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How Community Land Trust principles can respond to housing aspirations and circumstances of Indigenous communities

THE COMMUNITY LAND TRUST MODEL CAN BE TAILORED FOR LOCAL COMMUNITIES AND CAN PROVIDE FOR DIVERSE INDIGENOUS HOUSING OPTIONS, INCLUDING OPTIONS INVOLVING EQUITY INPUTS FROM HOUSEHOLDS.

KEY POINTS

- Interest in home ownership exists within the two Indigenous communities who partnered with the research but is not usually driven by expectations of capital gain, is potentially impacted by current household debt (New South Wales community) and is linked to considerations of community governance (Northern Territory community).
- A Community Land Trust (CLT) model is attractive if it brings benefit to the community, addresses concerns with Indigenous land rights and community ownership, and involves the community in governance.
- Using language such as renting or owning was avoided because options combine characteristics of both, and the model acknowledges traditional ownership and land rights.
- A potential model was developed that sets out strategic and operating guidelines without mandating a particular tenure form and suggests three housing options: non-equity, limited equity, and market equity.

*This bulletin is based on research conducted by **Dr Louise Crabtree**, **Ms Nicole Moore**, **Dr Hazel Blunden** and **Professor Carolyn Sappideen** at University of Western Sydney, and **Professor Peter Phibbs** at the AHURI Research Centre—The University of Sydney. The research sought to understand what would be required to develop a model of Community Land Trusts for Indigenous communities in New South Wales and the Northern Territory.*

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- Based on the objectives of communities in the two jurisdictions, the research developed a CLT model to be tailored to local conditions and determined characteristics of the model that included the retention of property interest with the relevant Indigenous organisation and an appropriate legal agreement set according to community aspirations, capacity and objectives.
- In both communities land title arrangements and sub-leases with government were complex, but could be quite easily amended to accommodate CLT models.
- The research produced a decision-making tool for communities to both determine requirements of the model in the local context and to build participants' knowledge.

CONTEXT

There is ongoing government interest in establishing home ownership on lands held by Indigenous peoples, primarily as a wealth creation or economic development vehicle. Indigenous households express a desire for home ownership, but this is not generally underpinned by expectations of capital gain.

This project undertook research into the relevance of housing models based on CLT principles in New South Wales (NSW) and the Northern Territory (NT) in partnership with interested Indigenous community organisations in the two jurisdictions.

CLTs are private, not-for-profit entities that steward property for the dual purposes of perpetually affordable housing and community benefit. This broad definition allows for flexibility and adaptability in CLT programs and activities. These include a range of housing options from affordable rental housing through to cooperative housing and resale-restricted home ownership. Most CLTs provide a mixture of tenure options in response to gaps in the local housing market. They often combine their affordable housing operations with other community and commercial activities to diversify their revenue streams and integrate community planning and development.

RESEARCH METHOD

The project involved surveys of households, workshops, reviews of current leasehold situations and financial modelling. It included engagement of project partners in NSW and the NT. The approach was based on principles of ethical research in Indigenous communities and included two Indigenous Advisory Groups to oversee the project and engagement of Indigenous researchers throughout the research.

In NSW, the project worked with South Eastern Aboriginal Regional Management Services (SEARMS), a management and service organisation formed in collaboration with local Aboriginal Land Councils and Aboriginal housing providers. They were interested in developing a model of resale-restricted home ownership based on an ongoing partnership between SEARMS and resident households.

In the NT, the project worked with the Tangentyere Council to capture residents' housing aspirations and understandings and to review the current leasing situation in the Town Camps, in order to consider how a long-term lease between the relevant Indigenous community organisation and a householder might be deployed in that jurisdiction.

KEY FINDINGS

In NSW, communities were interested in home ownership, but were concerned that viability may be affected by householder debt. In the NT, there was also interest, but maintaining community integrity and community governance were primary considerations.

The CLT model was seen as consistent with community aspirations regarding control of housing and retention of communal identity and as an alternative to public housing management. CLT principles would enable these issues to be addressed while also enabling equity input by households if desired.

The model deliberately avoids the terminology of 'renting' and 'owning' as many of the resulting options are likely to combine characteristics of both. The report suggests 'non-equity', 'limited equity' and 'market equity', which roughly correspond to international examples of the CLT model (see Crabtree et al. 2013). These options are best understood on a spectrum between non-equity and market equity, according to the amount of equity the resident pays for the housing upfront rather than according to tenure form (see Figure 1).

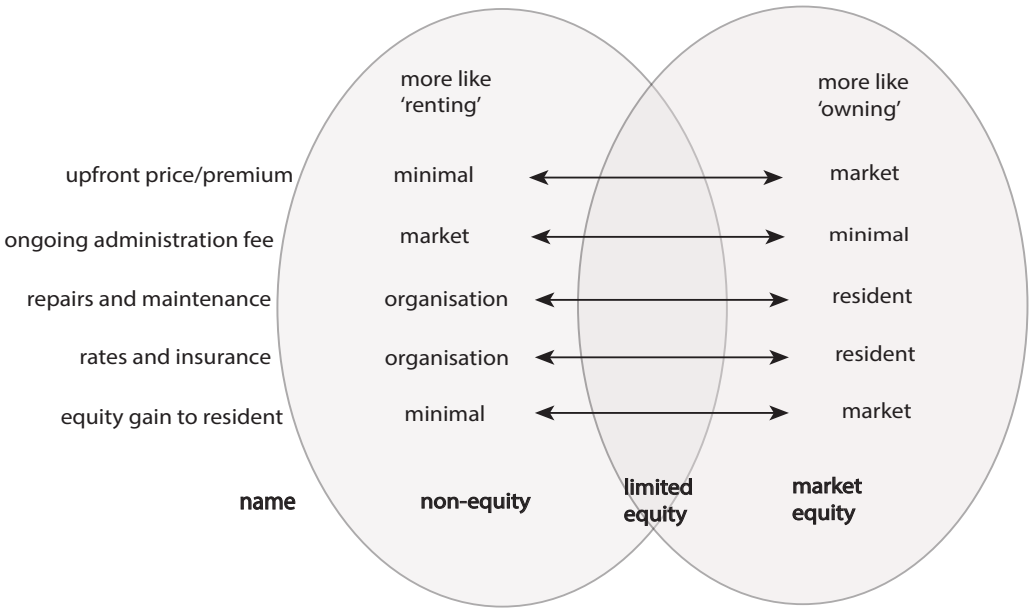
The model also respects communities' histories in place and acknowledges traditional ownership. For many communities it makes little sense to talk of creating ownership structures when core aspects of ownership have been practiced for generations, if not millennia.

The researchers argue for a model in which a relevant Indigenous organisation retains an interest in the property with the relationship between the resident and the organisation governed by a legal agreement appropriate to the local context and aspirations of community members. The agreement would include details about: upfront price and administration fees, responsibilities for repairs and maintenance, and equity treatment at termination of agreement. Importantly, the model makes no reference to tenure form and does not assume an equity component, so that it can be adapted to different local contexts and even to the needs of individual households.

The NSW feasibility study favoured a long-term leasehold model involving use of a 99-year lease that would restart at sale or inheritance, allowing for equity input or withdrawal if required. The model was aimed at households with annual gross income of between $65 000 and $80 000, but because many households already have debt, risk is minimised by requiring a two-year initial period in which the resident would pay an agreed amount into a joint account on top of their administration fee, to be used as the resident's deposit to secure a mortgage. Member organisations of SEARMS were also potentially constrained by existing sub-leases with governments requiring only community rental housing. Exit clauses from sub-leases and removal of caveats on title would need to be explored to enable CLT models to occur, while complex, governance and tenure arrangements are possible to amend relatively quickly by government.

Through the research, a decision-making tool was developed for use by Indigenous communities and organisations looking to diversify their housing options. This tool allows decisions to be made while developing an understanding of the model.

FIGURE 1: A SPECTRUM OF HOUSING OPTIONS ACCORDING TO KEY VARIABLES



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POLICY IMPLICATIONS

The research identifies a program of activities that policy-makers could pursue to implement CLTs at the local level. It also provides a CLT decision-making tool to help communities decide whether they need to offer additional housing options and, if so, the steps to identify needs, objectives and program elements.

These activities include:

- Provision of a centralised and accessible information service regarding appropriate possible models.
- Funding and requirements for governance and capacity-building at the organisational level; training programs and information.
- Survey and/or subdivision work if not already performed.
- Access to title documents and provision of explanatory materials.
- Removal of caveats or termination of sub-leases to government. Other changes to title if organisation requests, such as transition to freehold.
- Funding for repairs if needed.
- Matched deposit scheme.
- Underwriting of loans where used, or of scheme.
- Deployment and/or funding of an appropriate process to assist transition of resident into new arrangement (this might be performed by appropriate Indigenous organisations).
- Provision of gap funding to cover income shortfall to organisation.

An enabling policy framework would support the development of the appropriate CLT model for engaged communities focusing on the establishment and support of diverse tenure options arising from the decision-making process. This could provide the framework for consistency and regulation of the sector in terms of specific objectives embedded in CLT legal agreements, while enabling those objectives to be delivered through Indigenous organisations in ways that are appropriate and responsive to their context.

FURTHER INFORMATION

This bulletin is based on AHURI project 72010, *Community Land Trusts and Indigenous communities: from strategies to outcomes*.

Reports from this project can be found on the AHURI website: www.ahuri.edu.au or by contacting AHURI Limited on +61 3 9660 2300.

REFERENCES

Crabtree, L., Blunden, H., Phibbs, P., Sappideen, C., Mortimer, D., Shahib-Smith, A. & Chung, L. (2013) *The Australian Community Land Trust manual*, Sydney: University of Western Sydney.

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