

OPTIONS FOR ESSENTIAL WORKER HOUSING IN NEW SOUTH WALES

Organisation: Australian Community Land Trust Network (ACLTN)
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Land Trust Network

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Submission to the Legislative Assembly Select Committee on Essential Worker Housing 2025

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Summary

- To accommodate essential workers and others on similar incomes, NSW needs an intermediate housing sector delivering **permanently affordable home ownership**. This purpose-built, non-profit sector would house people who mightn't qualify for social housing but who are not able to buy in the open market, and so would include many essential workers.
- Community land trusts (CLTs) are a model of intermediate tenure that can deliver permanently affordable home ownership. In NSW, there is interest in CLTs among existing Community Housing Providers (CHPs), local community-led groups, financial institutions, and local and state government.
- Internationally, CLTs have delivered affordable ownership that retains affordability at resale, while enabling equity gain to the seller. Evidence shows that, when selling their affordable CLT home to another qualified buyer, most residents have moved into market-rate ownership. CLTs deliver stability and enable mobility.
- We recommend that **intermediate tenures be specifically included in policy** supporting permanently affordable ownership models in addition to existing social and affordable rental models, to bridge the widening gap between those models and home ownership, in perpetuity. This is in line with international best practice. Consequently, we recommend that the Committee supports the recognition of a need for permanently affordable intermediate tenures in NSW by calling for a legislated definition and specific policy framework.
- The NSW state government could innovate in this space by providing startup funding for local groups, policy support, fast tracking approvals, and enabling the evaluation of inaugural project outcomes.

NSW needs a **purpose-built, non-profit intermediate housing tenure sector**, to provide **permanently affordable home ownership**, including for people who might not qualify for social and affordable rental housing models but cannot afford to buy a home in the open market. **Community land trusts (CLTs) are ideally placed to be part of that sector.**

The Australian Community Land Trust Network

The Australian Community Land Trust Network (ACLTN) is the peak national body which has formed to provide a national platform, resource base, network, and advocacy for Australia's emerging Community Land Trusts (CLTs). The Network represents community, government, and other stakeholders who are working for recognition of the Community Land Trust (CLT) model as a scalable and mainstream solution to secure and affordable housing supply for low to middle income households across Australia. The ACLTN was incorporated as an Association in 2023 and its website is under development at australiancltnetwork.org.au. There are two emerging community land trusts in NSW that are in conversation with government: Blue Mountains CLT (<https://bluemountainsclt.org>) and Waterfall Way CLT (<https://housingmatters.org.au/waterfall-way-community-land-trust/>).

The ACLTN welcomes this opportunity to provide input into the Legislative Assembly Select Committee on Essential Worker Housing's inquiry into options for essential worker housing in New South Wales.

What are Community Land Trusts?

A community land trust (CLT) is a member based, non-profit entity holding title to property in perpetuity, for the dual purposes of creating and stewarding perpetually affordable housing, and community benefit. Essentially, CLTs hold the value of land out of the market, with residents having access to an agreed and indexed value of the home and other improvements. At resale to another qualified buyer, the value indexation aims to strike a balance between enabling equity gain for the departing resident and retaining affordability for the incoming buyer.

CLTs are part of a broader suite of models known as “intermediate housing” or “intermediate tenure” that sit between renting and owning; see Fig. 1. These are hybrid forms of ownership that typically target people who are ineligible for social renting housing but unable to buy at full market rates.¹ Many essential workers would fall in this range.

In contrast to shared equity schemes that operate as demand-side measures by supporting individual buyers in the open market (such as the proposed Help-To-Buy and previous NSW state-supported shared equity schemes), CLTs focus on creating a pool of perpetually affordable ownership options that can span the gap between other tenures on an ongoing basis. International evidence shows that CLTs have been more efficient and effective in retaining subsidies while enabling household stability and mobility than demand-side approaches such as first home buyer grant schemes.²

¹ Whitehead, C. and Yates, J. (2010). Intermediate Housing Tenure – Principles and Practice. In *Making Housing More Affordable* (eds S. Brown, J. Henneberry, K.W. Chau, E. Worzala, S. Monk and C. Whitehead). <https://doi.org/10.1002/9781444327854.ch2>

² Davis, J. E., & Demetrowitz, A. (2003). *Permanently Affordable Homeownership: Does the Community Land Trust Deliver on Its Promises?* Burlington, VT: Burlington Community Land Trust. <https://www.getahome.org/wp-content/uploads/CHT-Permanently-Affordable-Housing.pdf>

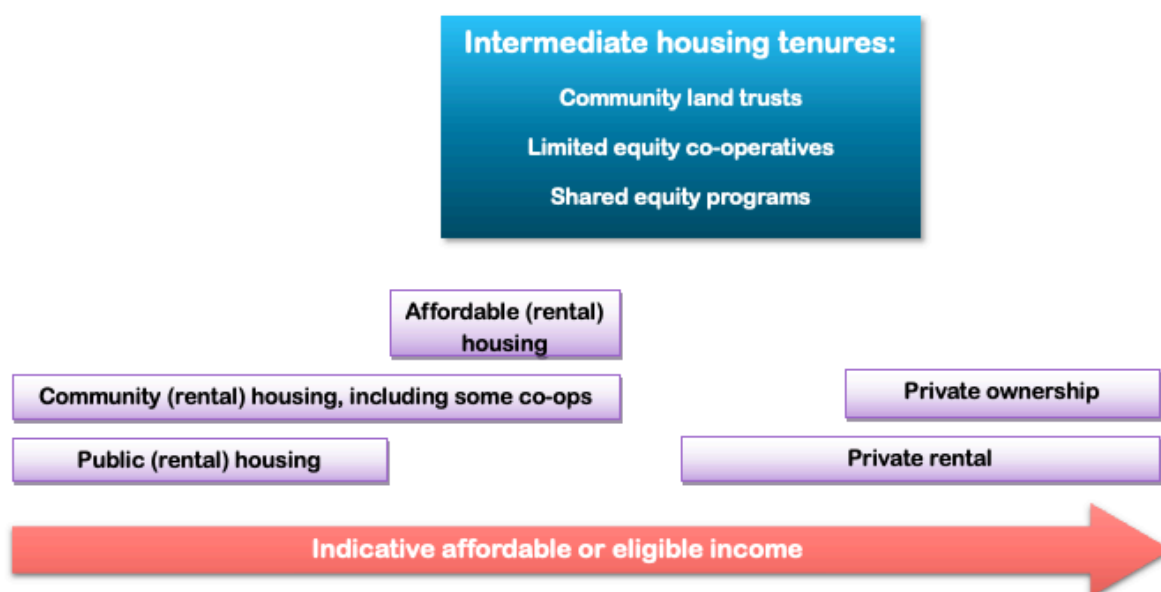


Fig 1. The indicative scope and position of intermediate housing tenures

We argue that NSW needs a purpose-built, non-profit intermediate housing sector that provides permanently affordable home ownership, including CLTs. This would ensure ongoing pathways between other tenures and address blockages and disincentives in the housing system. As with international sectors, this will require appropriate policy support and settings, which we discuss below in our responses to the Committee's Terms of Reference.

CLTs and Essential Worker Housing

We refer to the Committee's terms of reference:

- (a) Establishing an appropriate definition for essential worker housing for the NSW Government to adopt including criteria for prioritising worker cohorts and geographical areas.**

We welcome the recognition of a need to house essential workers, but agree with several of the submissions that have flagged the possibility of this creating an additional layer of complexity. Hence we support the recommendation that eligibility for housing assistance continue to be income based rather than limited to specific careers. A functioning housing system should provide both stability and mobility. Creating housing categories based on career type could create unintended adverse outcomes, such as individuals not pursuing a change in career for fear of losing their home.

Addressing such considerations of eligibility and flexibility, CLTs have focused on creating permanently affordable homes and stable communities, rather than permanently eligible households. This approach recognises that people's

circumstances may change but that these should not automatically disqualify them from their homes. Hence, CLTs do not apply income limits post-occupancy, but rather provide resale-restricted models that enable modest equity gains while retaining affordability, enabling people to progress into market-rate ownership should they be willing and able to do so. A major CLT resale study has shown that this approach has been successful in enabling mobility and stability.³

Rather than create a separate category of essential worker housing, we see a need for the establishment of a purpose-built, non-profit sector providing permanently affordable intermediate tenures, whether through expansion of current definitions and programs of the existing community housing sector, or through the creation and regulation of an additional sector. This sector would provide pathways for individuals in social (public, community, and affordable) rental housing who are ready and able to invest a modest degree of equity and take on a mortgage, or people in the private rental market on moderate incomes who are unable to access market-rate ownership. Essential workers would be part of that cohort.

(b) Identify options to increase housing supply for essential workers

We agree with the focus of several submissions on creating uniform local affordable housing supply targets and recommend these include social rental housing and permanently affordable ownership models. We also strongly support recommendations that the development of major precincts and employment areas include housing for the intended worker community, in rental and ownership models that are permanently affordable.

- (i) planning tools and reforms,**
- (ii) incentives for developments on privately owned land, and**
- (iii) opportunities within developments on government owned land**

A recent policy report from the USA⁴ reviewed the ways in which policy has and can support CLTs. We were asked to provide an Australian commentary on those policy approaches and our summary below draws on that work:

- 1. Inclusion in housing policies and programs:** Internationally, CLTs have been included in relevant affordable housing policies across multiple levels of government, including inclusionary zoning policies. This has been helped by the creation of national or federal definitions of CLTs. Defining and including CLTs in relevant policy is a critical step to their establishment and growth in NSW.
- 2. Public Land Transfers:** Similarly, local governments in NSW are unable to transfer surplus land to CLTs due to the absence of CLTs in relevant policies. Recognising

³ Davis, J. E., & Demetrowitz, A. (2003). *Permanently Affordable Homeownership: Does the Community Land Trust Deliver on Its Promises?* Burlington, VT: Burlington Community Land Trust. <https://www.getahome.org/wp-content/uploads/CHT-Permanently-Affordable-Housing.pdf>

⁴ Davis, J. E. & King-Rees, K. (2024) *Preserving Affordable Homeownership. Policy Focus Report*. Cambridge, MA: Lincoln Institute of Land Policy. <https://www.lincolninstitute.edu/publications/policy-focus-reports/preserving-affordable-homeownership-municipal-partnerships-community-land-trusts/>

CLTs as eligible organisations for land transfers would allow them to access public land and construct affordable housing. It is important that such lands be feasible for appropriate development.

3. **Reevaluating Housing Grant Programs:** Programs that are similar to Australia's first-time homebuyer grants have been shown to inflate housing prices and undermine affordability. Redirecting such funds towards CLTs could provide better long-term affordability, as CLTs index the equity gain that residents can access.
4. **Start-up Funding and Public Support:** One of the major hurdles for CLTs is securing start-up funding. Establishing public funding programs for CLT start-ups would help foster the establishment of new CLTs.
5. **Aboriginal and Torres Strait Islander Lands:** Our 2015 AHURI -funded report⁵ highlighted the need for tailored policies to support CLTs on Aboriginal and Torres Strait Islander lands. This includes addressing issues around land titling and providing financial support for CLT start-ups and potential homebuyers. The report also includes a template lease drafted for a NSW Aboriginal housing provider to deliver permanently affordable ownership on Aboriginal lands.

The James Martin Institute for Public Policy is currently funding further research through Western Sydney University in conjunction with the ACLTN, which aims to address these issues, including the possibility of creating a national CLT definition, and developing a policy framework to address challenges like funding, land taxes, stamp duty, charitable status and inclusionary zoning. This research will provide critical recommendations for advancing CLTs in Australia and is expected to produce a final report in 2026.

(iv) investigate reforms that promote fiscal sustainability, innovation and essential worker housing in-perpetuity

There is a critical role for the growing gap between renting and owning to be addressed by innovation in intermediate tenures, which are those that sit between renting and owning, and include models such as shared equity and CLTs. Typically, intermediate housing or intermediate tenure forms such as CLTs focus on providing ownership options to individuals who might not qualify for social rental housing but are unable to buy in the open market.⁶ Intermediate tenures are a core and necessary innovation that has shown the capacity to provide affordable ownership while retaining affordability. When resale restrictions are in place in intermediate tenures, such as through CLT models, public or private subsidies are retained and made to work much more effectively by maintaining affordability across multiple resales.

Recommendations: Innovation, funding, and ministerial guidelines

Given the persistent and growing gap between renting and owning, we see a case for a purpose-built, permanently affordable ownership sector ('intermediate tenure') to be established and supported in NSW. As CLTs have shown the ability to retain subsidies

⁵ Crabtree, et al. (2015). *Community Land Trusts and Indigenous Communities – from Strategies to Outcomes. Final Report no. 239*. Melbourne: AHURI. Available from <http://www.ahuri.edu.au/publications/projects/72010>

⁶ Whitehead, C. and Yates, J. (2010). Intermediate Housing Tenure – Principles and Practice. In *Making Housing More Affordable* (eds S. Brown, J. Henneberry, K.W. Chau, E. Worzala, S. Monk and C. Whitehead). <https://doi.org/10.1002/9781444327854.ch2>

while maintaining affordability and enabling equity through resale restrictions, we recommend investigation of how CLTs can be enabled in NSW to create such a sector. This should include review and expansion of the ministerial guidelines on affordable housing to include such models.

Innovation could be delivered through supporting CLTs in select locations in regional NSW, building on the work underway through Blue Mountains CLT and Waterfall Way CLT. These are demonstrative of key issues affecting many markets. They are low growth housing markets with a lack of both social and affordable rental housing and not prioritised for social housing delivery. However, their high amenity has driven housing prices beyond most essential workers and exacerbated existing workforce shortages.

These sites have strong and demonstrated potential to mobilise local action involving both community and businesses and employers, and the potential for local government leadership. We are seeing maturing consensus around the need for sustainable development and these regions and organisations are prioritising this in their organisational objectives and activities. There are opportunities for key partnerships in these regions to obtain land, with innovation here showing the way for other areas and highlighting pathways for a purpose-built sector to scale up. Innovation could include startup funding, policy support, fast tracking approvals, and in-built evaluation to ensure learning from best practice.

Appendix. Key aspects of CLT operations

How CLT ownership works

Householders in a CLT model partner with the CLT through either a long-term renewable lease or co-ownership deed. Either form of agreement can be used to enact a resale-restricted ownership model, enabling equity input and indexation, resident repairs and improvements, inheritance, and other key aspects of ownership.⁷ These forms of CLT homeownership provide secure housing options for moderate- or middle-income households and/or people with modest resources, such as essential workers. Recent Australian research with employed households on moderate incomes showed a strong market interest in CLT forms of resale-restricted ownership, with over 90% of participants interested in both leasehold and deed models.⁸ This demonstrates a latent market and counters the presumption that Australian homeowners universally want access to the full market value of their home.

CLTs are part of the broader intermediate tenure landscape, but are different to other forms of shared equity in that they maintain affordable housing in perpetuity. Several features specific to CLTs contribute to this outcome and are outlined below.

Title is held in perpetuity by the CLT, with resident agreements renewed at resale or inheritance. This removes the speculative element from housing and helps to ensure affordability is preserved over time and transferred across generations. CLT residents who bring equity to the CLT can sell their equity back to the CLT or to another qualified buyer at any time. This removes the home from the speculative market and retains affordability in perpetuity. The lease or deed between the resident and the CLT spells out criteria and responsibilities regarding maintenance, appropriate use, eligibility, inheritance, equity indexation, and renovations. For example, CLT homes cannot be sold or leased on the open market

When a CLT home is sold to another qualified buyer, any public subsidies or private donations are locked in and the home stays affordable. In this way, any government subsidies that support the CLT support the next residents.

CLTs are community-led organisations that secure long term benefits for their community. Thus, many CLTs also enable a range of community, non-profit and commercial uses such as farming, community gardens, shops, childcare, aged care, and many others – whatever the community wants or needs and can be supported. They are also highly effective means for channelling community voices into proactive and place-based development outcomes, often resulting in high quality urban design and housing.

⁷ See Crabtree, et al. (2013). *The Australian Community Land Trust Manual*. Sydney: University of Western Sydney.

⁸ Crabtree-Hayes, L. (2024) 'Research, market, and policy implications of permanently affordable housing: lessons from Australian discussions about community land trusts', *International Journal of Housing Policy*, 24(3), 521-545. <https://doi.org/10.1080/19491247.2024.2367830>

CLTs prepare incoming residents for their housing responsibilities through compulsory training and the requirement for independent legal advice, and help residents to maintain their housing and through difficulties and challenges they may face, including financial stress. This makes CLTs highly suitable for households who may otherwise have difficulty obtaining or maintaining a mortgage.

How CLTs retain affordability and enable equity

Internationally, CLTs perform a balancing act of maintaining affordability on the one hand and enabling mobility and equity gain on the other, which appears successful, as a major resale study showed that residents had gained equity and been able to move into market-rate home ownership.⁹ Additionally, when sold, the homes on average became affordable to buyers who were on lower incomes (57% area median income) than the sellers had been when they had bought the home (62% area median income).¹⁰

That study also found that the majority of CLT sellers were then able to move into market-rate homeownership, after living in their CLT home for an average of 5.3 years, while some moved into another CLT resale-restricted home.¹¹ This shows that the model can enable mobility within and between tenure forms, including acting as a step between renting and market-rate ownership. This is a critical step that is absent from the NSW housing system.

As well as enabling equity gain, preserving affordability, and fostering mobility, the resale restriction upheld through the value indexation means that any public or philanthropic subsidies are retained and made to work for longer and support more residents. The same resale study showed that the CLT program had helped 357 households, where the homeowner grant scheme that was available at the time (analogous to Australian first home buyer grants) would only have supported 157.¹² CLTs also withstood the mortgage crash of 2008-9, with studies showing the rates of default and foreclosure among CLT homeowners were between 1/4th and 1/30th of the rates among homeowners in the open market.¹³

How CLTs are governed

CLTs oversee and uphold their core mission and channel community voices into better development outcomes through transparent and representative governance. This involves a broad voting membership comprising both CLT residents and individuals who live in the CLT's service area but do not require CLT housing. Typically, CLT boards then comprise a proportionate mix of CLT residents, CLT members from the broader

⁹ Davis, J. E., & Demetrowitz, A. (2003). *Permanently Affordable Homeownership: Does the Community Land Trust Deliver on Its Promises?* Burlington, VT: Burlington Community Land Trust. <https://www.getahome.org/wp-content/uploads/CHT-Permanently-Affordable-Housing.pdf>

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Thaden, E. (2011). *Stable Home Ownership in a Turbulent Economy: Delinquencies and Foreclosures Remain Low in Community Land Trusts*. Lincoln Institute of Land Policy Working Paper (Lincoln Institute of Land Policy). <https://www.lincolninst.edu/publications/working-papers/stable-home-ownership-turbulent-economy>

community, and members of civic society and/or individuals with specific expertise, e.g., representatives of local councils, financial or legal experts, and donors.

The opportunity for CLTs to provide affordable housing derives from them procuring land at no or low cost, such as through philanthropic support, planning bonuses and incentives, community-based partnerships, or government transfers. Community Land Trusts are well established in countries with housing systems like Australia's, and so are found across North America, Western Europe, and the United Kingdom. Extensive work has already been completed on legal frameworks and operating principles for a CLT-type model in the Australian context¹⁴ and policy options for legislating/regulating and supporting the operations of CLTs in Australia are currently under consideration through a grant from the James Martin Institute for Public Policy. A fuller description of the CLT model, its operation and its benefits can be found in the [ACLTN's 2023 submission](#) to the Australian Government's National Housing and Homelessness Plan consultations.

¹⁴ See Crabtree, et al. (2013). *The Australian Community Land Trust Manual*. Sydney: University of Western Sydney, and Crabtree, et al. (2019). *Enabling Community Land Trusts in Australia*. Melbourne: Arena Publications.