Everyone has a right to a place to call home

Inquiry into land rent schemes

April 2026

About Shelter WA

Shelter WA is the independent peak body in Western Australia for the community housing and homelessness sectors. Our vision is that all people in WA have a home that enables them to thrive. We bring together a strong coalition of organisations and individuals and work for diverse and affordable housing choice for all, with a focus on housing for people on low to moderate incomes and groups that experience housing insecurity.

Introduction

We welcome the opportunity to provide a submission to the Public Accounts Committee *Inquiry into land rent schemes*.

Shelter WA sees the potential for land rent schemes to assist moderate- and middle-income households to access home ownership who might otherwise be unable to do so. However:

- Land rent schemes will not provide any relief in the short-term: establishing a scheme, identifying land, and building dwellings on the land will take years.
- Land rent schemes will not provide a solution for those in most acute housing need, particularly households needing social or affordable rental housing.
- We would not support government land being made available for land rent scheme dwellings where that land could have been used to deliver much needed social and affordable rental housing.
- Any land rent scheme must complement, and not substitute, investment in social and affordable rental supply.

Land rent scheme

A Land rent scheme could help households purchase homes as they will only need to finance the house, rather than the house and land. Under the ACT Land Rent Scheme, eligible lessees pay 2% per annum of the unimproved land value, and then finance the cost to construct the home. For example, on a property with a land value of $400,000, this would equate to a land rent of approximately $8,000 per year, or around $154 per week. A loan to build a house on the land at the average cost to build of $443K, with an 80% loan, would have loan repayments of around

$500pw, bringing the total cost to around $650 pw. This is somewhat lower than Perth's current median rental price $761pw.[1]

Some limitations to land rent schemes:

- **Ongoing costs**: while reducing upfront costs, lessees pay land rent indefinitely, and forgo any capital gain from land appreciation. They are essentially purchasing the asset that depreciates in value, whilst continuing to rent the part (land) which appreciates. This could create some long term inequalities between 'land renters' and conventional 'house and land' owners.
- **Income eligibility**: ACT scheme's includes income eligibility criteria, and where lessees exceed the income threshold for two consecutive years they are not no longer eligible. This can lock households into lower income levels so they can retain secure housing.
- **Construction barriers:** these types of schemes generally still require construction of the dwelling, which means that these schemes will not address the immediate housing crisis, and lessees will still need to contend with escalating building costs, labour shortages etc.
- **Access to finance:** this has been a barrier in the ACT with major banks unwilling to offer construction loans for leased land, although this might be addressed if Keystart stepped in to provide this.

Potential impact on delivery of social and affordable housing

There is a chronic shortage of social and affordable homes in WA. Research on unmet housing need suggests that we need over 5,000 additional social and affordable houses each year through to 2041,[2] and a net addition of at least 1,000 new social houses each year just to accommodate anticipated population growth and maintain stock.[3] The WA Housing Strategy targets only a 6% net increase in social homes this decade. In real terms, this is an additional 2,520 homes over the 10-year period.

Shelter WA acknowledges the WA Government's commitment to deliver 5,800 new social houses, with 3,300 delivered and 1,000 under construction.[4] However the evidence is clear that

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[1] Average house build cost from E Delahunty 'How Much does it cost to build a house in 2026', Realestate.com.au, February 2026; loan repayments from CommBank Mortgage Repayment Calculator; median rent cotality data reported in K Macdonald 'Perth's shocking rental market laid bare as median hits absurd $761 a week, shortage at chronic levels', PerthNow, April 2026.

[2] Van de Nouwelant, R., Troy, L. and Soundararaj, B. (2022), Quantifying Australia's Unmet Housing Need: regional snapshots, Community Housing Industry Association (CHIA) & University of New South Wales.

[3] Crowe, A, Duncan A and Rowley S (2024) Building the Dream: the future of Western Australia's Construction Industry, Bankwest Curtin Economics Centre (BCEC), p 9.

[4] As at September 2025, Government has committed 5,800 new social homes, delivered 3,300 delivered, with 1000 under construction: West Australian Government progress update on implementation of Report 88 Funding of homelessness services in Western Australia (September 2025) at p25. See also WA Government Media Statement, State Government delivers 3,000 social homes since 2021 (May 2025).

this is not enough. In our 2026-27 Pre-Budget Submission, we call for the WA Government to set and deliver upon evidence-based social and affordable housing targets.[5]

A key lever for delivering on this need is through residential developments on government land. In the context of WA's unprecedented housing and homelessness emergency, Shelter WA calls for the WA State Government to require at least 50% of housing on state government land be social and affordable housing, including at least 30% to be social housing and with specific targets for affordable rental dwellings.[6]

The provision of WA government owned land suitable for homes into a land rental scheme, does raise some questions around best use of this land, and whether this could mean land that is suitable for social and affordable housing developments (in perpetuity) is instead provided for land rental.

Shelter WA's position is that the best use of government land which is suitable for housing is to deliver much needed additional social and affordable rental housing. Our community housing organisations are already well placed to acquire and/or manage these homes in perpetuity as social and affordable rentals. In contrast, a new 'land rental' scheme would require substantial time and resources to develop, would offer somewhat more affordable home ownership, but with substantial limitations including potential finance and construction limitations, and ongoing costs for lessees.

Conclusion

Safe, affordable, and appropriate housing is the cornerstone of a fair and prosperous society; it shapes our health, education, employment, productivity and wellbeing. Yet for a growing number of Western Australians, that foundation is slipping further out of reach. What was once a crisis is now an emergency: with record rental and housing prices, rising rates of homelessness and mounting pressure on our services and communities.

Shelter WA sees that land rent schemes could be a beneficial addition to the housing policy 'toolkit', particularly for moderate- and middle-income households locked out of home ownership. However, based on the ACT scheme, the savings offered appear quite modest.

More broadly, we do not see land rents schemes as being a transformative solution to WA's current and acute housing crisis. The scheme does not address the systemic issue of spiralling property prices. We also caution against the potential for this type of initiative to divert

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[5] Shelter WA, Pre-Budget Submission 2026-27 Priorities to End the Housing and Homelessness Emergency (2025), Priority 2 at p12.
[6] Shelter WA Policy Position: Planning and Development.

government land away from the delivery of social and affordable rental housing, which we consider the more urgent priority.

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