

# Foundations of Equity: A Metropolitan Land Trust Policy

## Why a city-wide CLT platform?

Housing innovation and equity are not physical design issues; they're land issues. Tackling the impact of overheated land prices on affordability is core to creating equitable futures for our city. In this context, the Alternative Housing Ideas Challenge offers a unique opportunity to fundamentally enable innovation in housing through systemic and fundamental intervention. This is not a project-by-project scenario. Innovation and equity in housing affordability and design outcomes need to be—and can be—structurally enabled by progressive urban governance.

This submission considers a City-wide community land trust (CLT) policy framework that will provide a consistent platform upon which equitable and inclusive development models may be enabled. Successfully applied in a number of European and North American cities, CLTs are a primary means by which government may temper the negative effects of land value inflation and speculative development by removing the land value component from housing in perpetuity.

Providing a consistent approach to the treatment of CLTs in the planning process enables innovative housing models to flourish and scale. As a foundational mechanism for systemic change in housing affordability and social resilience, a CLT policy will support and enable any and all models submitted to the City through this competition.

From Nightingale-style developments, cohousing, limited-equity cooperatives, and mixed-tenure development to micro-apartments, flexible design, and mutual homeownership societies (MHOS), a CLT policy will anchor equitable growth into the future planning of Sydney, enabling superior social and ecological outcomes.

Enabling CLTs at a City-wide level, especially on public lands, ensures that properties remain affordable in perpetuity. This not only provides affordable homes in overheated markets but also protects them in downturns – a feature termed 'counter-cyclical stewardship' in the USA, where CLTs have both enabled homeownership in hot markets and protected it in cool—even collapsing—ones.

A review of City-CLT partnerships in over 30 US cities identified a suite of ways in which CLTs can be enabled initially and over time. Relevant opportunities Sydney CLT policy framework include:

- 1. Introducing political leaders and the community to an unfamiliar model.**  
As a consistent and well-connected innovator regarding social policy, the City is well placed to advocate for a structural intervention such as removing land pricing from housing.
- 2. City participation in planning the CLT.**  
The Housing Challenge and its proposed subsequent activities present an ideal opportunity for City leadership in defining appropriate parameters for a CLT.
- 3. Staffing and/or funding the CLT startup.**  
Subject to resources, the City could play a foundational role in the allocation of planning and housing policy staff or startup funds.
- 4. Committing operational funds, project funds, and/or property.**  
As identified in the Challenge, the City holds title to numerous parcels of land that it could transfer to a CLT, whether through longterm leasing or transfer of title.
- 5. Providing loans and grants.**  
Where the City makes sector-specific grants available, these could be targeted to a CLT program or entity. The asset locks used by CLTs ensure these funds are directed to permanent affordability.
- 6. Inclusionary zoning and regulatory concessions.**  
A City-wide platform could include specified density bonuses and other local regulatory support to enhance the financial viability of a CLT. The promotion of CLT models also would be enabled by further lobbying of the State to increase inclusionary zoning provisions for not only social rental but also permanently affordable ownership options. CLTs have the capacity to provide both rental and ownership properties within their portfolios.
- 7. Indexing rates to its restricted value rather than an open market value.**  
As CLTs and their homeowners never capitalise on land value, the calculation of property rates in line with the restricted value of the home rather than its inputted market value generates further affordability to the resident. This helps to keep their overall housing costs within the capacity of their budget.

# What is a Community Land Trust?

Community land trusts are private non-profit organisations that hold title to property for perpetual affordability and community benefit. Each CLT decides how to address these aims by establishing multi-stakeholder governance mechanisms to steward their activities. As a result, CLTs provide everything from boarding houses through to resale-restricted homes. Internationally CLTs underpin affordable cohousing, apartments, single-family homes, cooperatives, boarding houses, and a range of commercial and community spaces.



## International Precedence:

### **Champlain Housing Trust, Burlington, Vermont USA**

The Burlington Community Land Trust was established by the City of Vermont in 1984 with a grant of \$200,000. The City also established a local affordable housing levy that directs funds to Champlain to this day. In 2006 The Trust merged with Lake Champlain Housing to form the Champlain Housing Trust, now holding title to roughly 2,500 properties across three counties. The homes include limited equity cooperatives, rental homes, and resale restricted ownership. Physically the stock includes apartments, duplexes, freestanding homes, and cohousing. In addition, the Trust makes land available to downtown commercial shops at market rents and at affordable rents to community organisations including a refugee centre, child care centre, food

shelf, LGBTIQA+ space, and food kitchen for people in need. In 2008 Champlain received the UN Habitat Award for the Global North. The Trust's resale restrictions mean its homes have become affordable to households with incomes lower than the original buyers, most of whom have been able to subsequently buy in the open market.

Image: Cooperative apartments on CHT land. Source: applicant

### **East London Community Land Trust, St Clements, Mile End, London UK**

The East London CLT formed on the back of a visit to the Champlain Housing Trust by local housing advocates and has managed to lobby for and negotiate a tripartite agreement between the City, the CLT, and a private developer to secure permanently affordable homes on the St Clements Hospital site. This pilot project created 35 per cent affordable housing onsite, including 23 CLT homes indexed to local working wages and selling at £130,000 for a 1 bedroom, £182,000 for a 2 bedroom and £235,000 for a 3 bedroom. Average property prices in the Mile End area are over £400,000.

Image: St Clements Hospital redevelopment including East London CLT homes. Source: <https://www.londonclt.org/st-clement-s>

# Alignment to Challenge Principles

This Proposal seeks to establish a City-wide CLT program. We are amendable to working with other selected applicants to realise this crucial and ground-breaking vision and have identified the following ways in which this Proposal aligns with the competition Principles:

## 1. Innovation

CLTs have consistently proven to be effective in both providing and maintaining affordability, and in preventing foreclosure when markets cool. Australia has no permanently affordable ownership products operating at scale with City support, so a City-wide platform would be ground-breaking here – although proven internationally. The permanent affordability and community-focused development both represent innovation at a national level and draw on global best practice as seen in the Champlain example. Removing the land component from housing costs fundamentally alters the cost and risk profile for developments, enabling innovation in design due to removal of equity and debt carrying costs associated with land acquisition.

## 2. Affordability

CLTs pass the savings generated by removing the land component directly on to the resident and lock the affordability in permanently through legally enforced rental and/or resale restrictions. As seen in the St Clements example, this can represent savings of up to 50 per cent relative to market.

## 3. Sustainability and Viability

CLTs are perhaps uniquely poised to speak to the UN Sustainable Development Goals as they speak to permanent affordability at a range of income levels, innovation in design to accommodate diverse household forms, high performance buildings to ensure both health and affordability outcomes for residents, and multi-stakeholder engagement to permanently steward their programs and stock. This includes substantial input from residents and the broader community on an ongoing basis. The asset lock of CLTs ensures that grants, donations, and subsidies and financing all work harder and for longer than in non-restricted shared equity products. We have secured partnerships with Bendigo Bank, Bank of Australia, Teachers Mutual Bank, and Beyond Bank to support financing and lending pathways associated with the CLT framework to ensure economic viability.

## 4. Residential Amenity

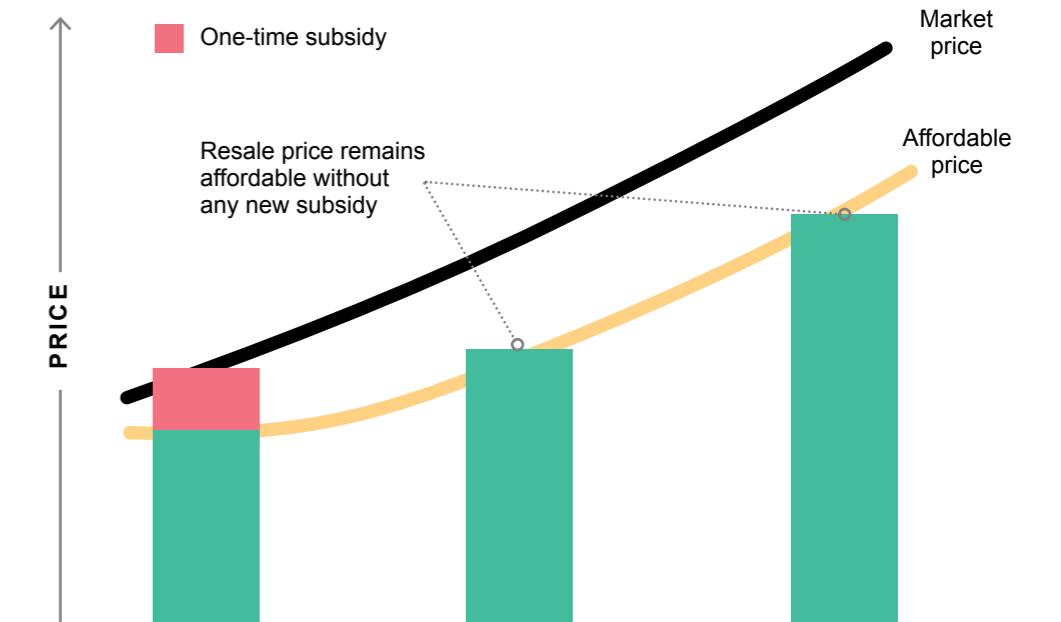
Through elimination of speculative profit margins and high land costs associated with conventional development, CLTs enable housing typologies with much greater residential amenity offerings. International evidence shows CLT homes are often better designed, built, and maintained than non-CLT homes.

## 5. Public Ownership

A City-wide platform to support CLTs is especially relevant for the transfer and/or perpetual stewardship of public lands and will unlock greater value on City-owned land holdings.

## 6. Scalable, replicable and self-sustaining

A CLT policy is a platform from which all the aforementioned housing models can scale to become self-sustaining, permanently affordable communities. If delivered successfully, the Sydney CLT policy can be replicated nationally and shift the current housing paradigm in Australia.



Source: Rick Jacobus