

SUMMARY REPORT



Online forum: Missing Middle Housing – the equity and affordability implications of reforms

1:30-3:30pm, Friday 13 February 2026

Forum opening and context

- *Corinne Dobson, ACT Shelter CEO and forum chair*

In opening the forum, ACT Shelter CEO Corinne Dobson framed the discussion within the context of Australia's deepening housing affordability crisis and the ACT's parallel pressures of population growth and constrained land supply. While planning reform to enable medium-density housing has gained momentum in the ACT and nationally, the central question is not simply how many additional dwellings are delivered but who benefits. She emphasised that ACT Shelter's focus is on the equity and affordability implications of upzoning, posing key questions about whether upzoning will translate into more social and affordable homes, the distributional impacts, the interaction with tax settings and property law, and how to ensure planning reforms produce inclusive, mixed communities rather than merely expanding market supply. The session was positioned as an evidence-based exploration of whether planning reform alone can deliver fairer housing outcomes, and what complementary mechanisms may be required.

Speaker presentations

ACT Government overview of proposed missing middle reforms

- *James Bennett, Executive Branch Manager, Building, Design and Development Branch, ACT Government*

[\[Click here to download presentation slides from James Bennett's presentation \(pdf\)\]](#)

James Bennett outlined the ACT Government's proposed missing middle housing reforms, which are a key part of the Government's strategy to increase housing supply and respond to projected population growth. As context to these reforms, he noted the ACT population is projected to reach approximately 700,000 by 2050; that the ACT Government has committed to enabling 30,000 new homes over the next five years; and greenfield land supply is limited, requiring greater utilisation of established suburbs.

The missing middle reforms aim to increase housing choice and diversity; enable sensitive infill development in established suburbs; support a more compact, efficient and sustainable Canberra; reduce urban sprawl; and remove planning barriers that restrict medium-density housing. The focus is on lower-scale medium density (dual occupancies, triplexes, terraces, townhouses, and low-rise apartments). The reforms are designed to balance change with maintaining neighbourhood character, acknowledging community attachment to Canberra's suburban form while enabling greater housing supply.

Major components of the reform package include:

1. **Changes to RZ1 and RZ2 residential zones** to all allow greater density, including increased flexibility for additional dwellings per block, while at the same time retaining site coverage limits to preserve planting areas and private open space.
2. **Missing Middle Housing Design Guide** will provide best-practice guidance for the design of homes to ensure quality, sustainability and amenity, including an emphasis on integration with public space and protection of meaningful open space and liveability standards.
3. **Block subdivision and consolidation**, which will open opportunities for adjoining block consolidation in RZ1 zones (previously prohibited), thereby enabling larger development parcels to support more integrated design outcomes. This will rely on market actors pursuing viable land assembly opportunities.
4. **Removing of restrictions to allow for different housing models**, including co-housing, supporting greater flexibility in tenure and housing typologies.
5. **Development of a Canberra House Pattern Book** through a design competition, to be implemented after the reforms pass the Assembly. The pattern book will consist of pre-approved, high-quality missing middle designs, with a focus on cost-effectiveness, accessibility, adaptability and varied price points. Developments that comply with these designs will have a streamlined approval pathway.

Equity and affordability considerations

While Bennett framed the reforms as expanding housing choice and potentially lowering price points through more efficient land use, it was noted that the reforms will apply to all lessees, including the ACT Government's public housing program, creating opportunities for infill redevelopment. Recent reductions in Lease Variation Charges (LVC) for community housing providers were cited as complementary measures to support social and affordable housing viability.

Opening RZ1 to block consolidation introduces new opportunities for land assembly. Bennett indicated this would be market-led. The missing middle reforms themselves do not contain explicit inclusionary mechanisms or mandated social/affordable housing requirements, however social and affordable outcomes are expected to arise through parallel programs and broader government policy.

Questions from forum attendees addressed minimum open space and amenity protections. Bennett emphasised efforts to balance density increases with meaningful private open space, amenity and environmental considerations, supported by urban design expertise.

A participant from Queensland highlighted interest in community land trusts and co-housing models. Bennett confirmed that the reforms remove previous prohibitions on such models in RZ1 areas, creating greater flexibility for cooperative and community-led housing approaches.

Tax settings, value capture and the Lease Variation Charge

- Dr Tim Helm, Director of Research and Policy, Prosper Australia

Dr Tim Helm shifted the discussion to the interaction between upzoning, land value uplift and the ACT's Lease Variation Charge (LVC). His presentation centred on the economic rationale for value capture and whether the LVC acts as a barrier to housing supply.

The Lease Variation Charge as “best-in-class” value capture

Helm characterised the LVC not simply as a tax, but as a price for development rights:

- Property is a “bundle of rights”.
- When planning decisions add rights (e.g. additional dwellings), land values increase.
- These increases are unearned windfall gains created by public decisions.
- It is principled and economically efficient for the public to capture a substantial share of that uplift.

He described the ACT's LVC as a “best-in-class” model nationally because it:

- Prices additional development rights when lease purposes are varied.
- Targets capture of approximately 75% of the estimated land value uplift.
- Uses suburb-based schedules/formulae that are carefully calibrated to market data.
- Applies more broadly than some interstate windfall gains taxes, which are triggered only at the point of rezoning.

As part of their research into different value capture schemes across Australia, Prosper Australia has calculated that other states forgo more than \$10 billion annually in land value windfalls due to inadequate value capture. Helm argued that capturing this value could fund major housing initiatives, including expanded social housing or the abolition of stamp duty for first home buyers.

Is the Lease Variation Charge a barrier to supply?

Helm addressed three key claims from parts of the property industry that the LVC discourages or distorts development or increases house prices.

1. “Pass-through” to buyers

He rejected the argument that LVC costs are passed on to purchasers, describing it as a “furphy”. His reasoning:

- Developers are price takers.
- Expected charges are factored into what developers pay for land.
- The LVC therefore reduces land prices rather than increasing dwelling prices.

In economic terms, land is residual in value, and taxes on development rights are capitalised into land values.

2. Distorting development types

Some argue that a per-dwelling charge skews development toward fewer, larger dwellings. Helm considered this unlikely to be material because:

- The LVC schedule incorporates diminishing marginal charges as dwelling numbers increase.

- The structure of the charge is calibrated to reflect market valuations of land with the specified lease purposes.
- The trend toward larger apartments reflects a broader trend occurring nationally, and is unlikely to be driven by local LVC settings.

3. Rendering developments infeasible

Helm acknowledged a limited scenario where the LVC could tip marginal redevelopment into infeasibility, particularly where:

- Existing structures are relatively new or high value.
- The redevelopment margin is small.

However, he argued that:

- Feasibility is necessary but not sufficient for development.
- Development occurs first on the most viable sites (e.g. where structures are depreciated).
- Sites with high-value structures are unlikely to redevelop in the short term regardless.

His headline conclusion was that there is **no strong economic argument** that the LVC materially constrains redevelopment, including missing middle housing.

Implications of proposed LVC concessions

Helm cautioned against using LVC concessions as a tool to stimulate supply. His key points were:

- Reducing or removing the LVC for missing middle housing is unlikely to increase overall housing production.
- There is limited demand for each housing type; developers will not “overbuild” simply because a charge is reduced.
- The primary effect of concessions would be to increase land values and deliver windfall gains to existing landowners.
- Revenue forgone through concessions reduces public funds available for housing or other priorities.
- Concessions may marginally shift activity between greenfield and infill markets, but the effects are likely to be limited.

In his assessment, cutting the LVC effectively channels public value into private hands, undermining the purpose of the instrument.

Broader themes raised

Several broader policy themes emerged from Helm’s contribution:

- **Value capture as housing policy:** Properly pricing development rights can generate significant revenue for social and affordable housing.
- **Anti-corruption and anti-speculation effects:** Unpriced windfalls create incentives for rent-seeking and speculative landholding.
- **Land price dynamics:** Taxes and charges on land are capitalised into land values rather than passed through to home buyers.

- **Targeted concessions vs. systemic reform:** Concessions may be justified to support specific outcomes (e.g. increasing community housing), but broad-based reductions risk weakening an efficient value capture mechanism without delivering supply gains.

Helm's analysis underscored that the ACT's Lease Variation Charge is a principled, economically efficient, and nation-leading value capture mechanism that does not materially constrain housing supply, and that broad-based concessions would primarily inflate land values and erode public revenue rather than deliver additional homes.

Leasehold principles, urban limits and the equity challenge of growth

- *Speaker: Dr Ed Wensing, SGS Economics & Planning / UNSW*

Dr Ed Wensing's contribution focused on three interrelated themes: the foundational principles of the ACT's leasehold system (including the LVC), the physical and infrastructure limits to Canberra's growth, and the structural causes of housing unaffordability.

The ACT's leasehold system and preserving the integrity of the LVC

Wensing emphasised that the ACT's leasehold system has deep historical roots, influenced by Henry George's philosophy of public capture of land value uplift. He described the LVC as an integral component of that system and cautioned against reforms that could erode its effectiveness.

Key points included:

- The Crown retains ultimate ownership of development rights; these do not automatically attach to freehold or leasehold title.
- Development rights are granted through an assessment process, not an automatic approval system.
- The LVC applies when additional development rights are formally granted.
- If the LVC were weakened or abolished, it would need to be replaced with another form of developer contribution, as growth generates infrastructure and service costs.
- Concessions or discounts to the LVC should be approached cautiously, given their potential long-term implications.

In response to a question about church-owned land, Wensing argued that if land was originally granted at concessional terms for community purposes, any future change of use should return value to the Crown. In such cases, the lease could be surrendered, and the land reallocated through public processes to ensure the community captures the uplift.

He also criticised weak enforcement of lease conditions, noting instances of long-term vacant residential blocks that may breach lease purpose clauses. He argued that speculation undermines the system and that enforcement mechanisms should be strengthened.

Physical and infrastructure limits to growth

Wensing outlined five constraints on Canberra's future expansion, arguing these are not sufficiently integrated into long-term planning:

1. **Territorial boundaries** – Expansion beyond current borders would require Commonwealth land acquisition on just terms.
2. **Transport and travel demand** – Canberra's original linear structure supported efficient transport patterns; more recent development patterns have disrupted this. He expressed concern that the fixed rail system may struggle to meet long-term demand if the population approaches one million.
3. **Topography** – Physical land constraints limit outward expansion options.
4. **Water supply** – Canberra is located in a water-stressed basin within the Murray-Darling system.
5. **Sewerage and wastewater treatment** – Significant infrastructure upgrades would be required to service major population increases, including potentially new large-scale treatment facilities.

He stressed that both outward expansion and increased density place pressure on water, sewerage and stormwater systems, and these constraints must be addressed as part of any growth strategy.

Density, missing middle and open space

Wensing acknowledged that missing middle housing must form part of Canberra's growth strategy, particularly given shrinking household sizes in the ACT, a high proportion of low-density housing relative to other Australian cities, and the social, economic and environmental costs of continued urban sprawl. He supported small-scale land assembly (e.g. amalgamation of two or three blocks) and greater flexibility within the leasehold system to enable incremental density transitions.

However, he emphasised the importance of:

- Maintaining meaningful private and communal open space.
- Addressing urban heat impacts.
- Ensuring landscaping and canopy cover are not sacrificed in pursuit of density.
- Integrating environmental design considerations (e.g. roof colour, vegetation).

Structural causes of the housing crisis

Wensing framed the housing crisis as fundamentally economic and structural:

- Public and community housing now comprise a very small share of total housing stock (around 3–5% nationally).
- Long waiting lists reflect decades of government withdrawal from direct housing provision.
- Federal tax settings – including negative gearing and capital gains tax concessions – distort housing markets by privileging property investment.

He argued that meaningful progress on equity and affordability requires renewed public investment in social housing and broader tax reform.

Key themes for policymakers

Wensing's presentation highlighted several considerations:

- The need to protect the integrity of the ACT's leasehold and value capture system.
- The importance of enforcing lease conditions to deter speculation.
- Recognition of environmental and infrastructure limits to growth.
- Ensuring missing middle housing develops as part of a balanced strategy that foregrounds amenity, liveability and environmental considerations.
- The central role of expanded public and community housing in addressing affordability.

Overall, his contribution underscored that planning reform must be situated within broader structural, fiscal and environmental realities if equity and affordability objectives are to be achieved.

Strata title, planning reform and affordability

- *Professor Cathy Sherry*

Professor Sherry focused on the critical but often overlooked disconnect between planning law and strata law, arguing that this gap has major implications for the livability and affordability of missing middle and higher-density housing.

Strata fundamentally changes property obligations

Sherry explained that ordinary freehold property in Australia does not allow ongoing positive obligations (such as compulsory payments) to attach to land titles — a long-standing principle that emerged from the dismantling of feudal property systems.

Strata title is the exception. It overrides this rule so that owners must pay levies for building upkeep or the maintenance of shared spaces. While this is necessary for apartment maintenance, it also creates:

- A permanent income stream attached to ownership.
- Opportunities for developers to embed long-term contracts and infrastructure costs.
- Financial risks for purchasers who inherit agreements they did not negotiate.

As soon as someone buys into a strata scheme, they become liable for all Body Corporate debts and contracts.

Rising complexity and escalating costs

Sherry argued that higher density developments – particularly large mixed-use “stratum” subdivisions – are becoming extraordinarily complex and expensive. She warned that:

- Increasingly, infrastructure once provided publicly (e.g. energy systems, open space, shared facilities) is becoming privately owned common property.
- Owners – often younger or older buyers seeking affordability – bear the long-term financial burden through levies.
- Levies can be extremely high (e.g. \$15,000 per year for a two-bedroom apartment in much-lauded Sydney development).

- Special levies and contractual lock-ins can create significant financial vulnerability.

After the ATO, strata bodies corporate are the most significant driver of personal bankruptcy in NSW.

Sherry challenged the idea that alternative legal ownership models (e.g. co-housing) inherently improve affordability. She argued:

- Legal title structure does not make housing affordable.
- Affordability results from land or capital being provided at reduced cost.
- Strata can deliver affordable housing, but only if used carefully and with the full costs considered.

Her concern is not with strata itself (which she described as “like democracy — not perfect, but the best system available”), but with how it is being used and expanded without sufficient scrutiny and awareness of the implications.

Ensuring planning decisions are informed by property law considerations

Planners, architects and policymakers often design for amenity, sustainability and shared infrastructure without asking who owns it, who pays for it, and what legal structure governs it. However, if infrastructure becomes common property within a strata or stratum scheme, the cost is borne by owners through mandatory levies. Sherry cautioned that making developments strata when it is unnecessary (e.g. terraces or dual occupancies with minimal shared property) imposes avoidable complexity, regulatory burden and financial risk. Some medium-density housing could be delivered via ordinary subdivision rather than strata.

Financial risks for community housing providers acquiring strata stock

Professor Sherry noted that community housing providers face heightened risk when acquiring strata dwellings, particularly in complex mixed-use developments. At purchase, it is often difficult to fully assess long-term liabilities, including embedded energy networks, shared infrastructure, and developer-negotiated contracts that drive high or escalating levies and special levies. Because providers inherit these obligations without having shaped them, operating costs can become unpredictable, placing pressure on rental viability and asset sustainability. For time-limited affordable housing arrangements, there is also residual value risk: if defects, repairs, costly infrastructure, or excessive levy burdens emerge, the asset may be worth less than anticipated when it returns to the private market.

Implications for the ACT

In discussion, Sherry noted that while the ACT’s leasehold system differs from freehold jurisdictions, developers tend to replicate interstate development models. As a result, ACT strata outcomes are unlikely to diverge significantly unless deliberate reforms occur.

She also reiterated:

- Ensuring medium density dwellings are not strata if they don’t need to be.
- The need to consider ongoing levies as part of affordability analysis – not just purchase price.
- The need for substantial, holistic reform of strata legislation rather than piecemeal amendments.
- The importance of integrating planning reform and strata law reform.

As governments pursue missing middle and higher-density housing to address affordability, strata law cannot remain an afterthought. Without integrating planning, property law and long-term cost implications, reforms intended to improve affordability may inadvertently impose enduring financial burdens on the very households they aim to assist.

Community housing and missing middle housing

- *Nathan Dal Bon, Community Housing Canberra (CHC)*

Nathan Dal Bon brought a community housing provider (CHP) lens to the missing middle discussion, focusing on feasibility, land access and the complementary roles of government and community housing in delivering equitable housing outcomes.

Access to land and project feasibility

Dal Bon emphasised that access to land is the single most critical factor for CHPs seeking to scale delivery. As providers of subsidised rental housing, CHPs cannot compete with private developers on land price, because their returns are structurally lower. While increasing zoned capacity may expand theoretical supply, projects will not proceed unless feasibility is addressed. He noted that many approved developments in the ACT are not proceeding because they do not currently “stack up”.

Key points included:

- Sub-market rental models limit the price CHPs can pay for land.
- Land costs and holding costs disproportionately affect CHPs, who lack the capital and ‘deep pockets’ needed to absorb unexpected costs or manage financial risks.
- LVC remissions improve project feasibility and avoid the inefficiency of government “giving with one hand and taking with the other”.
- LVC concessions alone are insufficient to achieve scale without complementary capital or availability subsidies.

Complementarity, not substitution

Dal Bon stressed that CHPs complement rather than replace government. While CHPs can deliver and manage social and affordable housing efficiently, there remains a clear and ongoing role for direct public provision – particularly for households requiring intensive, wrap-around support. Addressing the housing crisis requires a strategy across the full housing continuum, including people with no market income as well as the “working poor”.

He also underscored that supply increases alone will not deliver equity or community diversity. Deliberate policy settings are required to prevent income segregation and to foster mixed, vibrant communities as density increases.

Mechanisms to embed social and affordable housing in missing middle reform

Dal Bon outlined several potential policy levers to ensure missing middle reforms translate into more social and affordable housing:

- Embedding scaled and predictable land release pathways for CHPs, rather than ad hoc opportunities.

- Linking uplift or density bonuses to delivery of social and affordable housing.
- Exploring hypothecation of value capture or development charge revenue for reinvestment in subsidised housing.
- Leveraging recent LVC and Territory Priority Project reforms to reduce delay and uncertainty for CHP-led projects.

He expressed cautious optimism that recent policy changes, combined with Commonwealth and Territory funding initiatives, could help CHPs contribute toward ambitious social and affordable housing targets – provided reforms are embedded within a coordinated, long-term strategy.

Panel discussion and closing remarks

The relationship between planning reform, supply and affordability

The panel discussion returned to a central question underpinning the forum: how, and to what extent, planning reform and increased housing supply translate into improved affordability and equity outcomes. The Chair observed that this relationship remains contested in policy debates and was also a focus in recent ACT Legislative Assembly hearings into the missing middle reforms, particularly in relation to the concept of “filtering” – the idea that increasing overall housing supply (including missing middle) improves affordability as higher-income households move into new dwellings, freeing up older stock.

Tim Helm’s key points:

- In principle, increasing supply exerts downward pressure on prices.
- However, filtering is an indirect and inefficient way to address acute housing need.
- If the policy goal is to assist low-income households, direct investment in social and community housing is far more effective.
- Broad tax concessions to stimulate supply may simply capitalise into land values rather than increase output.
- Concessions targeted to social and affordable housing providers are likely to deliver greater “bang for buck” than broad-based concessions.

Cathy Sherry’s key points:

- Supply must be understood alongside demand.
- Tax settings (e.g. investor incentives) distort demand, particularly in apartment markets.
- A high proportion of apartments are investor-owned (with low owner-occupier rates), indicating that new supply does not necessarily translate into improved access for aspiring home buyers.
- When governments use the term “affordable housing” most people think that means a house they could afford to buy. In reality, “affordable housing” is rental housing that is available to a narrow tranche of people who fit particular criteria.
- Without demand-side reform, supply measures alone are unlikely to deliver affordability gains for lower-income households.

The discussion reinforced that both supply and demand settings matter, and that market mechanisms allocate housing based on ability to pay – requiring government intervention to support those at the bottom of the income distribution.

Final reflections

In closing, panel members reflected on the interlocking nature of the issues canvassed throughout the forum: planning reform, strata law, value capture, tax settings, land release, infrastructure constraints and the provision of social and affordable housing. The ACT Government representative acknowledged the complexity of these interactions and the importance of factoring this into ongoing reform across planning and associated policy and regulatory frameworks.

The Chair concluded by noting that each topic discussed could warrant a dedicated forum in its own right – a testament to the complex and multidimensional character of missing middle housing reform. The forum closed with a clear shared understanding: improving housing equity and affordability will require coordinated, sustained action across multiple policy levers, rather than reliance on planning reform or supply increases alone.