The appropriate question is not simply whether a permit trigger exists, but whether the relevant planning control is properly drafted to achieve the identified public benefit and whether that benefit could be similarly achieved through a less restrictive mechanism. This approach provides a more

appropriate basis for assessing heritage regulation than treating the existence of additional planning considerations as evidence of regulatory inefficiency.

3. Coordinate with infrastructure

The NTV strongly supports the principle that housing and infrastructure should be planned together. Housing growth should be accompanied by the infrastructure required to support the communities it creates, with clear and efficient mechanisms for funding and delivering that infrastructure.

Infrastructure should be understood broadly; public transport, roads, schools, and utilities are critical, but so too are public open space, canopy trees, community facilities, and the social and cultural assets that contribute to the liveability and identity of established communities. The NTV strongly believes that access to green space is essential public infrastructure¹³ and must be given the same priority and consideration as built infrastructure when assessing climate change impacts and necessary climate resilience measures. The value of ready access to green spaces was acutely felt during the COVID-19 Pandemic lockdowns in Victoria, and as a result demand for sufficient, quality green space is greater than ever. Provision, funding and maintenance of green spaces demands planning and resourcing equal to that of other forms of community infrastructure. Such spaces are central to the liveability of local communities and have a key role to play as we adapt to climate change.

Additionally, heritage places and intact streetscapes are important social infrastructure performing comparable social and cultural functions and as such, should be appropriately integrated into planning and infrastructure decision-making. Heritage places provide a tangible connection to history and identity and contribute to people's sense of belonging and connection to place. Existing heritage buildings also provide opportunities for adaptive reuse as community, cultural and social facilities, enabling valuable existing assets to support contemporary community needs while retaining their heritage significance and offering sustainable building solutions. Heritage streetscapes and precincts similarly contribute to distinctive, diverse, and recognisable neighbourhoods in ways that cannot be replicated through the protection of individual buildings alone.

This is particularly relevant to the Commission's objective of achieving the greatest net benefit for the Australian community. The benefits of retaining heritage should not be assessed solely in terms of theoretical development capacity, rather the social, cultural, environmental and community benefits generated by retaining significant buildings, streetscapes, canopy trees, and public green space must be recognised.¹⁴

4. Keep the process simple

The NTV supports timely, predictable, and transparent planning decisions and recognises the importance of clear decision pathways. Heritage overlays can operate consistently with these principles when heritage significance is clearly identified and the relevant policy and decision-making framework is understood.

The existence of a Heritage overlay does not inherently make development unpredictable or prohibited. Rather, it provides a clear set of requirements that helps guide more appropriate development on heritage places and supports permit approval where proposals are well considered. Up to date heritage studies, detailed statements of significance, precinct boundaries, identification of contributory and non-contributory places, and contemporary local heritage policy guidelines can all contribute to more predictable decision-making.

We acknowledge there is a need to review some existing Heritage overlays, particularly earlier precinct-based controls that may have been prepared using methodologies or levels of documentation that pre-

¹³ The Centre for International Economics, *Economic, social, and environmental impacts of alternative urban development scenarios for Victoria* (2023)

¹⁴ <https://heritagecouncil.vic.gov.au/research-guidance/reports/valuing-victorias-heritage>

date current best practice. Some Victorian local councils are progressively reviewing and updating local heritage controls, but the pace of this work is affected by resource constraints. Providing councils with adequate resources to undertake these strategic reviews would improve the clarity and efficiency of the planning system.

INFORMATION REQUEST 2.1

Do design-focused regulations (tree canopy, layout, storage) directly impact commercially feasible capacity?

It is a flawed premise that the impact on commercial capacity is evidence that design regulations should be reduced. Such controls are not intended to maximise theoretical development capacity and exist to achieve important public outcomes including residential amenity, liveability, environmental performance, urban cooling, and climate resilience. Tree canopy requirements, for example, respond to the role of vegetation in mitigating the urban heat island effect and improving neighbourhood amenity.

No urban tree should be removed unnecessarily as we face the climate crisis. The environmental services that urban trees provide are essential to sustainable, viable, and livable cities, especially in cities that face warmer temperatures and lower rainfall.

The National Trust strongly supports the statutory protection of trees in both the public and private realms, and advocates for the protection of trees through the National Trusts of Australia Register of Significant Trees,¹⁵ which includes over 20,000 trees in 1,200 locations in Victoria. The Register is steered by the Trust's Significant Tree Expert Advisory Committee, chaired by Dr Gregory Moore OAM.

Measures should be put in place to prevent development sites from being “moonscaped” and mandate the retention of trees and vegetation cover overall. Ideally, the carbon footprint of a site should not be increased. Currently, landscaping is often seen as an ‘afterthought’ in a new development, not as an integral component, and is confined to the perimeter of the site. The practice of utilising neighbouring properties to fulfil landscaping obligations should also be prohibited (e.g. overhanging tree canopies). Planning policy should also require increases in canopy cover, and tree management policies which take the impacts of climate change into account.

The more appropriate question to ask is whether the benefits delivered by a particular design requirement are sufficient to justify its impact on development capacity, rather than asking whether a design requirement reduces development capacity at all. A development system that maximises dwelling numbers at the expense of liveability, environmental performance and residential amenity would not necessarily produce better housing outcomes.

What impact would reducing the coverage of heritage overlays have on housing supply?

We submit that reducing the coverage of heritage overlays would have little to no impact on increasing housing supply as heritage overlays do allow increased housing supply.

Firstly, as already discussed, in Victoria heritage overlays do not prohibit development, they simply establish a process for considering proposed change against identified heritage significance. Changes enabled by heritage overlays include alterations, additions, new dwellings and, where appropriate, more intense development that may require partial or complete demolition of existing buildings.¹⁶

¹⁵ <https://www.trusttrees.org.au/>

¹⁶ www.trustadvocate.org.au/myth-busting-local-heritage-controls

Consequently, reducing the geographic coverage of heritage overlays should not be equated with a corresponding increase in housing supply.

Heritage overlays also rarely apply in isolation to other planning regulations. Potential built form on a given site in Victoria is subject to regulations determined primarily by the underlying zone, which sets height limits, and can be affected by additional overlays, such as Design and Development Overlays. These planning controls are independent of heritage overlays and would remain in place even if a heritage overlay were removed. Reducing heritage overlay coverage would therefore not, on its own, deliver the additional housing capacity the interim report assumes.

Furthermore, the dataset presented in Table 1 demonstrates that, when compared with municipalities that have the same “group” designation¹⁷ (i.e. Inner and middle Urban) municipalities with comparatively higher levels of Heritage Overlay coverage do not necessarily have lower or slower planning permit approval rates for dwelling-related applications. This demonstrates there are in fact a range of factors impacting approval rates for permits associated with dwellings.

¹⁷ “Group” designations have been sourced from DTP Planning Permit Activity Reporting System (PPARS) dashboard.

Table 1

This table shows results regarding permit applications associated with dwellings between 2020 to 2026 in a selection of Victorian municipalities. We have supplied the number of permits issued, the percentage of permits where Council made a decision within the required timeframe, and the overall number of dwellings approved.¹⁸ A designation of either “High” or “Low” Heritage Overlay (HO) coverage¹⁹ has been assigned to each municipality based on the number of properties included in their Heritage Overlay as reported in the Heritage Council Victoria’s, *State of Heritage Review* (2020).²⁰

Council Name	Group	No. HO properties (2020)	HO coverage	Permits issued	Permit Decisions Within Timeframe	Dwellings approved
Source: DTP Planning Permit Activity Reporting System (PPARS) dashboard		Source: HCV. <i>State of Heritage Review</i> (2020), Table 3.2.	High = more than 5000. Low = less than 5000.	Source: DTP Planning Permit Activity Reporting System (PPARS) dashboard		
Banyule	Inner and middle Urban	1430	Low	1,515	62.61%	2,739
Bayside	Inner and middle Urban	2181	High	1,775	75.37%	1162
Boroondara	Inner and middle Urban	14,805	High	3,538	66.33%	2,000
Brimbank	Outer Urban	1360	Low	1,702	71.80%	3,846
Casey	Growth Area	513	Low	2,206	62.58%	5,035
Darebin	Inner and middle Urban	5303	High	2,462	38.20%	7,140
Frankston	Outer Urban	127	Low	1,701	66.47%	3,059
Glen Eira	Inner and middle Urban	3275	Low	2,077	77.04%	3,442
Greater Dandenong	Outer Urban	158	Low	990	80.23%	3,886
Hobsons Bay	Inner and middle Urban	6893	Low	2,224	53.26%	8,740
Kingston	Inner and middle Urban	455	Low	1,764	54.16%	2,939
Knox	Outer Urban	105	Low	1,635	56.70%	3,297
Manningham	Inner and middle Urban	679	High	1,807	83.84%	5,378
Maribyrnong	Inner and middle Urban	4700	Low	765	59.98%	5,487

¹⁸ Data shown in Table 1 has been collected using the DTP Planning Permit Activity Reporting System (PPARS) dashboard (<https://www.planning.vic.gov.au/guides-and-resources/council-resources/planning-permit-activity-reporting>). Results were accurate as of 07/09/2026. The following filters were kept identical for every Council (Responsible Authority):

- Timeframe basis = 2020-2026
- Category = Extension to an existing dwelling or structure associated with a dwelling; Multi-dwelling; Single dwelling; & Single dwelling on land less than 300m2.

¹⁹ High = more than 5000. Low = less than 5000.

²⁰ <https://assets.heritagecouncil.vic.gov.au/assets/HCV-StateofHeritageReview-LocalHeritageReport2020.pdf>

Maroondah	Outer Urban	297	Low	1,636	67.36%	2,235
Melbourne	Inner and middle Urban	12,867	High	497	43.49%	11,215
Melton	Growth Area	426	Low	337	61.98%	564
Merri-beck (Moreland)	Inner and middle Urban	8667	High	2,624	51.40%	14,871
Monash	Inner and middle Urban	1320	Low	1,656	71.52%	5,648
Moonee Valley	Inner and middle Urban	4312	High	2,296	66.49%	4,953
Port Phillip	Inner and middle Urban	16,878	High	2,716	62.84%	4,396
Stonnington	Inner and middle Urban	10,266	High	2,725	65.18%	3,835
Whitehorse	Inner and middle Urban	1263	Low	2,090	43.74%	4,152
Wyndham	Growth Area	453	Low	326	53.71%	1,942
Yarra	Inner and middle Urban	22,505	High	2,803	33.37%	7,610

INFORMATION REQUEST 2.3

What reforms to land-use controls are likely to boost housing supply in each jurisdiction?

Discretion can be useful where development outcomes need to respond to the particular characteristics of a site or place, particularly where rigid controls may produce inappropriate or unintended outcomes. The objective should therefore not be to eliminate discretion, but to ensure it operates within a clear, evidence-based framework with sufficient guidance to provide predictability for applicants.

INFORMATION REQUEST 3.1

What evidence do you have for the main causes of delays in receiving approvals for new housing?

Again, the NTV finds the premise of this question problematic. Permit triggers are not evidence of a delay in approvals. Victoria's planning system uses multiple overlays to address different planning matters affecting a site, and a Heritage overlay is one component of that broader regulatory framework. The relevant question is whether the additional assessment required by a particular control produces disproportionate timeframes.

Additionally, regarding issues with the Request for Further Information process, we question how many of these cases are because of inappropriate permit applications from developers, whose designs do not adhere to the planning scheme requirements. The Commission should identify the specific causes and duration of approval delays using actual approval-time data before attributing delays to planning controls.

INFORMATION REQUEST 3.3

Examples of coordination bodies working or not working

NTV is aware of effective coordination between Heritage Victoria and the Office of the Victorian Government Architect (OVGA) on significant and complex development proposals at sites included on

the Victorian Heritage Register. We understand this coordination enables early consideration and resolution of issues before they become barriers during the formal approvals process.

How effectively are reforms like SA's Planning and Design Code and Victoria's Clause 55 working?

Victoria's Townhouse and Low-Rise Code, introduced through Amendment VC267 and in force from 31 March 2025, provides an example of an attempt to increase certainty through clearer and more objective development standards. The reform substantially amended Clause 55 and introduced a deemed-to-comply pathway for townhouses and low-rise apartments of up to three storeys where all applicable standards are met. Clause 57 separately establishes standards for four-six storey apartment developments.

Importantly from a heritage perspective, these reforms do not remove or override Heritage overlay requirements. Heritage overlay permit triggers continue to apply even where a proposal satisfies the applicable deemed-to-comply standards under Clause 55. This demonstrates that greater certainty and streamlined assessment can be pursued without removing other place-specific planning protections. The framework demonstrates the potential to make requirements more predictable while retaining heritage protections.

INFORMATION REQUEST 3.4

Examples of best-practice strategic planning improving housing approval decisions

NTV considers proactive strategic planning an important mechanism for improving the efficiency and certainty of housing approvals. In the heritage context, this requires adequately resourcing councils to undertake and regularly update heritage studies, particularly reviewing older Heritage overlays that may have been introduced without the level of detailed place-by-place assessment now expected. Reviews should clearly identify heritage significance and distinguish contributory from non-contributory buildings within precincts.

Strategic review can also identify where existing precinct-based controls remain appropriate and where boundaries or controls should be refined. This should not be approached simply as reducing Heritage overlay coverage, but as ensuring that controls accurately reflect contemporary evidence of heritage significance and provide clear development opportunities. The current reviews being undertaken by Port Phillip, Stonnington, Glen Eira and Melbourne provide examples of councils undertaking this type of work.²¹ The Victorian Local Heritage Guidelines (May 2026) also provide a contemporary framework to assist councils undertaking local heritage assessment and strategic planning.

This work should occur alongside other strategic planning processes, including housing capacity studies and open space strategies, so that councils can identify upfront where housing growth can be accommodated and how it can be supported by infrastructure, open space, and heritage planning. Completing this work strategically can reduce the need to resolve fundamental questions about significance, development opportunities, and infrastructure through individual planning applications.

Recommendation:

- State government should provide dedicated resources and support for councils to undertake heritage study reviews, review older Heritage overlays, identify contributory and non-contributory places, and integrate this work with housing capacity and open space strategies.

²¹ <https://planning-schemes.app.planning.vic.gov.au/All%20schemes/amendments>

Strategic planning should be treated as an investment in more efficient and predictable approval processes.

Incentives and resourcing of councils

The capacity of local government should be considered as a fundamental component of any reform to approval processes. Councils require sufficient planning staff, technical expertise and strategic planning resources to assess applications efficiently and undertake the strategic work necessary to support housing growth. The Commission should therefore examine whether current funding arrangements provide councils with the capacity required to perform these functions.

The Commission could also consider whether Victoria's historic division of metropolitan planning responsibilities between state and local government provides lessons for contemporary coordination. Metropolitan planning and development coordination was previously undertaken through the Melbourne and Metropolitan Board of Works before planning responsibilities were progressively transferred to local government. Whether greater metropolitan-level coordination would improve contemporary approval processes is a matter that warrants independent assessment, particularly given the need to coordinate housing growth, infrastructure, and planning across municipal boundaries.

INFORMATION REQUEST 4.2

What feedback do you have on our reform directions for infrastructure planning?

Parks, open space, canopy trees, and blue-green infrastructure should not be characterised merely as desirable forms of “social infrastructure.” This terminology risks understating their essential role in creating safe, resilient, and functional communities. These are fundamental components of urban infrastructure, particularly as Australia experiences increasing population density and more frequent and severe extreme weather events.

Canopy trees are essential climate infrastructure. Victoria's 30% urban canopy target recognises the importance of increasing tree canopy across established areas, particularly for mitigating urban heat. As housing density increases, retaining and expanding canopy must be considered alongside development capacity rather than treated as a competing amenity objective. Similarly, parks, wetlands, waterways, and other open green and blue spaces provide essential capacity for managing stormwater and flooding, particularly as climate change increases the frequency and intensity of extreme weather events.²²

The NTV is concerned that a narrow focus on maximising development capacity risks producing housing without adequately considering the environmental infrastructure required to support it. Increasing the number of dwellings while reducing access to cooling canopy, open space and flood mitigation capacity may increase short-term development output while creating significant long-term costs for communities and governments.

Housing policy should therefore assess development in the context of the infrastructure and environmental systems required to make higher-density communities safe, resilient, and liveable. The objective should not simply be to accommodate more dwellings, but to create places that can continue to function effectively under future climatic and demographic conditions.

²² www.weforum.org/stories/climate-action/leveraging-green-blue-and-social-infrastructure-for-disaster-recovery-and-preparedness

INFORMATION REQUEST 5.1

How can the Australian Government best support the shift to best practice?

The Australian Government can support best-practice housing regulatory systems by providing leadership, evidence and resources to help states, territories and local governments deliver housing that is not only more efficiently approved, but also well-designed, liveable, durable and responsive to its environmental and cultural context.

This should include supporting strategic planning and the technical work that underpins good decision-making, including housing capacity studies, heritage assessments, infrastructure planning, and open space strategies. Adequately resourcing this work would enable governments to identify opportunities and constraints upfront, reducing reliance on reactive assessment through individual development applications.

The Australian Government should also recognise the contribution of heritage to liveable and successful communities and champion approaches that enable housing growth while retaining significant places and the character, identity, and social value of established neighbourhoods. Best practice should therefore be measured by the quality and outcomes of housing delivered, not simply the volume of theoretical development capacity created.

Reform Directions Feedback

REFORM DIRECTION 2.1

Allow up to three-storey developments across most residential land

The NTV supports the objective of enabling up to three-storey development across most residential land and does not consider Heritage overlays to be inherently inconsistent with this approach. Heritage overlays do not prohibit development or establish a universal height limit. They are place-based controls that require proposed changes to be assessed against identified heritage values. Depending on the significance and characteristics of a particular place or precinct, three-storey development may be entirely appropriate within a Heritage overlay, while in other locations increased housing may be better accommodated through different forms of development.

The presence of a Heritage overlay should therefore not automatically be treated as a reason to exclude land from the proposed three-storey development provisions. Rather, the approach should be to identify where three-storey development can appropriately occur within heritage areas and where a different development response is justified by demonstrated heritage significance. This would avoid incorrectly treating Heritage overlays as a blanket constraint on housing density.

Recommendation:

- Reform Direction 2.1 should recognise that heritage overlays do not inherently prevent up to three-storey development.

REFORM DIRECTION 2.2

Allow mid-rise or high-rise apartments in high-demand areas

The repeated focus on development of up to three storeys appears unnecessarily narrow. The interim report does not adequately explain why this particular form of development is being treated as a central solution, as opposed to the broader range of medium-density housing forms and other mechanisms capable of increasing housing supply. Townhouses, terraces, villa units, dual occupancies, courtyard housing, and other forms of infill development can provide additional dwellings without necessarily requiring the built form contemplated by the interim report and with clearer planning approval pathways.

In established areas the capacity to accommodate additional housing will vary according to existing built form, infrastructure, neighbourhood character, and heritage significance. A broader assessment of medium-density housing would allow the Commission to consider where and how additional dwellings can be accommodated while retaining the qualities and assets of established communities.

Recommendations:

- The Commission should clearly define what it means by “medium density” and distinguish between the different housing forms that may fall within this category.
- The relative contribution, feasibility, costs, and planning implications of infill development should be assessed on their merits rather than treating three-storey development as a proxy for medium-density housing.

REFORM DIRECTION 2.4

Allow residential development in commercial zones

The NTV supports Reform Direction 2.4 and the principle that residential development should be permitted in commercial zones unless there is a clear rationale and net community benefit for restricting it. This approach has particular potential to support adaptive reuse of existing buildings and make better use of established commercial areas without relying solely on new construction.

Heritage overlays can already support this approach by allowing adaptive reuse and, where appropriate, uses that would otherwise be prohibited, where this assists in conserving a heritage place. There is significant opportunity to facilitate housing through the conversion of upper and rear sections of existing shops, as well as the adaptive reuse of former offices, warehouses, and other commercial buildings. Such approaches can increase housing supply while retaining existing buildings and the character and identity of established commercial areas.

The Commission should also investigate practical regulatory barriers that may currently discourage shop-top housing and adaptive reuse, including building, fire safety, and access requirements. Engagement with relevant industry bodies, including the Australian Institute of Architects and Master Builders Australia, could help identify where existing requirements create genuine barriers to viable residential adaptation and where proportionate solutions could be developed.

Recommendation:

- The Commission should support Reform Direction 2.4 and specifically recognise adaptive reuse of existing commercial buildings as an opportunity to increase housing supply while retaining valuable existing building stock.

REFORM DIRECTION 2.5

Replace broad heritage protections with targeted listings, cost-benefit analysis and delisting mechanisms

The NTV does not support Reform Direction 2.5. The proposed reform is based on the assertion that broad heritage controls prevent development and reduce housing supply, but the interim report has not provided sufficient or credible evidence to establish such a proposition. Furthermore, Victoria's heritage assessment process is already rigorous, and heritage amendments are required to undertake an assessment of net community benefit.

The NTV also questions the Commission's particular focus on quantitative evidence concerning minimum lot sizes and the reduction of broad heritage controls. The relationship between these matters is not readily apparent in Victoria. Heritage overlays are concentrated predominantly in established urban areas, where minimum lot size controls applicable to new subdivisions are generally not the principal determinant of development capacity. The Commission should therefore be cautious about drawing conclusions from these regulatory categories without demonstrating a clear empirical relationship between them and actual housing delivery.

More fundamentally, any assessment of the costs of heritage protection must also account for the public benefits that would be lost through its removal. Melbourne and Sydney contain internationally significant collections of nineteenth- and early twentieth-century suburban development. Broad heritage precincts protect not merely individual buildings, but streetscapes, building patterns and the cumulative cultural values that arise from groups of places. Removing these protections may increase theoretical development capacity, but it would also risk irreversible loss of significant heritage, neighbourhood identity, and amenity. These impacts should form part of any assessment of the net public benefit of proposed reform.

The NTV also considers that the proposed requirement for cost-benefit analysis of heritage protections requires further justification. It is unclear who would undertake such assessments, what methodology would be applied, how cultural and community values would be quantified, and how the additional cost and time involved would be justified. Heritage significance is assessed through established professional and statutory processes and reducing heritage assessment to a conventional economic cost-benefit analysis risks failing to capture cultural, social, and intergenerational values that cannot readily be expressed in monetary terms. Any additional assessment requirements should therefore demonstrate a clear public benefit rather than simply adding another layer of regulatory complexity.

The proposed stronger mechanisms to review and delist heritage places are similarly unnecessary where existing heritage controls are subject to established statutory review processes. In Victoria, the introduction of a Heritage overlay requires strategic justification and assessment of heritage significance through the planning scheme amendment process, having regard to relevant State and local planning policies and the broader planning framework. Heritage studies and planning scheme reviews provide mechanisms for controls to be updated as evidence and best practice evolve. The appropriate priority is therefore to resource councils to complete and update heritage studies and review earlier controls where necessary, rather than replacing the existing system with a new presumption against broad heritage protection.

This work is particularly important in the context of current housing reforms in Victoria. The Interim report gives insufficient recognition to existing Victorian programs intended to direct housing growth to appropriate locations, including the Activity Centre Program, Housing and Transport Zones and local council housing strategies identifying areas capable of accommodating increased density. These strategic processes provide an opportunity to direct growth while considering infrastructure, transport, heritage, open space, and other characteristics of established areas. National housing reform should build on this strategic work rather than assuming that reducing heritage protections is necessary to create housing capacity.

The NTV recommends that Reform Direction 2.5 be removed. The Commission has not demonstrated that reducing the coverage of broad heritage controls would result in a corresponding increase in actual housing supply, and the proposed reform risks substantial and irreversible cultural and amenity impacts. A more appropriate approach is to retain the existing evidence-based heritage protection framework while supporting councils to review and update heritage controls, identify areas capable of accommodating additional development, and integrate heritage considerations into broader housing and strategic planning.

Recommendation:

- Remove Reform Direction 2.5.

REFORM DIRECTION 2.6

Relax or remove built-form controls that limit flexibility and choice

The NTV supports flexibility and choice in housing design where this can be achieved without compromising minimum standards for liveability and residential amenity. However, Reform Direction 2.6 should not result in the removal or weakening of minimum requirements that have been introduced in response to demonstrated problems with substandard housing.

Requirements relating to dwelling size, storage, access to natural light and ventilation, private open space and other aspects of residential amenity provide important safeguards for occupants. In the absence of appropriate minimum standards, market incentives do not necessarily ensure that all housing delivered will be adequately liveable or fit for purpose. This is particularly important for lower-cost housing, where occupants may have less capacity to choose between properties or negotiate for higher standards.

The Commission should therefore distinguish between built-form controls that unnecessarily constrain housing choice and proportionate minimum standards that protect basic housing quality. Reform should

seek to remove unnecessary barriers to housing delivery while retaining standards necessary to ensure that new housing is durable, liveable, and fit for purpose.

REFORM DIRECTION 3.1

Consider infrastructure requirements and trade-offs early through strategic planning

NTV supports this reform direction. Proactive strategic planning is preferable to relying on the development approval process to resolve infrastructure, environmental and other constraints on a site-by-site basis. However, the proposed approach should be expanded to explicitly include heritage identification and assessment as part of strategic planning. This should include completing and updating heritage studies, reviewing existing Heritage overlays, implementing recommendations from legacy studies, and identifying areas where increased housing can occur while retaining significant heritage values.

Strategic planning should also provide a clearer pathway for identifying where greater housing density can be accommodated, including within Heritage overlays. Councils should be supported and resourced to undertake housing capacity and housing strategy studies that identify opportunities for increased development, including up to three storeys, alongside heritage studies that identify contributory and non-contributory places within precincts. This would provide greater certainty for landowners, developers, and communities by identifying in advance where more intensive development is appropriate and where particular heritage considerations need to be addressed.

This Reform Direction should include recommendations and certainty around the necessary provision of resourcing to ensure the success of this Reform Direction.

REFORM DIRECTION 3.3

Use state-significant pathways for developments needing state-led assessment

NTV supports efficient assessment of large, complex and genuinely state-significant developments. However, the proposed reform direction requires greater clarity about how a “state-significant pathway” would operate and when it would be appropriate. The Commission should define the types of development that warrant state-led assessment and establish transparent, consistently applied criteria for entry into such a pathway.

In particular, the proposal that assessment authorities should have decision-making powers that are “not bound by council planning schemes” requires further explanation. It is unclear whether this is intended to enable state decisionmakers to depart from local planning schemes, and if so, under what circumstances and with what safeguards. Planning schemes provide an important framework for locally determined land-use outcomes, including heritage, neighbourhood character, environmental and infrastructure considerations. Any state-led pathway should clearly identify the circumstances in which state intervention is justified and how relevant local planning considerations will continue to be considered.

The proposed approach to early and targeted consultation should also be more specific. The Commission should identify what constitutes meaningful consultation, when third-party input is required, and how that input would inform decision-making. For example, where a development has potential impacts on a heritage place, significant landscape or local infrastructure, the relevant council should be engaged early enough for their advice to inform the assessment rather than being sought only after key decisions have been made.

More broadly, local governments need sufficient capacity to make decisions about matters that are appropriately determined at the local level. The Commission should clarify what functions it considers should remain with councils and how councils are expected to be resourced to perform them, including

the role of rates, state government grants, and other funding mechanisms. Transferring decision-making to the state does not remove the need for adequately resourced local government planning and strategic capacity.

Conclusion

While we support appropriate housing growth and recognise that established areas will need to accommodate additional housing as Victoria and Australia's population increases, we find that the interim report works from a fundamentally flawed premise and lacks basic analytical interrogation of its arguments and key findings.

Victoria's heritage controls already enable housing supply increase and enhance the liveability standards where they are located.

We would welcome the opportunity to discuss this submission further and to assist the Commission in preparing its final report.

Samantha Westbrooke
Executive Manager, Conservation and Advocacy
National Trust Victoria

Conservation@nattrust.com.au