

Inner Melbourne Action Plan

Briefing Paper

Action 5.2 Affordable Housing

Australian Community Land Trust Manual - Completion of Stage One of a Research Project

1. Purpose

To advise on the outcome of the first stage of the affordable housing research project delivered by the University of Western Sydney (UWS) which produced the Australian Community Land Trust (CLT) Manual.

2. What is a CLT?

- CLTs are common in the US and UK but are a form of housing tenure that is yet to be established in Australia. CLTs have the potential to address the growing affordable housing needs of moderate income households and key workers as a form of shared equity housing.
- CLTs in the US and UK take many forms. The most relevant CLT model for Australia is the US 'classic'. In this model, the Manual states that home owners buy the dwelling only (bricks and mortar) but not the underlying land, which is held by the CLT. Dwelling prices are controlled from excessive capital gain or rent levels through affordability formulas set by each CLT and contained in a ground lease that conveys full land usage rights to the home owner. When the owner sells their home, the resale price is limited, delivering modest equity gains to the seller while locking in the benefit of subsidies or donations to the CLTs for the next buyer.
- CLTs can be established by groups of residents, community housing organisations, private developers and state and local governments. They have the following potential broad benefits for housing affordability:
 - They contribute to the creation of a continuum of affordable housing products between social (public and community) housing and market rate private housing. This creates greater housing choice for households of moderate income (approximately the 5th to 7th income deciles - the middle 50 to 80% of the household income range).
 - Over time they reduce the growing pressures on social housing, private rental housing and the home ownership market by providing new avenues for households to choose to move between these tenures and CLTs. For example, the high price of home ownership is forcing more households to remain in often unaffordable private rental housing, which in turn increases the demand for social housing.

3. Background

- In May 2010 the IMAP Committee requested a presentation from the City of Port Phillip on the findings and outcome of an earlier research project being undertaken for that Council on Affordable Housing Development Models by the consultants, Affordable Housing Solutions. This project investigated four affordable housing models:
 - Private sector finance in the context of the National Rental Affordability Scheme.
 - Partnerships with private developers.
 - Shared equity housing.
 - Rent-to-buy schemes.

The findings were presented to IMAP in March 2011.

- In February 2011 the City of Port Phillip resolved to support the establishment of CLTs as a form of perpetually affordable, shared equity housing. This support was provided by allocating \$10,000 in the 2011/12 year to a further research project to be undertaken by the UWS to prepare a manual on how to establish CLTs in Australia.
- IMAP also made a contribution to this research project in the 2011/12 year of \$10,000. Along with the City of Sydney, Department of Housing WA, St Kilda Community Housing Ltd. and Mt Alexander Community Land Ltd, a total of \$85,000 was raised for the first stage of the research. Contributions were made under a Research Agreement and all contributors became members of the project Steering Committee.
- This first stage of the research project was delivered by the UWS between late 2011 and early 2013. This work produced the Manual that has been released as a public document following information sessions held in Melbourne, Sydney and Perth and is now catalogued by the National Library of Australia. The key outcomes of the Manual are outlined in section 4.
- The second stage is programmed to begin after the second half of 2013 and is subject to being fully funded by contributors for an estimated cost of approximately \$55,000. IMAP has allocated a further \$10,000 as a contribution to the second stage. This stage will comprise detailed case studies for proposed CLTs and financial instruments for the sourcing of bank finance.

4. Key Outcomes

- The Manual (Stage 1) provides comprehensive information in the following key areas:
 - Overview of CLTs in the US and UK and their importance for Australia.
 - A guide for starting a CLT in Australia.
 - Legal considerations under Australian jurisdictions for ownership, structures for CLTs, tax treatment, leasing, shared equity and resale formulas.
 - Financial issues and modelling for NSW, Victoria and WA for four housing densities, locations and growth scenarios, the implications of access to land and partnering arrangements.
 - Model lease, co-ownership deed and a CLT constitution.

5. Next steps

- Information sessions have been held in NSW, Victoria and WA and a launch of the Manual is planned to be held in Canberra in mid 2013. The Manual is available for public access through the UWS and National Library of Australia and is being widely promoted to the local government sector, community housing sector, Commonwealth and State Governments, private developers and finance institutions.
- A presentation on the Manual to the IMAP Councils and other interested stakeholders is proposed following the next IMAP Implementation Committee meeting on 31st May. The principal author from the UWS is available to attend on this date. Further information will be provided on the forthcoming national launch of the Manual in Canberra. The IMAP Implementation Committee could consider any formal involvement it may wish to have in this launch.

6. Recommendation

That the IMAP Implementation Committee resolve to:

- (i) **Note** the completion of Stage One of the Australian Community Land Trust Manual that has been prepared by the University of Western Sydney.

- (ii) **Support** a presentation on the findings of the Manual to occur immediately following the 31 May IMAP Implementation Committee meeting at the City of Yarra, with invitations to include all Councillors from IMAP Councils, relevant IMAP Council staff and relevant IMAP Council stakeholders.
- (iii) **Support** the Manual being made accessible through the IMAP website and the websites of interested IMAP Councils and through continued promotion by IMAP.
- (iv) **Note** that a further briefing paper will be provided to the IMAP Implementation Committee at the completion of the second stage of the Manual.