

# GROUNDING IN AFFORDABILITY

## THE ECONOMIC CASE FOR COMMUNITY LAND TRUSTS

Far from a failure to act, Australia's housing crisis stems from sustained policy choices that prioritised market speculation over long-term, community-led solutions. While public subsidies inflate prices and speculative interests dominate the market, Community Land Trusts (CLTs) offer a tested alternative: a way to keep housing genuinely affordable, not just once, but forever.

The CLT model challenges the status quo by treating housing as a human right, not a financial asset. Grounded's economic analysis shows how CLTs can shift us from short-term fixes to long-term stability — helping communities reclaim land, build resilience, and ensure homes remain places to live, not leverage.

Our Executive Summary of *Grounded in Affordability: The Economic Case for Community Land Trusts* gives you a snapshot of the key findings, policy considerations and our recommendations to local, state and federal government.

To read the full report go to: <https://grounded.org.au/grounded-in-affordability>.



## Executive Summary

Community Land Trusts (CLT) are a vital tool to create a fairer housing future. With property commodification continuing unchecked, a more localised form of housing supply is needed where prices are kept in check with the reality of wage growth.

Savings of 39% are possible under this approach, with a 60% lower deposit gap helping more people gain secure housing. Better yet, over their tenure, they will pay it forward by providing the seed funding for the next CLT community.

This provides a greater Return on Investment (ROI) for public investment than inflationary demand side incentives such as the First Home Buyers Grant (FHBG). Not only are public subsidies maintained over time, but the shared equity component allows for scaling of scarce public funds.

When comparing a CLT to a typical master planned community, one 20 dwelling CLT development saves residents a combined \$300,000 per year. This is money that can be spent into the local economy, driving local business, employment and wage growth.

This provides much needed resilience, particularly for regional communities who have been challenged by the growth of short term rentals in addition to broader affordability pressures.

## Key Findings

- A **60% lower deposit** reduces the barrier to entry into housing.
- CLTs can reduce housing costs by up to **39%** compared to market purchases over time.
- Residents of CLTs save approximately **\$153,000 in housing costs** over a 12 year tenancy.
- Each decade, residents furnish the seed funding for a **new CLT**.
- Government investment in Help to Buy and First Home Buyer Grants could be better directed towards CLTs, delivering a **450% return on investment** when considering supply outcomes to costs.
- A **20-home CLT** project could generate an **annual economic dividend of \$308,000** for

## Policy Considerations

- Redirecting funding from inflationary demand-side incentives (e.g., First Home Buyers Grants, Stamp Duty Discounts) to supply-side CLT models would **increase affordable housing stock** and **prevent inflationary price hikes**.
- The shared equity model within CLTs ensures that affordability gains from public subsidies are **maintained**, rather than lost when properties are resold at market rates.
- CLTs enhance **financial resilience** for households and regional economies, reducing reliance on social housing and welfare programs.
- CLT financing models offer **lower default risks**, making them an attractive option for government-backed housing initiatives.

## Strategic Recommendations

- **Legislative Support:** Introduce regulatory frameworks to recognise CLTs as a key affordable housing mechanism.
- **Public-Private Partnerships:** Encourage superannuation funds and impact investors to participate in CLT financing, diversifying risk while ensuring social returns.
- **Targeted Land Policies:** Allocate surplus government land to CLT developments, ensuring sustainable and affordable housing supply.
- **Scalability:** Establish pilot CLT programs in high-demand regions and expand based on demonstrated success.



# Recommendations

The following recommendations are based on [Grounded submissions](#) made to State and Federal governments. Adopting these strategies can unlock multi-generational benefits by reinforcing affordability at every stage - from project inception to eventual resale - ensuring public and private investments achieve lasting impact. These recommendations aim to facilitate both a fairer housing market and the development of Community Land Trusts in Australia:

## Federal

1. Housing Australia to become lender of last resort for CLT project borrowings and residential mortgages.
2. Ineffective housing subsidies to be channelled away from short term assistance, ie. Help to Buy, and towards long term viability.
3. The Federal government to encourage private land sales to CLTs with a tax incentive. Discounted land sales to Community Land Trusts would be capital gains exempt. Land donations could see a tax credit transferred to another property. Existing incentives for private land sales/donations to environmental land trusts set a precedent.<sup>1</sup>
4. Incentives for Federal and State governments to give for purpose housing providers first option to buy public land (detering privatisation of scarce public sites).
5. The National Housing Supply and Affordability Council to provide detailed analysis of drip feeding practices amongst master planned communities.
6. Legislation to limit mortgages to 30 years in length. This will help avert multi-generational mortgages, an issue that forward thinkers must consider on current trajectories.
7. If the FHBG is permitted, that it be excluded as an income source for borrowers.

## State

1. A statutory definition of CLTs enacted by government.
2. A prescribed lease prioritised and approved.<sup>2</sup>
3. That an adaptation of the Retirement Villages Act be produced with respect to nonprofit Community Land Trusts. Particular emphasis is to be placed on the separation of land from improvements.
4. Removal of SDDs and FHBGs in favour of funding for purpose housing models (CLTs, co-ops and shared equity schemes with an affordability lock in place). This could be facilitated by a Community Housing Fund run by the Department of Treasury.
5. Planning amendments to allow for Community Led Exception sites. These are sites that may fall outside residential zoning, but due to the public interest dividend, could be rezoned to assist if under the stewardship of a CLT.
6. Rural Exception Sites - similar to the above, Rural farming sites are brought into the residential scheme for dedicated CLTs with an affordability lock in place. Helps break the reliance on land monopolists surrounding towns.
7. That mandatory inclusion for affordable housing be included in englobo rezonings, at 25% of supply.
8. Government shared equity policies to include an affordability lock so that public subsidy is not lost upon sale.
9. Regional affordability policies such as the Key Worker Affordable Housing Fund (Vic) must have an affordability metric tied to any subsidy, with a minimum holding period of 15 years. Like any shared equity program, there should be a best practice that any public incentive is maintained for a minimum of three owners.

10. Build to Rent tax incentives must be for a minimum of 20 years.
  - A minimum occupancy rate of 98% should be maintained to ensure rental supply is not massaged to deliver scarcity rents.
11. Any development with perpetual affordability locked in should be prioritised via the Planning Act and brought to the front of any planning queue.
12. [An AirBnB cap n trade levy](#) be implemented, with revenues going to support for purpose housing via a Community Housing Fund.

## Local Government

1. Undertake local audits of public land holdings to identify sites that could be leased or allocated to CLT developments, providing structured affordability measures in line with municipal need.
2. Investigate financial and administrative frameworks for leasing public land to CLTs at concessional rates. CLTs commit to delivering perpetually affordable housing, balancing municipal revenue with strong community outcomes.
3. Amend existing land disposal policies to prioritise for-purpose developers - particularly CLTs - that guarantee 60 - 100% affordable units, well above the 10% standard often achieved through inclusionary zoning. Embedding clear affordability targets in policy documents ensures that local land assets serve long-term public interests.
4. Adopt priority processing for development applications tied to CLTs that meet or exceed local affordability thresholds. By reducing delays, councils can incentivise for-purpose developments and demonstrate their commitment to housing solutions.

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1. ATO, [Claiming conservation covenant concessions](#), 2020.

2. Victoria requires prescribed leases that are mandated and [approved by Consumer Affairs Victoria](#).

## A genuinely affordable, fair, and sustainable housing future is achievable; if we act now.

CLTs provide a practical, tested alternative solution that puts people and communities over speculative profit. It is time to end policies and practices that subsidise speculation and start scaling proven solutions that deliver lasting affordability and true community wellbeing.

**Join us in creating lasting affordability and thriving communities.**



BUILD WITH US



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