



MASTER BUILDERS
AUSTRALIAN CAPITAL TERRITORY

MASTER BUILDERS ACT

Submission on the ACT Government's Missing Middle Housing Reforms

1. Introduction

The Master Builders Association of the ACT (Master Builders ACT) welcomes the opportunity to provide a comprehensive response to the ACT Government's proposed Missing Middle housing reforms.[1]

We commend the ACT Government for adopting a consultative approach and demonstrating a clear commitment to improving housing diversity, supply, and affordability in the Territory. We also appreciate the opportunity to contribute through the Technical Advisory Group.

1.1 About Master Builders ACT

Master Builders ACT is the peak industry body representing approximately 1000 members within Canberra's building and construction sector. Our membership largely comprises small to medium-sized, family-owned residential builders who are key drivers in delivering Missing Middle housing. These businesses are deeply rooted in local communities, employ local workers, and play an essential role in addressing the Territory's housing needs.



Shaw Building Group



1.2 Industry context

The Missing Middle reforms are introduced against a backdrop of significant contraction in the ACT's construction industry. Notably, in the March 2025 quarter, dwelling commencements fell by 67% compared to the previous year, with medium- and high-density housing starts decreasing by over 74%, and completions down by more than 33%.[2] This substantial downturn has led to projections indicating the ACT will fall short of National Housing Accord targets by approximately 11,200 homes.[3] For the reforms to be effective, they must be ambitious, enabling, and practical, underpinned by complementary measures designed to address systemic barriers, accelerate housing delivery, increase supply, and restore industry confidence.

1.3 Submission focus

This submission reaffirms Master Builders ACT's support for the Missing Middle reforms and their potential to expand housing diversity and revitalise the residential construction sector. However, unless accompanied by a coordinated program of complementary reforms, including faster development approvals, infrastructure readiness, fairer statutory charges, targeted workforce investment, and reduced compliance barriers, the full potential of the initiative will not be realised. Each of these structural obstacles currently undermines project feasibility, deters investment, and limits the supply response the ACT urgently needs.

2. Opportunities for the ACT and region

Master Builders ACT supports the proposed Missing Middle reforms due to their capacity to diversify housing options and sustain construction industry activity in the ACT.

We particularly commend the following aspects of the reforms:

- The expansion of permissible housing typologies to include dual and triple occupancies, townhouses, and apartments within RZ1 and RZ2 zones, which reflects contemporary housing demand.
- The shift from rigid dwelling caps to density targets, which encourages more flexible, design-led development approaches.
- The removal of minimum block size requirements, unlocking redevelopment potential consistent with Missing Middle housing objectives.
- The simplification of development standards related to car parking, landscaping, site coverage, setbacks, and building height, providing greater regulatory clarity and predictability.
- The endorsement and promotion of quality design principles through the Missing Middle Housing Design Guide, ensuring contextually appropriate and high-standard developments.
- The introduction of block consolidation provisions that enhance the feasibility of projects and support a broader range of housing delivery models.



For the reforms to be effective, they must be ambitious, enabling, and practical.



3. Concurrent reforms

To fully realise the benefits of the Missing Middle reforms and ensure meaningful progress in housing supply and industry recovery, it is essential to implement complementary and coordinated reforms across several critical areas.

These include:

- Streamlining the development approvals process to reduce delays, complexity, and costs.
- Resolving infrastructure and utility servicing challenges to prevent project hold-ups.
- Reforming statutory charges and other cost structures to improve financial feasibility.
- Aligning workforce development initiatives with the specific skills and capacity requirements of infill housing delivery.
- Addressing the increasing compliance burdens stemming from recent National Construction Code amendments.
- Establishing transparent and effective mechanisms for implementation, ongoing monitoring, and evaluation.

3.1 Planning reform and development approvals

The current fragmented and protracted development approvals process in the ACT significantly impedes the timely delivery of Missing Middle housing. The necessity for multiple agency referrals, the frequency of resubmissions for minor design changes, the risk of lengthy appeals processes, and the absence of clear statutory timeframes contribute to delays that increase costs and deter private investment.[4]

Without pursued reform, the ACT is unlikely to meet its housing supply targets due to these procedural inefficiencies and the resulting uncertainty for developers.

3.1.1 Lessons from Auckland, New Zealand

The changes to planning and zoning in Auckland, New Zealand have been so successful in improving housing affordability and speeding up construction that they have now been replicated in other parts of New Zealand. New Zealand's Resource Management (Enabling Housing Supply and Other Matters) Amendment Act 2021 provides a relevant precedent.[5] The introduction of Medium Density Residential Standards (MDRS) through this amendment permits up to three dwellings on most residential sites without requiring resource consent, provided design criteria are met.[6] This regulatory change has streamlined small-scale infill approvals, increasing housing supply. Additionally, the New Zealand Fast-track Approvals Act 2024[7] established a centralised, expert-panel system with statutory timeframes for major project approvals, significantly reducing consent delays. Complementing these legislative reforms, the 'Going for Housing Growth'[8] policy ensures that councils zone sufficient land to meet 30 years of projected housing demand and discourages restrictive planning practices such as urban growth boundaries.

3.1.2 Recommendations to streamline development approvals

Master Builders ACT recommends that the ACT Government consider adopting key principles from the New Zealand reforms to enhance approval efficiency, including:

- Creating a streamlined approval pathway for developments demonstrably compliant with planning controls to minimise procedural delays and reduce the cost and time associated with appeals to the ACT Civil and Administrative Tribunal
- Introducing clear statutory timeframes for development application assessments, supported by escalation mechanisms and deemed approval provisions to ensure accountability and timeliness.
- Simplifying and harmonising zoning regulations within medium-density precincts to improve regulatory clarity and consistency.
- Undertaking a comprehensive review of planning provisions that may unnecessarily restrict well-designed infill housing.
- Developing a transparent, long-term land supply and infrastructure coordination strategy to foster market certainty.
- Enhancing coordination between planning bodies and infrastructure providers to reduce avoidable delays.





3.2 Infrastructure and utility constraints

Building on the need for streamlined approvals, it is equally critical that development is not delayed further by infrastructure and servicing constraints. Even where planning approval is secured, builders frequently encounter delays, uncertainty, and inconsistent requirements relating to utility and infrastructure regulation.[9]

These issues introduce significant cost and timeline uncertainty, often rendering otherwise viable projects unfeasible.

3.2.1 Examples of technical challenges

These challenges are symptomatic of a broader lack of alignment between planning objectives and infrastructure governance. For instance, recent increases to developer charges under the Capital Contributions Code were introduced without adequate consultation, despite the Code itself being under ongoing review.[10] Similarly, new canopy cover requirements, raised from 15% to 20%, further restrict development potential on smaller RZ1 lots, often rendering compliant design outcomes unachievable.[11] Furthermore, inconsistent stormwater and drainage requirements across suburbs add further complexity, increasing consultancy costs and reducing design efficiency.[12]

Collectively, these examples reveal a regulatory environment that lacks the consistency and coordination needed to support timely, cost-effective infill housing delivery. These issues would also make the implementation of a 'Pattern Book' or similar design guidance virtually unworkable due to the significant number of site-specific issues.

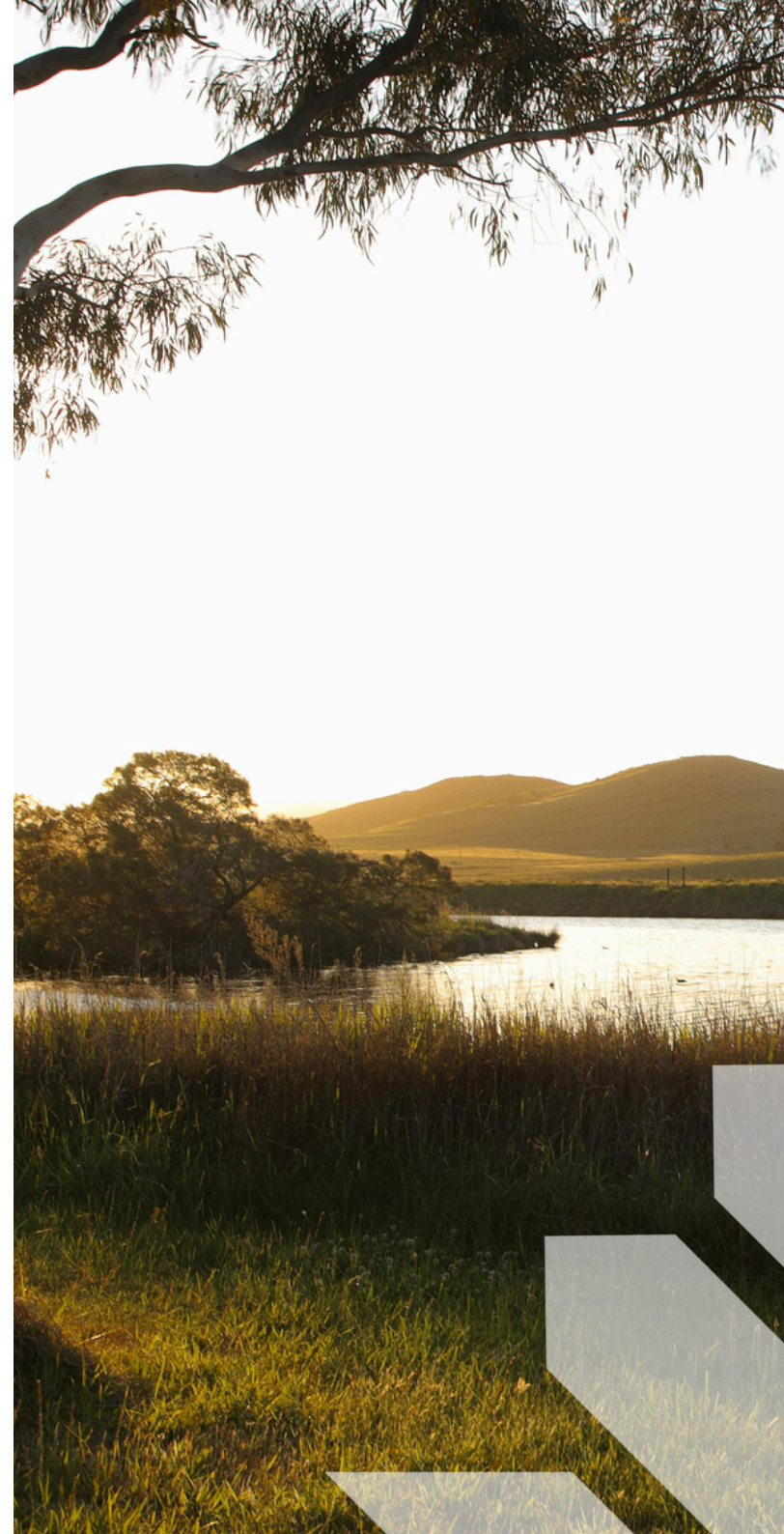
3.2.2 Recommendations to address technical challenges

Master Builders ACT urges the ACT Government to prioritise a comprehensive review of infrastructure and servicing processes (including any necessary improvement recommendations) to ensure they effectively support housing delivery and do not create unnecessary barriers.

This review needs to extend beyond the ACT Government's own agencies and business units, and account for external agencies including utilities providers and the National Capital Authority.

While the responsibility for regulation and reform rests with the ACT Government, Master Builders ACT highlights the following example areas where targeted action could significantly reduce delays and uncertainty:

- Reviewing developer charges to ensure they remain reasonable and do not unduly burden infill projects.
- Implement statutory timeframes including enforceable deadlines for utility providers and referral agencies involved in development approval process to ensure decisions are timely and reduce unnecessary delays.
- Ensure streamlined coordination protocols between agencies and departments responsible, including clear escalation pathways and accountability measures for delayed responses.
- Introduce a transparent exemption mechanism for the increased canopy cover requirements, allowing developers on constrained sites to apply for relief (such as paying a fee, or identifying an alternative site for a planting such as on adjacent public land) where meeting the full obligation is impractical, ensuring that environmental objectives remain balanced with development feasibility.
- Standardise stormwater and drainage assessment requirements across the Territory to reduce variability, streamline design processes, and lower consultancy costs, thereby improving predictability for developers.
- Undertake continued review to identify and address any additional barriers or burdens presented by structural inefficiencies impeding housing delivery.





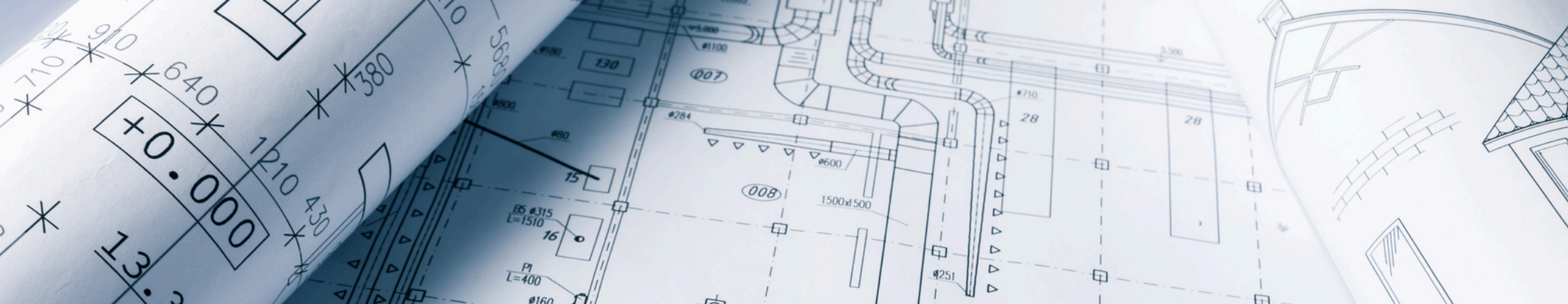
3.3 Lease Variation Charges and project viability

The cumulative cost burden of statutory charges borne by builders continues to significantly undermine the feasibility of Missing Middle housing delivery in the ACT.

The Lease Variation Charge (LVC), established to capture the increase in land value arising from rezoning or redevelopment, has become an increasingly contentious element of the development cost framework, a situation intensified by the recent increase effective from 1 July 2025.[13] Although designed to operate as a revenue-neutral mechanism, the 2019 ACT Government Consultation Report on the Lease Variation Charge documented widespread stakeholder concerns, including from the Master Builders Association, that the current LVC framework systematically overestimates the actual value uplift realised by small-scale infill projects.[14]

The current LVC methodology has been criticised for insufficiently accounting for site-specific constraints such as limited or irregularly shaped lots, infrastructure capacity limitations, and obligations to comply with streetscape and design controls.[15] Feedback from industry sources further underscores the disproportionate financial impact of the July 2025 LVC increase on small- to medium-scale infill developments.[16]

These scenarios exemplify broader industry concerns that the LVC no longer functions as a proportionate or revenue-neutral tool, but rather imposes prohibitive upfront costs that render many infill projects financially unviable, including those aligned with the ACT Government's own Missing Middle housing objectives.



3.3.2 Recommendations to lessen LVC impact

Master Builders ACT urges the ACT Government to prioritise an immediate and comprehensive reform of the Lease Variation Charge framework to ensure it supports rather than impedes Missing Middle housing delivery.

Specifically, we recommend:

- Pausing or reversing the 1 July 2025 LVC increase to prevent further erosion of project viability while a detailed review is conducted and to support the achievement of the ACT's and national housing targets.
- Introducing tiered or scaled LVC rates that reflect development type and scale, ensuring small- and medium-scale infill projects are not disproportionately penalised.
- Implementing exemptions, discounts, or deferral options for Missing Middle developments, such as dual occupancies and townhouses, that align with the Government's strategic housing goals.
- Enhancing transparency and predictability by developing clear valuation benchmarks and providing upfront LVC cost estimates during the early stages of a project.
- Conducting a comprehensive review of the LVC calculation methodology to better reflect actual market conditions, incorporate site-specific constraints, and promote diverse housing supply while maintaining long-term affordability objectives.



Projex Building

Without targeted investment in workforce development, the Territory's capacity to meet its housing targets will remain severely constrained.

3.4 Workforce shortages

The success of the Missing Middle agenda hinges on the availability of a skilled, adaptable construction workforce.

Yet the ACT faces acute shortages in critical roles, including trades, supervision, and estimation, which are essential to timely and cost-effective infill housing delivery. [17] Jobs and Skills Australia reflects that all 26 construction trades are in shortage in the ACT.

These workforce shortages are compounded by systemic underinvestment in local training pathways, particularly following recent reductions to Training Fund Authority (TFA) resourcing. Exempting government-funded construction projects from the TFA levy further weakens the training pipeline, even as these projects clearly dominate the local construction activity. [18] Without targeted investment in workforce development, the Territory's capacity to meet its housing targets will remain severely constrained.

3.4.1 Recommendations to address workforce shortages

To address these workforce capacity constraints, it is recommended that the ACT Government implement a series of targeted interventions:

- Remove the levy exemption for government-funded projects to ensure all developments contribute fairly to workforce training.
- Fund targeted pre-apprenticeship and skills conversion programs in key building and construction trades such as carpentry, plumbing, electrical work, bricklaying, tiling, roofing and project management.

3.5 National Construction Code compliance burden

The National Construction Code (NCC) 2025 Public Comment Draft introduces reforms aimed at improving building performance, occupant safety, and environmental sustainability.[19] While these objectives are supported in principle, the evolving regulatory landscape continues to present compliance challenges, particularly for small to medium scale infill projects. The breadth and complexity of proposed changes, including new provisions relating to energy efficiency, electrification, condensation management, waterproofing, and carpark fire safety, will require significant industry adaptation.

Master Builders ACT acknowledges the broader public interest intent of these reforms.[20] However, without adequate transition support and targeted guidance, the cumulative impact of these amendments may inadvertently stall delivery and inflate costs for Missing Middle housing projects.

3.5.1 Key areas of industry concern[21]

- The NCC 2025 draft includes additional residential requirements, such as mandatory thermal breaks in steel-framed housing and provisions for centralised heated water systems in apartments. While these measures are designed to improve thermal performance, they may require redesign of common construction practices and add to material and installation costs.
- New provisions will require residential developments to ensure adequate switchboard capacity for future electrification and incorporate infrastructure to support electric vehicle charging. The need for early-stage integration of these requirements adds technical and financial pressures, especially on constrained infill sites.
- Expanded requirements for roof ventilation and vapour permeance aim to reduce condensation risk in cooler climates. While the intent is to improve health and structural outcomes, these provisions introduce additional detailing and specification obligations that require new technical expertise.



- Clarified standards for waterproofing details and updated specifications for wet area materials will improve long-term durability. However, these changes may increase procurement costs and necessitate further training to ensure compliant implementation.
- New requirements for additional women's sanitary facilities and sanitary item dispensers in public buildings reflect important social equity outcomes but may affect commercial development costs and internal layouts.
- Enhanced fire safety provisions for structured carparks, while warranted, introduce further compliance complexity in multi-unit residential and mixed-use developments.

Crucially, the full extent of these proposed changes remains subject to refinement, with formal adoption timelines not yet confirmed by the Australian Building Codes Board. Nonetheless, early industry consultation proves that these changes bring with them additional compliance and cost pressures. This may substantially affect feasibility, timing, and workforce readiness for infill housing delivery in the ACT.

3.5.2 Recommendations to mitigate NCC compliance burden

To ensure that NCC reforms support, rather than hinder, infill housing supply in the Territory, Master Builders ACT recommends:

- Undertaking a formal cost impact assessment of cumulative NCC amendments on small-lot infill developments, through a co-designed process with industry and the ABCB.
- Developing ACT-specific, plain-language compliance guidance, tailored to the typical design and construction formats used in Missing Middle housing.
- Introducing transitional or phased implementation periods for selected NCC 2025 provisions in established suburbs, to allow industry time to adapt without interrupting housing delivery pipelines.





3.6 Social licence

Previous attempts in the ACT to develop more infill housing led to considerable backlash and two decades of limitations on dual occupancies through the introduction of the 'Garden City' Territory Plan reforms in 2004. The continued success of the Missing Middle depends on the ACT Government ensuring it has anticipated and planned for the consequences of increased density in our existing suburbs. This includes:

- Ensuring sufficient public spaces that reflect the needs of the community, such as parks, playgrounds and footpaths
- Reviewing and updating public transport routes
- Monitoring demographic shifts and ensuring schools are equipped for increases in student enrolments
- Identifying any challenges for utilities and similar infrastructure and working with providers on necessary upgrades ahead of time



The continued success of the Missing Middle depends on the ACT Government ensuring it has anticipated and planned for the consequences of increased density in our existing suburbs.

3.7 Implementation, monitoring and adjustment

Any planning reforms risk falling short if not backed by clear implementation pathways, real-time monitoring, and adaptive management. To ensure the Missing Middle reforms translate into meaningful housing outcomes, institutional accountability, data transparency, and consistent industry engagement are essential. Without these mechanisms, any well-intentioned policy may result in limited delivery and results on the ground.

Master Builders ACT recommends:

- The establishment of a dedicated Infill Housing Implementation Unit within the Environment, Planning and Sustainable Development Directorate (EPSDD) to coordinate reform delivery and liaise with industry. This should be supported by the regular publication of housing supply metrics, such as approvals, commencements, and completions. Including a formal, independent review of reform impacts within two years.
- Proactive identification of any pain points holding up the desired changes through the Infill Housing Implementation Unit and a plan to address those pain points
- Together, these measures will ensure the reforms remain responsive to market conditions and community needs, while providing government and industry with a clear feedback loop to guide ongoing improvement.

4. Conclusion

Master Builders ACT supports the ACT Government's ambition to enhance housing diversity, affordability, and supply through the Missing Middle reforms.

The proposed changes represent a critical shift toward a more flexible and responsive planning system capable of addressing the Territory's evolving housing needs.

However, effective implementation alone is not enough. Without urgent and coordinated action across development approvals, infrastructure provision, statutory charges, workforce capacity, and regulatory compliance, the full potential of the reforms will not be realised. Canberra's construction industry is ready to meet the challenge but requires a supportive policy and regulatory environment to unlock practical infill development at scale.

The recommendations outlined in this submission aim to support a more efficient, equitable, and outcomes-driven implementation of the reforms from the perspective of the building and construction sector.



We urge the Government to work closely with industry stakeholders to ensure these planning changes are not only considered, but result in real, buildable projects that meet the needs of a growing and diverse population. Master Builders ACT welcomes continued collaboration and remains committed to supporting the successful delivery of the Territory's housing strategy.



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Appendix A: Recommendation Summary Table

Theme	Recommendation	Objective
1. Development Approvals	Introduce statutory timeframes and deemed approvals for DAs	Reduce delays and improve certainty
	Streamline approval pathways for compliant developments	Encourage faster processing of low-risk applications
	Harmonise zoning rules in medium-density areas	Increase clarity and flexibility
	Review and remove unnecessarily restrictive planning provisions	Enable more infill opportunities
	Publish a transparent long-term land supply and infrastructure coordination strategy	Provide development certainty and strategic clarity
	Enhance coordination between planning and infrastructure agencies	Prevent delays from fragmented oversight
2. Infrastructure & Utilities	Review and adjust developer charges	Improve project viability
	Enforce statutory timeframes for utility responses	Minimise servicing delays
	Introduce escalation and accountability pathways across agencies	Resolve inter-agency hold-ups efficiently
	Implement exemptions from increased canopy cover for constrained infill lots	Prevent impractical environmental obligations
	Standardise stormwater and drainage requirements	Reduce design complexity and consultancy costs

Theme	Recommendation	Objective
3. Lease Variation Charges (LVC)	Pause or reverse the July 2025 LVC increase	Restore feasibility for infill projects
	Introduce scaled or tiered LVC rates based on project size	Ensure fairness for smaller developments
	Implement exemptions, discounts or deferrals for Missing Middle projects	Encourage strategic infill aligned with housing goals
	Provide early-stage LVC estimates with clear benchmarks	Improve cost predictability
	Review the LVC valuation methodology to reflect site constraints and market conditions	Ensure LVC operates equitably and supports diverse housing supply
4. Workforce Development	Remove the TFA levy exemption for government projects	Reinforce industry-wide contribution to training
	Fund targeted training pathways and pre-apprenticeship programs in key construction trades	Address local skills shortages
5. NCC Compliance Burden	Review cumulative cost impacts of NCC amendments	Mitigate regulatory cost pressure on small builders
	Develop plain-language, ACT-specific compliance guidance	Support industry adaptation and reduce errors
	Introduce transitional/grace periods for established infill areas	Ensure staged, manageable implementation

Theme	Recommendation	Objective
6. Implementation & Oversight	Establish a dedicated Infill Housing Implementation Unit within EPSDD	Coordinate reform delivery and industry liaison
	Publish regular housing delivery data (approvals, commencements, completions)	Promote transparency and track reform impact
	Conduct formal independent review of the reforms within two years	Enable evidence-based adjustments and continuous improvement



We approve our submission being made public for
Canberrans to read.

Authorised by Anna Neelagama on behalf of Master Builders
Association of the ACT.

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100 YEARS
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