

APPENDIX

CLT Decision Making Tool Start-up Version

Acknowledgements

This Tool builds on a previous version that was developed as part of a research project funded by the Australian Housing and Urban Research Institute (AHURI), which was reviewed by two Indigenous advisory groups. That version focused on decision making in the context of existing Aboriginal community housing organisations looking to diversify into CLT housing options. It can be found as an Appendix in the AHURI report *Community Land Trusts and Indigenous Communities: from Strategies to Outcomes*, which is online at <https://www.ahuri.edu.au/research/final-reports/239>.

The researchers deeply thank the advisory groups for their expertise and advice on the development of the first iteration of this Toolkit, and the staff, board and organisations from the South Eastern Aboriginal Regional Management Service for their extensive input.

This version of the Tool was developed in a subsequent research project that was funded by the City of Port Phillip, St Kilda Community Housing, Inner Melbourne Action Plan, Servants Community Housing, SEMZ Property Group, Mount Alexander Community Land Ltd, Hobart Ecovillage and Marrickville Council. This version is focused on newly emerging or forming organisations that want to deliver CLT housing options.

The research was overseen by a steering committee based in those organisations and to whom the authors also express thanks for their careful project guidance and their review of this version of the Tool. The authors also thank the Committee for Lorne for their efforts in road-testing and critiquing the draft Tool.

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Introduction

What is this Tool about?

This Decision Making Tool ('the Tool') is designed to assist organisations with an interest in providing perpetually affordable housing based on community land trust (CLT) principles to work through key decisions as their organisation develops.

CLTs provide an alternative model to both renting and mainstream (and expensive) home ownership. CLTs can offer many of the widely acknowledged benefits of home ownership, including resident control over a dwelling, security of tenure, transfer of occupancy rights and the potential for asset wealth-building. CLTs are specifically designed to achieve these benefits under financing, pricing and regulatory arrangements that improve affordability for residents while also protecting the long-term affordability of housing for future generations. CLTs in the USA have successfully developed and maintained affordable homeownership. They are not property trusts as understood in Australia.

In Australian law, there are two main ways that CLTs might be set up – via a long-term leasehold or a modified shared-equity scheme. Long-term leases can be very flexible in terms of cost and allocating responsibility for repairs and maintenance between the organisation and the resident; long-term leases are standard tenure in the Australian Capital Territory. At the time of writing, shared-equity schemes were operating in Western Australia, the Northern Territory and South Australia, and under investigation in New South Wales.

How was it developed?

An earlier version of this Tool was developed as part of AHURI-funded research conducted by Western Sydney University, which looked at how a CLT model could be used by an Aboriginal community housing provider in NSW. The Tool was then tested and modified through further case studies, which are documented in *Enabling Community Land Trusts in Australia*. Modification included the removal of material that was specific to Aboriginal community housing in NSW, as the intended audience is newly forming organisations that are not specifically in the Aboriginal housing sector.

Through the course of the case studies, it became clear that the decision-making process differed for established affordable housing providers and 'start-up' organisations (that is, organisations without existing housing stock), that are interested in developing perpetually affordable housing.

Who is this Tool for?

This iteration of the Tool is designed for organisations that are starting up and/or do not have existing housing stock, or a history of providing affordable housing.

How do we use the Tool?

This Tool is designed to be read alongside *The Australian CLT Manual* ('the Manual') and the book *Enabling Community Land Trusts in Australia*. Start-up organisations will find the chapters of the Manual and the book that discuss the process of establishing CLT programs from scratch particularly relevant.

Neither this Tool nor the Manual or the book is a substitute for professional legal or financial advice. Both are designed to guide your organisation through a series of questions to help think about the housing aspirations of your community, and then which tenure, financial and legal options would best meet them. The Tool is divided into the following sections, or steps:

- Getting started
- Community housing needs and aspirations
- Organisational structure and status
- Site identification
- Policy, tenure and legal settings
- Intended program elements
- Design objectives and costs

At each step we have listed a number of issues for your organisation to think about. We have included talking points and, for some questions, some examples from our case-study research. There is also room for you to add your own notes. Many of the decisions you make in one step will influence other steps – these cross-references have been noted on each page. Lastly, the parts of the Manual that each issue relates to are listed for reference. The Tool has been formatted in such a way that it can be printed out or opened on a device to be used as a record of community and organisational discussions as groups work through the questions.

Where can we find more information?

For more information or to request a copy of the Manual please contact:

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Senior Research Fellow, Institute for Culture and Society,
Western Sydney University.

Terms used in this Tool

The Tool uses the following terms. These definitions only apply when the term has a capital letter – e.g., Resident, not resident.

The Terms are the same as those used in *The Australian CLT Manual*.

Agreement: This refers to the document that the Resident and the organisation enter into, whether it is a long-term lease or a co-ownership deed.

Premium: This refers to the upfront price that the Resident pays to secure their occupancy of the home.

Resident: This is the occupant of the home who enters into an Agreement with the organisation.

Reversion Price: This is the price calculated when the Resident decides to sell their interest in the home.

Step 1: Getting started

1.1 Rationale and objectives

Organisations seeking to develop a CLT or a CLT-like program should clearly define what it is they want to do and why. These objectives should inform and influence subsequent decisions about the CLT’s structure and program elements.

Talking points

- What are our short- and long-term goals? These might include broader economic, social and environmental goals.
- Who do we want to house? Do we want to focus on a particular income group or offer a mix of housing (including, e.g. market-rate ownership)?
- Do we want to develop new housing?
- Is the focus on providing housing on a long-term basis (e.g. to support community stabilisation) or on enabling households to move into the open market (i.e. freeing up CLT properties for other households)?
- How will the CLT balance rights and responsibilities between residents and the CLT?

Case-study example

The Committee for Lorne was concerned about the ageing of the population and the impact of the town’s reputation as a tourism and holiday-home destination. This was driving housing prices up, reducing the number of young families able to live in the town, and creating an employment base that was increasingly seasonal and unstable. The committee wanted to provide stable family housing and help increase the town’s younger population to ensure the social and economic viability and diversity of the town.

Decisions made here relate to...

these sections of The Australian CLT Manual:

- 3.1 Rationale and objectives
 - 3.1.1 Target market and activities
 - 3.1.2 Development and householder training
 - 3.1.3 Reversion or resale formula
 - 3.1.4 Repairs and improvements

YOUR ORGANISATION’S NOTES

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1.2 Community outreach and membership building

Community participation and ownership in the organisation are essential to the CLT model. Including the right people early in the process will better enable the CLT to addresses local problems and community aspirations.

Talking points

- How will we raise awareness and gauge community interest?
- Who is our target audience? How do we connect with our target audience?
- How do we engage the households who we would like to house?
- How will we recruit members? What will membership entail?
- What other organisations should we engage with/approach for support?

These might include:

- local MPs
- local government staff and councillors
- other housing organisations
- NGOs
- community groups
- local media groups

Decisions made here relate to...

these sections of The Australian CLT Manual:

- 3.2 Getting organised
 - 3.2.1 Publicity and awareness raising
 - 3.2.2 Membership drives
 - 3.2.3 Garnering local support

YOUR ORGANISATION'S NOTES

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1.3 Operational considerations

Other operational issues, beyond membership and gaining community support, will need to be discussed early in the development process.

Talking points

- How will we finance our operations and upfront costs? Will we need grant funding or loan finance?
- Do we want to use membership fees as a source of funding?
- Do we want to employ staff or operate on a voluntary basis? How should staff or volunteers be recruited?
- What land is available in the target area? Who owns the land? How is it zoned, or what is its current use?

Case-study example

Mount Alexander Community Land Ltd (MACLL) is a volunteer-run organisation aiming to provide affordable family homes in Castlemaine as the town is increasingly impacted by its proximity to Melbourne, which is driving up housing prices. MACLL has worked with local government and an existing community housing provider to identify various sites throughout the town that would suit their objectives. These relationships have helped them identify sites and potential funding streams.

Decisions made here relate to...

these sections of The Australian CLT Manual:

- 3.2 Getting organised
 - 3.2.4 Identifying funding and other support
 - 3.2.5 Pro bono and access to resources
 - 3.2.7 Staff and volunteers

these sections of Enabling CLTs in Australia:

- 14.3 Selection of lots and purchase issues

YOUR ORGANISATION'S NOTES

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Step 2: Community housing needs and aspirations

In order to develop a business case, and to inform the development of more detailed program elements, organisations will need to gather information on the local housing market and the housing needs and aspirations of target households. Some local demographic information can be drawn from published sources, such as the Australian Bureau of Statistics. However, attaining information through engagement with target households and the wider community can help with garnering support, building legitimacy, and more locally nuanced understanding of housing needs and aspirations.

2.1 Demand for new housing forms

Talking points

- Is the local housing market affordable to different income groups?
- Is the local housing stock appropriate for household needs? For example, in terms of size and tenure?
- Whose needs are not being met in the local housing market?
- What are the housing aspirations of local households?
- Is there a need for new tenure forms?

Case-study example

The Committee for Lorne identified a lack of family homes that are affordable to young working families, especially those families in seasonal or casual work. A focus group found local households are seeking stability and affordability, whether in long-term rental or ownership options.

Decisions made here relate to...

these sections of this Tool:

- 1.1 Rationale and objectives
- 1.2 Community outreach and membership building

these sections of The Australian CLT Manual:

- 3.1 Rationale and objectives
 - 3.1.1 Target market and activities

YOUR ORGANISATION'S NOTES

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2.2 Characteristics of target households

Talking points

- What is the size and structure of target households? For example, families with children, lone-person households?
- What is the income range of target households? What is the minimum and maximum they can afford to pay for housing?
- Are there any other characteristics that might influence the structure or design of appropriate housing? For example, age or ability.

Case-study example

The Committee for Lorne ran focus groups to identify housing need, indicative household incomes and the corresponding prices that households would be able to pay without entering housing stress.

Decisions made here relate to...

these sections of this Tool:

- 1.1 Rationale and objectives
- 1.2 Community outreach and membership building

these sections of The Australian CLT Manual:

- 3.1 Rationale and objectives
 - 3.1.1 Target market and activities

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Step 3: Organisational structure and status

3.1 What form and status will enable the organisation to do what is needed?

This Tool is not designed to give you indicators on whether or not your organisation is financially or operationally sound. Instead, this section is intended to help you think about the structure and status of your organisation in relation to your organisation’s goals.

Talking points

- Does the organisation have a defined form and status?
- Does the current organisational form enable the things the organisation wants to do?
- Do we need a new organisational form? If so, is an Association, Cooperative or Company Limited by Guarantee the best option for us?
- Do we need a new organisational status? If so, would charitable or non-charitable status be the better option for us?

Case-study example

Although it is a registered community housing provider, St Kilda Community Housing decided to establish its CLT as a separately incorporated entity with a constitution specific to the provision of CLT housing.

Decisions made here relate to...

these sections of this Tool:

1.3 Operational considerations

these sections of The Australian CLT Manual:

3.4 CLT Structure

5 CLT Structures

10 Financial feasibility

these sections of Enabling CLTs in Australia:

8 Trusts

YOUR ORGANISATION’S NOTES

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3.2 Does the organisation have the capacity and resources to do what is needed?

Talking points

- What resources and skills do we currently possess?
- Where is further expertise required?
- Are there opportunities to partner with individuals or other organisations, such as local landowners, existing community housing providers, other NGOs or community groups?

Decisions made here relate to...

these sections of this Tool:

- 1.2 Community outreach and membership building
- 1.3 Operational considerations

these sections of The Australian CLT Manual:

- 3.2 Getting organised
 - 3.2.3 Garnering local support
 - 3.2.4 Identifying funding and other support
 - 3.2.5 Pro bono and access to resources
 - 3.2.7 Staff and volunteers
- 3.5 Potential partners

YOUR ORGANISATION'S NOTES

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Step 4: Site identification

4.1 Building versus acquiring existing properties

Talking points

- What will it cost to build versus to acquire existing housing stock?
- How would building versus buying existing dwellings support organisational goals (such as increasing the supply of housing in the service area, bringing empty properties back into use, better utilisation of existing housing stock)?
- Are there design elements that are important?
For example:
 - Universal design
 - Sustainability
 - Number of bedrooms
- What needs to be considered regarding where the house is located?
For example:
 - Access to schools, shops, transport
 - Level block?

Decisions made here relate to...

these sections of this Tool:

2.1 Demand for new housing forms

2.2 Characteristics of target households

these sections of Enabling CLTs in Australia:

14.3 Selection of lots and purchase issues

YOUR ORGANISATION'S NOTES

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4.2 Considering potential sites

Talking points

- What land is available in the target area?
- Are potential sites zoned for residential use? If so, what density does the zoning allow for?
- Do the sites have existing infrastructure or housing that could be utilised?
- Who owns the sites?
- When are the sites likely to come on the market or become available?

Decisions made here relate to...

these sections of Enabling CLTs in Australia:
14.3 Selection of lots and purchase issues

YOUR ORGANISATION'S NOTES

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Step 5: Policy, tenure and legal settings

5.1 Government and non-government organisations

Talking points

- Is government supportive of the new program? Which agencies do we need 'on side'?
- How can the organisation gain state government support?
- How can the organisation gain local government support?
- How can the organisation gain federal government support?
- Are there non-government organisations, including peak bodies, that can support the new program?

Decisions made here relate to...

these sections of The Australian CLT Manual:
3.5 Potential partners

YOUR ORGANISATION'S NOTES

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5.4 Planning

Talking points

- Is the zoning correct for the intended use of land on prospective sites? Is any rezoning necessary to allow new uses (e.g. to residential, from residential to commercial etc.)?
- Is subdivision of land required? If so, what planning requirements must be met?
- Are there any infrastructure/municipal service issues (e.g. roads, water, sewerage) relating to any land parcels?
- What title mechanism best suits the site and housing objectives?

Decisions made here relate to...

these sections of this Tool:

- 4.1 Building versus acquiring existing dwellings
- 4.2 Identifying potential sites
- 5.2 Legal and tenure

these sections of Enabling CLTs In Australia:

- 3 Residential parks: relocatable and manufactured-homes estates
- 4 Retirement villages
- 5 Strata title
- 6 Community title
- 7 Company title
- 8 Trust mechanisms
- 14.4 Selection of lots and purchase issues

YOUR ORGANISATION'S NOTES

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Step 6: Intended program elements

6.1 Eligibility and inheritance

Talking points

- Who can determine what the eligibility criteria are?
- Who should be eligible? What criteria will you use to determine eligibility? Will eligibility requirements differ for different tenures (if applicable)?
- What are the rules about inheritance (known as succession of tenancy for rentals)? Should it be means tested? Limited to certain family or community members?

Decisions made here relate to...

these sections of this Tool:

- 1.1 Rationale and objectives
- 2 Community housing needs and aspirations

these sections of The Australian CLT Manual:

- 18.4 and 20.2 Transfer to devisee under Resident’s will

these sections of Enabling CLTs in Australia:

- 3.4.1, 4.7.2, 6.3.4 and 7.3.3 Eligibility
- 3.4.8, 4.7.4, 5.4.9 and 7.3.12 Inheritance
- 5.4.7 Restrictions on sale, leasing, eligibility, capital gains sharing

YOUR ORGANISATION’S NOTES

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6.2 Area of operation

Talking points

- Which area(s) would the CLT operate in?
- Are there any boundaries or other organisations that we need to be aware of? There may be a need for consultation.

Decisions made here relate to...

these sections of this Tool:

1.4 Service area and scale

these sections of The Australian CLT Manual:

3.3 CLT service area and scale

YOUR ORGANISATION’S NOTES

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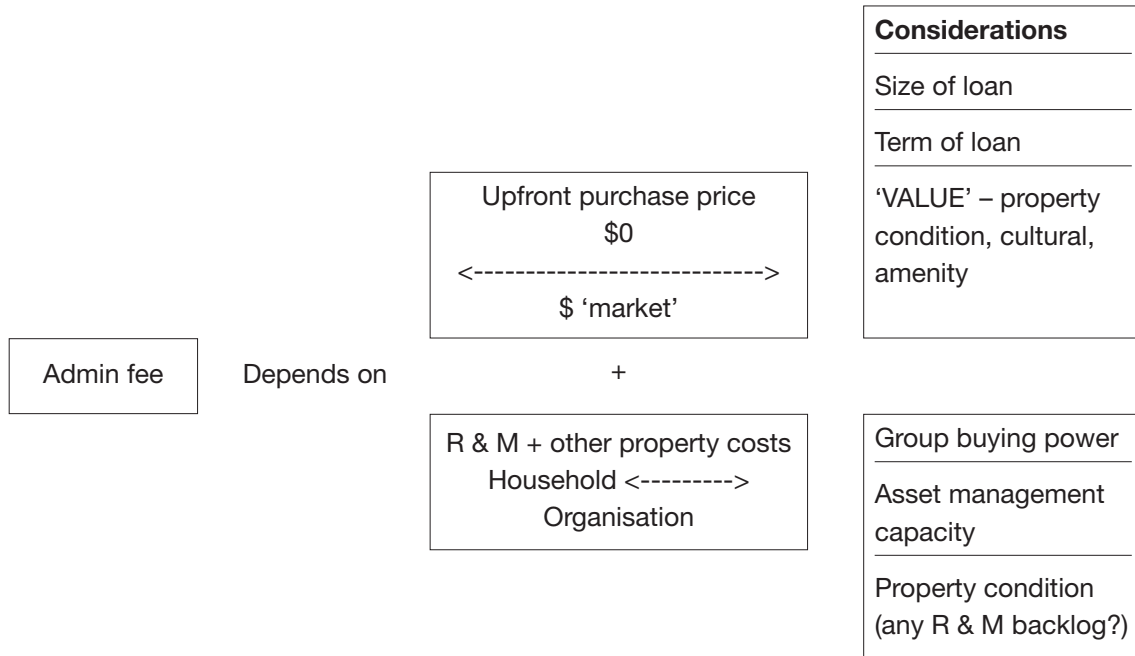
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6.3 Price setting

Price setting for a CLT can be thought of as analogous to a spectrum from renting to owning. There can be either a low, or no, upfront price (in which case there would be a higher administration fee to cover costs), or an upfront price, much like purchasing in the private market. Each has pros and cons.



Talking points

- How will the house price be set? Will it be related to market, land value, cost, average incomes or a combination?
- Where along the renting to owning spectrum will the property(ies) be?
- How will property valuations be done?
- What will the resale formula be? Related to market value? Would capital gains be restricted? How do we treat improvements made by households, such as renovations or extensions?

Decisions made here relate to...

these sections of this Tool:

- 1.1 Rationale and objectives
- 2 Community housing needs and aspirations

These sections of The Australian CLT Manual:

- 4 Legal issues of ownership
- 3.1 Rationale and objectives
- 3.1.3 Resale formula

6.4 Rights and responsibilities

Talking points

- What is the balance of the responsibility for the property (e.g. minor and major repairs, rates, insurance) between the organisation and the resident?
- How frequent and thorough will property inspections be?

Decisions made here relate to...

these sections of The Australian CLT Manual:

3.1.4 Repairs and improvements

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6.5 Finance and training for residents

Talking points

- Do we want households to use only approved lenders – if so, who (credit unions, banks, vendor finance)?
- Who should deliver what financial training/counselling/support to prospective residents?

Decisions made here relate to...

these sections of The Australian CLT Manual:

3.1.2 Development and householder training

these sections of Enabling CLTs in Australia:

13 Lending and the market

YOUR ORGANISATION'S NOTES

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6.6 Financial strategy for organisation

Talking points

- How will new housing be financed?
- Capitalisation – how much will be needed for a buyback/sinking fund? Could this be underwritten – if so by whom (government department, other)?
- What sources of funding can we explore – government, surplus, finance, mixed use, including commercial leasing?

Decisions made here relate to...

these sections of **The Australian CLT Manual:**

10 Financial feasibility

YOUR ORGANISATION'S NOTES

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Step 7: Design objectives and costs

This step is designed to help organisations think through any design considerations and related costs if they choose to build new homes rather than purchase, or use existing stock.

7.1 New housing design concerns and costings

Talking points

- Are there design elements that are important? For example:
 - Universal design
 - Sustainability
 - Number of bedrooms
- How can we keep build costs down? For example:
 - Use of volunteers or members
 - Modular construction
 - Deliberative development models

Decisions made here relate to...

these sections of Enabling CLTs in Australia:

14 Development and procurement processes for CLTs

15 Alternative development models

YOUR ORGANISATION'S NOTES

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