

# Abundant Housing Network Australia —

## Questions on notice

How do restrictions on housing supply in major cities undermine labour mobility and productivity?

Restrictions on housing supply primarily undermine both labour mobility and productivity by making it more difficult and expensive to move homes. This friction hampers people's ability to pursue the best job within the labour market, and leads to more of their wage gains being capitalised into higher housing costs.

Below are some key points from e61 Institute's report [\*The Lucky Country or the Lucky City?\*](#) which underline this point:

**Movers to the city get an instant and permanent pay rise:** On average, city - based workers earn around \$8,000 more than workers in regions. Movers into a capital city, from a regional area, obtain a permanent wage boost that begins almost immediately. Around 7 years later, they are earning around \$12,000 more than people that remained in the regions that were of the same age and industry, and nearly \$5,000 more than their new city neighbours.

...

**Net benefit of city -living has fallen dramatically:** Wages and jobs are one part of the equation; another is housing. Housing costs are on the rise in cities, particularly in Sydney. The net economic advantage of a city location is falling for many workers, including care, service, and industrial workers. Even for high -income knowledge workers, the net benefit of city life is fading.

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**Risk of misallocation of labour:** An outflow of young people from Sydney and Melbourne could reflect them moving from higher paying, or more productive job opportunities.

By enabling more homes to be built in cities, we can ensure that the urban wage and agglomeration bonuses can maximally flow through to workers and families, and ensure that people are maximally enabled to find the job that best fits their skills and desires for a good life.

## How much cost does the NCC add to construction?

We are unable to give an accurate estimate of how much the NCC, as a whole, raises the cost of building an apartment or house. It is clear that some level of Construction Code is required, and that it should be robust, in order to confer benefits in excess of its costs.

In order to assess whether the current Code is achieving this, we need a greater degree of data access. That means full access to the thousands of Australian Standards referenced throughout the NCC.

The recent [National Construction Code Modernisation Project – Interim report](#) suggests that this increase in both transparency and robustness is on the Commonwealth Government's agenda. We fully support any move that implements more robust cost-benefit checks within the NCC drafting and review processes.

## What regulatory friction should the Commonwealth government remove or reform first to unlock urban supply? And other housing supply?

The following is an extract from *The Brick Book*, our 2025 election policy guide:

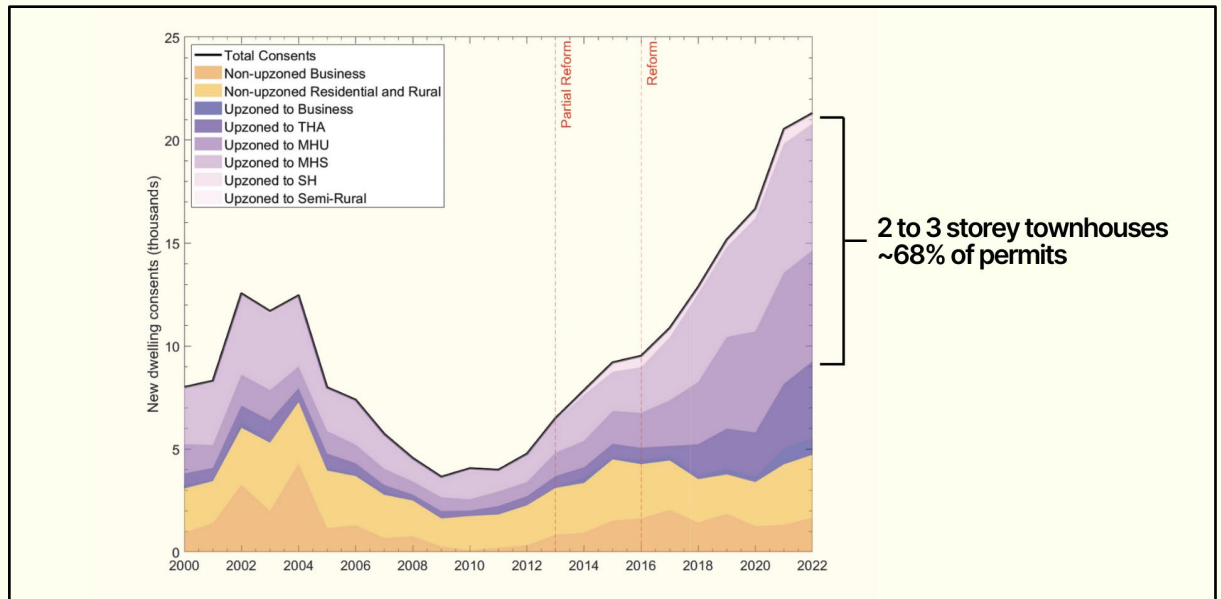
**The Federal Government should, through the National Competition Policy, introduce a National Townhouse Accord (NTA), enshrining a minimum residential density to be permitted without discretion across all of Australia.**

This would, in effect, enable townhouses and units of up to three storeys to be built in all of our nation's established areas.

Townhouses offer a more affordable housing option that is both low-impact and well-suited for the middle-ring suburbs of our cities. Unlocking their potential on a national scale is critical to solving the chronic housing shortage, as townhouses are able to be built by a broad number of firms—including “mum and dad” developers looking to capitalise on their land when downsizing and ageing in place.

This policy recommendation would implement upzoning similar to that which was so successful in Auckland—where up to three storeys can be built without a discretionary permit. The success of the Auckland reforms underlines the critical role that townhouses can play in boosting housing supply, with 68% of

the city's dwelling permits in 2022 taking advantage of the new, post-reform up-zoning rules.<sup>1</sup>



Auckland's city-wide reforms are a housing supply success story that Australia should replicate.

The results from Auckland are consistent with the broader literature that highlights how non-discretionary processes result in faster approvals and greater certainty—crucial to unlocking the housing supply Australia so desperately needs.<sup>2</sup>

Building standards are already set federally through the National Construction Code, but planning standards are not. This has led to the development and enforcement of restrictive and arbitrary rules at the state and local levels, to the great detriment of Australian housing supply and economic efficiency.

Now is the time for the Commonwealth to show leadership, spearheading a National Townhouse Accord to develop consistent and clear rules around density that can be implemented nationwide to unlock a townhouse revolution.

They can use the revitalised National Competition Policy to incentivise the adaptation of the National Townhouse Accord for a consistent zoning code for townhouses and low-rise housing across Australia.

### Example density standards

<sup>1</sup> Greenaway -McGrevy & Jones (2023), ' [Can zoning reform change urban development patterns? Evidence from Auckland](#) ', University of Auckland

<sup>2</sup> Manville, M., Monkkonen, P., Gray, N., & Phillips, S. (2022), ' [Does Discretion Delay Development? The Impact of Approval Pathways on Multifamily Housing's Time to Permit](#) ', Journal of the American Planning Association, 89(3), 336–347. 1

Applicable zones	Residential zones
Types of homes permitted	Townhouses, flats, detached homes
Maximum height	3 storeys or 12m
Minimum setback from street	4m
Permitted site coverage	60% of site
Minimum landscaped area	20% of site
Assessment process	Code-assessed
Parking	Demand-driven

*Planning rules should be simple, and provide a flexible envelope for development.*

This reform can be modelled on Victoria's Townhouse and Low -rise Code and New Zealand's Medium Density Residential Standards, which have allowed for broad, consistent, and clear rules for building the diverse housing options that are desired by Australians .