

SUBMISSION TO THE PRODUCTIVITY COMMISSION

Housing supply regulation — post-interim submission

Sun Villages (Queanbeyan) Ltd · ACN 603 326 281 · September 2026

Who we are, and why we are writing

Sun Villages (Queanbeyan) Ltd is an Australian unlisted public company limited by shares, incorporated in 2015 and audited annually. As at June 2025 it had 40 shareholders, including private individuals and self-managed superannuation funds.

The SUN name abbreviates a Synergistically United Network of Villages. We mention it because the model is designed to be repeated rather than built once: each village is a self-contained financial vehicle running the same financial formula. Whether a delivery model can be replicated is what makes it a supply question rather than a curiosity about a single site.

The company owns Lot 7 of Community Association 270694 at 3 Young Street, Crestwood NSW 2620 — a 3,333.6 square metre site zoned R4 High Density Residential under the Queanbeyan-Palerang Regional Local Environmental Plan 2022. Development application No. 2312012 has been approved, for 50 apartments, and has substantial commencement status. Service works and site clearing already completed exceed \$400,000, including an electrical system upgrade and new transformer (\$205,000), BASIX-required rainwater retention and full water recycling (\$165,000), and an upgraded water supply and fire booster system (\$85,000). Road and pavement services are constructed.

On the same community title, and built by the same people between 2010 and 2012, stands 74 strata-titled apartments and townhouses, all 8-star rated. That adjacency matters to this submission, and we return to it below.

We are therefore a small, non-conventional developer with an approved consent, inside the system the Commission is examining. We make this submission as a source of evidence rather than as an advocate for any particular interest.

We support the direction of the interim report, and in particular the four guiding principles — adopt a build mindset, regulate only where necessary, coordinate housing with infrastructure, and keep the process simple. We agree that relaxing land use controls is among the most powerful levers available to governments.

We write to add a dimension the interim report does not presently address: the extent to which regulatory and tax settings are calibrated to a single delivery model, and what that costs when a different model tries to deliver equivalent housing.

What we are building is a village, not a block of flats

The distinction matters for the Commission's purposes, because it changes what the building has to contain and how it is held.

The company develops the site and then retains ownership of the whole building. It does not subdivide and it does not sell. Once occupied, the company leases the entire building to the village's not-for-profit entity, which operates the village's facilities and services. Those facilities

include a café, a marketplace, a workshop barn, a library, gardens, a large storage facility and a car pool. They account for roughly a fifth of the floor area — a substantial share of what is built is shared infrastructure rather than dwellings.

Two consequences are directly relevant to housing supply. First, the shared facilities substitute for space and equipment that would otherwise have to be duplicated inside every dwelling, which is part of how smaller primary dwellings remain liveable. Second, the 74 existing strata-titled households on the same community title may use those services. A village of this kind therefore improves the amenity of housing stock that already exists, without building anything additional for it.

The regulatory system assumes one delivery model

Australian housing regulation, taxation and finance have grown up around a particular way of producing homes: a developer acquires land, borrows against it, builds, subdivides into separate titles, and sells individual dwellings to buyers who each take a mortgage. Nearly every rule, cost and process assumes that sequence.

Our model produces equivalent housing by a different route. Residents and supporters subscribe capital directly to the company that owns the land, and that capital funds construction. The company retains the land and building on one title. Each resident holds shares in the company together with a 99 year lease with a 99 year option over their dwelling, carrying the rights and responsibilities of any owner. Both the lease fee and the return on shares are indexed to the wages component of the Consumer Price Index, so that housing cost and household income move on the same index. For a resident shareholder the return on their shares offsets the weekly lease fee.

The dwellings are comparable. The land is the same. The planning assessment ought to be the same. But the cost of delivery is materially different, and part of that difference is created by policy rather than by the market.

Evidence: an adjacent comparison on a single site

Because 74 strata-titled dwellings were built on Lots 2, 3, 4, 5, and 6 of this community title by the same people, and Lot 7 will be delivered under a different tenure structure, this site offers something unusual: a close comparison of two delivery models, holding location, builder and era largely constant.

Strata titling was plainly available to us. The neighbours used it. Our argument is not that regulation prevented us from taking the conventional path, but that taking a different path removes a set of costs that have nothing to do with the housing produced — and that no deliberate policy decision appears to stand behind that difference.

The table below is drawn from the company's own project outline, using a \$500,000 apartment as the worked example. We note plainly that building costs have risen since these figures were prepared and they have not been updated; they are offered to show where costs sit in the delivery chain, not as current prices.

Cost in the conventional path	Amount	Avoided
Developer margin (25–30%)	\$125,000–\$150,000	\$125,000

Legal contracts, conveyancing and agent fee (2–2.5%)	\$15,000	\$15,000
Stamp duty and legal sale fees	\$20,000	\$20,000
Total, on a \$500,000 purchase		\$160,000 (32%)

Those three lines are not of the same kind, and we ask the Commission to notice the difference. The developer margin is a market outcome: a delivery model that does not employ a developer does not incur it. Stamp duty and the legal costs of sale are policy outcomes: whether they apply turns on the legal form in which the housing is held, not on the housing itself.

At the scale of the whole site, retaining ownership rather than subdividing and selling represents stamp duty of over \$1 million not paid. We do not cite this as an advantage we have won. We cite it because it demonstrates the size of the differential that tenure structure alone creates on a single parcel of land.

There is a further category of cost that we suspect is invisible in most supply analysis, because it never appears as a line item in a sale price. Not subdividing removes the survey and formation of strata plans, the holding cost of a completed building while that process runs, the establishment of an owners corporation, and the ongoing fee of an external strata manager. In our model the equivalent work is done by the village's not-for-profit entity. These are process costs generated by the titling system rather than by the construction of housing, and they are borne in every strata development in the country.

We ask the Commission to consider

1. Whether transaction taxes and titling costs are neutral across delivery models.

The interim report rightly treats land use controls as a central constraint. We suggest the Commission also examine whether the taxes and registration costs triggered at the point of transfer are neutral as between delivery models producing equivalent housing. Where they are not, the system is quietly selecting for one way of building, and it is selecting for the more expensive one. This bears directly on the Commission's principle of regulating only where necessary.

2. That fast-track pathways be defined by the development, not by the familiarity of the ownership structure.

We support the draft recommendation for fast-track pathways for straightforward developments, and the proposal for coordination bodies to resolve disputes between referral agencies. We ask that "straightforward" be defined by reference to the physical development — its scale, siting, servicing and amenity impacts — and not by whether the applicant's corporate and tenure arrangements are familiar to the assessor. A delivery model should not be slower to approve merely because it is rare.

3. That dwellings able to expand and contract be recognised as a supply measure.

Because the building is held by one entity, internal space can be reallocated between households over time. Each household occupies a primary dwelling with attached studio modules; it takes on an adjoining module when family or care needs require it, and releases it when they do not. Released modules are used as serviced apartments, which council has approved within the

development. Fire-rated construction divides the building so that this can occur without further works.

This is ordinarily discussed as an amenity or ageing-in-place question, but we suggest it's in conflict with the housing supply issue. Housing that adjusts to the household reduces the number of times a household must transact in order to stay appropriately housed, and reduces the stock of under-occupied dwellings held because moving is too costly or because leaving an established neighbourhood costs a person their sense of belonging. Land use controls and building standards that assume a fixed dwelling envelope work against this, and the Commission may wish to consider whether they should.

We would add one observation about how consent itself is expressed. Our approval is for 50 apartments — a count of dwellings, which presumes internal space is divided once and stays divided. A building designed to reallocate floor area as households change does not map neatly onto that unit of measurement. We raise this not as a complaint about our own consent, which we already have, but because the Commission is considering how approvals might be simplified: where the regulatory unit of account is a fixed dwelling count, it quietly forecloses buildings that adjust.

Closing

We do not suggest our model is the answer to Australia's housing supply problem. What we can offer the Commission is a live, consented, audited example of housing being delivered outside the conventional path, next door to 74 dwellings delivered inside it — and a reasonably precise account of which costs fall away, and which of those are set by policy rather than by the market.

We would welcome the opportunity to discuss any of the above with Commission staff, and to host a site visit at Queanbeyan.

Stina Kerans

Co-founder and Director, Sun Villages (Queanbeyan) Ltd

[Redacted]

Registered address: Unit 47, 3 Young Street, Crestwood NSW 2620

Development site: Lot 7, Community Association 270694, 3 Young Street, Crestwood

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Note on figures: the amounts cited are indicative and specific to the Sun Villages Queanbeyan project. They are drawn from the company's own project outline and costings, have not been independently verified, and predate recent increases in construction costs. They are offered to illustrate the structure of delivery costs rather than as a general estimate applicable to other projects or locations.