



Legislative Assembly for the
Australian Capital Territory

Standing Committee on Environment
and Planning

Submission Cover Sheet

Inquiry into DPA-04 – Missing Middle Housing Reforms

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Missing Middle Housing Reforms

Greater Canberra Inc, January 2026



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Introduction

Greater Canberra is a community organisation dedicated to advocating for reforms to planning, housing, and infrastructure policies. We stand with thousands of Canberrans who want a more liveable, sustainable and affordable city for the future. The centrepiece of our advocacy is for reform to Canberra's planning rules, to unlock more development along urbanist principles, build more housing to address the current housing crisis, and ultimately make our city a better place to live.

Unfortunately, Canberra's existing urban design and planning rules are barriers to this vision. While we recognise that a variety of housing typologies is important for a city, our current rules do not, overwhelmingly favouring low-density detached housing over medium-density urban forms.

Under the existing planning rules, over 80% of Canberra's existing residential land is restricted largely to single family homes, with medium-density housing the exception rather than the rule. This approach may have been suitable for Canberra decades ago, when we were a much younger and smaller city. However, we are now a city of close to 500,000 people and 817km².

As planning laws have forced Canberrans to live further and further out we must accept the constraints of rising infrastructure costs, congestion, and the environmental limits of greenfield development and sprawl. The old approach no longer meets the needs of modern Canberra, and we are well overdue for reform.

The Missing Middle reforms being considered by the Assembly are an important step in the right direction. They acknowledge the obvious: people's lives and preferences are different, and it should be legal to build the kinds of homes people actually want to live in. Our current planning rules were built on the assumption that there was one "right" way to live, and the city was designed around that model. But the community has made it clear they want more than detached single-family homes.

Windows for meaningful reform of our planning system are rare, and we are in such a window now. The broader Canberran community has made their expectations around blanket zoning reform to provide medium-density development incredibly clear, both through a vast majority of the current Assembly endorsing either a reform that brings the allowances of RZ2 zoning to the RZ1 suburban zone, or other substantive reforms that enable medium-density development across Canberra, and through the overwhelming community response to the initial consultation on DPA-04.

The road to this consensus and this moment has not been short. Calls for more medium-density housing from members of the community and the architectural and planning professions date back decades. The Demonstration Housing Project first opened for applications in 2018. It is

now nearly three years since we launched Missing Middle Canberra in February 2023, as consultation for the draft Territory Plan was occurring.

History demonstrates that energy for reform is not inexhaustible, and therefore we encourage the Assembly to be ambitious with this chance for reform and ensure that it is as effective as possible from the onset, rather than requiring further tweaks down the track to achieve viability.

With this reform, we have the opportunity to influence the trajectory of our city for the better by creating a more liveable, sustainable, and affordable Canberra for centuries to come. The stakes are literally hundreds of billions of dollars in housing, transport, climate, environmental, social, health and economic productivity benefits. We owe our grandchildren and all those who will come to call Canberra home our best and most ambitious efforts to build a city worthy of them.

List of recommendations

1	That the Missing Middle Housing Reforms should be implemented and DPA-04 approved.
2	That third party ACAT merits review of planning decisions be abolished.
3	That should Recommendation 2 not be accepted, that third party ACAT merits review of planning decisions be abolished for all infill housing related decisions.
4	That the ACT Government fund empirical research into the LVC system to help inform a comprehensive legislative reform process.
5	That the ACT Government undertake a comprehensive LVC reform program on an aggressive medium term (below 2 year) timeframe.
6	Amend the RZ1 Policy Outcomes so they are consistent with the current (or amended) RZ2 Policy Outcomes and clearly support Missing Middle housing compliant with the Design Guide and Technical Specifications.
7	Should recommendation 6 not be accepted, the RZ1 Policy Outcomes should be amended to: a) Explicitly define “low density” as including all missing middle design guide typologies and densities as articulated in the Technical Specifications and Design Guide in the text of the Residential Policy. b) Remove the “some” from paragraph 3 to make it explicit that a policy outcome is enabling changes to residential density and the subdivision pattern. c) Striking paragraph 4 in its entirety. There is no analogous provision to paragraph 4 in the policy outcomes of any other zone. It is unclear why the “neighbourhood character” of RZ1 should have special protections in a way that all other residential areas do not, or why RZ1 homeowners should have special grounds for protection against “unreasonable impacts” not extended to the residents of any other zone.

8	That what is meant by medium and high density throughout the residential policies should be explicitly defined so as to provide certainty that developments that are consistent with the relevant design guides and technical specifications aren't rejected on review for being too dense.
9	That the ACT Government broadly consider and harmonise the assessment outcomes, technical specifications and zone policy outcomes to ensure consistency and clarity.
10	Provide clearer guidance in the Subdivision Policy on what "appropriately located" means, to support consistent decision-making by the Authority and ACAT.
11	Solar access provisions should be relaxed in order to enable perimeter block typologies. Consumers should be allowed to make decisions about how much they value sunlight in their living rooms on the winter solstice against other features.
12	Eliminate the solar fence or adopt Victoria's recent reforms which allow buildings to choose from either a sloped building envelope, or an envelope with no building slope. This allows for simpler building designs that preserve more of the block for usable green space.
13	Remove side and upper-level setbacks, and minimise front setbacks, to maximise usable rear green space and support continuous streetwalls and perimeter block development patterns. The 0m side setback for external walls should be extended to multi-unit buildings over 4 storeys.
14	Remove the arbitrary limits on RZ1 block consolidation in the Subdivision Technical Specifications.
15	Eliminate parking minimums across all residential zones, allowing parking to be provided in response to genuine market demand rather than regulatory mandates.
16	Count some easements as planting area, such as areas under powerlines, over underground pipes or right next to a house. Soil within the easement zone can still be beneficial for soil health, with easement zones under powerlines still providing valuable soil for tree roots.
17	Reduce minimum planting bed width from 2.5 m to 2 m. Trees can establish successfully in slightly narrower beds when soil volume and permeability are adequate. This modest

	shift keeps planting quality intact while avoiding situations where whole rows of townhouses are deleted solely to meet a rigid dimensional rule that does not correlate with actual planting performance.
18	Allow adjacent verge trees to count towards canopy cover. Urban cooling and shading outcomes do not stop at the cadastre. Excluding street trees from the calculation means some developments are treated as failing “canopy” targets even when a mature, high-quality street tree is already shading the block. This arbitrary cadastre border has the consequence of stymying Missing Middle where it’s needed, notably in Canberra Central.
19	Allow permeable hard surfaces to contribute to tree soil volume. This supports canopy growth while allowing more flexible site planning and usable open space.
20	Establish a process for continually identifying and eliminating barriers to Missing Middle housing development that may arise as a result of the planning system and other policies.

Points of strength

Much of this submission focuses on areas in which we believe that the reforms could be strengthened or tweaked - however we **entirely support the objectives and principle of the reforms**. Particularly positive features include:

1. The decision to **allow apartments in RZ1**. Allowing apartments in RZ1 enables for multistorey housing where individual units are themselves single level. This is critical for enabling housing density while creating single level homes needed for elderly and mobility impaired residents.
2. The reduction in **parking minimums and further flexibility for underground parking**, which will enable more homes while providing more housing choice for car-light households and encouraging environmentally sustainable transport. This is a good first step, however we call for the abolition of parking minimums altogether across both RZ1 and RZ2, allowing genuine demand-based parking as opposed to blanket regulation.
3. The **ambitious RZ1 dwelling density targets** that match or exceed existing RZ2 standards, allowing a significant increase in homes so long as developments are able to meet design, solar access, green space, and tree preservation outcomes.
4. The **relaxation of solar fence provisions in the technical specifications that will enable more housing**. We support both housing and green space, and support these provisions that support taller over wider housing. However, these reforms should go further.
5. The relaxation of **side setback provisions**. We support zero side setbacks, enabling continuous streetwalls and traditional terrace developments and perimeter blocks. The reforms should be strengthened to enable this.
6. The **increase in height limits across RZ2 to RZ5**, which will deliver more homes in existing medium- and high-density areas. Such an increase would be particularly effective in encouraging more medium-density infill in the Inner North and Inner South, and northern Woden Valley suburbs, complementing other infill strategies such as the Northern Gateway and Southern Gateway reforms.

Recommendation 1: That the Missing Middle Housing Reforms should be implemented and DPA-04 approved.

Why the reforms are good

The core of DPA-04 is universal reform of the ACT's residential zoning codes to enable medium density housing in RZ1, and generally increase the maximum permissible density throughout Canberra. Greater Canberra is of the view that these reforms are good, for the following reasons:

- 1. Downwards pressure on rents**
- 2. Enabling more social & public housing**
- 3. Increased homeownership**
- 4. Increased housing choice and neighbourhood dynamism**
- 5. Shorter commutes and more efficient transport**
- 6. Protecting the environment and reducing emissions**
- 7. More fiscally sustainable city services, lower rates**
- 8. Revitalised local shops and group centres**
- 9. Increased agglomeration effects and higher productivity**
- 10. "One-size-fits-all" infrastructure and the case for universal upzoning**

Downwards pressure on rents

Australia, including Canberra, is in a widely acknowledged housing crisis, and we cannot keep going on like this. Over the last two decades, inflation-adjusted house prices have roughly doubled, and house rents have risen materially as well (around 25% over 2008–2022, inflation-adjusted).¹ The central problem is simple: when population and incomes grow faster than the number of homes, renters end up bidding against each other for a fixed pool of dwellings.

Upzoning reforms like the Missing Middle helps because it makes it legal to build more homes in the places people most want to live. More construction increases the vacancy rate and reduces the "musical chairs" dynamic where households with higher willingness to pay outbid others for existing rentals.

Despite common misconceptions even when new dwellings are expensive, they still reduce rent pressure through moving chains: households who take a new home vacate an older home,

¹ Peter Abelson and Roselyne Joyeux, 'Housing prices and rents in Australia 1980–2023: Facts, explanations and outcomes' (Tax and Transfer Policy Institute (TTPI) Working Paper 14/2023, September 2023).

which then becomes available to another household, and so on down the market. This theory has been directly observed in the evidence.²

Case study: Auckland's 2016 Unitary Plan

Auckland's Unitary Plan is one of the clearest real-world demonstrations that broad upzoning increases construction and lowers rents:

- **Scope:** the reform upzoned roughly three-quarters of Auckland's residential land.
- **Construction response:** compared to similar New Zealand cities that did not upzone, Auckland issued 43,500 additional consents over six years, equivalent to **9 percent of its housing stock**.³
- **Rent impact:** rents were **28 percent lower** than they would have been in the absence of reform, relative to a counterfactual of comparable cities.⁴

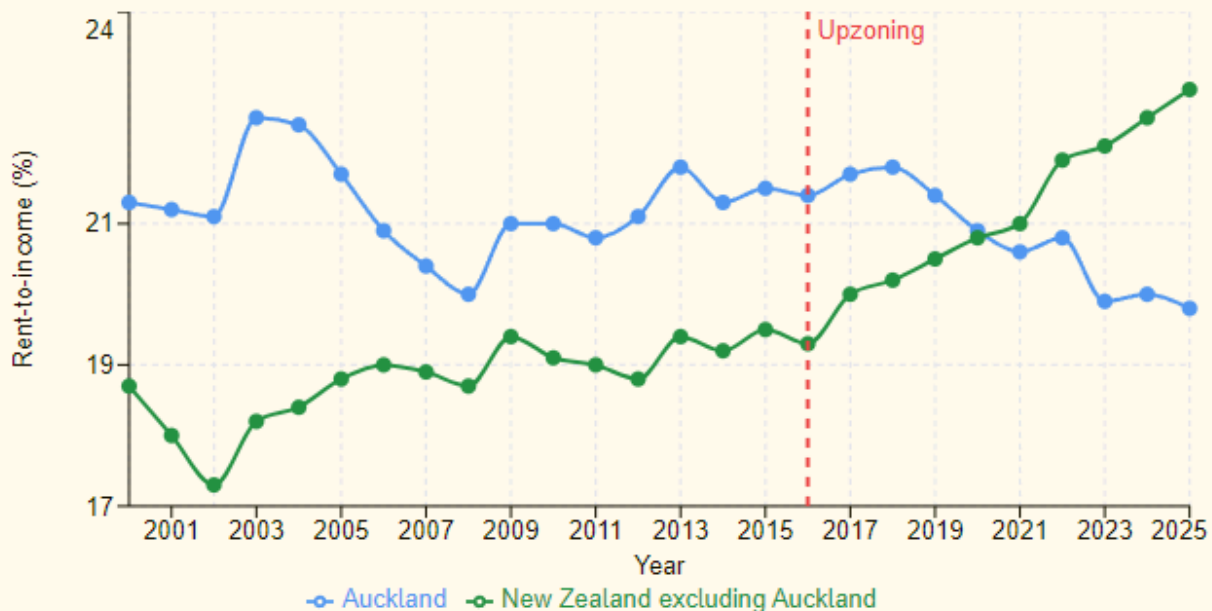
² Bratu, Cristina and Harjunen, Oskari and Saarimaa, Tuukka, City-wide Effects of New Housing Supply: Evidence from Moving Chains (August 31, 2021). VATT Institute for Economic Research Working Papers 146, Available at SSRN: <https://ssrn.com/abstract=3929243> or <http://dx.doi.org/10.2139/ssrn.3929243>

³ Greenaway-McGrevy, Ryan. "Can zoning reform increase housing construction? Evidence from Auckland." *Economic Policy Centre Working Paper* 17.2 (2023): 6.

⁴ Greenaway-McGrevy, R., So, Y., 2024. Can Zoning Reform Reduce Housing Costs? Evidence from Rents in Auckland. Working Paper 016. *Economic Policy Centre*, University of Auckland.

Rent-to-income ratios fell in Auckland whilst it rose in the rest of New Zealand

Rent-to-income ratio over time



Source: Maltman (2025)

© Inflection Points, 2025.

There has been some criticism of these findings. In particular, Cameron Murray and Tim Helm expressed their concerns about the methodology in a blog post titled *“The Auckland Myth: There is no evidence that upzoning increased housing construction”*. These concerns are well addressed in a 2025 paper from Donovan and Maltman.⁵ It is not easy to dive into academic arguments about the validity of econometric research, so we have tried to summarise two points here:

- The original Greenaway-McGrevy and Phillips paper excludes data from some areas to produce a comparison of dwelling consents in upzoned versus non-upzoned areas. Murray and Helm show that including the missing data into the upzoned group appears to weaken the impacts of upzoning (see the below graph on the left). Donovan and Maltman explain that this data is intentionally removed so that areas affected by the AUP could be contrasted with similar but unaffected residential areas. For example, some areas were removed from consideration because they had already undergone a similar

⁵ Donovan, S. and Maltman, M., 2025. Dispelling myths: Reviewing the evidence on zoning reforms in Auckland. *Land Use Policy*, 151, p.107498.

upzoning in 2013, which meant the 2016 changes appear less significant because these areas already had an increase in dwelling consents.

- Secondly, Murray and Helm note the difference between dwelling consents and actual construction of new dwellings, estimating that only 69% of dwelling consents had resulted in a new dwelling, suggesting that the actual effects on housing supply are overstated. Donovan and Maltman dispute this, using 2023 Census data to show that the number of dwellings added in Auckland from 2018 to 2023 represented approximately 90% of dwelling consents in that time period. These differences may be due to the lag between a dwelling consent being approved and the construction finally finishing, as shown in the below graph.

Case study: New Zealand's Lower Hutt's Plan Change 43

Lower Hutt (a small city of 100K) provides another clean example of the same pattern:⁶

- **Scope:** the reform in 2018 increased allowable density across 80% of residential land.
- **Construction response:** following the reform, **dwelling consents per capita more than tripled** relative to the pre-reform period.
- **Rent impact:** by 2023, rents in Lower Hutt were **21% lower** compared to the counterfactual.

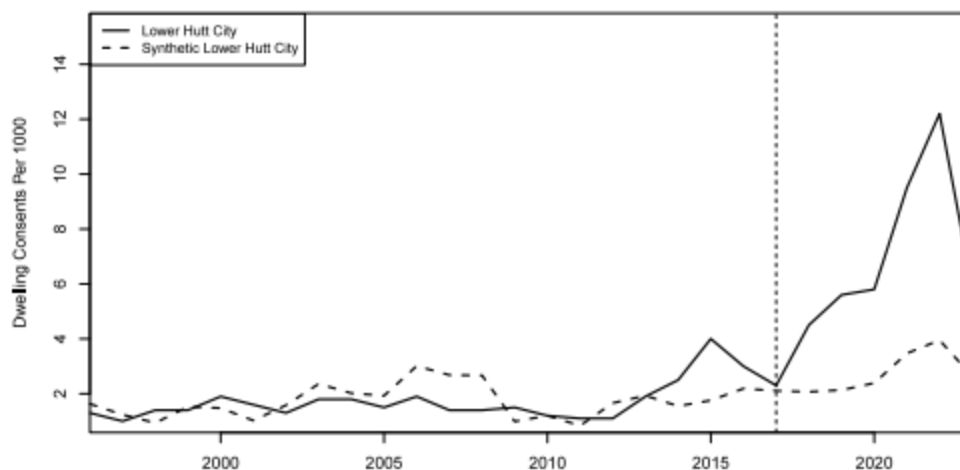


Fig. 4. Synthetic and actual consents per thousand residents. Notes: Vertical dashed line denotes the intervention date.

This result is consistent across the literature

⁶ Matthew Maltman and Ryan Greenaway-McGrevy, 'Going it alone: The impact of upzoning on housing construction in Lower Hutt' (2025) 67 *Journal of Housing Economics* 102032, doi:10.1016/j.jhe.2024.102032.

The Auckland and Lower Hutt results aren't outliers, they line up with study⁷, after study⁸, after study⁹ (the list goes on) that demonstrate:

1. Restrictive zoning/planning makes supply more inelastic, which pushes demand pressure into higher rents, and
2. New housing supply reduces rents relative to the counterfactual

The key point for Canberra isn't that every newly constructed dwelling is "cheap"; it's that *not* building them forces the same households to compete harder for the existing rental stock, pushing up rents for everyone else.

Enabling more social and public housing

The Government is the ACT's largest single leaseholder of residential land, and DPA-04 will substantially increase the number of public homes that can be built in the ACT on the land the Government already owns. In this way, DPA-04 is one of the most significant non-fiscal measures the Government can take to enable additional public housing.

These benefits are shared by other social and community housing providers seeking to build housing projects throughout the city. For decades, existing RZ1 settings have discouraged public and social housing projects in suburban Canberra, by imposing much higher unit costs (due to land costs) in RZ1 than in medium and higher density zones. RZ1's historic prohibition on block subdivision has accentuated this trend in inner Canberra (where block sizes are much larger than in more recent districts).

This created a double challenge for such housing projects in inner Canberra - land per square meter was more expensive, and more square meters of land would be required for a dwelling than in outer Canberra. DPA-04 will correct this pattern by enabling medium density housing throughout the city, and having the maximum density for such projects be uniform whether the project is in Griffith or Gungahlin.

These changes are, of course, necessary but not sufficient, and we continue to call on both the ACT and Commonwealth Governments to adequately fund social and public housing to deliver housing for our society's vulnerable. We also support other measures to speed up the delivery of social housing, such as the *Planning (Territory Priority Project) Amendment Act 2025*.

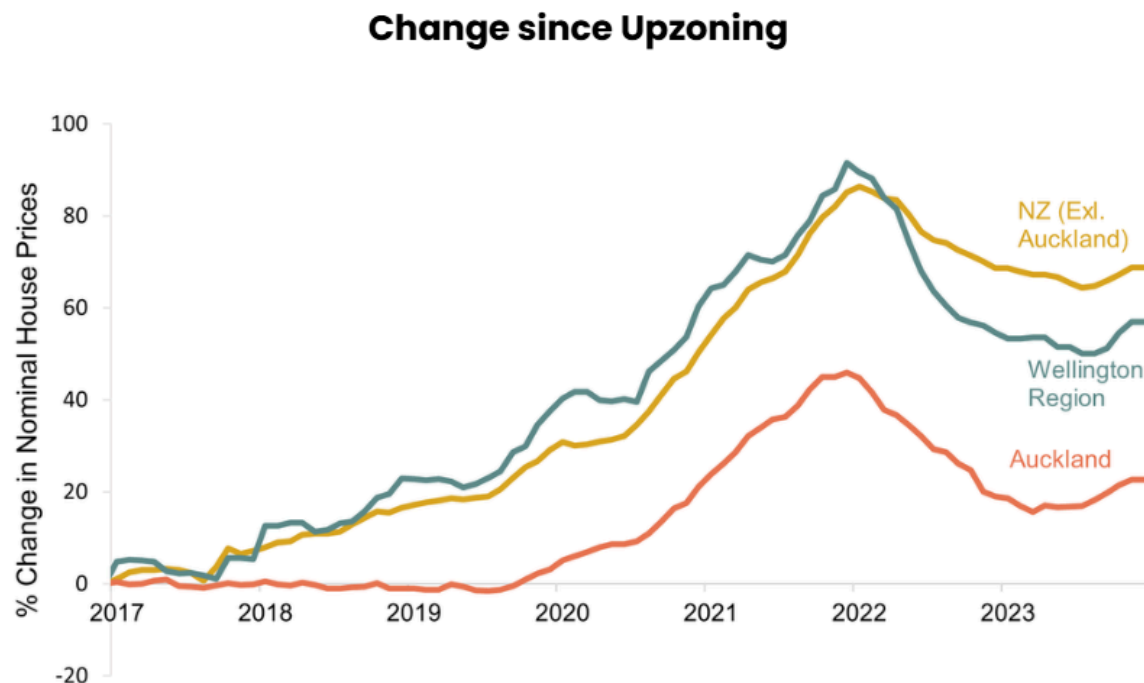
⁷ Simon Büchler, Vera Götze, Lukas Hauck and Nicola Stalder, 'The amplifying effect of spatial planning restrictions on house prices and rents' (2025) 69 *Journal of Housing Economics* 102085, doi:10.1016/j.jhe.2025.102085.

⁸ Gabriella Kindström and Che-Yuan Liang, 'Does new housing for the rich benefit the poor? On trickle-down effects of new homes' (Working Paper, 18 April 2024) SSRN, doi:10.2139/ssrn.4890681.

⁹ Kate Pennington, 'Does Building New Housing Cause Displacement?: The Supply and Demand Effects of Construction in San Francisco' (Working Paper, 15 June 2021) SSRN, doi:10.2139/ssrn.3867764.

Increased homeownership

Along with depressing rents, the increased housing supply will place downwards pressure on home prices, slowing price growth. Greenaway-McGrevy, Pacheco, and Sorensen (2021) found clear depressive effects on dwelling value (distinct from land value) when examining the impacts of the Auckland Unitary Plan.¹⁰ More broadly, this can be seen in slower nominal house price growth in Auckland compared to the rest of New Zealand.¹¹



To be clear, this is a good thing. Our city, our country, our society and our economy is not better off when housing outperforms other forms of investment and wage growth generally. It is corrosive to social cohesion, intergenerational fairness, social mobility, productivity and general economic growth. We want to see more of Australia's wealth being invested in productive activity that generates goods, services and jobs, rather than being sunk into ever increasing real house asset prices.

Slower price growth puts housing closer in reach for more people, with lower deposits and lower mortgage repayments. When nominal price growth can be slowed below wage growth, the cost of a home relative to income decreases over time, improving affordability over time.

¹⁰ Ryan Greenaway-McGrevy, Gail Pacheco, and Kade Sorensen, "The Effect of Upzoning on House Prices and Redevelopment Premiums in Auckland, New Zealand," *Urban Studies* 58, no. 5 (2021): 959–76, <https://doi.org/10.1177/0042098020940602>.

¹¹ Graph taken from Matthew Maltman's <https://onefinaleffort.com/auckland>

A note on “negative equity”

A consistent - but rarely spoken aloud - concern with upzoning (and other supply side housing policies) is that a sudden increase in housing supply could cause a housing market crash that would leave existing homeowners with negative equity. Chief Minister Andrew Barr has raised this concern repeatedly, noting in October 2019:

“What I won’t do is send people who have recently purchased homes into negative equity...We can’t have a collapse in the housing market, that would be very bad for anyone who’s gone into the market in recent times. You need to be careful about the supply side.”¹²

This is frequently cited as the iron political law about why the housing crisis in Australia is unsolvable - that reducing housing prices for prospective buyers will inherently make existing home owners worse off.

However, universal suburban zoning like that proposed in DPA-04 break this logic, because existing RZ1 and RZ2 owners own both *dwelling*s and *land*, and while DPA-04 will decrease the value of the dwelling on aggregate, it will increase the value of land, which was again found in Greenaway-McGrevy, Pacheco, and Sorensen (2021).¹³

Increased housing choice and neighbourhood dynamism

Currently, Canberra’s housing stock overwhelming fits into one of two categories:

- Detached housing with three bedrooms or more - in RZ1 areas which makes up **80% of residential land** in Canberra.
- Apartments with two bedrooms or less - which makes up the vast majority of higher density developments in the town centres and other higher density areas.

Housing typologies that fall in the middle of these extremes - three bedroom townhouses in urban areas, suburban apartments with a small garden, are relatively rare.

This is not an accident. It is the predictable outcome of Canberra’s planning laws. While the current rules are often treated as a “natural” baseline, they are in fact highly interventionist: they deliberately shape a city where most residential land is locked into a single dominant built form, **large detached housing**.

This would not be a problem if Canberrans truly had a choice. Many Australians do want to raise families in suburbs with large houses. But it is crucial to recognise what the law is doing here.

¹² Ian Bushnell ‘[Why Andrew Barr doesn’t mind being called the Mayor of Queanbeyan](#)’ *The Riot ACT*, 30 October 2019.

¹³ Ryan Greenaway-McGrevy, Gail Pacheco, and Kade Sorensen, “The Effect of Upzoning on House Prices and Redevelopment Premiums in Auckland, New Zealand,” *Urban Studies* 58, no. 5 (2021): 959–76, <https://doi.org/10.1177/0042098020940602>.

The current system is not simply “making room” for that preference. Across the vast majority of Canberra’s residential land, it is **legally prescribing it**.

The built form is not value neutral

When legislation and zoning so strongly shape how almost everyone must live, it is never value-free. Canberra’s residential zoning settings emerged from a planning tradition that aimed to impose a particular social order through the built environment. In the mid-20th century, planners like Gordon Stephenson framed planning as a “**transformative tool to impose order**” anticipating bachelors and childless couples living in apartments in the city, while families with children were directed into planned suburban enclaves designed around a specific model of domestic life.¹⁴

The point is not that today’s planners or legislators consciously hold those same social assumptions. It is that the rules and patterns they produced have persisted and hardened into an unquestioned default, treated as “natural” or inevitable even though they were originally the product of a deliberate philosophy about how the city should function and how people should live.

We have moved on and we should expect to keep moving

Canberrans and Australians broadly have moved on from this. We accept and increasingly **embrace** that there are many legitimate ways to live, and that no single household model should be treated as the default. We recognise that people build their lives around different priorities and circumstances but as it stands we do not allow it in practice.

But that social openness is hollow if the planning system bans the built forms that make these ways of living possible. You cannot meaningfully support multigenerational living if you can’t build homes that allow it. You cannot support ageing in place if downsizing within the same suburb is rare or impossible. You cannot support stable shared living, blended families, or caring arrangements if the only available choices are “big detached house” or “small apartment.”

Diversity in housing, as with people, is normal and a strength.

Missing Middle reforms address this directly. By legalising a wider range of modest, and adaptable housing types across more of the city - duplexes, terraces, townhouses, small walk-ups and other gentle infill - they expand the set of real options people can choose from within established neighbourhoods. They don’t tell anyone how to live. They simply stop the planning system from forcing one dominant model, and instead make it possible for households to find (or build) homes that fit their lives.

This kills our neighbourhoods

¹⁴ <https://www.jstor.org/stable/41509851>

When neighbourhoods are effectively frozen into one dominant built form the city still changes, but it changes in the harshest way: not through gradual evolution of the suburb, but through exclusion and displacement of people. Over time, that is how suburbs grey, hollow out, and risk losing their “soul” because the next generation of households can’t realistically live there.

Missing Middle reforms are a practical way to stop that drift. By making a wider range of modest housing types legal across more of the city, they allow suburbs to adapt gently to new households and new life stages, so communities can stay whole as the city changes.

- **Generational segregation**

In suburbs where the only realistic option is a large detached house, younger households are priced out and older households age in place, not because they necessarily want to, but because there is nowhere suitable to move nearby. Over time, the suburb becomes less mixed, local schools struggle to maintain enrolments, and community life thins out.¹⁵ Allowing smaller homes and missing-middle options means young adults and young families can actually live in established suburbs again.

- **Older residents are “stuck”**

Without local downsizing options, older residents face a bad choice: remain in a home that no longer suits (maintenance burden, stairs, isolation), or leave the neighbourhood entirely. A mix of housing types makes it possible to downsize within the same community, preserving social ties and freeing up larger homes through normal turnover rather than abrupt displacement.

- **Life changes without losing your community**

Babies, separation, caring responsibilities, disability, job changes, and working-from-home can change housing needs quickly. In a rigid system, these transitions force cross-city moves because the “right-sized” home doesn’t exist locally.

- **Income segregation**

When most suburbs only offer detached houses with minimal variety, the price of access is high and the main driver of affordability becomes geography. This results in households sorting across the city by income, and the city hardens into patterns of socio-economic segregation because the planning system has removed the lower rungs of the housing ladder from most locations.

- **Keeping neighbourhoods socially mixed**

The point of Missing Middle housing isn’t density for its own sake. It’s making room for

¹⁵ According to the 2021 Census, Forrest (primarily detached housing) has 0.5 children/household, and 98 primary school enrolments. Harrison (with more missing middle and apartment dwellings) has 0.9 children/household and 940 primary school enrolments. Mawson (somewhere in between) has 0.6 children/household and 282 primary school enrolments.

different household types (including students, singles, couples, families, older residents, multigenerational households) to live in the same suburb over time. That social mix is what keeps neighbourhoods cohesive and resilient, rather than sorting people by age and income into separate parts of the city.

- **Stronger local centres and better services, with change spread gently**

An increase in residents within walking distance keeps local shops, services, and “third places” viable, and it supports better public transport along existing routes.

- **A suburb that can adapt is a suburb that can endure**

A rigid planning system assumes the future looks like the past. A flexible system accepts that households and communities change, and builds in the capacity to accommodate that change gradually, without crisis, without displacement, and without pushing the next generation out.

Shorter commutes and more efficient transport

Broad-scale upzoning supports shorter, lower-emissions travel because it lets more people live closer to where jobs, services, and daily destinations actually are. When well-located suburbs are prevented from adding homes, new households don't disappear, **they locate further out instead**. That tends to mean longer trips, more congestion on the same road network, much-hated circuitous bus routes, and higher car dependence.

This relationship is reflected in the research. A major study using a 30-year panel across 350 English local authorities found that a one standard deviation increase in planning restrictiveness was associated with a 6.1% increase in average commuting distances, alongside significant welfare losses.¹⁶

Canberra's current built form makes these dynamics especially clear. Built form drives transport, access, and daily routines, and Canberra's reliance on cars is one symptom of a city where most residential land is locked into low-density detached housing. Census data shows ACT households average **1.8 motor vehicles per dwelling**, reflecting the reality that dispersed suburbs and large lot sizes are inherently difficult and inefficient to serve with frequent public transport.

Higher car dependence in turn drives demand for parking, which damages housing affordability through substantial additional land and construction costs, as well as contributing to the urban heat island effect.

¹⁶ Cheshire, P., Hilber, C. A. L., & Koster, H. R. A. (2018). Empty homes, longer commutes: The unintended consequences of more restrictive local planning. *Journal of Public Economics*, 158, 126–151

Missing Middle reforms help on both the **distance** and the **mode** side of the equation:

- **More trips become shorter and more substitutable:** walking to a local shop, cycling to a nearby workplace, or taking a direct bus becomes more viable when more households can live in established suburbs rather than being pushed to the edge.
- **Public transport becomes more efficient:** gentle infill adds more residents along existing routes, which improves patronage and supports the case for better frequency over time without needing towers everywhere.
- **Congestion and household costs are reduced:** fewer forced long commutes means fewer vehicle kilometres travelled, less pressure on peak-hour roads, and lower household expenses.

Protecting the environment and reducing emissions

Broad-scale upzoning is not only a housing reform; it is a practical environmental policy. By allowing more homes (especially townhouses and apartments) in well-located areas, it enables more Canberrans to live in smaller, more energy-efficient housing and in places where daily life requires less driving. This delivers two linked environmental benefits: it reduces emissions per person, and it reduces the pressure to expand the city outward into ecologically sensitive greenfield areas.

First, upzoning lowers emissions by shifting the city toward less carbon-intensive built form and travel patterns. Canberra's housing stock is dominated by detached dwellings. This matters because detached houses are estimated to be **1.8–2.7 times more greenhouse-gas intensive per person** than attached homes and apartments.¹⁷ That gap reflects both higher building energy use (larger floor areas to heat and cool) and the transport consequences of low density: when housing is spread out, people become more dependent on cars to access work, services, and education.

The evidence for these mechanisms is consistent in Australia and internationally. In Australian cities, urban redevelopment is materially less emissions-intensive than greenfield development (4.4 tonnes less GHG per household per year) and **distance to the CBD is the dominant predictor of transport emissions**.¹⁸ Put simply: when growth is accommodated through infill in established areas, households tend to travel less and rely less on private vehicles, whereas fringe growth typically locks in longer trips and higher car dependence. More broadly, research

¹⁷ Arceo, A, Touchie, M and O'Brien, W, 'Beyond density: Examining overlooked drivers of housing and neighborhood greenhouse gas emissions' (2025) 120 *Sustainable Cities and Society* 106131.

¹⁸ Arceo, A, Touchie, M and O'Brien, W, 'Beyond density: Examining overlooked drivers of housing and neighborhood greenhouse gas emissions' (2025) 120 *Sustainable Cities and Society* 106131.

repeatedly finds that **greater sprawl is associated with higher per-capita emissions**, because it increases trip distances and car ownership.¹⁹

Second, upzoning reduces emissions indirectly by reducing the need for greenfield expansion and the infrastructure that comes with it. When established areas cannot add enough homes, growth does not stop - it spills outward. That outward “pressure valve” is greenfield suburban expansion: converting peri-urban land into low-density subdivisions that fragment habitat, increase stormwater impacts, and lock in car-dependent infrastructure.²⁰ Broad-scale upzoning reduces this pressure by enabling Canberra to absorb more population growth **within its existing footprint**, in already-serviced areas, rather than pushing development into ecologically sensitive fringes.

This matters because sprawl is infrastructure-intensive per person. Roads, water pipes, sewers, power, and other services must be extended over larger distances to serve fewer people. That carries a double cost: embodied emissions from building new infrastructure up front, and decades of ongoing maintenance and renewal.²¹ The World Bank’s work on transit-oriented development similarly emphasises that aligning density with transport corridors produces cities with **lower CO₂ emissions and lower infrastructure costs**, because more people can be served by the same networks.²²

Concerns about the environmental impact of “height” are also often overstated. Where embodied emissions are higher in taller buildings, the key drivers are frequently design and structural requirements (such as slab thickness and conservative specifications), not height itself. In any case, any embodied carbon “premium” from building up can be **offset or dominated by the additional roads, pipes, and other infrastructure** required when growth is pushed into lower-density, more spread-out development.²³

Finally, greater density does not inherently come at the expense of urban greenery. A 10-year Melbourne study finds that differences in urban form and density **do not** significantly influence

¹⁹ Qiang, W W et al, ‘Does a more compact urban center layout matter in reducing household carbon emissions? Evidence from Chinese cities’ (2024) 146 *Land Use Policy* 107320; Shi, L et al, ‘Built environment, car ownership and PM2.5: Stronger causal estimates from a quasi-experiment’ (2025) 127 *Journal of Transport Geography* 104301.

²⁰ Shi, L et al, ‘Built environment, car ownership and PM2.5: Stronger causal estimates from a quasi-experiment’ (2025) 127 *Journal of Transport Geography* 104301; Qiang, W W et al, ‘Does a more compact urban center layout matter in reducing household carbon emissions? Evidence from Chinese cities’ (2024) 146 *Land Use Policy* 107320.

²¹ Kurvinen, A and Saari, A, ‘Urban Housing Density and Infrastructure Costs’ (2020) 12 *Sustainability* 497.

²² Salat, S and Ollivier, G, *Transforming the Urban Space through Transit-Oriented Development: The 3V Approach* (World Bank Group, 2017).

²³ Kurvinen, A and Saari, A, ‘Urban Housing Density and Infrastructure Costs’ (2020) 12 *Sustainability* 497.

the growth and canopy expansion of native tree species.²⁴ This undercuts the idea that densification destroys native trees. In contrast, “greenfield lawn-scapes” can carry hidden environmental costs through high water use and ongoing maintenance while providing limited ecological value compared to genuine habitat protection.²⁵

Overall, the environmental case for broad-scale upzoning is that it enables Canberra to grow in a way that is both lower-carbon and lower-impact: fewer emissions per person, less car dependence, and less pressure to expand into ecologically sensitive greenfield areas.

More fiscally sustainable city services, lower rates

Canberra’s incredibly low residential density makes the delivery of city services and infrastructure more expensive. For each metre of road, kerb, nature strip, pipe, wire or fibre optic cable, there are fewer residents to pay the price of their upkeep and expansion. A suburban park that services a thousand residents is harder to maintain than one that services three thousand.

These issues have been compounded by the problems of depopulation, particularly in Canberra’s south. As the demographics of suburbs have aged without an expansion of housing supply in those suburbs, student cohorts at local schools have shrunk, frequently to the point of closure. In such an environment, provision of high frequency, comprehensive public transport to adequately serve the population is also extremely difficult.

DPA-04 will see a gradual increase in the population of existing suburbs across the city. It will enable more effective utilisation of existing infrastructure, which frequently (in the case of suburban schools and community facilities) were designed with larger local populations than they currently have. It will increase the number of ratepayers without substantially increasing additional infrastructure and service costs, putting more residents along existing bus routes and within the catchment areas of existing libraries.

This will gradually lower the per resident cost of upkeep of essential city services and infrastructure, while avoiding the costs of greenfield expansion in new infrastructure and expanded road networks. This in turn will enable lower rates on residential property across the city compared to the counterfactual. Rates may not come down in absolute terms due to rising costs in healthcare and other budgetary pressures - but they will be lower than they would otherwise with a greenfield housing growth profile or heightened housing costs due to scarcity.

Revitalised local shops and group centres

²⁴ Ren, X, Torquato, P R and Arndt, S K, ‘Urban density does not impact tree growth and canopy cover in native species in Melbourne, Australia’ (2023) 81 *Urban Forestry & Urban Greening* 127860.

²⁵ Ignatieva, M and Hedblom, M, ‘An alternative urban green carpet’ (2018) 362(6411) *Science* 148–149.

As the population of suburbs throughout Canberra grows, this will increase the population to support local and group centres. In planning Canberra in the mid 20th century, the National Capital Development Commission made assumptions about resident shopping and service decisions that have been proved inaccurate. Various factors - the advent of online shopping, the lower prices that larger supermarkets can offer consumers over smaller footprint grocers, and a revealed preference towards larger shopping centres - have generally directed commercial activity away from local and group centres, and towards town centres and big-box retail areas (e.g. Majura Park).

This has caused many of Canberra's local shops and group centres to struggle, and in some cases to become unviable, particularly in outer Canberra. The semi or complete abandonment of the Richardson, Giralang, Duffy, Downer and other local shops throughout Canberra has many causes, but the low commercial viability of local centres coupled with declining suburban populations are central.

DPA-04 will lead to gradually rising suburban populations, progressively increasing the viability of local and group centres by increasing the number of customers within walkable catchments for local businesses.

“One-size-fits-all” infrastructure and the case for universal upzoning

A common objection to broad-based zoning reform is that it applies a “one-size-fits-all” approach across areas with different levels of demand, infrastructure, and amenity. Critics argue that reform should instead be targeted to specific corridors or “high-opportunity” suburbs, usually those closer to jobs, public transport, or shops.

While this logic is superficially appealing, it misunderstands how and where housing is delivered, and ignores the now-substantial body of economic research showing that universal upzoning delivers better results than targeted zoning. Zoning where planners believe housing should go rarely results in much construction, because redevelopment only occurs where it is financially feasible. If zoning reform is restricted to a narrow set of areas, it risks producing very little housing and driving up land prices in those locations.

Another concern is that more housing will strain infrastructure. This misunderstands the nature of the reform. These changes enable gentle infill, typically two to four dwellings per block, not high-rise towers. Redevelopment will be gradual, occurring over decades.

In fact, spreading housing growth across the city is the best way to manage infrastructure loads. It avoids the costly bottlenecks and upgrades required when growth is concentrated in only a few zones. Many inner suburbs already have spare capacity in schools, pipes, and public transport. Gentle density makes better use of existing assets, delivering more efficient urban infrastructure outcomes.

We regard the universality of these reforms to be very positive. Applying these reforms to all residential zones in Canberra maximises the benefits we will see for housing affordability and choice, and it reflects the truth that this is a sensible baseline of low to medium density development that would be appropriate anywhere in the city. If we carve out exemptions for some suburbs then we risk losing some of the benefits that come from these reforms, particularly in high-demand areas near the centre of the city. Arguments about local character should consider what it is that we really value in these areas. With the reforms as they are, we can preserve the existing high quality public spaces, access to nature, tree coverage, and other valuable characteristics of our neighbourhoods while allowing for modest increases in the number of dwellings per block.

How to improve the reforms

The Missing Middle reforms come at a rare moment where there is broad recognition of the housing problem and political space to address it.

Policy windows like this do not stay open indefinitely. Getting the details right now matters, because the settings adopted will shape housing outcomes for decades. Strengthening the reforms by removing remaining barriers to delivery ensures real, lasting improvements to housing supply, affordability and choice in Canberra's established suburbs.

Planning system barriers

After having consulted with other stakeholders, our view is that while there are issues with DPA-04 itself (detailed later in the submission), on the whole these issues are minor relative to the broader systemic issues within the planning system writ large. The two biggest issues are the **third party merits appeal to ACAT** of missing middle typology DAs and the operation of the **Lease Variation Charge (LVC)**.

We encourage the government and the Assembly to keep a close eye on how other elements of the planning system (including the *Urban Forest Act* and the outcomes based system itself within the planning act - but these are in our view the two biggest issues.

ACAT and third party merits review

Medium-density development applications are uniquely exposed to the risk of ACAT third party appeals:

- Most detached housing is exempt development under the *Planning (Exempt Development) Regulation 2023*, not requiring a development application, and therefore not subject to third-party ACAT review
- High-density housing is usually built in areas exempt from third-party ACAT review: Civic, the Town Centres, and the Kingston Foreshore

We have repeatedly stated our view that the current merits review system is not fit for purpose. We stated this view at length in our consultation submissions for these reforms, during the last Assembly's inquiry into the *Planning Bill 2022*, and in our submissions relating to the *Planning (Territory Priority Project) Amendment Bill 2025*.

In our consultation with other Missing Middle Canberra members, the consistent view emerged that the risk of third party ACAT litigation was a principal barrier to housing delivery, due to a combination of factors:

- The unique exposure of Missing Middle developments to ACAT litigation that does not apply to detached housing and suburban development
- The (intentionally) small scale of missing middle developments, which makes the costs (in time, funding and attention) of defending an ACAT suit fatal to the viability of projects, relative to larger scale apartment developments that can easily absorb such costs
- The “no-costs” nature of ACAT as a forum, which allows litigants to pursue litigation against development at the cost of a filing fee (which pensioners are exempt from), without concern about potentially paying the other side’s costs if they lose. This encourages strategic litigation intended to delay and impose costs with poor prospects of success.

ACAT’s impact on Missing Middle developments

These issues are not hypothetical. Last year we saw multiple ACAT challenges to missing middle developments, including *Khandelwal v Territory Planning Authority* (Administrative Review) [2025] ACAT 48 and *Landau v Territory Planning Authority* (Administrative Review) [2025] ACAT 19. We discuss our specific concerns with the *Khandelwal* in our earlier submission to the Directorate, which we will not repeat here.

The core problem with the operation of the present merits review system is **inconsistency and uncertainty**. The new outcomes-based planning system under the *Planning Act 2023* intentionally gives the Chief Planner considerable discretion in making decisions to advance broader objectives. This discretion must be consistently applied to be effective.

The ACAT process substitutes the discretion and interpretation of the legislative outcomes of the Chief Planner for the aggregate view of the (generally) two ACAT members on the bench of any appeal. Each ACAT bench can and does come to different interpretations of the principles of good planning, the provisions of the Territory Plan and supporting documents, and how they should be applied to the facts of a given case to reach a correct decision.

By far the most common outcome of third-party appeals to ACAT is neither an allowance or a dismissal of the appeal, but a variation to the original DA. Of the 22 published decisions relating to third-party review applications for Missing Middle-like developments since 2018, at least 12 such cases have resulted in a variation to the DA rather than a full dismissal or allowance of the appeal.

Significant disagreements between ACAT and the Authority over interpretation and practice are extremely common, occurring in 15 of the 22 third party appeal related matters in this period. These include disagreements over:

- **Solar access**²⁶

²⁶ *Khandelwal* [2025] ACAT 48, *Hobbs* [2023] ACAT 75, *GNCA* [2023] ACAT 13, *Allen and Ors* [2021] ACAT 88, *Periac & Anor* [2019] ACAT 118, and *McAndrew & Anor* [2019] ACAT 102.

- **Privacy**²⁷
- **Parking**²⁸
- **Driveway geometry**²⁹
- **Plot ratio calculation**³⁰
- **The definition of a “floor”**³¹
- **“Character”**³²
- **Setbacks**³³
- **Adaptable housing standards**³⁴
- **Trees**³⁵

Overwhelmingly, these disagreements are substantively minor and highly technical. For instance, In both *Khandelwal* (in the new planning system) and *Hobbs* (in the old one), the disagreement hinged over whether a development not in strict compliance with the applicable rule (*Hobbs*) or technical specification (*Khandelwal*) on solar access met the qualitative criterion (*Hobbs*) or outcome regardless, where ACAT and ACTPLA had slight but significant differences in approach.

Without comprehensive reform, the only method available to reduce the uncertainty and inconsistency of ACAT decisions is to remove the very discretion and flexibility the new system was intended to allow.

This problem is compounded by the other issues we have raised around the merits review system:

- **Frequency of challenges:** Since 2018, the Authority or Directorate has been a party in at least 72 ACAT matters. Of these 72, **30** of them involved some kind of missing middle housing related litigation, 22 of them being third party litigants (compared to 3 appeals by proponents).
- **Time and cost:** ACAT matters can involve hundreds of thousands of dollars of costs, including considerable fees for lawyers and expert witnesses. A great deal of this cost is borne by the ACT Government, both in defending these challenges and providing the forum to arbitrate them.
- **Lack of political accountability:** Planning decisions are political decisions, made by elected local, state and territory governments throughout Australia. They shape entire

²⁷ Hobbs [2023] ACAT 75.

²⁸ GNCA [2023] ACAT 13

²⁹ GNCA [2023] ACAT 13, Hobbs [2023] ACAT 75, Silvey, GNCA [2024] ACAT 74, McAndrew & Anor [2019] ACAT 102.

³⁰ Miosge & Anor [2020] ACAT 65

³¹ Wheen and Carrick [2024] ACAT 19.

³² Williams [2018] ACAT 128

³³ Hipkins [2022] ACAT 41

³⁴ Stark [2023] ACAT 15

³⁵ Allen and Ors [2021] ACAT 88

communities and have a collective impact on the people of the city, not just on individual land owners or small local residents' groups. They are not comparable to many other kinds of administrative review decisions that ensure the correct application of government policy to various decisions affecting individuals. The delegation of such political questions to a randomly constituted, unelected, unaccountable panel is not desirable. The correct decision maker on such questions is the Legislative Assembly and the elected government that is directly accountable to it.

A pattern book is good, substantive reforms are better

Historically, the Assembly has dealt with the problems surrounding ACAT by simply exempting certain types of development from third party review:

- Most single detached homes and other exempt development
- Developments in town centres and the Kingston Foreshore
- Light rail
- Public and community housing
- Declared Territory Priority Projects

The Government has indicated its intent to create the Canberra House Pattern Book of exemplar Missing Middle designs, which will likely include (complicated and non-assured) protections against third-party review.

A pattern book is a welcome improvement, but a conditional and incomplete one which would still leave Missing Middle typologies more exposed to litigation than high-rise apartments or detached homes, which are completely exempt from such litigation.

ACAT's merits review function is not fit for purpose. In various other jurisdictions - such as the United Kingdom and Western Australia, third party merits appeal has never existed. In others, such as Victoria, it has been heavily restricted. It has many costs and few benefits.

Recommendation 2: That third party ACAT merits review of planning decisions be abolished.

Recommendation 3: That should Recommendation 2 not be accepted, that third party ACAT merits review of planning decisions be abolished for all infill housing related decisions.

Lease Variation Charge (LVC)

We support windfall taxation on gains in land value due to rezoning. Windfall gains taxation is one of the more morally and economically justifiable forms of taxation (compared to taxes on labour, consumption or changes in property ownership).

However, we have long been concerned that the current Lease Variation Charge is a potential barrier to housing creation due to several technical design choices. The LVC is a unique tax

within Australia, and is complex in design and implementation, dependent on the ACT's unique leasehold system and history of land use controls.

Successful implementation of DPA-04 *should* significantly increase the number of individual developments paying LVC, with a much larger number of blocks now potentially open to variation. These Missing Middle developments will largely be smaller developments proposed by landholders who are less capable of engaging in complex LVC negotiations or litigation. This means that the system needs to be transparent, simple, predictable and frictionless.

Unfortunately, the system as it currently stands is bewilderingly opaque, complex, unpredictable, convoluted and counterintuitive. To consider the statutory residential LVC rates in Schedule 2 of the [*Planning \(Lease Variation Charges\) Determination 2025 \(No 2\)*](#) is to tempt madness.

A complete analysis of the impact of LVC on the viability of missing middle development typologies (and housing more generally) is beyond the scope of this submission and this inquiry. However at a high level, we would highlight the following issues:

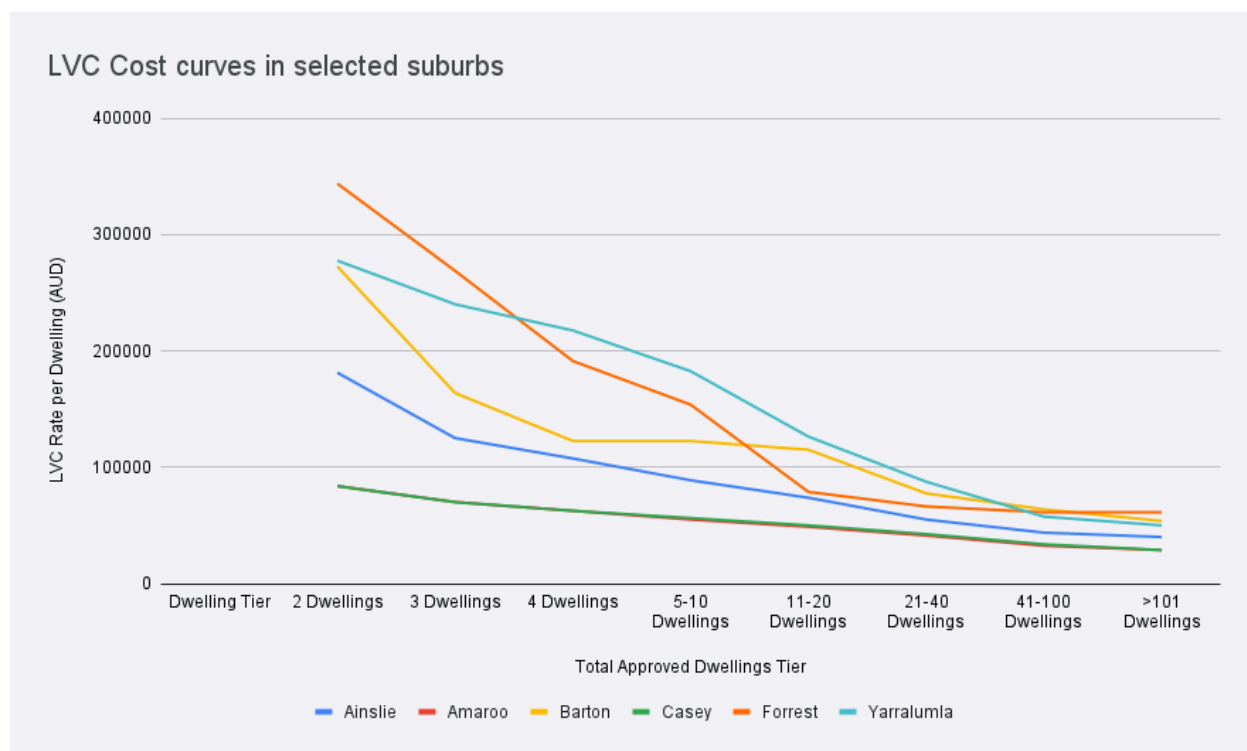
LVC rates are set at the suburb rather than block level

Every suburb in Canberra has larger and smaller blocks that are more or less economically valuable to redevelop. However the current codified LVC rates in Schedule 2 apply the same LVC rate regardless of the features of the block. Because the LVC targets such a high percentage of the uplifted value (75%), a below average block for the suburb could easily have an LVC rate of over 100% of the uplifted value, making development irrational.

Particularly in inner Canberra, smaller block sizes are concentrated in the area of suburbs closest to the local shops and other services, while the largest blocks are on the edges of suburbs backing onto nature reserves (Red Hill being the best example). The current LVC system will encourage a “donut suburb”, as the effective LVC rates are simply much lower for larger, more valuable blocks furthest away from the shops.

LVC rates do not have uniform cost curves

For reasons unknown, every suburb in the ACT has a different cost curve (see figure 1). For example, while developing a duplex in Cook is noticeably more expensive than in Coombs, a 5-unit townhouse development is cheaper. This creates completely arbitrary distortions that bias development in different suburbs to different scale developments and densities, because of non-uniform LVC cost curves.



Notch effects

Adding an 11th dwelling to a development ensures that the entire LVC rate for all 11 dwellings is paid at the 11-20 dwelling LVC bracket, rather than at the 5-10 dwelling bracket. For many suburbs, this *substantially* reduces the LVC amount payable by artificially increasing the scale of the development to push the entire development into a higher LVC bracket.

For instance, assuming that a block has two existing dwellings (from consolidation of two large adjacent blocks), the LVC payable for a 10-unit development (paying for 8 additional dwellings at the 5-10 bracket) is higher than for an 11-unit development (paying for 9 additional dwellings at the 11-20 bracket) in 29 suburbs, with savings as high as \$521,250 in Forrest. Notably, because of the differences in LVC cost curves for different suburbs (discussed above), this effect varies wildly between different suburbs and different “notches”, including suburbs immediately adjacent to each other - the LVC bill for an 11-unit Barton development under this scenario is for instance, \$55,000 higher than the 10-unit LVC bill, rather than \$521,250 lower for the neighbouring suburb of Forrest.

LVC acts as a specific tax on development, not a windfall gain tax on rezoning

A key difference between the LVC and an idealised windfall gains tax on rezoning, is that a windfall gains tax applies when the uplift value of the land is realised, while the LVC is only payable when those permissions are actually exercised through development.

In theory this should have several effects, many of which run contrary to the overall intent of the ACT's taxation and planning systems:

- It should depress the sale price of land based on the anticipated LVC payable to exercise development rights (notionally 75% of the uplift value, but in practice wildly varying as discussed above).
- It correspondingly blunts the effectiveness of the ACT rates and land tax systems in encouraging the most economically valuable use of land, by significantly reducing the rates and land tax payable on blocks zoned for high value uses but with restrictive lease purpose clauses.
- The LVC is therefore a tax upon change, slowing down urban change throughout Canberra by encouraging uses of land that require no variation of lease purpose clauses (such as existing detached suburban housing) over development that does (such as Missing Middle housing).
- This will slow down development of Missing Middle housing, with knock-on effects on housing costs.

However, we **do not know the size of these effects**. The unique nature of the LVC and the dearth of academic literature on it makes informed analysis of the actual empirical impacts of the LVC difficult.

Advocates of the current system contend that the LVC purely captures the uplift value of the land due to increased permissions (and therefore has no deadweight loss or passthrough cost to the consumer). Critics, predominantly from the property and construction industries, instead contest that it acts as a tax on development that flows through to the consumer.

In our view, the true answer probably lies somewhere in the middle, but the lack of empirical research on the LVC makes determining *where* in the middle very difficult, particularly given the distortions and flaws within the LVC system itself which may significantly vary the effective incidence of the LVC between different developments and localities.

The path forward

In order for the Missing Middle Housing Reforms to succeed, the LVC system must be reformed. The existing system is not salvageable with minor tweaks - a complete overhaul is required.

However, because of the unique nature of the ACT's leasehold system and the associated purpose clauses, and the comparative rarity of betterment taxes of this nature nationally and globally, there is no boilerplate example of international best practice that can be used to guide reform.

The Lease Betterment Charge in Singapore and the Lease Modification Premium systems in Hong Kong are useful points of comparison, but the highly urbanised nature of both of those

jurisdictions means that neither is exposed to the problem that LVC faces in Canberra - impact on small-scale suburban projects.

Instead, the hard work of empirical research and legislative debugging must be carried out here.

Recommendation 4: That the ACT Government fund empirical research into the LVC system to help inform a comprehensive legislative reform process.

Recommendation 5: That the ACT Government undertake a comprehensive LVC reform program on an aggressive medium term (below 2 year) timeframe.

While we do not want to prejudge the results of any research, we would propose the following options as potential lines of inquiry:

- 1. Calculating LVC payable using the AUV system:** The ACT already calculates the unimproved value of every block in the ACT in order to apply rates and land tax. The fact that LVC does not use this system is, in and of itself, bewildering. By comparing before and after UV valuations before and after variation, the *actual* increase in land value for every varied block over the past few decades can be discovered, along with the “true” LVC that should have been paid. This information can then be used to calculate the expected increase in land value for increases in density in percentage terms, which can then be applied against each block individually based on their UV to ensure fairer and more accurate LVC calculations.
- 2. Deferring LVC payment until the gain is realised:** LVC should be payable upon realisation of the gain (sale) to reduce financing costs associated with housing development and prevent distortionary effects of the tax.

Draft Major Plan Amendment 04 (DPA-04)

The ACT’s new outcomes-based planning system is still very recent, only commencing in November 2023. We have consistently raised our concerns with the uncertainty of the new system and how it interacts with third party ACAT review of decisions throughout the development of the new system.

The Missing Middle Housing Reforms consist of three different kinds of instruments to give effect to the intent of the reforms:

1. The changes to the Territory Plan in Draft Major Plan Amendment 04 (DPA-04), including changes to the Residential and Subdivision Policies
2. The changes to the Residential and Subdivision Technical Specifications
3. The Missing Middle Design Guide

The *Planning Act 2023* is clear. While the Technical Specifications and design guides can “support” the actual text of the Territory Plan, the Territory Plan itself is supreme. **It is critical**

that DPA-04 is aligned to the intended policy outcomes. Ultimately, the Technical Specifications and Design Guide can be updated as required, while further major plan amendments to fix issues in DPA-04 must go through a much lengthier process.

The importance of ensuring that the actual text of the Territory Plan is consistent with the ambition of the Design Guide and the Technical Specifications was underlined in the recent ACAT case of *Khandelwal v Territory Planning Authority* (Administrative Review) [2025] ACAT 48, where the Tribunal noted:

We agree with the respondent that the statements give priority to the Territory Plan and assessment outcomes, in this case the Residential Zones Policy, over the specifications, in this case the Technical Specifications.

And furthermore that:

*The respondent suggested that there is a presumption in favour of the development application being considered to satisfy assessment outcomes where the applicable specifications for those outcomes are met and the development application has explained (or it is readily apparent) how it has satisfied those matters. We agree that talking of a presumption may be a useful way to look at this. But we think this statement is otherwise overbroad. As noted meeting conditions means only that further assessment is not required, but we agree with the respondent that this probably in many cases in effect means can be approved. **But further, there are two conditions, one is that the development complies with the specifications, the second is that the development comprehensively addresses the assessment outcome. Both need to be met.***
[emphasis added]

As a matter of law, the Technical Specifications and Design Guide are strictly subordinate to the actual Territory Plan. To the extent that there is any inconsistency between the two, the Territory Plan will prevail.

In order for these reforms to succeed without proposals being held up by appeals, the changes in DPA-04 must be unambiguously and clearly be consistent with the ambition expressed in the Design Guide and the Technical Specifications.

In important ways, DPA-04 falls short. Further amendments are required to ensure that this reform is not accidentally sabotaged by failures in legislative drafting that creates meaningful differences in ACAT and the Authority's interpretation of the provisions.

Residential Policy

RZ1 policy outcomes

The Residential Policy currently states that RZ1 (Suburban Zone) must either achieve or maintain low density residential neighbourhoods, provide for a range of housing choices, limit

the amount change occurs in terms of density and subdivisional pattern, ensure development respects valued neighbourhood features, landscape character, and does not have an unreasonable negative impact on neighbouring properties.

DPA-04 changes these aims in the context of RZ1 to enable a small degree of light density, much less than even the current RZ2 (Suburban Core) policy that clearly states a goal of medium density, multi-unit development, and is much more open to neighbourhood change through development. Given the RZ1 policy's non-committal language such as "enabling *some* change", the question remains - what change is acceptable?

We believe the proposed RZ1 outcomes are unclear and equivocal, and do not clearly support Missing Middle implementation. This raises the risk of decision makers, whether in the Authority or ACAT, making decisions that fall on the side of refusing Missing Middle proposals that embrace the degree of ambition we want to see.

The RZ1 outcomes should speak with a clear voice to state that the kind of developments in the Missing Middle Design Guide are universally permissible throughout RZ1. The proposed outcomes lack this clarity:

- DPA-04 provides no definition of "low density". The Missing Middle Design Guide refers to its own typologies as a "middle" - this naturally leads an observer to conclude that they are medium density, and therefore that RZ1 should not "primarily" consist of Missing Middle housing.
 - This is especially notable as the current RZ2 policy outcomes include "achieve a mix of low to medium density housing", implying that the RZ2-style typologies these reforms seek to enable in RZ1 are "medium density" and therefore not something which RZ1 should "primarily" consist of.
- DPA-04 also has no definition of "low rise", creating similar ambiguities, although the height limits in the assessment outcomes largely mitigate this concern.
- DPA-04 allows for "some change to residential density and subdivision pattern", which implies that there is a degree of change which might be regarded as excessive, and that ACAT may decide that any individual development has breached this threshold. Notably this restriction does not appear in the RZ2 policy outcomes.
- The proposed RZ1 policy outcomes are substantially less ambitious than what is envisaged by the Technical Specifications and Missing Middle Housing Design Guide. This is confusing and risks the overall goal of the reforms.

This is inconsistent with the policy platforms of the majority of the Assembly supporting moving RZ1 settings to be generally consistent with RZ2. The current RZ1 policy outcomes in DPA-04 do not do this, and instead create an ambiguous and open-ended halfway house between current RZ1 and RZ2 settings.

The RZ1 provisions should be amended to match those of the current RZ2 policy outcomes wholesale. The Missing Middle Housing Reforms generally seek to legalise and enable what is

currently permissible in RZ2 (in terms of height, typology, site coverage) into RZ1 - and this is the clear intent of the Missing Middle Design Guide and Technical Specifications. For this to be successful, the policy outcomes must be aligned with this goal.

Recommendation 6: Amend the RZ1 Policy Outcomes so they are consistent with the current (or amended) RZ2 Policy Outcomes and clearly support Missing Middle housing compliant with the Design Guide and Technical Specifications.

Recommendation 7: Should recommendation 6 not be accepted, the RZ1 Policy Outcomes should be amended to:

- d) Explicitly define “low density” as including all missing middle design guide typologies and densities as articulated in the Technical Specifications and Design Guide in the text of the Residential Policy.
- e) Remove the “some” from paragraph 3 to make it explicit that a policy outcome is enabling changes to residential density and the subdivision pattern.
- f) Striking paragraph 4 in its entirety. There is no analogous provision to paragraph 4 in the policy outcomes of any other zone. It is unclear why the “neighbourhood character” of RZ1 should have special protections in a way that all other residential areas do not, or why RZ1 homeowners should have special grounds for protection against “unreasonable impacts” not extended to the residents of any other zone.

Other changes to policy outcomes

DPA-04 also makes corresponding changes to the policy outcomes in the other residential zones (RZ2 through to RZ5). We support these changes and have fewer concerns than with the proposed changes to RZ1. However, consistent with our recommendations relating to RZ1, we would recommend:

Recommendation 8: That what is meant by medium and high density throughout the residential policies should be explicitly defined so as to provide certainty that developments that are consistent with the relevant design guides and technical specifications aren't rejected on review for being too dense.

Assessment outcomes

DPA-04 does not make any amendments to the assessment outcomes. The Technical Specifications, however, make a suite of changes to how certain assessment outcomes are to be assessed, particularly regarding building envelope, setbacks, and solar access, planting area and other matters.

Given ACAT's decision in *Khandelwal* (holding that the assessment outcome must be met independently of the Technical Specifications), the Authority should carefully consider if any

changes to the assessment outcomes (as read in conjunction with the zone policy outcomes) are required to ensure that ACAT's interpretation of the outcomes are consistent with the Technical Specifications and Design Guide (which ACAT is liable to largely disregard if it forms the view that proper statutory construction of the policy is inconsistent with the technical specifications).

Recommendation 9: That the ACT Government broadly consider and harmonise the assessment outcomes, technical specifications and zone policy outcomes to ensure consistency and clarity.

Assessment requirements

DPA-04 makes a series of changes to the assessment requirements under the Residential Policy, such as deleting the ban on apartments in RZ1. We support these changes. In particular, we strongly support allowing apartments in RZ1, as this will permit a greater diversity of typologies, including homes suitable for residents with mobility disabilities.

Subdivision Policy

Besides removing barriers to subdivision and consolidation - which we entirely support - DPA-04 makes only one substantial change to the Subdivision Policy, adding the following qualifier to the assessment outcomes:

2. New blocks are **appropriately located** and are of a size and configuration that can accommodate the intended use for the site (for example an appropriately sized and configured site for single dwelling use) *[new language in bold]*

It's not exactly clear what this new clause is intended to do:

- One possible interpretation is that it is intended to enable the soft limits on consolidation expressed in the Technical Specifications for differently situated blocks, such as end of section blocks, which we discuss later in this submission.
- Another is that this is intended to allow the Authority the discretion to reject subdivision or consolidation that it feels is inappropriate more broadly, despite the lack of further qualifiers as to how a block's location is appropriate or not.

The Supporting Report to DPA-04 describes this change as "to ensure blocks which subdivide are suitable for additional development", which is not illuminating. The Policy does not provide any further guidance to the decision maker (and hence, to ACAT) on what the proper construction of "appropriately located" is, and therefore it's unclear if there are circumstances where the decision maker should, or the merits, reject a subdivision or consolidation. This could stifle major policy and housing diversity outcomes in ACAT hearings. A concrete specification of the language surrounding block subdivision and consolidation, and a clear definition of how a

block can be ‘*appropriately located*’ would mean both a higher take-up rate in these new processes and less issues at an ACAT or potential further DA level.

Again, *Khandelwal* is clear that the Technical Specifications are subordinate and do not replace the assessment outcomes in the Territory Plan, and that the decision maker must be satisfied that the assessment outcome is comprehensively met, even when the Technical Specifications are satisfied.

Third party ACAT appeals against consolidation or subdivision DAs will almost certainly mount the argument that consolidations or subdivisions are “inappropriately located”. Without clear guidance in the policy about what this means, the potential variability of interpretations of this phrase may be wide, inserting substantial uncertainty into the system.

Recommendation 10: Provide clearer guidance in the Subdivision Policy on what “appropriately located” means, to support consistent decision-making by the Authority and ACAT.

Technical Specifications and Design Guide

Having dealt with the DPA-04 provisions above, we will now turn to the substance of the Technical Specifications and Missing Middle Housing Design Guide.

These provisions are near universal improvements on the existing status quo, making positive changes in nearly every direction. We support them in their entirety.

However, on some matters the Government should consider going further, such as by abolishing parking minimums entirely, further reforming setback provisions, and relaxing solar access and overshadowing provisions, for reasons that we articulate below.

Solar access, setbacks and building envelope

There exists a three way trade off in planning policy between housing, green space, and solar access.

1. You can have both solar access and green space, but sacrifice housing.
2. You can have solar access and housing, but sacrifice green space.
3. You can have green space and housing, but sacrifice solar access.

Of the three options, we view the third option as the most desirable. The Canberran public has spoken clearly that the housing crisis is a key priority in this past election. Similarly the *Urban Forest Act 2023* is a statement of our city’s continued prioritisation of canopy cover and green space.

Solar access, setbacks, building envelope controls and other restrictions on the *shape* and *mass* of buildings (and not their site coverage) are what must give. The arcane set of setbacks,

solar fence provisions, solar access requirements and other building envelope regulations are highly obscure, and the vast majority of Canberrans do not know that they exist, or the costs they impose.

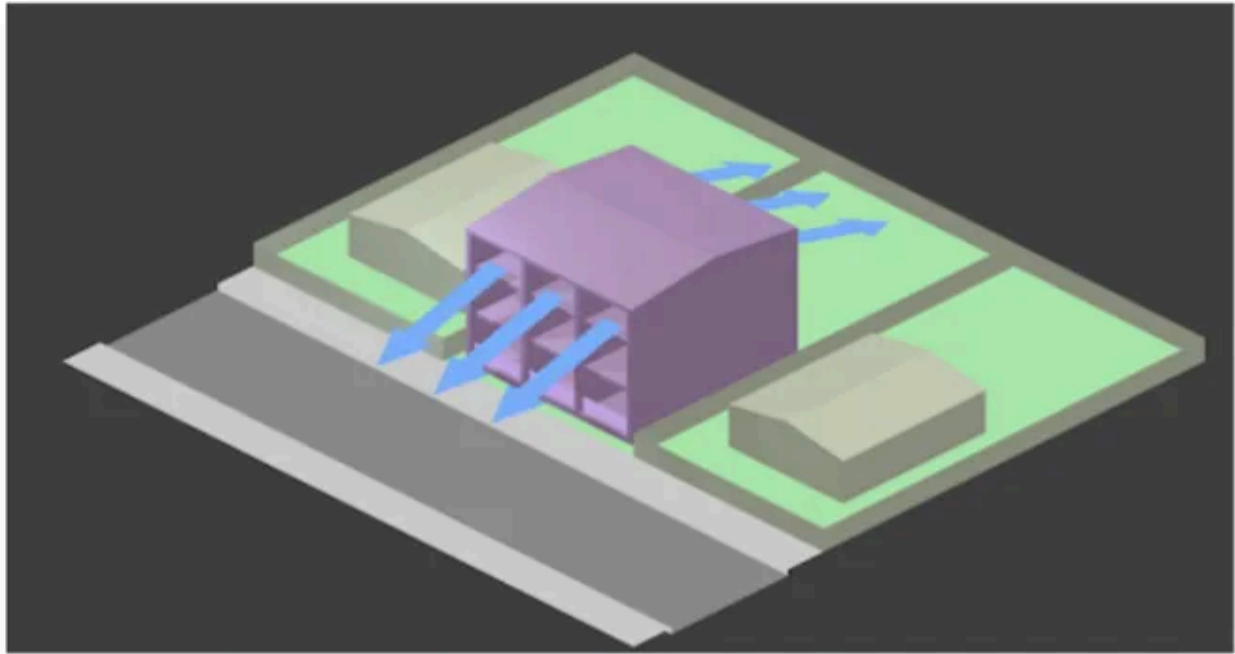
These rules should be reformed to enable the development of perimeter blocks - the natural urban form before 20th century urban planning, defined by zero side setbacks (to enable a continuous streetwall), minimal front setbacks (to avoid space wasted in front yards), but significant rear setbacks and buildings lines to enable significant greenspace within the rear of the block, either as individual yards or as a communal block courtyard.



Perimeter blocks in Prague

In our view the perimeter block has several key advantages:

- It mitigates substantial privacy concerns by orienting all windows either onto the street (the public realm) or into the backyard. The absence of side setbacks ensures that residents do not have windows facing into their adjacent neighbours. (see diagram below)
- The uplift into a perimeter block development pattern can happen gradually, rather than being contingent on the entire block being developed simultaneously.
- Over subsequent centuries, appropriate areas may be continuously upzoned to enable higher height limits, densities and commercial mixed use without substantial disruption or changes to the neighbourhood character, street pattern or landscape.



Perimeter block and view orientation

Perimeter blocks come with inherent tradeoffs. Because the orientation of buildings is fundamentally set by reference to the street, not all bedrooms will have good solar access. Because of minimal front setbacks and the absence of upper level setbacks, the built form will shade the street and greenspaces.

The residents of Paris, Amsterdam, Prague, Copenhagen and other European cities where perimeter blocks predominate, make these tradeoffs happily. We suggest that Canberrans would as well, particularly if the benefit is more abundant green space, more housing, and the preservation of privacy.

Recommendation 11: Solar access provisions should be relaxed in order to enable perimeter block typologies. Consumers should be allowed to make decisions about how much they value sunlight in their living rooms on the winter solstice against other features.

Solar access

Australian planning systems aim to ensure that the living rooms of homes receive a given amount of sunlight on the winter solstice.

It is our view that consumers should ultimately be able to decide how much they value sunlight on midday at the winter solstice compared to other features. For many residents (particularly younger residents who spend little time at home during daylight hours), a home with poor

orientation and solar access is a desirable tradeoff for other features (such as location, price and energy efficiency).

Overshadowing and the solar fence

Similarly, there is an element of Australian planning culture which regards it as inherently good to ensure that buildings cast as little shade as possible in any direction.

This element of our planning culture has always been an extremely awkward transplant of northern European cultural norms to the Australian context, where for our climate for the vast majority of the year, shade is beneficial, rather than harmful to the public and private realm.

For Australia, an urban form that provides shade to protect residents from heat and UV rays while outside during the summer and shoulder months is desirable, not harmful. The fact that such a built form would simultaneously ensure more housing while preserving green space is a bonus.

Unfortunately, the upper level setback, “solar fence” and other provisions in the Territory Plan, Missing Middle Design Guide and Technical Specifications (illustrated by the Missing Middle Design Guide below) work in the opposite direction.



Figure 45: Larger block widths and depths enable a greater building envelope while maintaining a consistent neighbourhood feel and character.

As [our colleagues in YIMBY Melbourne have noted](#), upper level setbacks are ruinously bad urban policy. They reduce housing, increase carbon emissions, drive up construction costs, and decrease energy efficiency. In our view, the cost-benefit analysis does not stack up.

We should note that the reform package already takes positive steps in this direction, by increasing the angle of the building envelope from 31 to 45 degrees while increasing the height of the solar fence to 4m from 3.5m. This is a good and welcome step. But we should go further and abolish these controls entirely to fully enable continuous streetwalls and perimeter blocks. Victoria’s recently reformed [Clause 55 - Townhouse and Low-Rise Code](#) provides an example of a better approach to built form regulation of low-rise dwellings. Under the code’s standard B2-3.2, buildings can choose from either a sloped building envelope, or an envelope with no

building slope. This allows for simpler building designs that preserve more of the block for usable green space.

Recommendation 12: Eliminate the solar fence or adopt Victoria's recent reforms which allow buildings to choose from either a sloped building envelope, or an envelope with no building slope. This allows for simpler building designs that preserve more of the block for usable green space.

Setbacks

Large setbacks reduce the flexibility of development of a block and favour the development of large single dwelling homes over diverse housing types. The main objections to reduced setbacks are loss of solar access, privacy and the creation of visual bulk, all of which can be mitigated through smart design.

To fully enable a perimeter block typology and continuous streetwalls, side setbacks should be eliminated and front setbacks minimised. As the site coverage ratio of the block remains constant, this has the effect of increasing the size of backyards, enabling more usable green space able to support more large trees, contributing to canopy coverage targets.

The Residential Zones Technical Specifications take a major and important step in this direction by reducing the side setback to 0m for external walls for multi-unit residential buildings. We should go further and extend this 0m setback for external walls to multi-unit buildings over 4 storeys. The Technical Specifications should ensure that there are minimal requirements for side setbacks in any form to enable a continuous streetwall.

Recommendation 13: Remove side and upper-level setbacks, and minimise front setbacks, to maximise usable rear green space and support continuous streetwalls and perimeter block development patterns. The 0m side setback for external walls should be extended to multi-unit buildings over 4 storeys.

Removing side setbacks will promote more rowhouse/terrace developments, and enable adjacent blocks to share side walls while being developed at different times, which may be advantageous for smaller developers that don't have access to capital for larger developments or neighbours who are separately redeveloping blocks at different times.

Subdivision and consolidation

We strongly support permitting subdivision and consolidation in RZ1.

Subdivision is critical to the viability of smaller low-rise and townhouse developments, providing the flexibility of separate title without the considerable overheads of unit titling. Without these changes, many of these projects would be unviable.

We support the smaller minimum block sizes in the Subdivision Technical Specification 2.2 as more appropriate to allow Missing Middle development.

On the other hand, consolidation will permit better and more flexible use of larger areas, enabling developments with more dwellings, such as apartments.

However, we do not believe the proposed scale (2,000m², 2,500m² and 3,000m², depending on circumstances) specified in Technical Specification 2.5 is sufficient. While they are a very welcome step forward, they remain overly restrictive. We don't believe they are necessary for good outcomes, and they limit the potential of consolidation to achieve the core goal of enabling more housing in established suburbs.

While the outcomes-focused approach permits a flexible, contextual assessment of compliance with controls, and thus proposals that exceed these limits may be permitted, the limits in the Tech Spec will guide the application of the policy and are a statement of the Authority's intent.

The dwelling targets already provide sufficient guidance as to the density expected in RZ1. Restricting the maximum block size limits the number of new homes, the flexibility that proponents have to design around the constraints of their context, and the ability to deliver coherent streetscapes. We believe the thresholds should be removed, and if retained, they should be significantly higher.

Recommendation 14: Remove the arbitrary limits on RZ1 block consolidation in the Subdivision Technical Specifications.

Parking provision

The proposed changes to parking provision requirements are a welcome step, reflecting the fact that different households have different transport requirements, and that housing policy must adapt to diverse lifestyles, travel modes, and affordability needs.

We support the removal of Residential Zone Technical Specification 27.3(b), as this allows greater flexibility in how parking will be provided rather than insisting every development must have a carport or garage. We also support the removal of specification 27.5(a), to provide more flexibility around basement parking.

However, the reforms should go further: **parking minimums should be eliminated entirely across all residential zones**. The current provisions, while improving on the status quo, still limit design flexibility, add significant construction costs, and discourage the delivery of diverse, compact housing typologies, such as townhouses, duplexes, and walk-up apartments, particularly on smaller or irregular sites.

Evidence from other jurisdictions reinforces this position. A 2024 report commissioned by the NSW Productivity Commission and prepared by the Centre for International Economics (CIE)

found that car parking accounts for 10.3% of the total development cost of a typical mid-rise apartment building in Sydney.³⁶ This represents a substantial cost burden, of tens of thousands of dollars per apartment, ultimately imposed on residents who do not require a car space.

Cities around the world are eliminating these requirements - the Parking Reform Network identifies 108 places across 8 countries where all parking minimums have been removed.³⁷ These cities are not all European public transport paradises as critics may claim, but include many American cities with far greater car dependency than Canberra, as well as all urban areas of New Zealand.

Developers will continue to provide parking in line with market demand, which is often more than the minimum required by regulation. Removing parking requirements would not eliminate parking, it would simply allow the housing market to respond more flexibly to Canberra's evolving needs. As the city grows and densifies, and as more people choose to live in walkable, transit-connected neighbourhoods, rigid parking mandates can prevent the kinds of homes and communities that match those preferences.

Eliminating minimums allows new development to reflect and adapt to a range of changing factors: rising bike ownership and active travel; expanded public and rapid transport options such as light rail; increased rates of working from home, which reduce daily car use; and shifting generational preferences, with younger residents often valuing affordability, proximity to amenities, and sustainable transport over car ownership.

It also allows for greater innovation in site planning and housing design, enabling developers to prioritise shared open space, trees, or additional dwellings where parking would otherwise be mandated but unused. On the other hand, excessive parking and driveway areas contribute to the urban heat island effect and make it harder to meet permeable surface requirements.

In short, removing parking minimums supports a planning system that is more context-sensitive, future-oriented, and capable of delivering the diverse forms of housing that Canberra needs.

Recommendation 15: Eliminate parking minimums across all residential zones, allowing parking to be provided in response to genuine market demand rather than regulatory mandates.

Small changes to improve effectiveness

³⁶ Centre for International Economics (2024), Cost and feasibility estimates for supplying residential dwellings in NSW, prepared for the NSW Productivity Commission, page 3. Available at: <https://www.thecie.com.au/publications-archive/cost-and-feasibility-estimates-for-supplying-new-residential-dwellings-in-nsw>

³⁷ Parking Reform Network, Parking Mandates Map, <https://parkingreform.org/resources/mandates-map/>

In addition to these broader questions, the reforms are an opportunity to review smaller technical settings that are no longer fit for purpose. The Government's commissioned analysis of these reforms by Urbis tested a number of housing scenarios to understand the practical impact of these reforms. In many of the test scenarios, rigid, input-style rules (for example, where canopy is allowed to "count" or exactly how wide a planting bed must be) block feasible family-sized townhouses, tri-occupancies and small apartment buildings in RZ1 and RZ2 without meaningfully improving shade, canopy or deep soil.

The result is a system that fails on its own terms: we get fewer new homes, fewer trees, and more sites reverting towards single dwellings. This does not align with the Territory's shift to an outcomes-based planning system nor with the desired outcomes of any party.

Based on this evidence, we recommend the Government take the following recommendations from its own report:

Recommendation 16: Count some easements as planting area, such as areas under powerlines, over underground pipes or right next to a house. Soil within the easement zone can still be beneficial for soil health, with easement zones under powerlines still providing valuable soil for tree roots.

Recommendation 17: Reduce minimum planting bed width from 2.5 m to 2 m. Trees can establish successfully in slightly narrower beds when soil volume and permeability are adequate. This modest shift keeps planting quality intact while avoiding situations where whole rows of townhouses are deleted solely to meet a rigid dimensional rule that does not correlate with actual planting performance.

Recommendation 18: Allow adjacent verge trees to count towards canopy cover. Urban cooling and shading outcomes do not stop at the cadastre. Excluding street trees from the calculation means some developments are treated as failing "canopy" targets even when a mature, high-quality street tree is already shading the block. This arbitrary cadastre border has the consequence of stymying Missing Middle where it's needed, notably in Canberra Central.

Recommendation 19: Allow permeable hard surfaces to contribute to tree soil volume. This supports canopy growth while allowing more flexible site planning and usable open space.

Ongoing review and reform

As DPA-04 is implemented, further reforms will be necessary to address practical issues that arise once proponents begin to build Missing Middle projects, and to identify and eliminate

barriers to Missing Middle uptake, whether those barriers are in the planning system or result from other policies such as LVC.

The Government should establish an ongoing process of continuous improvement, collecting data on Missing Middle developments and engaging with relevant stakeholders to identify issues and potential solutions. This process should not be confined to issues relating to the *Planning Act 2023*, and should include issues that arise due to other legislation such as the *Urban Forest Act 2023* and other policy areas such as tax. The results of this process should be made known to the public.

Recommendation 20: Establish a process for continually identifying and eliminating barriers to Missing Middle housing development that may arise as a result of the planning system and other policies.