

## **Inquiry: The Help to Buy Bill 2023 and the Help to Buy Bill (Consequential Provisions) Bill 2023 [Provisions]**

*Grounded Community Land Trust Advocacy has been established to bring the gold standard of shared equity models to Australia. Community Land Trusts see the Trust maintaining ownership over the land to ensure perpetual affordability occurs. Residents need only borrow for the improvements, ensuring the deposit required is just 40% of the open market, with similar borrowing advantages also maintained.*

*The governance structure sees a tripartite arrangement between residents, neighbours and civic minded individuals. A particular economic model is enacted to ensure that house prices do not grow beyond the income potentials of those in the bottom two quintiles.*

Thank you for allowing feedback on the Help to Buy legislation.

The Albanese government could have learnt more from the UK Help to Buy policy. In 2019 a report into the high profile policy was commissioned by the UK Parliament. It found that the program [outcomes were inconclusive](#). It did not mention its effect on house prices. At least the UK policy was [honest in acknowledging](#):

“The scheme has two principal aims: to help prospective homeowners obtain mortgages and buy new-build properties; and, through the increased demand for new-build properties, to increase the rate of house building in England.”

A related [House of Lords report](#) found such policies ‘inflate prices by more than their subsidy value’. Other demand side incentives have been found to do the same, most notably the First Home Buyers Grant.

In contrast, the Albanese Help to Buy policy talks about helping the affordability and human rights outcomes for ‘Australians’ (see 3.2, 3.6, 3.7, 3.8, 3.9, 3.14).

The use of the term ‘Australians’ should be refined to ‘Australians involved in the Help to Buy program’.

The policy will not help the wider society. It will not help Labor voters.

The Help to Buy program, like the First Home Deposit Lenders program, enables housing accessibility - not affordability.

If the FHOG of \$15k was found to have pushed up prices ([Saul Eslake](#)), what will access to 30-40% equity do to prices?

These demand side incentives will see higher market participation, pushing up prices for those who do not access this government subsidy. Therefore the program cannot meet the wider needs of society, instead intensifying housing pressures for those outside of the 10,000 yearly applicants who do access Help to Buy.

We are also concerned the program has no income threshold attached to it. It appears that any income earner can access the shared equity program. Not even first home buyers will be prioritised.

Accompanying this is the absence of any pricing threshold for qualification of a home purchase. We have previously been critical of this [here](#) and [here](#), but in a program as loose as this, it at least puts a cap on some largesse.

Importantly, whilst the policy does enable purchasers to enter the market sooner, the resale and recouping of the government's investment comes at a cost. Not only is the equity lent without interest charged, but the orientation of the program relies on the vendor selling into a higher priced market. Therefore the subsidy is largely *sequestered to the open market*, resulting in further responsibilities for governments of the future to find even larger sums of capital to enable housing accessibility.

Systemic risk is being accentuated by the suite of housing accessibility policies this government is rolling out.

Grounded wishes the government would investigate more closely the use of Community Land Trusts to not only enable housing accessibility, but to then ensure the housing that receives government subsidy is protected from speculative pressures. With the appropriate design, CLTs can be seen as the gold standard of shared equity, where scarce locational rents can be reinvested over time to expand the base for affordable housing.

Subsidy retention would then be maintained in the public estate, enabling for-purpose housing to gain a foothold in the market.

Housing Australia should investigate the plausibility of CLTs on government owned land. A CLT can be constituted so that a land lease (or part land lease) could be paid to the government under a form of vendor finance, with the accompanying resale formula acting to keep prices in line with wage growth.

With population seemingly the focus of the Australian economic model, some form of public interest housing model is urgently needed that recycles any public subsidy for further affordable supply.

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