



Submission

Housing Supply Regulation: Interim Report



September 2026



AIBS
AUSTRALIAN INSTITUTE
OF BUILDING SURVEYORS



Still from Disney Pixar film ‘Up’ featuring the modest home of central character and retiree Carl Fredrickson, seated on the verandah, which has become surrounded by a major development because he was unwilling to sell to the developer his home on a small allotment that he had built with his late wife Elizabeth “Ellie” Fredrickson

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Contents

Housing Supply Regulation: Interim Report	1
Introduction	4
About the Australian Institute of Building Surveyors (AIBS)	4
Contact	4
Preparation	5
Overview	5
In detail	5
Defects	5
Land use planning	6
Minimum allotment size	6
Information requests	9
In closing	18



Introduction

About the Australian Institute of Building Surveyors (AIBS)

The Australian Institute of Building Surveyors (AIBS) is recognised nationally and internationally as the peak professional body representing building surveying practitioners in Australia. AIBS is committed to ensuring a safer Australia through the continuous improvement and development of the building surveying profession. AIBS' overarching objective can be summarised as: *to achieve the highest standard of professionalism through professional development, including education pathways and training, and advocacy in representing the profession and establishing standards.*

The AIBS Professional Standards Scheme for building surveyors operates across all states and territories and is a legislative instrument that obliges AIBS to monitor, enforce and improve the professional standards of members under the Scheme, thereby reducing risk for consumers of professional services. The AIBS Professional Standards Scheme upholds the professional standards of Scheme members and ensures that clients have access to appropriately qualified and skilled building surveying practitioners for representation and advice.

As a recognised occupational association, AIBS sets professional standards, accredits building surveyors and represents the profession nationally. This work ensures building surveyors uphold the highest levels of competence and integrity, while giving governments, industry and the community confidence in the work they perform.

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Preparation

This submission has been prepared in response to the public call for submissions in response to the interim report.

Overview

AIBS maintains our previously stated position that there is a significant productivity loss arising from the lack of regulation of the construction sector leading to high rates of defective work across the sector, particularly impacting residential construction. This both increases the cost of housing and hinders acceleration of supply and could be addressed by comparatively modest and uncontroversial measures.

AIBS agrees that there is potential for uplift in supply by rationalising land use planning controls in residential land use zones across Australia. Whilst a positive impact is probable, it is likely that such a change will meet considerable community resistance.

AIBS does not support the proposed removal of minimum allotment size controls in zones where high or moderate population densities are desired. Small allotments in such zones will hamper the efforts of developers to deliver larger buildings with multi-residences whereby multiple small allotments will need to be acquired in order to establish the minimum land area needed for cost effective building footprints.

AIBS supports the proposed rationalisation of land use planning controls across Australian residential land use zones.

A detailed response to this consultation is provided in the following section of this submission. For any further information, please contact us at execadmin@aibs.com.au or via the AIBS office on +61 2 9160 4702 or 1300 312 427.

In detail

This section of our submission provides details that support the broad statements made in the overview.

Defects

AIBS is on record in relation to the impact of defective construction on the Australian construction sector. We do not intend to re-iterate our previous statements in this regard other than to say it is disappointing that there has not been any acknowledgement from the Productivity Commission about this issue or even that it has been raised by AIBS.



Failing to take account of the capacity of the sector to produce compliant work that is reasonably free from defective construction whilst at the same time making recommendations aimed at substantially increasing the supply of the current standard of construction is unconscionable.

AIBS recommends that the Productivity Commission acknowledges the role defective construction work has in hindering productivity of the sector and further, AIBS recommends that the Productivity Commission makes recommendations about investigating and taking steps to curtail the prevalence of defective construction work.

Land use planning

The recommendations contained in the interim report are very likely to meet considerable opposition from local communities should any state or territory government attempt to implement them as proposed. Attempts to increase urban densities have been made many times and are often met with resistance from incumbent owners of impacted land. There are numerous examples of this across Australia already, frequently reported in media articles and often involving organised resistance to change.

AIBS therefore notes that this approach to reform is likely to be unsuccessful in sufficient breadth and uniformity of adoption to be effective at increasing supply of housing across the country as needed. Adoption will at best be dis-uniform and highly localised, perhaps confined to local government areas where resistance is least organised. This is likely to tend to result in high density zones established in lower socio-economic regions, an outcome conducive to poor social outcomes.

AIBS recommends that a more readily achievable approach to productivity reform is recommended.

Minimum allotment size

So frequent is the occurrence of, often elderly, property owners holding out on selling their property to developers, sometimes thwarting otherwise viable developments, it has been depicted in popular culture icons including the Disney Pixar animated movie “Up”. This film featured the plight of Ellie and Carl Fredrickson who set about building a life together in their dream home where they spent their lives together. When Ellie passed away, Carl was left with only the memories of his lifetime with his late wife, personified by the home they had shared. Even when surrounded by the disturbance and adverse amenity impacts of a major development occurring all around his property, he could not be persuaded to sell to the developer.

AIBS notes the *Carl Fredrickson effect* that the proposed approach to reform related to minimum allotment size is liable to generate. There are frequent examples of large

developments being hindered by ‘hold out’ sellers of individual allotments that are proposed to be incorporated into the land area for a much larger development. This has been seen in Australia and around the world and will likely continue to frustrate developments well into the future should this proposed reform be recommended and implemented.

This happens because you need a certain land area in order to economically construct a multi-residential building of reasonable dwelling density.

In order to economically establish mid- or high-rise buildings, the footprint of the building relative to its height is important. A tall slender building will require more substantial footing and foundation design and stronger wind and earthquake load resisting elements than a building that is more ‘squat’ in proportions. Tall narrow buildings drive a disproportionate cost per square metre of completed building than would otherwise be the case.

Allotments of 120m² typical of many minimum allotment size requirements are often in the order of 6m wide by 20m long. This is considerably smaller than the minimum allotment sizes contemplated in contemporary apartment designs.

AIBS notes that the NSW pattern book provides standardised designs for multi-residential buildings desired in land use zones designated for higher residential densities. See www.planning.nsw.gov.au/government-architect-nsw/housing-design/nsw-housing-pattern-book/pattern-designs for more details on the whole scope of pattern book designs that are available.

The designs the NSW Pattern Book provides for small lots are suitable for allotment areas of at least 450m². The following image snipped from the website illustrates an example:

Key metrics

Each pattern provides a design for low- and mid-rise (LMR) housing areas with some of the designs providing options to suit non-LMR housing areas. The key metrics reflect the compact designs for low-rise patterns and the range of options for mid-rise patterns.

	Number of dwellings	2
	Bedrooms per dwelling	3-4
	Bathrooms per dwelling	1.5-2.5
	Parking spaces per dwelling	0.50
	Floor Area per dwelling	166 m ²
	Minimum lot area	450 m ²
	Minimum lot width	12 m
	Number of storeys	2
	Floor-Space Ratio (FSR)	0.75
	Livability rating	Silver
	Site gradient front to back	0-1.4 m

Illustrative street view, the design sits comfortably on a typical residential street.

Extract from NSW Pattern Book – Duplex

At that land size, the Pattern Book provides for only two dwellings. If allotment area controls were relaxed, there is a high probability that property owners will sub-divide their properties such that allotments of as little as 120m² would become common in areas where high densities are desired. Each allotment would then in turn see a single dwelling constructed on it. The number of dwellings per hectare would therefore hit a limit, of around 80 dwellings per hectare.

To construct the duplex contemplated in the NSW Pattern Book, it is likely that at least two allotments would need to be acquired to provide the necessary footprint for this design, although to achieve the required depth of allotment as well as width, it may be necessary to purchase four contiguous allotments. This will not change the number of dwellings per hectare significantly, indicating that minimum allotment sizes will need to be larger than 450m² to be effective at generating real improvements in urban density through multi-level construction.

In order to reach higher densities, say for mid-rise type developments, the minimum allotment area indicated in the NSW Pattern Book is at least 520m², where a design is provided for a building of 3 or 4 storeys accommodating up to 13 dwellings. The NSW Pattern Book provides the following solution for that circumstance:

Key metrics

Each pattern provides a design for low-and mid-rise (LMR) housing areas with some of the designs providing options to suit non-LMR housing areas. The key metrics reflect the compact designs for low-rise patterns and the range of options for mid-rise patterns.

	Number of dwellings	7-13
	Bedrooms per dwelling	Studio-4
	Gross Floor Area (GFA)	441-1350 m ²
	Efficiency (NSA:GFA)	86-97%
	Parking spaces per building	4-8
	Minimum lot area	520-904 m ²
	Minimum lot width	13-16.6 m
	Number of storeys	3-4
	Floor-Space Ratio (FSR)	1.09:1-1.49:1
	Livability rating (ABCB)	Standard
	Site gradient front to back	0-1 m



Illustrative street view, a modern take on the classic Art Deco style blends seamlessly into neighbourhoods.

Extract from NSW Pattern Book – Apartment on small allotment

A developer looking to overcome the obstacle of minimum allotment sizes of 120m² would need to purchase at least five, potentially six contiguous allotments to gain the land area needed to establish what is in fact a fairly modest dwelling density. Development at this density equates to about 250 dwellings per hectare, a substantial improvement.

It only takes one Carl Fredrickson style hold out, and development proposals fail. The urban density achievable for the land areas involved are not great enough to address the housing needs of the nation.



Small allotments in areas designated for higher density housing are therefore undesirable.

Small allotments in broader residential zones will improve availability and at 120m², a three to four bedroom multi-level home can be established with good amenity. Allotment sizes smaller than this are unlikely to gain favour in the market due to the amenity impacts of dwellings of that size likely sitting outside the bounds of market acceptability.

Room sizes are no longer regulated in the National Construction Code because the market addresses this issue without intervention. It is therefore rare to find bedrooms significantly less than 2.7m x 2.7m. It is expected that the same will arise for allotment areas if minimum allotment sizes are de-regulated.

AIBS recommends that the proposed removal of minimum allotment size requirements should be limited to areas that are not zoned for higher dwelling densities, with a further recommendation that the Productivity Commission makes a recommendation that minimum allotment sizes in areas zoned for higher residential densities are set, potentially at 800m².

Information requests

The following are responses provided by AIBS to the specific requests for information made in the interim report of the Productivity Commission.

Information request number	AIBS response
1.1 - How do housing regulatory systems, specifically, land-use controls, housing-enabling infrastructure and approval processes, affect Aboriginal and Torres Strait Islander people and communities' access to appropriate housing? Case studies and examples are encouraged. - How can governments improve housing regulatory systems to better meet the housing needs of Aboriginal and Torres Strait Islander people and communities, in alignment with outcome 9 of the National Agreement on Closing the Gap?	AIBS does not have data or information that would enable it to provide a response to this information request



Information request number	AIBS response
1.2 - What features should governments have in mind when evaluating reforms to move housing regulatory systems towards best practice? - Are the best practice principles and overarching objective (figure 1.2) we have identified appropriate? If not, what changes should be made? - What are some examples of specific housing supply regulations (in Australia or internationally) that: a) exemplify the features of a best practice system for housing regulation b) clearly do not reflect these features?	- Buildability – land use planning controls should contemplate the impact that higher densities can have on foundation design particularly where also demanding landscaped areas inclusive of amenity trees in locations with reactive clay soils - The best practice objectives should include a reference to buildability - AIBS does not have data or information that would enable it to provide a response to this specific information request
2.1 Do design-focused regulations (e.g. tree canopy requirements, apartment layout and storage) directly impact commercially feasible capacity?	Yes
What impact would reducing the coverage of heritage overlays have on housing supply?	AIBS does not have data or information that would enable it to provide a response to this specific information request
What land-use controls need to change to enable more alternative dwelling types to be built? What impact would such reforms have on housing supply?	AIBS does not have data or information that would enable it to provide a response to this specific information request



Information request number	AIBS response
Is there a need for further reforms to enable a greater supply of small secondary dwellings such as granny flats?	Yes
Are there other land-use controls which significantly impact supply?	Yes
Can you provide information, data, or analysis on development cost stacks across different housing typologies and geographic areas (for example, construction cost information)?	AIBS does not have data or information that would enable it to provide a response to this specific information request
Can you provide information, data, or analysis on the extent to which dense housing typologies differ in commercial feasibility (for example, comparisons between apartment and townhouse developments)?	AIBS does not have data or information that would enable it to provide a response to this specific information request
2.2 - Can you provide information, data or analysis on the degree to which available land is a barrier to new housing supply? - Can you provide examples of released land that has not been able to be developed for housing, and explain the barriers to development in these cases? - Would it be helpful for governments to report a land measure which distinguishes land that is zoned residential, from land that is serviced, approved, infrastructure-ready and commercially feasible to develop?	- AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS believes this will likely be of assistance



2.3

- What evidence do you have on which land-use controls or combinations of controls are the greatest constraint on housing supply in your jurisdiction?
- What reforms to land-use controls are likely to boost housing supply in each jurisdiction? What are the expected impacts of reforms on zoned capacity, commercially feasible capacity and/or other measures of supply? What are the expected impacts on positive and negative externalities? We are particularly interested in quantitative evidence on reforms to minimum lot size and reducing coverage of broad heritage controls.
- How should potential reforms be implemented? What does the evidence show about the effectiveness of past zoning and land-use reforms in Australia?
- What evidence do you have on the effects of mandatory and voluntary inclusionary zoning requirements for affordable housing on housing supply and affordability?
- AIBS does not have data or information that would enable it to provide a response to this specific information request
- Whilst AIBS does not have cost data to support our contention that smaller allotments are less economically able to be developed into medium or high-rise residential buildings, this stems from the physics involved in making something tall and narrow, stable. There should be a minimum allotment size in areas where high density living is desirable to ensure that the scale of building required to provide appropriate densities of living can economically be developed without having to negotiate the sale of individual allotments that will then be aggregated into a single development.
- State governments will need to drive acceptance of land use planning controls uniformly across each jurisdiction.
- In Queensland, allowing local councils to amend statewide planning control policies has meant that very few have adopted the statewide position. There is also no clear way to identify how a scheme varies other than working through it Council by Council. It would be very helpful if there was a state register where variations could be listed and described. This issue presents nationally and manifests as:
 - A hurdle for pre-approved pattern library approaches to design (typical of MMC)



Information request number	AIBS response
	○ Complexity compelling the use of persons with local knowledge to navigate ○ Complexity in approval processes that often result in errors and costly delays ○ Complexity in the type of application required. There are good examples of this provided in a submission made by AIBS to the Queensland Productivity Commission, (Attachment A)
3.1 • What evidence do you have for the main causes of delays in receiving approvals for new housing? • When is discretion useful in planning processes, and when is it not useful? Are there examples of subjective requirements that should be changed or removed to improve certainty for developers? • How should third-party appeal processes be changed to better balance the benefits they provide to community members and the uncertainty and delay costs they impose on developers?	• AIBS does not have data or information that would enable it to provide a response to this specific information request • AIBS does not have data or information that would enable it to provide a response to this specific information request • AIBS does not have data or information that would enable it to provide a response to this specific information request

Information request number	AIBS response
3.2 - Which specific requirements (for example specific reports or referrals to an agency) are most onerous to comply with when receiving a development approval? - Are there any requirements for development approval that should be removed? In these cases, how should any risks be mitigated? - What could each state and territory do, if anything, to improve the process for receiving subdivision approvals?	- AIBS members are reporting that referrals to local government are most onerous. The issue arises from the variation of requirements that arise between local government entities and the complexity of accessing the requirements. Additionally, there are variations in how information is made available – GIS layers, registers, static maps, etc. – that add to the burden of determining if something must be referred and the information needed to be provided with a referral. - Consolidation of disparate requirements into a singular generic requirement is preferred to removal of requirements. - AIBS does not have data or information that would enable it to provide a response to this specific information request
3.3 - Is improving the coordination of the approvals process a higher or lower priority than reforms to reduce the amount of approval requirements? - Are there any examples of where coordination bodies are or are not working? What are the features of coordination bodies which make them successful? - How effectively are reforms to planning rules, such as SA's Planning and Design Code and Victoria's Clause 55, working to make approvals more certain?	- AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request

Information request number	AIBS response
3.4 - What examples are there of best-practice strategic planning improving the process for housing approval decisions at a state, territory or local government level? - Do the features of tiered assessments we have identified match best-practice? What sort of developments should be included in each tier? - How effective has technology including AI been where it has been used to assist with approvals? How can it be better utilised? - What are the best ways to enhance how states and territories track the timing and burden of approvals? - What reforms should each state and territory prioritise to reduce the burden of the approvals process? - How can federal, state and territory governments incentivise councils to approve developments efficiently, and encourage those that are slow or are obstructing approval pathways? - What evidence is there about the benefits of including social and affordable housing in state-significant, or other streamlined, pathways?	- AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request - Harmonisation of land use planning requirements within residential zoned land together with establishment of an on-line portal to lodge and track all applications - AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request



Information request number	AIBS response
4.1 What reforms are required to infrastructure planning and coordination to support more timely utility connections? To what extent is there misalignment of incentives between each level of government and infrastructure service providers?	AIBS does not have data or information that would enable it to provide a response to this specific information request
4.2 - What feedback do you have on our reform directions for infrastructure planning? To what extent will these resolve the planning coordination issues and address constraints to housing supply? - How should reforms to infrastructure planning be implemented and what are the main challenges?	- See AIBS submission overview and detail sections - AIBS does not have data or information that would enable it to provide a response to this specific information request
4.3 How can governments balance the need to support feasibility for developers by collecting developer contributions later in the development process, with a need for upfront funding to kickstart infrastructure to support new housing?	AIBS does not have data or information that would enable it to provide a response to this specific information request
4.4 Are our directions for improving developer contribution frameworks addressing key infrastructure challenges that will support housing supply? What evidence or case studies support this?	AIBS does not have data or information that would enable it to provide a response to this specific information request

Information request number	AIBS response
How should reforms be designed to overcome the implementation challenges including determining nexus, fair apportionment, accurate upfront cost estimates for infrastructure, timing and funding sequencing, and first mover disadvantages?	AIBS does not have data or information that would enable it to provide a response to this specific information request
4.5 Are our proposed roles for the Australian Government in supporting housing-enabling infrastructure useful and appropriate to support new housing? What other roles should we consider?	AIBS does not have data or information that would enable it to provide a response to this specific information request
5.1 - Which of the reform directions will be relatively easy or hard to implement and why? Are there any examples of 'quick wins' that could be achieved? - Are there any co-dependencies or sequencing considerations across the reform directions? - How can the Australian Government ensure housing regulatory system reform is implemented in a manner that supports all governments' commitments under the National Agreement on Closing the Gap? - How can the Australian Government best support state and territory and local governments to shift housing regulatory systems towards best practice?	- Land use planning reforms will be hard to implement because communities will resist any attempt to override local planning controls by state governments. - AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request - AIBS does not have data or information that would enable it to provide a response to this specific information request



In closing

AIBS is committed to working with government, industry and key stakeholders to continually improve the building regulatory system throughout Australia.

Please contact us for any clarification or further information that may assist.



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for **building surveying**

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