Industry Engagement - Restoring the Missing Middle: A New Building Class?

On 28 September, Committee for Sydney convened an NCC roundtable attended by the Australian Institute of Architects, the Property Council and a range of other industry bodies and stakeholders. NSW Chapter Vice President Kirby Rees, a co-author of the Institute's proposal to address the Missing Middle, attended with Immediate Past National President Adam Haddow.

The session heard from policy makers, local government, contractors, developers, suppliers, economists and architects on the proposal, along with other items in the NCC that may require review to improve building quality, safety and delivery productivity.

On Class 1.5, there was strong support - building on the Institute's work - for a joint letter asking that in the next term the NSW Government work with industry on a Class 1.5 pilot, built and tested by Landcom or Homes NSW within a regulatory sandbox. A pilot would let us test safety equivalence, cost and approval times in practice, and refine the model before wider adoption.

Over three decades, the delivery of mid-rise apartment buildings in NSW has fallen away. Fixed compliance costs and a set of interlinked requirements overwhelm feasibility at this scale, pushing developers towards larger high-rise projects to make the feasibility stack work. This is the "missing middle." Part of the problem, potentially sits in how we classify our buildings. Under the National Construction Code, a detached or attached house is Class 1, and anything with stacked dwellings or shared circulation is Class 2. In practice, that means a Class 2, sixteen-unit walk-up is treated much the same as a 200-unit tower.

The Institute's Advocacy and Policy Committee (formerly the NSW Built Environment Committee) has been reviewing the feasibility of a new classification, provisionally called "Class 1.5", through its white paper *Unlocking Mid-Rise Housing in NSW: Restoring the Missing Middle*. Earlier this year, the Institute also briefed the Australian Building Codes Board on the proposal. Class 1.5 would sit between Class 1 and Class 2 and apply to low and mid-rise residential buildings of a nominated scale.

Importantly, this is broader than a technical fix to the NCC. Building classification is a trigger point across the whole regulatory system. Planning controls, approval pathways, certification, insurances, practitioner obligations and documentation requirements all hinge off whether something is Class 1 or Class 2. A distinct, clearly defined class gives governments the ability to apply proportionate settings across all of these mechanisms,

rather than forcing projects of this scale to carry the full weight of high-rise regulation at every step.

Class 1.5 is proposed as a calibrated response, not a carve-out to de-regulate. Safety equivalence would be maintained through appropriate scaled measures such as fire-isolated sole-occupancy units with enhanced fire resistance, limits on travel distance, units per stair and height, single-stair egress within defined parameters, and scaled hydrant and services requirements. The NCC already recognises that risk rises with height, complexity and occupancy. Class 1.5 would aim to apply that principle consistently.

Piloted successfully, this approach could support the missing middle's return as a mainstream supply option, able to be delivered by scaling Contractors, delivering housing choice for a breadth of Australians, including key workers, in suburbs already well served by transport and services.

Our thanks to Committee for Sydney for convening the roundtable, and for supporting the Institute's proactive approach to productivity improvements and quality homes for all residents of NSW, and Australia more broadly.



Kirby Rees

NSW Chapter Vice President