

**Productivity Commission Review of the National Housing and  
Homelessness Agreement  
Northern Territory Government Submission 2022**

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## Abbreviations

ABS – Australian Bureau of Statistics  
AIHW – Australian Institute of Health and Welfare  
APO NT – Aboriginal Peak Organisations Northern Territory  
BCR – Building Confidence Report  
CHPs – Community Housing Providers  
CRA – Commonwealth Rent Assistance  
DAO – Development Applications Online  
DIP – Data Improvement Plan  
GEH – Government Employee Housing  
IGAFFR - Intergovernmental Agreement on Federal Financial Relations  
NDIS – National Disability Insurance Scheme  
NGOs – Non-Government Organisations

NHFIC – National Housing Finance and Investment Corporation  
NHHA - National Housing and Homelessness Agreement 2018-23  
NPRHNT – National Partnership on Remote Housing Northern Territory  
NRAS – National Rental Affordability Scheme  
SACS – Social and Community Sector  
SDA – Specialist Disability Accommodation  
SHS – Specialist Homelessness Services  
SHSC – Specialist Homelessness Service Collection  
SU Zones – Specific Use Zones

## 1. Introduction

The Northern Territory Government welcomes the Productivity Commission's review of the *National Housing and Homelessness Agreement 2018-23* (NHHA), established under the *Intergovernmental Agreement on Federal Financial Relations* (IGAFFR), as an opportunity to take stock of how effectively the NHHA contributes to housing outcomes in the Northern Territory, as a precursor to determining a future agreement.

The Northern Territory Government also welcomes the newly elected Commonwealth Government's recognition of Australia's critical shortage of affordable housing in its commitments to create a Housing Australia Future Fund for building new social and affordable houses and to establish a housing equity scheme and a national Housing Supply and Affordability Council.

The shared position of all jurisdictions and housing services sectors that housing stress should be alleviated by new actions, is a solid platform for strengthening and improving the next NHHA.

Under the current NHHA, the Northern Territory will receive a total of \$101.2 million in Commonwealth funding as a contribution to the Territory's significant outlays to address growing need. This is a combination of general funding for housing and homelessness services, specific homelessness assistance and supplementation funding under the Social, Community and Disability Services Industry Equal Remuneration Order 2012.

During the life of the NHHA, a suite of foundational Northern Territory frameworks have been released to provide contemporary and strategic directions during a period of worsening housing conditions across the country. These include the *Northern Territory Homelessness Strategy 2018-23*, the *Building Our Communities, together, Town Camps Reform Framework 2019-2024* and the *Northern Territory Housing Strategy 2020-25*. A review of the homelessness services sector was also completed in 2021.

The *Northern Territory Community Housing Growth Strategy 2022-32* was recently released and articulates a new transformative vision for community housing to take a greater role in meeting Northern Territory needs.

NHHA funding has been utilised to support the following key outcomes:

- increase the delivery of public housing construction, maintenance and refurbishment;
- provide pathways out of homelessness in the Territory's largest population centre, by establishing the Batten Road integrated supported accommodation facility in Darwin;
- improved interagency responses to at-risk individuals and more funding provided to homelessness services including short-term, short-stay, transitional and crisis accommodation and drop-in centres;
- delivery of more effective targeted case management, counselling, outreach and tenancy sustainability programs; and
- continued housing industry and sector development.

While a number of conditions are shared across the country, the Northern Territory faces considerable unique geographic, demographic, economic and social challenges to its housing system. The Northern Territory Government plays a critical role in delivering appropriate and affordable housing and responding to the extremely high incidence of homelessness, predominantly experienced by Aboriginal Territorians. Funding provided by the Commonwealth through the NHHA is an important resourcing component which is leveraged to maximise the effectiveness of responses to the housing needs of Territorians.

This submission identifies specific recommendations for the review, outlines key considerations for the NHHA moving forward, and contextualises the Northern Territory's housing system.

## 2. Recommendations

The following recommendations are made for the Productivity Commission's consideration. There are strong themes across jurisdictions in relation to a number of these recommendations.

### **Recommendation 1: Implement a new needs based funding allocation model.**

Examine the current funding model, with a view to moving from per capita provision, to a holistic needs based allocation, reflecting each jurisdiction's housing and homelessness issues and the underlying drivers and challenges faced.

#### Rationale:

The current funding model based on population share is not sufficiently calibrated to appropriately direct resources to areas of greatest need. With only one per cent of Australia's population residing in the Northern Territory, it accounts for 12 per cent of Australia's homeless population. A new funding model would be more effective in assisting the Northern Territory to address overcrowding and homelessness challenges, predominantly impacting Aboriginal Territorians.

### **Recommendation 2: Review the NHHA to emphasise shared principles and objectives, while maximising flexibility for outcomes which reflect individual jurisdictional circumstances and priorities.**

Review the NHHA framework to provide more funding certainty and consider a restructured format with revised objectives, incorporating national guiding principles with a predominant focus on greater jurisdictional flexibility and funding assurance.

#### Rationale:

A new NHHA should be structured to support more flexible responses to housing system issues being faced by jurisdictions in urban, regional and remote contexts. Arrangements should be flexible enough to allow for a focus on jurisdictional demand and supply factors, specific challenges and nominated priority strategies for housing provision and associated services. In the Northern Territory, this would focus on achieving improved outcomes for Aboriginal people and other people disproportionately excluded from adequate housing.

### **Recommendation 3: Review performance indicators, streamline reporting requirements and reduce administrative burden in a new NHHA.**

Review the appropriateness of reporting requirements to ensure that performance indicators are measurable, not duplicative and that any data provision is directly linked to relevant outcomes. Administrative requirements, including for Specialist Homelessness Services, should be minimised.

#### Rationale:

Current national performance indicators include measures to alleviate conditions over which states and territories do not have full control. The reporting and administrative requirements of multilateral agreements are often more onerous for smaller jurisdictions such as the Northern Territory. Non-government providers including Specialist Homelessness Services are stretched and seek consistency and efficiency in reporting and data requirements.

### **Recommendation 4: Improve coordination of the NHHA with other socio-economic policy and system responses, including the more effective use of Commonwealth levers.**

Consider the opportunities for improving the coordination of policy, agreements and strategies to take more effective action on alleviating multiple socio-economic factors impacting individuals and households. Determine where other Commonwealth levers can be better utilised to influence housing affordability and reduce exits/pathways into homelessness. This could include reviewing the effectiveness of the Commonwealth's role in providing rental assistance schemes to ensure income supplementation and subsidies are sufficient to enable people to live affordably in the private rental market irrespective of

location. Explore options to continue the National Rental Affordability Scheme (NRAS) or develop a new subsidy program that will maintain or increase the existing supply of affordable housing.

**Rationale:**

Jurisdictions are limited in their ability to meet the demand for housing and support services which is generated by a number of market and socio-economic factors outside of their control. The next NHHA presents an opportunity to align and leverage wider policy and system responses.

Housing affordability and security is increasingly impacted by factors external to the housing system. Private rental properties make up a significant proportion of the housing market in urban and regional locations around the Northern Territory, with limited affordability. The methodology for calculating Commonwealth Rent Assistance (CRA) does not adequately reflect regional rent variations or provide sufficient subsidy to enable people to live affordably in higher cost private rental markets. The gradual expiry of NRAS is likely to further contribute to a declining affordable housing market, and an examination of its extension or replacement is warranted.

**Recommendation 5: Examine the forgiveness of historical housing debt.**

Consider how government resources can be best directed to achieve outcomes against increasing demand for housing and homelessness support.

**Rationale:**

The Northern Territory has an existing housing debt to the Commonwealth. The servicing repayments could be better utilised by investment in targeted responses to delivering better housing outcomes.

### 3. The Northern Territory Context

The Northern Territory's population as at 31 December 2021 was 249,345 (Australian Bureau of Statistics 2021), comprising just one per cent of the national population. However, geographically the Northern Territory is the third largest jurisdiction in terms of land mass. Fifty per cent of Territorians live outside the greater Darwin area, across four urban towns, 73 remote communities and more than 500 homelands and outstations.

Around 26 per cent of Territorians are Aboriginal compared to just over three per cent nationally. Three quarters of those live in remote or very remote areas. Territorians are on average younger and more mobile than the general population. Distance and remoteness are universal challenges substantially affecting the cost of delivering programs and services, including housing and related infrastructure.

The combination of a small and sparsely distributed population places significant cost pressures on the social and affordable housing system. Significant fiscal and economic challenges are faced, linked to weakened economic conditions and declining levels of net migration, which has had a corresponding impact on Commonwealth funding where allocations are on a per capita basis. Together, these factors contribute to significantly increase the challenges of financial sustainability for the housing system.

There are approximately 85,000 homes across the Northern Territory, with the largest concentration of housing in the greater Darwin area, which comprises almost two-thirds of occupied dwellings. Rental properties, including private market and social housing, are the most dominant tenure at just under 50 per cent, compared with the national average of 31 per cent. Outright ownership is the least common tenure at almost 16 per cent, which is about half of the national rate.

Housing markets are influenced by factors such as local market conditions, fluctuating economic activity, supply of housing compared to demand and land tenure and planning arrangements, with such market conditions experienced very differently across the Territory.

In urban and regional centres, median house prices and median rents remain relatively high and unaffordable for many low to moderate income households. In remote communities there are limited market factors to underpin housing and economic development opportunities and Territorians experience greater levels of housing need, and limited access to a range of services that are essential for health and wellbeing.

Population mobility creates an 'ebb and flow effect' between remote areas and urban centres which impacts demand for housing and services. Mobility is linked to seasonal, cultural, sport and ceremonial events alongside Aboriginal people seeking opportunities for employment and requiring access to health and social support services.

A further articulation of the characteristics and operation of the Northern Territory Housing System is detailed at Attachment A.

### 4. Performance and Suitability of the NHHA

The Commonwealth and the states and territories recognise a mutual interest and shared responsibility for improving outcomes across the housing spectrum, including improving access to affordable, safe and sustainable housing, address homelessness, and supporting social and economic participation.

The Northern Territory's estimated total funding allocation over the term of the current NHHA is \$101.2 million. The total funding allocation includes:

- \$67.7 million for General Housing and Homelessness Funding directed to national housing priority policy areas including social housing, community housing support, affordable housing, tenancy

reform, home ownership and planning and zoning reform and initiatives. The national housing priority policy areas are incorporated into the Northern Territory's Housing Strategy;

- \$27.8 million for Homelessness Funding directed towards national homelessness priority policy reform areas and priority homelessness cohorts, which are incorporated into the Northern Territory's Homelessness Strategy; and
- \$5.7 million for Social and Community Sector (SACS) Funding provided by the Commonwealth under the Social, Community and Disability Services Industry Equal Remuneration Order 2012.

Total Northern Territory expenditure on housing and homelessness significantly exceeds the contribution received through the NHHA, as shown in Table 1.

**Table 1. Funding under the National Housing and Homelessness Agreement (\$M)**

Item	2018-19 (\$Actual)	2019-20 (\$Actual)	2020-21 (\$Actual)	2021-22 (\$ Forecast)
NHHA Public Housing Expenditure*	11.1	11.4	11.77	10.68
NHHA Homelessness Expenditure	8.6	8.6	8.18	9.712
<b>NHHA Total Expenditure</b>	<b>19.7</b>	<b>20.0</b>	<b>19.95</b>	<b>20.392</b>
NT Public Housing Component*	188.9	164.7	214.3	241.4
State Homelessness Component	29.5	31.1	36.28	37.48
<b>NT Total Component</b>	<b>218.4</b>	<b>195.8</b>	<b>250.58</b>	<b>278.88</b>
<b>% of NT component of overall expenditure</b>	<b>91.73%</b>	<b>90.73%</b>	<b>92.63%</b>	<b>93.19%</b>

\*Excluding Capital Expenditure

(Sources: Report on Government Services series 18 and 19)

The NHHA review should take into account limitations arising from the size of the total funding pool when assessing the agreement's performance against outcomes. While the NHHA remains a considerable source of funding for the Northern Territory, the overall funding pool limits the agreement's ability to make inroads against entrenched housing and homelessness shortfalls. This contrasts with the significant contribution from the Northern Territory's own-source expenditure.

### Reforming the Funding Model

The Northern Territory is strongly supportive of reforming the funding allocation model based on housing need, and increasing the funding appropriation to underpin a new NHHA (refer **Recommendation 1**). The future NHHA should appropriately reflect jurisdictional contexts through bilateral arrangements, noting that there are significant differences in rates of homelessness and overcrowding, housing affordability and ownership, geographical dispersion of populations and land mass between states and territories.

The methodology for calculating NHHA funding allocations could consider the following:

- a) NHHA general population based funding formula is reviewed to more effectively take into account above average costs of some jurisdictions due to high remote service delivery costs, distributed population and share of the population with high and complex needs;
- b) NHHA homelessness funding is allocated based on the percentage of the population who are homeless in each jurisdiction, as measured in the most recent Census and readjusted thereafter following each new Census; and
- c) Continue to provide supplementation to cover the Equal Remuneration Order (ERO) and incorporate it into an increased amount of general housing and homelessness funding. This funding is critical in ensuring that housing and homelessness organisations can continue to maintain their existing levels of service delivery. Continuing the ERO would effectively achieve a permanent increase in the base funding levels for these two funding streams under NHHA.

The Northern Territory's ability to develop and consider future funding models is constrained by its limited fiscal and funding resources, noting that at this time the NHHA does not provide additional funding for jurisdictions to undertake future planning. This is compounded by the significant policy complexities facing the housing and homelessness sectors.

### Purpose, Objectives, Outcomes and Suitability of the NHHA

The purpose, objectives and outcomes of the NHHA should be reviewed and the status of the NHHA elevated to bring greater visibility to issues across the housing spectrum, and provide greater funding certainty to the efforts of states and territories. Joint efforts should be coupled with transparency on benefits and costs and be clear around autonomy for states and territories. Equally important is that states and territories are provided with visibility on implications for the housing and homelessness funding allocation pool, noting that current funding is not meeting need and demand across the entire housing spectrum.

The NHHA would benefit from a restructured format with revised objectives and accountabilities. It could incorporate national guiding principles with a predominant focus on providing greater jurisdictional flexibility to determine priorities and responses (**refer Recommendation 2**).

New NHHA oversight mechanisms could include tripartite governance arrangements such as those utilised for the National Agreement on Closing the Gap. This would provide a more explicit voice and shared decision making role for the consumer and non-government sector.

### Addressing Homelessness

The Northern Territory's 2021 review of the homelessness services sector demonstrates outcomes for investment under the NHHA. This review was conducted in response to Priority Action 5 of the *Northern Territory Homelessness Strategy 2018-2023* in which the Northern Territory Government committed to work with the homelessness services sector to strengthen and improve responses for Territorians who are homeless or at risk of homelessness.

The review reinforced that delivery of homelessness services is made more challenging by the complex needs of clients, high levels of mobility, cultural and language diversity, and organisational and resourcing challenges of delivering services and programs in remote and very remote locations.

The review aimed to build a deeper understanding of the level of homelessness and the type, resourcing, distribution and outcomes of homelessness services provided under the funding arrangements. It has assisted in building an evidence base on the operations of the sector at the regional-centre level and for the whole of the Northern Territory. It also produced resources to support the planning, operation and monitoring of a realigned homelessness services system, including the development of a draft outcomes framework. This planned realignment is currently in the consultation phase.

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The NHHA review seeks comment on whether the priority homelessness cohorts are the right priorities. Homelessness services play a vital support role in the Northern Territory and deliver important outcomes. Nominally, the determination of priority cohorts enables services to be targeted to those in most need. In the Northern Territory, Aboriginal people form a primary priority cohort, being more likely to live in overcrowded conditions and representing 88 per cent of the homeless population (2016 Census) and 81 per cent of the population seeking assistance from Specialist Homelessness Services (SHS) (in the 2020-21 financial year). However, of significance, many Aboriginal people are also represented across multiple homelessness priority cohorts and are considered at particular risk of homelessness on a number of dimensions. The next NHHA could usefully support a more flexible approach to addressing homelessness across cohorts.

Other cohorts to benefit most from housing and homelessness responses include women and children experiencing domestic and family violence, people living with disability, young people, seniors, adults leaving correctional facilities and young people leaving statutory care arrangements.

Not only are individual clients in the Northern Territory represented in multiple priority groups, comparison of the Northern Territory and Australian SHS client profiles demonstrates that Northern Territory clients are present in all priority groups at a higher rate than Australia as a whole, as shown in Table 2.

**Table 2. Comparison of 2020-21 Northern Territory SHS client profiles to the national average<sup>1</sup>**

Client Profile	NT Number of Clients	NT rate	National Average rate	NT vs. National Average rate (number of times NT is greater)
Clients are <b>Aboriginal</b>	8204	972.0	810.6	1.2
Clients have experienced <b>Domestic and Family Violence</b>	4951	201.3	45.2	4.5
Clients have a current <b>Mental Health</b> issue	1049	42.6	34.3	1.2
<b>Young people</b> presenting alone	1465	59.6	16.2	3.7
Clients <b>Leaving Care</b>	270	11.0	2.5	4.4
Children with <b>Care and Protection Orders</b>	307	12.5	3.2	3.9
Clients exiting <b>Custodial Settings</b>	208	8.5	3.5	2.4
Clients with problematic <b>Drug or Alcohol</b> issues	738	30.0	10.6	2.8
Clients <b>aged 55 or older</b>	815	33.1	9.3	3.6
Clients with a <b>Disability</b>	187	7.6	2.7	2.8

Note: All rates are per 10,000 estimated resident population.

## Performance Monitoring and Reporting

Under the current Federation Funding Agreements Framework as agreed by the Council on Federal Financial Relations, agreements should be administered efficiently, minimise the administrative costs associated and avoid complexity that does not deliver significant benefit. The current NHHA contains considerable administrative burden and limits the Territory's ability to efficiently administer the agreement. A simplified approach should be adopted to measure progress, as the metrics are numerous and require extensive data collection and reporting.

<sup>1</sup> Data from the INDIGENOUS.2 and CLIENTS.37 tables in the 2020-21 Specialist Homelessness Services Annual Report, Australian Institute of Health and Welfare.

Options should be investigated to streamline administrative reporting, including reduced burden when calculating ERO amounts for individual grant agreements and incorporating ERO into an increased amount of general housing and homelessness funding.

The Northern Territory has supported the development and implementation of an improved, nationally consistent housing and homelessness data set, and its collection and reporting under the NHAA Data Improvement Schedule. A revised NHHA could place greater emphasis on effective data development.

It is recommended that the national performance indicators be reviewed and linked to SMART targets. Measures should appropriately reflect the factors that states and territories have control over at the jurisdictional level. The development of logic models could help determine short-term, medium-term and longer-term outcomes, which would better show the flow from outputs to state-level outcomes to national outcomes. Indicators should be aligned to the logic model rather than a long list of performance indicators in the NHHA (**refer Recommendation 3**).

The Schedule for Homelessness Data Collection outlines the Commonwealth and jurisdictions' commitment to continue to facilitate, collect, compile and supply homelessness agency, client and support period data to the Australian Institute of Health and Welfare (AIHW) consistent with nationally agreed standards and specifications. All funded SHS must participate in the Specialist Homelessness Service Collection (SHSC) unless exempted by the Commonwealth. All parties to the NHHA agree to share SHSC client and agency data and AIHW provides all jurisdictions with access to the SHSC data sets. Where exemptions have been sought and approved for Northern Territory funded services, such agencies still feed into the data collection using their own software and data collections.

Over time, a small number of funded specialist homelessness services providers have raised concern over the onerous nature of the SHSC and concern that homelessness frontline resources are tied up in data input. There is scope to examine how data entry can be simplified so critical frontline resources can be focused where they are most needed.

### NHHA Alignment with Key Policy Areas

The review asks whether the NHHA could be better aligned with other policy areas. There are significant, complex socio-economic factors that impact the demand for housing and the incidence and severity of homelessness and are outside the control of these sectors. Intersections occur with service response for community members experiencing family violence, mental and poor health issues, drug and alcohol misuse, living with a disability, low education attainment, in contact with the justice system, under employment and social exclusion.

A specific national focus is warranted on how integrated policy, agreements and strategies can increase levels of support for mental health, drug and alcohol, disability, family violence and reduce exits into homelessness. This should draw on evidence-based policy and program design and incorporate revised national data reporting and a stronger understanding of the cost benefits across multiple government policy areas to reducing homelessness.

More effective responses, including for housing and homelessness, require a service system with capacity to adopt early intervention and prevention approaches that are integrated, trauma informed, person-centred and, where focused on housing, should promote the wellbeing of households and sustainable tenancies.

To improve coordination of the NHHA with key policy areas, there is opportunity to align Commonwealth and state and territory government policy levers and to review Commonwealth rent assistance schemes (**refer Recommendation 4**).

The Commonwealth has responsibility for many of the economic policy levers that impact housing demand and cost, including taxation, financial sector regulation, housing subsidies and welfare support, and migration

programs. The Commonwealth plays a role in encouraging investment in social housing provided by Community Housing Providers (CHPs) through mechanisms such as the National Housing Finance and Investment Corporation (NHFIC) and the provision of CRA. It also has the ability to partner and invest in social housing provided by CHPs.

State, territory and local government levers related to the supply of housing fall within the scope of the NHHA, including land release, zoning, planning and policy and social and affordable housing provision. States and territories report on their respective reforms and initiatives and provide assurances to the Commonwealth that requirements have been met under the NHHA. Reciprocal reporting on the related Commonwealth policy levers which are crucial to housing and homelessness reform and NHHA outcomes would be of benefit.

Other levers include the payment of social assistance and welfare measures, such as JobSeeker, Aged Pension and CRA which have not kept pace with the rise in housing costs. As a result, Australians on low to moderate incomes are facing increasing housing stress.

The gradual expiry of the NRAS will further contribute to a shrinking affordable housing market. An extension to NRAS or the development of a new subsidy model would maintain the existing levels of affordable housing and, where required, increase supply of affordable housing to meet demand.

### Alignment with the National Agreement on Closing the Gap

Improved housing and homelessness outcomes are sought through the National Agreement on Closing the Gap, including that Aboriginal people and families have secure, appropriate and affordable housing that is not overcrowded. It is important that efforts under the NHHA and Closing the Gap are aligned and achievable.

Housing is identified as a key policy priority area requiring a joined-up approach. Policy partnerships will identify opportunities to work more effectively across governments, and reduce gaps and duplication. The housing sector is subject to a sector strengthening plan currently being developed by government parties and Aboriginal housing sector representatives. Sector strengthening plans provide a resource to prioritise, partner and negotiate beneficial sector strengthening strategies, helping parties to meet their obligations under the National Agreement.

The Northern Territory's current Implementation Plan commits to strengthening the Aboriginal housing sector, including piloting community controlled housing in remote areas, with appropriate resourcing. Housing and homelessness measures are coordinated with the Northern Territory Government's *Everyone Together* Aboriginal Affairs Strategy, which articulates a focus on community-led Local Decision Making and transferring services to Aboriginal community controlled organisations.

Any new NHHA should be informed by the findings of the national policy partnership and sector strengthening plan, as both will provide a coordinated approach to Aboriginal-led, best practice strategies to improve housing for Aboriginal people. Further, the Closing the Gap tripartite governance arrangements provide guidance for potential engagement mechanisms under a revised NHHA.

### National Partnership Agreement for Remote Housing NT

There are strong correlational relationships between homelessness and overcrowding of households, shortage of affordable and appropriate housing and high mobility in remote areas. Housing responses are also complicated by issues including: tenure over Aboriginal land and the need to negotiate and secure long-term leases for public housing allotments and complexities of essential infrastructure services (road, electricity, water and sewerage).

In recognition of the Northern Territory's unique housing context and challenges, the Northern Territory Government's remote housing investment package, *Our Community. Our Future. Our Homes* is complemented by the National Partnership Agreement for Remote Housing NT (NPRHNT). This agreement facilitates Commonwealth investment of \$550 million over five years from 2018 to 2023 to assist in reducing chronic overcrowding by generating more construction.

The current NHHA's broad objective of improving access to affordable, safe and sustainable accommodation across the housing spectrum is difficult to achieve in the Northern Territory, given the significant amount of housing activity driven under the provisions of the NPRHNT.

### Historical Housing Debt

At the time of self-government in 1978, the Northern Territory inherited Commonwealth debt relating to historical housing provision in the jurisdiction. Commonwealth debt negotiations occurred in other jurisdictions when the NHHA was created, which provided additional capacity in those jurisdictions for housing and homelessness matters. Debt forgiveness may be an avenue for additional funding arrangements in future agreements.

Under a new NHHA, the Territory could potentially increase its matched funding capacity and investment if the Commonwealth was willing to provide some level of debt forgiveness and allow the Territory to redirect annual debt repayments towards targeted housing reforms. It is recommended that consideration be given to the Commonwealth retiring housing debt (**refer Recommendation 5**).

## 5. References

National Housing and Homelessness Agreement (NHHA) 2018-23

National Partnership Agreement for Remote Housing NT (NPRHNT) 2018-23

National Agreement on Closing the Gap, July 2020

The Northern Territory's Closing the Gap Implementation Plan, July 2021

*Pathways out of Homelessness*, Northern Territory Homelessness Strategy 2018 to 2023

*Building Our Communities, together* Town Camps Reform Framework 2019-2024

*A Home for all Territorians* Northern Territory Housing Strategy, 2020 to 2025

Northern Territory Community Housing Growth Strategy 2022-2032

NTCOSS 'Cost of Living Report', Issue No. 30, June 2021

Anglicare NT, Rental Affordability in the Northern Territory, Snapshot Report 2021

Profile of Indigenous Australians - Australian Institute of Health and Welfare (aihw.gov.au)

Territory Families, Housing and Communities administrative data, Monthly Housing Report

[Specialist Disability Accommodation\\_180306.pdf \(summerfoundation.org.au\)](#), SGS Economics and Planning 2018

[National, state and territory population, Dec 2021 Australian Bureau of Statistics](#),

Snapshot of Northern Territory | Australian Bureau of Statistics (abs.gov.au)

## ATTACHMENT A

# The Northern Territory Housing System

## Housing Demand

The demand for housing across all locations is significant. The need for additional dwellings is mostly driven by the pressure to relieve existing overcrowding among Aboriginal households and, to a lesser extent, meet the demand for population growth. Modelling indicates that between 8,000 and 12,000 additional dwellings will be required across the Northern Territory by 2025. The lack of affordable housing options contributes to high demand for public housing and wait time is between two and eight years or more, depending on the location and type of housing required. Based on public housing waitlists and levels of overcrowding in Aboriginal households, it is estimated that approximately 75 per cent of this projected housing is required across the social housing system, particularly in remote areas.

## Social Housing

The Northern Territory Government holds a considerable public housing portfolio consisting of 10,340 dwellings as at May 2022. Of these, 4,894 are dwellings in urban and regional locations including 235 social head leased dwellings. A further 5,446 are dwellings in remote areas, of which approximately 400 are located in a town camp or community living area. While housing in homelands is generally communally owned and is not part of the Northern Territory's remote public housing system, funding is provided towards the delivery of housing, municipal and essential services for eligible homelands. Government Employee Housing (GEH) provides vital housing services for a number of Northern Territory Government employees working in remote communities and regional centres. The majority of social housing is public housing and it represents a significant proportion of the housing market. In remote areas, public housing accounts for almost all homes. Despite the relative size of the social housing system, there remains a critical undersupply. Homelessness in the Northern Territory is 12 times the national average, with overcrowding accounting for 81 per cent of the homelessness rate. The national rate of severe overcrowding at 21.8 per 10,000 people, compares to the Northern Territory at 483.5 per 10,000.

The cost of delivering quality and sustainable property and tenancy management services to tenancies with increasingly complex needs across the Northern Territory's entire social housing portfolio is significantly greater than rent received. Factors include a lower rental base for low income households, overcrowded housing with high wear and tear and shortened lifecycle of stock, an aging portfolio of stock, and more limited industry capacity and contractor availability, combined with higher costs of materials.

## Community Housing

The Northern Territory's community housing sector is small, in the number of CHPs and the volume of housing they manage. In 2021, the sector grew from five registered CHPs under the National Regulatory System for Community Housing managing over 900 dwellings, to eight registered CHPs managing over 1,040 dwellings. The low number of CHPs, including the absence of Tier 1 registered providers, has restricted complex or large community housing models to date.

In May 2022, the Northern Territory Government released a *Community Housing Growth Strategy 2022-2032* under which it intends to partner with the community housing sector to transform social and affordable housing. The Strategy aims to improve the long-term sustainability of the social and affordable housing system, to increase community housing-led asset renewal and new supply, and to strengthen communities through improved asset and tenancy management, place making and renewal.

A pipeline of strategic initiatives is intended to incentivise and attract non-government investment in social and affordable housing at a scaled need to support sector growth. An Urban Growth Stream will include a

staged transfer of up to 40 per cent of all urban and regional public housing dwellings under long-term leases, the transition of social and affordable housing head leases to CHP management and the transfer of land and housing assets to CHPs for development and renewal. A Remote Growth Stream will be Aboriginal led with transfer of housing management and service delivery to Aboriginal organisations, informed by the National Partnership for Remote Housing Northern Territory and the Northern Territory Government's remote housing investment package. To support the growth of Aboriginal CHPs, Government will invest in strengthening the capacity of the peak body, Aboriginal Housing NT.

The current NHHA does not identify people living with a disability as a priority homelessness cohort. However, clients with a disability are accessing SHS at 2.6 times the national average. A key priority area of the draft Northern Territory Disability Strategy includes increasing the availability of affordable, universal housing to support Territorians of all abilities. Discussions are progressing on opportunities for CHPs to become Specialist Disability Accommodation providers under the National Disability Insurance Scheme.

### Addressing Homelessness

Key responses to support people who are homeless or at risk of homelessness in the Northern Territory are provided by SHS. Support is designed to address the complex and multi-dimensional needs of the homelessness population. Services are delivered through partnerships with non-government organisations (NGOs) and mostly support people who are homeless or at risk of homelessness across urban and regional centres.

Service types include visitor accommodation, short term/emergency accommodation, medium term/transitional housing, long term housing, tenancy sustainability programs, outreach and case management, other services such as drop in and hub centres, case management and support services for people leaving correctional services and domestic and family violence services.

Homelessness service delivery is made more challenging by the complex needs of clients, high levels of mobility, cultural and language diversity, and organisational and resourcing challenges of delivering services and programs in remote and very remote locations. Currently, while most types of services are available in Alice Springs, Darwin and Katherine, there remains significant unmet need in these locations as evidenced by high numbers of people unable to be assisted each year.

### Planning and Land Use Regulation

The Northern Territory's planning and zoning regulations differ from other jurisdictions, in that the Northern Territory Government is responsible for planning across the Territory, with local government engagement and consultations. Consistent with the National Priority Policy Areas within the NHHA, the Northern Territory Government has implemented a number of changes to the Northern Territory planning system in recent years which have served to reduce regulatory burden and red tape and facilitate the efficient and cost effective delivery of affordable housing.

In July 2020, Government completed Phase 1 of the Planning Reform Initiative resulting in a new Northern Territory Planning Scheme 2020. Following three years of consultation with industry and the community, this comprehensive suite of reforms to the planning system has, among other things, resulted in:

- establishing a more flexible outcomes based system which enhances the ability of place based planning thereby reducing the need to rezone land;
- introducing 'Merit Assessable' and 'Impact Assessable' tracks of assessment thereby allowing more streamlined processes for more simple applications, introducing statutory time frames for the Minister to make decisions on a rezoning application and removing the need for obtaining planning approval for all complying duplex developments across the Territory; and

- moving the advertisement of all planning applications from newspaper to online and expanding the Development Applications Online (DAO) system to enable processing of all types of planning applications electronically.

Phase 2 of the Planning Reform Initiative is currently underway and will further streamline planning processes, particularly for low risk applications. This includes reforms which consider the movement of more uses expected in a zone in the 'permitted' or 'interchangeable' category (to remove the need for planning applications which meet specific development requirements in the zone).

The need for planning approval for all complying low rise residential developments in remote Aboriginal communities has been removed. A limited exemption under the *Planning Act* (Regulation 3A) has also been extended to June 2023 to conditionally remove the need for subdivision approval for land development in remote communities as part of the \$1.1 billion remote housing program.

While the Northern Territory does not currently enforce or incorporate affordable housing Inclusionary Zoning (IZ) within the planning system, many of the principles of IZ are applied through a range of affordable housing initiatives and approaches to planning for new developments. The planning system currently incorporates flexibility to implement controls that can be used to increase housing affordability, particularly through the use of Specific Use (SU) Zones. SU Zones allows for specific planning controls to be flexibly applied with new land release developments.

Within the planning system, measures to promote the supply of affordable housing currently include:

- setting price objectives in relation to land within new housing developments as part of the tender process. In response, developers provide a range of lot sizes that respond to demand across a range of market segments;
- the option to allocate lots in some new development specifically for social housing;
- applying the SU Zone to some lots within new developments as a means of controlling certain requirements (such as lot size to enhance affordability); and
- implementing a strategic land release and development program seeking to effectively match and respond to demand and incorporates multiple concurrent developments to promote competition.

Unlike most other jurisdictions in Australia, where lands planning policy and associated planning controls are administered at the local government level, in the Northern Territory these functions are administered at a whole-of-Territory level. This allows the planning system to respond quickly and efficiently to changes in market demand and improve housing supply responsiveness.

The Northern Territory currently includes the average time to decide development applications as the primary key performance indicator for the development assessment system (with the current average processing time for applications standing at 53 days).

## Building and Construction Industry

National industry reforms have been implemented in recent years in response to community and industry concerns of weakness in building regulatory systems. The Building Ministers Meeting commissioned a report to examine compliance and enforcement issues in Australia's building and construction systems. The resulting Building Confidence Report (BCR) was released in April 2018 with 24 recommendations aimed at improving state and territory compliance and enforcement systems.

The Northern Territory Government is committed to improving the Territory's building regulation framework. For example, as of 31 January 2022, independent third party review of structural designs for significant and complex buildings came into effect. This reform responded to a BCR recommendation and

was developed with industry consultation as a result of a series of defects in multi-storey buildings in Darwin. Other reforms include the introduction of continuing professional development for registered building practitioners, increasing the civil penalties for professional misconduct by building practitioners and introducing new categories for registered builders. The Northern Territory Government is also increasing its capacity to undertake proactive auditing of building practitioners.

### First Home Owner Grants and Concessions

The Northern Territory administers and provides grants and concessions for first home owners. Currently there is a NT First Home Owner Grant of \$10,000 for first home buyers or builders of new homes. Home Ownership NT, in partnership with People's Choice Credit Union, provides low deposit and subsidised interest rate loan options for low to middle income earners who buy or build a new home. Current low interest rates and relatively modest median house prices in the Territory (compared to interstate) have improved housing affordability and reduced the need for further home buyer assistance at this time. Decisions on new or additional first home owner grants are outside the scope of the NHHA.

### State Taxes

The Northern Territory applies a conveyance duty on land and property transfer (stamp duty) and in 2022-23, is forecast to collect \$149 million in stamp duty. The Territory is the only Australian jurisdiction in which land tax is not currently imposed and there are political, technological and data driven challenges to its introduction in the short term. In the absence of a land tax, higher stamp duty rates apply compared to most jurisdictions and, unlike some jurisdictions, does not apply a separate tax scale to conveyances of principal places of residence. As a key element of own source revenue (15 per cent), the Northern Territory is not in a position to reduce or remove stamp duty without a replacement source of income.

### The Impact of COVID-19 on Housing and Homelessness

In the face of the COVID-19 pandemic, the broader Australian community has been strongly encouraged to protect against the risk of COVID transmittal. Without a safe, secure and affordable home, social distancing, hygiene and sanitation requirements have been difficult for many in the Northern Territory, particularly in overcrowded households and amongst the homeless population. COVID-19 has highlighted the crucial link between housing and health. Homelessness responses have been prioritised to reduce the potential transmission of COVID among people sleeping rough or at overcrowded shelters.

Issues which have been addressed include: the social, economic and financial hardship experienced by vulnerable people leading to an increase in demand for services, including domestic and family violence supports; the need for cooperation, adaptation and flexible responses from providers, in particular operational impacts on changed norms in relation to social distancing and public health; and the importance of access to social security payments, emergency relief measures and the implications for tenants in private and public rental markets.

Moving forward, the pandemic has highlighted the need for all levels of government to contribute to the provision of secure and affordable accommodation and to improve long term planning, leadership and coordinated responses.