Submission to the Productivity Commission Inquiry

Housing supply regulation

15 June 2026

Official contact:
Jackson Hills
Chief Executive Officer
National Shelter
0411 395 842
Jackson.Hills@shelter.org.au

CONTENTS

1. Introduction

National Shelter is a national peak body for housing policy and advocacy, working to ensure that every person in Australia has access to safe, secure and affordable housing. Our purpose is to advance housing justice by shaping policy, strengthening partnerships, and advocating for systemic reform that addresses homelessness, housing insecurity, and inequality.

We collaborate with government, industry peaks, the private and not-for-profit sectors, community housing providers, homelessness services, and people with lived experience to promote evidence-based solutions that expand housing supply and affordability and improve housing outcomes nationally.

This submission is informed by, and aligns with, National Shelter's 2025 Policy Platform and its key priorities, including increasing the supply of housing, particularly public, social, and affordable housing; making better use of public land for public benefit; and strengthening place-based partnerships to deliver enduring housing, economic, and community outcomes. These priorities are directly relevant to the issues being examined by the Productivity Commission, particularly the role of planning, land use, and regulatory settings in enabling a more responsive and equitable housing system.

This submission draws on that evidence base to make the case for a whole-of-system approach to housing supply regulation.

National Shelter acknowledges the valuable advice and support provided by SGS Economics & Planning in the preparation of this submission, along with other specialist advisors and policy input from across the Shelter network.

2. Context and framing

Australia's current housing shortage reflects a persistent gap between supply and demand, with completions in 2024 (177,000) well below the estimated underlying demand (223,000). This gap is expected to persist despite reform efforts under the National Housing Accord, with forecasts indicating only ~938,000 dwellings will be delivered against a 1.2 million target (National Housing Supply and Affordability Council (NHSAC) 2024).

Recent Australian and international evidence highlights:

- Regulatory complexity and fragmentation across levels of government
- Delayed approvals and post-approval bottlenecks
- Land-use constraints and slow land release
- Infrastructure funding and coordination failures
- Weak construction productivity and barriers to innovation.

Planning is also only one component of a wider housing system:

- OECD evidence that supply depends on planning, infrastructure funding and government coordination acting together
- International evidence shows that restrictive planning weakens supply responsiveness, but planning reform alone does not guarantee increased delivery
- Infrastructure funding, developer finance and construction productivity are also equally important constraints.

These themes map closely to the Productivity Commission's areas of focus for this Inquiry.

3. Key recommendations

In response to these system-wide constraints, National Shelter proposes the following integrated reform priorities. Detailed recommendations for each area follow in Sections 4–10.

1. **Focus on translating existing capacity into completed homes:**

    - **Unlock existing approved housing supply:** Address post-approval barriers, infrastructure sequencing, and financing constraints, with success measured in completions rather than approvals.

    - **Improve post-approval delivery systems:** Establish a coordinated national approach to utilities, subdivision, titling, certification, and delivery processes, supported by clearer requirements and better-resourced institutions.

    - **Align land use, infrastructure, and funding:** Ensure zoning and growth decisions are tied to funded and sequenced infrastructure pathways.

    - **Introduce use-it-or-lose-it approval frameworks:** To discourage land banking and promote timely progression from approval to delivery.

2. **Strengthening the core systems that enable housing delivery:**

    - **Transition to plan-led, risk-based planning systems:** Streamline low-risk and standard developments through codified pathways, focusing regulatory effort on complex proposals while maintaining transparency and accountability.

    - **Strengthen strategic planning and land supply systems:** Invest in strategic planning, housing targets, growth area identification, and public land development to ensure a coherent and responsive land supply pipeline.

    - **Reform infrastructure funding and contributions systems:** Establish clear, consistent, and unified frameworks covering user pays, value capture, impact mitigation, and inclusionary housing.

    - **Embed MMC-ready pathways:** Set into planning, procurement, and infrastructure coordination systems.

    - **Treat housing as essential economic infrastructure:** Embed public, social and affordable housing as a core system output through inclusionary planning mechanisms, public land strategies, and long-term delivery models.

    - **Adopt best-practice, tiered regulatory design:** Embed clear codified rules for low-risk developments, principles-based pathways for complex proposals, and performance measurement frameworks to track real-world outcomes.

3. **Building capacity and coordination to deliver at scale:**

    - **Stabilise construction sector capacity and productivity:** Reduce boom–bust cycles through sustained pipelines, including counter-cyclical investment, alongside workforce development and innovation.

- **Strengthen national coordination and consistency:** Improve alignment across jurisdictions through harmonised frameworks, shared data systems, and coordinated workforce and productivity strategies.
- **Strengthen accountability mechanisms:** Including national monitoring, enforcement, and bonus incentives tied to state and territory housing supply, diversity, and affordability outcomes.
- **Adopt a whole-of-system approach to housing supply:** Recognise and manage housing delivery as an interconnected system spanning planning, infrastructure, finance, construction, and institutional capacity.

4. Approval processes

Current planning systems are frequently characterised by overly complex, discretionary decision-making frameworks that are not well suited to the volume of routine development applications required to meet housing demand.

This submission highlights that many systems are optimised for bespoke, first-principles assessments, which may be appropriate for complex or novel proposals, but introduce unnecessary delay, cost, and uncertainty when applied to standard housing projects (SGS, 2023).

This structural mismatch contributes to inconsistent decision-making outcomes, with similar applications often subject to different interpretations across jurisdictions or individual decision-makers. The proliferation of multiple approval pathways, overlays, and "workarounds" further compounds this issue, increasing administrative burden and reducing transparency for both applicants and communities (SGS, 2023). This is consistent with previous Productivity Commission findings on planning system complexity, which identify regulatory inconsistency and uncertainty as key contributors to delay and cost (Productivity Commission, 2011; 2023).

At the same time, evidence stresses that efficiency gains should not come at the expense of system integrity. Mechanisms such as public notice, third-party appeal rights, and transparent decision-making processes are critical for maintaining legitimacy, managing community expectations, and ensuring equitable outcomes. Removing these safeguards without strong and valid reasons, in pursuit of speed, risks creating long-term governance and trust deficits in the wider system (SGS, 2023).

NATIONAL SHELTER RECOMMENDS:

→ **Establish transparent, multi-level governance, involving Commonwealth, State, and Local Governments with clear and transparent decision-making processes.**

→ **Embed planning system clarity and consistency: Introduce clear, consistent guidance for common application types and reduce reliance on discretionary decision-making.**

→ **Align assessment pathways with risk and streamline approvals: Match approval pathways to project complexity, fast-tracking simple proposals and applying more rigorous assessment to complex developments.**

→ **Ensure streamlined processes retain transparency, accountability, and established appeal mechanisms.**

5. Availability and use of land

A key constraint on housing supply is the absence of consistent, well-resourced strategic planning frameworks that effectively coordinate land use, infrastructure provision, and population growth. This submission notes that without strong strategic planning, development can be fragmented and reactive, leading to misalignment between housing supply and supporting infrastructure, particularly in regional and peri-urban areas (SGS, 2023). AHURI also highlights the importance of strategic planning frameworks in aligning housing supply with infrastructure and population growth over time (AHURI, 2022).

Evidence suggests that clearly defined housing capacity targets and designated growth areas are essential for guiding market activity and providing certainty to developers, infrastructure providers, and communities. These tools enable governments to articulate a coherent settlement strategy and demonstrate how housing needs will be met over time (SGS, 2023).

This submission also identifies the important role of government-led land development agencies in overcoming structural barriers to supply. These include fragmented land ownership, coordination failures, and the reluctance of private markets to invest in complex or lower-margin projects. Public development entities can facilitate land assembly, support demonstration projects, and prioritise developments that deliver net community benefit across social, environmental, and economic dimensions, rather than maximising short-term financial returns alone (SGS, 2023).

Australia's planning systems also continue to under-deliver medium-density housing despite growing evidence that many households prefer alternatives to detached housing on the urban fringe (Jenner & Tulip, 2020). Expanding the supply of townhouses, terraces, duplexes, and low-rise apartments within established suburbs would provide greater housing choice while making more efficient use of existing infrastructure and services. Strategic planning frameworks should therefore prioritise the delivery of diverse housing typologies that better reflect changing demographics and consumer preferences.

Some of the current challenges in this arena include:

- Consumer preferences for medium-density housing exceed current levels of supply
- Existing planning controls continue to constrain missing-middle housing in many established suburbs
- Middle-ring suburbs represent one of Australia's largest opportunities for increasing housing supply
- Well-located medium-density housing can improve affordability while supporting efficient infrastructure use.

A recent publication by the Grattan Institute entitled ‘More homes. Better cities’ identified the extent to which planning regulation constrains, or “says no to” missing middle housing, by default. Approximately 80% of residential land within 30km of the Sydney CBD and 87% in Melbourne is limited to a building height of three storeys or less (Coates et al., 2025). Similarly, approximately 75% of residential land in Brisbane, Perth and Adelaide is limited to two storeys or less. Planning controls at a local government level which regulate the delivery of housing are often misaligned with their strategic policy directions and with emerging market realities and demands. The Grattan Institute Report recommended for uniformity across capital cities, to permit three-storey townhouses and apartments across all residential land, with increased density to six storeys or greater, in proximity to transit hubs. This included a review of heritage protections across vast extents of inner-city land to enable more housing. The federal government is encouraged to advocate for and incentivise the relaxation of land-use planning controls by state and territory governments, in some of these areas, including the expansion of National Competition Policy to include residential land-use reform (Coates et al., 2025).

The New South Wales Government has undertaken a commendable body of planning reforms as part of the Transit-Oriented Development (TOD) Program. The TOD Program is targeted at delivering additional housing supply in the vicinity of 39 transport hubs, through state-led upzoning. This includes land within 1200m of 8 priority rail and metro stations being upzoned, and land within 400m of other stations upzoned. The program aims to create capacity for 185,000 additional homes over 15 years, including long-term affordable housing provisions (NSW Government, 2023). Research undertaken by the Grattan Institute estimates that the program will make a material impact on housing affordability and availability, economic and social equality, and the environmental impact of urban development (Coates, 2024).

We also know planning systems evolve within complex institutional and political environments that shape both decision-making and reform outcomes. Local governments must balance housing growth with infrastructure provision, community expectations, environmental outcomes, and fiscal constraints, often within governance arrangements that provide limited incentives or resources to accommodate additional development. Understanding these structural incentives helps explain why planning reform can be difficult to implement and why sustainable reform requires aligning institutional responsibilities, funding mechanisms, and accountability frameworks across all levels of government (Gurran 2011; Productivity Commission 2011; Pill, Gurran & Gilbert 2020).

Some notable challenges include:

- Planning systems that have evolved incrementally through political compromise rather than comprehensive system design
- Local governments that are facing electoral pressures that encourage cautious approaches to densification
- Existing governance arrangements that often misalign the costs and benefits of accommodating housing growth
- Successful reforms that require incentive alignment and coordinated governance rather than deregulation alone.

NATIONAL SHELTER RECOMMENDS:

→ **Set minimum density permissions for all residential land: Advocate for all states and territories to permit a minimum of three storeys across all residential land, with at least six storeys within 800–1200m of designated transit hubs, consistent with Grattan Institute evidence on the scale of current constraints.**

→ **Reform heritage protections that constrain housing supply: Require jurisdictions to audit and, where appropriate, narrow the application of heritage overlays in well-located areas, ensuring heritage policy does not operate as a de facto density control across large extents of inner-city land.**

- → **Incentivise replication of Transit-Oriented Development programs: Use federal funding mechanisms to encourage all states and territories to develop and implement TOD-equivalent programs, using the NSW model as a benchmark for scale, design, and affordable housing provisions.**
- → **Strengthen and resource strategic planning across all areas: Consistently fund and strengthen strategic planning across metropolitan and regional areas, including identifying and prioritising growth areas and setting municipal-level housing capacity targets.**
- → **Utilise federal government levers to incentivise mid-rise housing and TODs: Including expansion of National Competition Policy to include land-use planning, and funding incentives for state and local governments to undertake technical studies in support of this direction.**
- → **Reinvigorate public land development agencies: Strengthen government development agencies to assemble land, deliver demonstration projects, and prioritise long-term public benefit over short-term commercial returns, e.g. affordable housing outcomes as well as supply.**

6. Infrastructure frameworks and developer contributions

Infrastructure funding frameworks are a critical enabler of housing delivery, yet our research finds that existing systems are often incomplete, inconsistent, and poorly integrated across jurisdictions. In particular, gaps in the implementation of Development Contribution Plans, especially in regional areas, lead to underfunded infrastructure and missed opportunities to support effective growth (SGS, 2023).

The National Shelter submission presents a structured framework that identifies four key forms of development contributions: user pays, impact mitigation, value capture, and inclusionary requirements, and argues that failing to treat them as complementary components of a unified system leads to inefficiencies and inequitable outcomes (SGS, 2023).

A central issue identified is cost uncertainty, where unclear or inconsistently applied contribution mechanisms make it difficult for developers to accurately forecast project costs. This uncertainty can distort land markets, delay investment decisions, and reduce overall supply responsiveness (SGS, 2023).

Importantly, National Shelter argues that public, social and affordable housing should be treated as essential infrastructure, comparable to transport and community facilities. This is supported by AHURI research (AHURI, 2021) and provides a clear basis for embedding inclusionary housing within development contributions systems, ensuring growth delivers improved affordability outcomes (SGS, 2023).

The ability of local governments to accommodate housing growth depends not only on planning powers but also on their capacity to finance and deliver enabling infrastructure.

In many jurisdictions, councils face significant fiscal constraints that limit their ability to fund roads, drainage, open space, utilities and community infrastructure required to support new development. Without addressing these structural funding challenges, planning reform alone is unlikely to produce the scale of housing delivery required.

We know that:

- Local governments often lack sufficient own-source revenue to fund growth infrastructure
- Developer contribution frameworks do not consistently achieve full cost recovery
- Infrastructure funding constraints reduce councils' capacity to support additional housing
- Stronger infrastructure financing arrangements are essential complements to planning reform.

NATIONAL SHELTER RECOMMENDS:

→ **Establish Housing-Enabling Infrastructure Compacts to coordinate funding, sequencing, and delivery milestones across all levels of government, ensuring infrastructure keeps pace with growth.**

→ **Require Infrastructure Delivery Plans to accompany rezoning decisions, ensuring growth only proceeds where there are clear, funded, and timely infrastructure pathways.**

→ **Reform and unify development contributions and value capture systems. Create a fit-for-purpose, integrated system covering user pays, impact mitigation, value capture, and inclusionary requirements, with improved clarity, consistency, and application across jurisdictions.**

→ **Design developer contributions systems to be predictable, proportionate, and transparent, tested for feasibility, and clearly tied to infrastructure delivery timing.**

→ **Expand and strengthen Development Contribution Plans (DCPs). Broaden the use and capability of DCPs, particularly in regional areas, to better support coordinated infrastructure and growth outcomes.**

→ **Enable forward funding mechanisms: Use tools such as loans and value capture to bring forward infrastructure investment and unlock development earlier.**

→ **Empower dedicated authorities to coordinate land assembly, infrastructure provision, and staging of development.**

→ **Embed public, social and affordable housing as core infrastructure through mandatory inclusionary requirements within development and infrastructure funding frameworks, quarantining at least 10–15% of land or value outcomes for affordable housing delivered in perpetuity through a housing authority or community housing provider."**

7. Construction productivity and innovation

Market volatility is identified as a fundamental constraint on construction productivity and industry performance. Drawing on AHURI research, this submission highlights that cyclical boom–bust conditions result in inefficient resource allocation, supply chain disruptions, and diminished capacity for firms to invest in innovation, training, and long-term workforce development (AHURI, 2026).

This volatility has enduring impacts: during downturns, firms exit the market and skilled workers leave the industry, while during upswings, capacity constraints drive rapid cost escalation and reduced build quality. Over time, this undermines the sector's ability to deliver housing efficiently and at scale (AHURI, 2026).

Evidence we have collected and acknowledged in this submission supports the role of counter-cyclical investment, particularly through public, social and affordable housing programs, in stabilising the construction sector. By maintaining a consistent pipeline of work, such investment enables firms to retain labour, invest in apprenticeships, and adopt productivity-enhancing innovations (UNSW City Futures, 2019).

International evidence suggests that stable pipelines, standardisation, and regulatory clarity are key drivers of construction productivity across advanced economies (OECD, 2021).

In parallel, financing constraints remain a critical barrier to delivery. The example of the Pre-Sale Finance Guarantee demonstrates how targeted government intervention can reduce project risk, unlock private lending, and accelerate the commencement of construction-ready developments (SGS, 2023).

NATIONAL SHELTER RECOMMENDS:

- → **Stabilise construction cycles through counter-cyclical investment: Introduce policies to reduce boom–bust volatility, including sustained, counter-cyclical investment in housing, particularly through public, social and affordable housing pipelines.**
- → **Establish stable, long-term project pipelines to support consistent production rates, workforce development, and industry confidence.**
- → **Enable financing mechanisms to unlock/secure delivery: Support tools such as pre-sale finance guarantees and similar mechanisms to de-risk projects, improve access to finance, and accelerate housing delivery.**
- → **Strengthen industry capability and scale, including consolidation and capability uplift to enable larger, better-capitalised, and more productive builders.**
- → **Invest in workforce development and retention. Expand investment in skills, training, and workforce retention across trades and professions to address persistent shortages.**
- → **Support innovation, standardisation, and modern methods of construction: Promote appropriate standardisation, R&D, digitalisation, and modern construction methods, aligned with stable demand conditions to improve productivity and efficiency.**

8. Emerging 'best practice' regulatory features

In response to these challenges, evidence highlights a set of best-practice features. This submission stresses that effective planning systems differentiate among project types and tailor regulatory responses accordingly, rather than applying uniform processes across all developments. Evidence supports a "targeted regulation" approach, where regulatory effort is concentrated on applications that present genuine planning complexity or risk (SGS, 2023).

A tiered system is identified as best practice, in which:

- Low-risk developments are exempt or subject to minimal assessment
- Common developments follow clear, codified rules or standards

- Complex proposals retain principles-based assessment frameworks (Rowley, 2023; SGS, 2023)

This approach improves efficiency while maintaining planning quality. Clear and predictable rules reduce administrative burden and increase certainty for applicants, while principles-based pathways ensure flexibility for strategic or innovative development proposals.

National Shelter emphasises the importance of transparent and accountable decision-making, including publicly documenting the reasons for decisions. In addition, embedding measurable objectives and evaluation frameworks within planning systems is critical to ensuring that policy intentions translate into real-world outcomes and that systems are continuously improved over time (SGS, 2023).

Overall, this points to a planning system characterised by:

- Strategic planning-led system (resolve issues upfront)
- Risk-based regulatory pathways
- Integrated planning–infrastructure–construction system
- Outcome-focused metrics (completions, not approvals)
- Digitally enabled and transparent systems
- Strong regulatory enforcement (not weaker codes): Needed to improve quality and productivity.

NATIONAL SHELTER RECOMMENDS:

→ **Adopt a targeted, risk-based planning system: Design planning systems that focus regulatory effort where it adds value, removing unnecessary approvals for low-risk developments while aligning decision-making effort with project significance.**

→ **Embed clear rules alongside flexible assessment pathways: Provide codified, consistent rules for common development types, while retaining principles-based assessment for complex or novel proposals.**

→ **Strengthen transparency and accountability in decision-making. Require decisions to be clearly documented and publicly available, ensuring accountability and confidence in the system.**

→ **Embed performance measurement and evaluation: Incorporate measurable objectives and ongoing evaluation frameworks to track planning outcomes and support continuous system improvement.**

9. Cross-jurisdictional consistency and coordination of regulatory frameworks

Fragmentation across jurisdictions and levels of government is identified as a significant barrier to housing delivery. Differences in planning frameworks, policy settings, and infrastructure approaches create inconsistent market signals, increasing risk and reducing the efficiency of investment decisions (SGS, 2023).

National Shelter fundamentally believes that improved consistency in planning policy guidance, both within and across states and territories, would provide clearer direction for development and help standardise expectations around housing outcomes, affordability, and sustainability. Fragmentation across jurisdictions has also been identified by the Productivity Commission as a key source of inefficiency within infrastructure and planning systems. The lack of consistent or accountable development assessment timeframes materially impacts project feasibility and serves as a negative signal to proponents.

The inconsistency of strategic planning policy across jurisdictions is of concern. There is a varied extent to which state and territory governments align with the objectives of the National Housing Accord, not just to deliver 1.2 million homes, but also to deliver planning and land-use reforms which embed social and affordable housing in their policy settings, targeted at well-located areas. The federal government is recommended to embed stronger key performance indicators within the National Housing Accord, or similar cross-governmental agreements, to ensure the desired achievement of housing diversity and affordable housing provision.

The federal government should take a more active role in achieving housing policies and targets across each state and territory, using a 'carrot and stick' approach. This includes increased funding for policy development aligned with federal targets, improved enforcement mechanisms tied to monitoring of housing supply, diversity, and affordability outcomes, and bonus incentives for jurisdictions that exceed their targets for housing supply, diversity, and affordability.

Better coordination is also needed between land-use planning and infrastructure strategies, as misalignment between these systems can delay development or result in poorly served communities. Aligning infrastructure investment with growth areas ensures that new housing is delivered in locations that support productivity and liveability outcomes (SGS, 2023).

Coordinated governance arrangements can improve accountability, align investment decisions, and ensure that housing targets are supported by appropriate infrastructure and institutional capacity. National and state housing strategies should therefore embed planning reform within wider systems for housing delivery rather than treating planning regulation as a standalone policy domain.

Some key characteristics of this direction ought to be:

- Housing targets that are linked to strategic planning and infrastructure investment
- National governance frameworks that improve coordination across jurisdictions
- Shared accountability supporting more effective housing delivery outcomes
- Integrated planning and infrastructure systems that improve certainty for communities and investors.

In addition, National Shelter acknowledges the importance of national coordination in workforce planning to address labour shortages and skill constraints in the construction sector, as highlighted in recent AHURI research (AHURI, 2026).

NATIONAL SHELTER RECOMMENDS:

- → Develop a national approach to housing that aligns workforce development, planning frameworks, and housing supply systems across jurisdictions.
- → Harmonise building regulations (including reducing state-based variations from the NCC) and improve consistency in planning policy guidance across states and territories.
- → Increased monitoring and accountability for state housing policy and delivery: Provide funding for strategic policy work in alignment with federal targets, establish enforcement mechanisms to promote accountability for housing policies and offer bonus incentives for states and territories that exceed their housing supply, diversity and affordability targets.
- → Ensure state infrastructure strategies are closely aligned with land-use planning and improve coordination between state and local government roles in planning and delivery.
- → Implement nationally consistent digital planning systems, reporting standards, and datasets, including transparent dashboards that track the full housing pipeline.
- → Enable a more mobile and capable workforce: Introduce national licensing frameworks to support workforce mobility and respond flexibly to demand across regions.
- → Develop and implement a national strategy focused on improving housing construction productivity, supported by better data, consistency, and system coordination.
- → The Australian Government should also work with states and territories to establish a nationally consistent regulatory and approval framework for Modern Methods of Construction (MMC), including modular, prefabricated and volumetric construction, focusing on certification, compliance recognition, and streamlined approvals.

10. Post-approval requirements and barriers affecting project delivery

Post-approval stages of development are often affected by uncertainty in costs, requirements, and regulatory obligations, which can significantly delay or derail projects. An example is the Victorian Windfall Gains Tax, where unclear valuation methodologies introduce the risk of disputes and make it difficult for developers to accurately assess financial viability (SGS, 2023).

A fundamental principle identified is that developers must be able to reasonably estimate total project costs at the outset, including taxes, charges, and infrastructure contributions. Where this is not possible, investment decisions are delayed, financing becomes more difficult, and projects may be abandoned or scaled back (SGS, 2023).

National Shelter also points to broader governance and institutional barriers, including fragmented responsibilities between levels of government and the under-resourcing of local authorities responsible for implementation. These factors contribute to bottlenecks in the delivery phase, even where projects have received planning approval (SGS, 2023).

This stage represents the most significant and least addressed constraint in the housing system. Addressing these issues requires not only clearer regulatory frameworks but also improved coordination, transparency, and capacity across the institutions responsible for delivering housing projects on the ground.

Many housing projects experience significant delays after planning approval has been granted. Infrastructure servicing, utility connections, subdivision approvals, certification processes and financing challenges can all prevent approved developments from progressing to construction (Productivity Commission 2022; AHURI 2024). A greater policy focus on these post-approval stages would complement planning reform by addressing the full housing delivery pipeline and improving the conversion of approvals into completed homes.

Evidence increasingly indicates that:

- A significant proportion of approved housing does not proceed promptly to construction
- Infrastructure sequencing and servicing delays are major barriers to delivery (Infrastructure Australia 2021; AHURI 2024)
- Project finance and feasibility challenges frequently emerge after approval (Reserve Bank of Australia 2023; Productivity Commission 2022)
- Housing policy should measure success through completed dwellings rather than approvals issued (Productivity Commission 2022; Daley, Coates & Wiltshire 2018).

NATIONAL SHELTER RECOMMENDS:

→ **Create a National Post-Approval Delivery Program to streamline conditions, certification, utilities, and sequencing, reducing delays between approval and construction.**

→ **Address fragmented governance by strengthening coordination across agencies and improving stewardship of infrastructure, utilities, and approvals processes, with better resourcing for local governments to fulfil delivery roles.**

→ **Prioritise efficiency and timeliness in subdivision, titling, and certification, which are critical stages of housing delivery.**

→ **Reduce uncertainty by improving the clarity, consistency, and transparency of development charges, infrastructure contributions, and value capture mechanisms, ensuring they are predictable and manageable.**

→ **De-risk project financing and feasibility: Support mechanisms such as pre-sale guarantees and staged contributions to improve project feasibility, reduce financial risk, and accelerate commencement, e.g. NSW Government Pre-sale Finance Guarantee**

→ **Introduce measures to encourage timely development: Implement "use-it-or-lose-it" approval frameworks and similar tools to discourage land banking and promote timely progression from approval to delivery.**

11. Key implications for the Inquiry

The evidence presented throughout this submission supports a whole-of-system approach to housing supply regulation. Planning reform remains an essential component of improving housing delivery but should be pursued alongside reforms to infrastructure funding, institutional capability, construction productivity and government coordination.

The evidence base also demonstrates four consistent findings that should inform the Commission's recommendations:

- Planning reform is necessary but not sufficient to improve housing supply, with evidence showing that planning constraints interact with infrastructure provision, financing, labour availability and development feasibility (Productivity Commission, 2025; National Housing Supply and Affordability Council, 2025).
- Infrastructure funding and governance arrangements are equally important determinants of delivery because the timely provision of enabling infrastructure directly influences whether approved housing projects proceed to construction (Infrastructure Australia, 2021; National Housing Supply and Affordability Council, 2025).
- Construction productivity and institutional capacity shape the responsiveness of housing supply, with declining productivity and workforce shortages limiting the industry's ability to increase output even where planning approvals are available (Productivity Commission, 2023; Reserve Bank of Australia, 2024).
- Coordinated system-wide reform that addresses planning, infrastructure, productivity and institutional capability simultaneously offers the strongest pathway to improving housing affordability and increasing supply over the long term (OECD, 2021; Productivity Commission, 2025).

Taken together, these findings point to a system that is generating development activity but failing to convert it into completed homes. The Commission's recommendations will have the greatest impact if they treat housing supply as a production system and address constraints across planning, infrastructure, construction, and institutional capacity simultaneously.

12. Conclusion

Australia's housing challenge is no longer defined by a single constraint but by the cumulative effects of a fragmented, under-coordinated system that fails to translate capacity into completed homes at the required scale. The evidence presented in this submission demonstrates that while planning reform remains important, it is not the primary binding constraint on supply. Instead, barriers now sit across infrastructure provision, post-approval delivery, construction capacity, and market stability. Addressing these challenges requires a shift in focus: from narrow regulatory reform toward a productivity-driven, system-wide approach.

A key finding of this submission is the significant volume of approved housing that is not progressing to construction. This represents the most immediate and tangible opportunity to increase supply. Unlocking this latent capacity will require targeted interventions to reduce post-approval delays, improve infrastructure sequencing, and address financing constraints that prevent projects from commencing. Measuring success through completions rather than approvals is essential to reorient policy toward real delivery outcomes.

A consistent theme across this submission is the importance of certainty, consistency, and predictability. Unclear rules, variable decision-making, and shifting policy settings create risk, delay investment, and reduce system productivity. Reforms that clarify standards, stabilise policy frameworks, and reduce unnecessary discretion will have a significant impact on both the timing and scale of housing delivery. Importantly, this submission argues that housing, especially public, social and affordable housing, must be treated as essential economic infrastructure. Embedding affordability within planning and infrastructure systems, including through inclusionary mechanisms and value capture, ensures that growth delivers lasting public benefit rather than exacerbating inequality.

Finally, our submission seeks to underscore that system performance ultimately depends on capability: within the construction workforce, planning institutions, and delivery agencies. Investment in skills, training, and institutional capacity, particularly at the local government level, is essential to ensuring that reforms translate into tangible outcomes on the ground.

The central conclusion is that improving housing supply requires a coordinated, system-wide reform agenda focused on delivery, productivity, and public value. The most effective reforms will be those that unlock existing supply, align infrastructure and funding with growth, stabilise construction capacity, embed risk-based regulatory approaches, and strengthen national coordination and capability.

Without these changes, Australia will continue to generate approvals without delivering homes. With them, the system can shift from constrained and fragmented to productive, coordinated, and capable of meeting national housing needs.

National Shelter would welcome the opportunity to provide further evidence as the Inquiry progresses and can be contacted at the details below.

Contact and further details

For more information on this submission, please contact:

Jackson Hills
Chief Executive Officer
National Shelter
0411 395 842
Jackson.Hills@shelter.org.au

13. References

Australian Housing and Urban Research Institute (AHURI) 2021, Social housing as infrastructure: an investment pathway, AHURI Final Report, Melbourne.

Australian Housing and Urban Research Institute (AHURI) 2022, Strategic planning frameworks and housing supply, AHURI Final Report, Melbourne.

Australian Housing and Urban Research Institute (AHURI) 2024, Post-approval barriers to housing delivery, AHURI Final Report, Melbourne.

Australian Housing and Urban Research Institute (AHURI) 2026, Construction sector workforce and housing delivery, AHURI Final Report, Melbourne.

Coates, B. 2024, Transit oriented development and housing affordability, Grattan Institute, Melbourne.

Coates, B., Sherrell, H. & Wiltshire, T. 2025, More homes. Better cities, Grattan Institute, Melbourne.

Daley, J., Coates, B. & Wiltshire, T. 2018, Housing affordability: re-imagining the Australian dream, Grattan Institute, Melbourne.

Gurran, N. 2011, Australian urban land use planning: principles, systems and practice, Sydney University Press, Sydney.

Infrastructure Australia 2021, Infrastructure and housing supply: enabling growth through coordinated delivery, Infrastructure Australia, Sydney.

Jenner, G. & Tulip, P. 2020, 'The house price and rental effects of upzoning', Reserve Bank of Australia Research Discussion Paper, no. 2020-08, Reserve Bank of Australia, Sydney.

National Housing Supply and Affordability Council (NHSAC) 2024, State of the housing system 2024, NHSAC, Canberra.

National Housing Supply and Affordability Council (NHSAC) 2025, State of the housing system 2025, NHSAC, Canberra.

New South Wales Government 2023, Transport oriented development program, Department of Planning, Housing and Infrastructure, Sydney.

Organisation for Economic Co-operation and Development (OECD) 2021, Housing and inclusive growth, OECD Publishing, Paris.

Pill, M., Gurran, N. & Gilbert, C. 2020, 'Governance, planning and affordable housing', Housing Studies, vol. 35, no. 4, pp. 612–631.

Productivity Commission 2011, Performance benchmarking of Australian business regulation: planning, zoning and development assessments, Productivity Commission, Canberra.

Productivity Commission 2022, In need of repair: the National Housing Agreement, Productivity Commission, Canberra.

Productivity Commission 2023, 5-year productivity inquiry: from learning to growth, Productivity Commission, Canberra.

Productivity Commission 2025, Housing supply regulation inquiry, Productivity Commission, Canberra.

Reserve Bank of Australia 2023, Financial stability review: housing and construction finance, Reserve Bank of Australia, Sydney.

Reserve Bank of Australia 2024, Construction sector capacity and housing supply, Reserve Bank of Australia, Sydney.

Rowley, S. 2023, Planning system reform and housing delivery, Curtin University, Perth.

SGS Economics & Planning 2023, Housing supply and planning systems: evidence base for national shelter submission, SGS Economics & Planning, Melbourne.

UNSW City Futures Research Centre 2019, Counter-cyclical investment in social housing: economic and social returns, UNSW Sydney, Sydney.