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Housing supply regulation
Productivity Commission
Lodged online: [Make a submission - Housing supply](#)
Via email: housing.supply@pc.gov.au

12 October 2026

Dear Sir/Madam,

City of Launceston – Submission to the Productivity Commission: Housing Supply Regulation Interim Report

Thank you for the opportunity to comment on the Housing supply regulation interim report, and for granting the City of Launceston an extension to 14 October 2026. This submission reflects officer-level comments and has not been endorsed by Council's elected members.

Council understands that the Australian Government asked the Productivity Commission to inquire into housing supply regulation because Australia is not building enough homes where people want to live, making housing unaffordable in many parts of the country. The interim report sets out the Commission's draft findings, recognising that regulation is needed for safe, quality and liveable housing, but that too much or poorly designed regulation can constrain supply. It finds that relaxing land-use controls and better coordinating enabling infrastructure are likely to have the greatest effect.

Council notes the submission made by the Local Government Association of Tasmania (LGAT) in June 2026 and supports a number of the principles it raises, in particular that Tasmanian councils assess applications efficiently, and that many of the key barriers to housing supply in Tasmania sit within state-level frameworks, most notably the absence of a statewide infrastructure contributions framework. This submission draws on Council's own experience to respond to the reform directions in the interim report.

Council has already been working towards many of the outcomes the interim report is seeking. The *City of Launceston Housing Plan 2025–2040*, adopted in May 2025, plans for 6,450 new dwellings over the next 15 years. The Plan balances greenfield growth in the short term with a greater share of infill development over time and commits Council to neighbourhood planning and infrastructure funding frameworks for growth areas, more diverse housing around the CBD and activity centres, and coordinated infrastructure planning.

Key messages

Council would like to highlight four points:

- 1. Infrastructure is the real constraint:** Council strongly supports reform directions 4.1–4.4. In Tasmania, though, a developer contributions framework doesn't yet exist, so it needs to be introduced rather than enhanced.
- 2. One size won't fit all:** The reform directions are broad brush and draw heavily on Sydney and Melbourne. Regional cities like Launceston have different markets, communities and infrastructure needs, and feedback from developers in Tasmania indicates that multi-storey development is not currently economically feasible.

3. **The Tasmanian Planning Scheme already offers flexibility:** Its performance pathway allows higher-density proposals to be considered on their merits, so several of the land-use directions have limited relevance within a Launceston context, and Tasmania more broadly.
4. **It shouldn't be housing at any cost:** Hazard, environmental, heritage and employment land controls deliver lasting public benefits, and understanding hazards will only become more important as the climate changes. These controls should be reviewed for efficiency, not removed.

Land-use controls

Below is a summary of Council's comments on the reform directions 2.1–2.6.

- **Three-storey development (2.1):** Council does not support a blanket entitlement to three storeys across residential land. The Tasmanian Planning Scheme already allows three-storey development to be considered through the performance pathway, where it can be shown to achieve acceptable planning outcomes. Whether three storeys suits a site depends heavily on its context, including amenity impacts, site constraints, infrastructure capacity and the pattern of surrounding development. Established neighbourhoods vary widely, and a blanket approach is unlikely to have community support. There may be merit in a dedicated zone or framework to encourage greater densities in the right locations, particularly where they are supported by infrastructure and access to services.
- **Higher density and lot sizes (2.2, 2.3):** Council agrees that higher density belongs in locations with existing infrastructure, services, jobs and public transport, which is consistent with the Housing Plan's focus on the CBD and activity centres. Smaller lots may increase housing supply, but minimum lot sizes must also deliver urban greening, climate resilience and liveability outcomes that benefit the community over the long term.
- **Residential use in commercial zones (2.4):** Council does not support the broad introduction of residential development across all commercial zones. Council has commenced investigating infill opportunities around activity centres, including within the Urban Mixed Use and Inner Residential zones, where residential growth can be accommodated in appropriate locations. At the same time, Council is preparing an Employment Lands Plan to assess future employment land requirements and safeguard strategically important employment areas. While residential development may be appropriate in some mixed-use centres, it can create land use conflicts and reduce the long-term capacity of commercial and employment areas to support economic growth, business investment and future industries. Council supports a strategic, place-based approach rather than a blanket policy position.
- **Reviewing land-use controls and parking (2.5):** Council supports periodic review of land-use controls, but not their widespread removal without a clear strategic justification. These controls help manage competing land uses, protect environmental and community values, coordinate infrastructure and safeguard strategically important land. Council supports reviewing parking requirements to help make housing more affordable, provided this goes hand in hand with investment in alternative transport.
- **Heritage (2.5):** Council recognises that heritage listings should not be applied automatically without careful scrutiny, and that they can be used to stop development. However, Council does not support the heritage reforms as proposed. Council has recently implemented its heritage stewardship project to apply 30 heritage precincts and over 700 heritage places, drawing on 20 years of studies and responding to significant community concern about the loss of under-protected heritage places. Delivering these listings is already a substantial resourcing commitment, and requiring more detailed investigation for each listing would make it very difficult for Council to complete this work.

Heritage controls sit on top of the zone rather than replacing it. A heritage listing requires works to be assessed for their effect on significance; it does not prohibit them. Because the zone governs density and yield, adjusting the zone can increase yield while heritage protection is retained. Better heritage data, contributory and non-contributory gradings within precincts, and early precinct-scale reviews before rezoning would all improve the process. A listing can always be removed later, but a demolished building is lost forever. Council has few, if any, neighbourhood character controls, other than those that manage hazards in levee protected areas.

- **Hazards and environmental values:** Better understanding and mapping of hazards has been vital to building safe and resilient communities, and this will only become more important with climate change. Council cautions against reducing land-use controls in hazard-prone areas. Development in areas subject to flooding, bushfire or landslip shifts long-term costs onto future residents, who may face unaffordable or unavailable insurance, and onto councils and governments, which bear the cost of disaster recovery and greater exposure to litigation. Reviews of past natural disasters have highlighted the role of strategic land-use planning in reducing these risks. Removing controls could also weaken protections for biodiversity, waterways and landscape values. Council recommends that hazard overlays remain a clear exception to upzoning under reform direction 2.1.
- **Built-form controls (2.6):** This direction has limited relevance in Tasmania. The Scheme already contains relatively few built-form controls in residential zones, with more specific requirements generally limited to heritage places, Scenic Protection Areas and Specific Area Plans, where there is a clear planning justification. It is therefore unclear what further relaxation would achieve. Built-form controls should also support tree canopy, solar access and climate adaptation, and relaxing them risks increasing urban heat and long-term adaptation costs for the community.

Approvals

Council broadly supports reform directions 3.1–3.4, noting they will only work if councils have the resources and skills to deliver them, and if infrastructure and funding arrangements keep pace.

- **Strategic planning (3.1):** Council supports resolving infrastructure requirements and trade-offs early through strategic planning, as Council's Housing Plan does through identification of neighbourhood program. This needs ongoing investment and regular review. Strategic planning should align housing growth with infrastructure, climate resilience and environmental outcomes. Otherwise, housing delivery can outpace infrastructure, costs to local government increase, and service levels for existing communities decline.
- **Fast-track pathways (3.2):** Council supports continued review of processes that reduce delays, including for planning scheme amendments. Fast-track pathways are best suited to low-risk, compliant development, while more complex proposals should retain an appropriate level of discretion. In Council's experience, delays in the current system usually arise when application information is inadequate, or when sites are affected by hazards that need careful consideration.
- **State-significant pathways (3.3):** Councils are best placed to assess most housing proposals, given their local knowledge of amenity, environmental, infrastructure and community impacts. If state-significant pathways are used, they should be limited to genuinely state-significant proposals, and Council's input on these matters should still be considered.
- **Coordination, technology and reporting (3.4):** Council supports these reforms, provided local government is involved. Technology should improve efficiency while maintaining the ability to assess climate risk, environmental impacts and place-based considerations. Council also supports a simpler way to implement approved structure plans than a Specific Area Plan, which currently requires a full planning scheme amendment.

Infrastructure and developer contributions

Council strongly supports reform directions 4.1–4.4, which are also endorsed by the Tasmanian Planning Policies. The City of Launceston has been a leader in this space through the St Leonards and Waverley Neighbourhood Plan and Infrastructure Funding Framework, and Council's experience shows both what is possible and what is holding Tasmania back.

- **A statewide contributions framework (4.3, 4.4):** In Tasmania, a contributions framework needs to be introduced, not enhanced, because one doesn't yet exist. As LGAT has also identified, the framework should cover the full range of infrastructure that new housing relies on: water and sewer (TasWater), electricity (TasNetworks), and council stormwater and roads. Community and green infrastructure

should be included too, such as open space embellishment, community centres, tree canopy and active transport. These are essential to liveable neighbourhoods and climate resilience, but are often treated as secondary and underfunded.

The public open space contribution under the Local Government (Building and Miscellaneous Provisions) Act 1993, capped at 5%, also needs reform. It doesn't allow councils to require open space to be embellished. As a result, councils can receive open space that is undeveloped, leaving ratepayers to cover the cost of bringing it up to a usable standard. Developers should also be required to maintain landscaping and open space for a set period, such as three years, before handover, so that Council receives a functioning asset rather than a degraded one.

- **Infrastructure planning (4.1, 4.2):** Infrastructure planning should consider future climate risks, emissions reduction opportunities and long-term service resilience alongside housing demand, so that housing targets don't drive infrastructure decisions at the expense of integrated planning outcomes. As with the approvals directions, delivering these reforms will depend on councils having the resources and skills to plan and fund the infrastructure needed.

Case study: St Leonards and Waverley: Council's Housing Plan identifies a pipeline of greenfield land supported by neighbourhood (structure) planning and coordinated infrastructure planning. Planning across multiple sites at once means infrastructure costs can be shared fairly between landowners, removing the first-mover disadvantage that often stalls greenfield development.

The problem is that the Tasmanian Planning Scheme has no mechanism for infrastructure funding or developer contributions. To fill that gap, Council must prepare Specific Area Plans. This has been slow and resource-intensive because there is little precedent in Tasmania, and inconsistent outcomes in Tasmanian Planning Commission assessments make it hard to predict whether it will be approved. As a result, land identified for housing can't become development-ready in a timely way, even where demand exists and servicing solutions have been identified.

The framework's infrastructure planning, network capacity and costs are based on yields under current zoning (around 15 dwellings per hectare). Blanket upzoning of these areas would force Council to redo this work, just as the framework is giving landowners and developers certainty. Council recommends that areas with an adopted framework be exempt from blanket changes, with any increase in density considered through Council's planned reviews.

Council also supports a nationally consistent land measure that distinguishes zoned land from land that is serviced, infrastructure-ready and feasible to develop. As Council's own pipeline shows, zoned land supply alone overstates the capacity available for housing.

Role of the Australian Government

Council supports a stronger Australian Government role in funding housing-enabling infrastructure, particularly in regional cities where development feasibility is lower. The Australian Government could also support states to introduce best-practice contributions frameworks where none exist, and help fund the strategic planning, infrastructure frameworks and specialist skills councils need to deliver these reforms.

Council would welcome the opportunity to discuss this submission, including the St Leonards and Waverley case study, with the Commission. Please contact Suzy Lawrence on [Redacted] or [Redacted].

Kind regards,

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Senior Leader City Development