



6 March 2020

NT Planning Commission
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Attn: NT Planning Commission

NT Shelter is the peak body for affordable housing and homelessness in the Northern Territory. Our members are organisations working in the specialist homelessness, community housing, mental health, domestic and family violence and related sectors, concerned with issues of housing affordability and homelessness in the NT.

We are pleased to provide this submission in response to the Planning Commission's request for input on the Designing Better Discussion Paper.

More social housing (either public housing or community housing) is desperately needed in the Northern Territory. There are significant shortages of housing right across the housing continuum including, but by no means limited to, a lack of affordable housing for low to moderate income earners.

In the Planning Commission's consideration of how to encourage the best quality outcomes for residents, neighbours, businesses and the broader community, we believe it is critical to consider the benefits of inclusionary zoning. Our reasons are stated within the attached document.

Thank you for your consideration of our submission.

Yours faithfully

A handwritten signature in black ink, appearing to read "Peter McMillan", with a long horizontal flourish extending to the right.

Peter McMillan
Executive Officer



RESPONSE TO THE NORTHERN TERRITORY'S *DESIGNING BETTER* PROJECT

06 March 2020

NT Shelter is the Northern Territory's peak body for affordable housing and homelessness. Our members are specialist homelessness services organisations, community housing providers and other stakeholders engaged with the provision of appropriate and affordable housing for all Territorians.

We welcome this opportunity to provide comment on the NT Government's *Designing Better* project which will ultimately inform revised development requirements in the Northern Territory Planning Scheme for apartments and mixed-use developments and be complemented by the locality-specific guidance of Area Plans.

While we support efforts for apartment buildings in the Northern Territory to be more climate appropriate, and designed to celebrate and enable local and regional differences, we believe that a consideration of inclusionary zoning mechanisms is essential in achieving the Commission's objective of "champion[ing] best-practice, innovative approaches that make positive contributions to our built environments, the lives of future residents and the broader community."

Inclusionary zoning is a land use planning intervention by government that either mandates or creates incentives so that a proportion of a residential development includes some affordable housing dwellings.ⁱ Although Darwin faces high vacancy rates, there remains an acute shortage of affordable housing in Darwin and across the Territory. Recent modelling from the Northern Territory Department of Local Government, Housing and Community Development notes that around 8,000 to 12,000 additional dwellings are required in the Northern Territory by 2025, approximately 75% of which are estimated to be social housing. The Department have also noted that addressing this demand "will require a long term commitment that goes well beyond the life of this strategy [*NT Housing Strategy: 2020 - 2025*]"ⁱⁱ

With the Northern Territory Government placing considerable emphasis on attracting new residents to the NT to support the Government's broader economic and population growth strategies, it is critical that affordable and appropriate housing options are available to current and future residents. The *2018 – 2028 Northern Territory Population Growth Strategy*, designed to boost the NT's population and create jobs, has seen "small but significant inroads into boosting our population. It's a big decision to relocate a family to another state or country and one that isn't made quickly."ⁱⁱⁱ Increasing access to safe, affordable and appropriate accommodation options will provide further incentive for potential new residents to relocate to the Northern Territory.

Inclusionary zoning examples from other jurisdictions show how inclusionary zoning mechanisms can stimulate private investment in development, increase the availability of affordable housing options and ultimately, quality outcomes for residents, neighbours, businesses and the broader community.

Inclusionary zoning planning mechanisms can and should be developed as part of a suite of whole-of-government solutions to address the shortage of affordable housing dwellings across the Territory.^{iv}

Housing and Homelessness in the Northern Territory

The provision of housing is a basic human need. It is a need that remains unmet for many Territorians. In terms of housing disadvantage and homelessness, this is acutely and disproportionately experienced by Territorians, with 12 times the national average rate of homelessness. An estimated 13,717 persons are homeless and demand for services is consistently on the rise, up 25% over the past four years.^v Approximately 3.84% (1 in 36) of the Northern Territory's population sought assistance from Specialist Homelessness Services in 2018-19, compared to 1.2% Australia wide.^{vi}

The need for more social and affordable housing is pressing

The NT faces huge challenges in addressing its housing and homelessness crisis due to its limited fiscal capacity to provide housing infrastructure and services across a wide geographic footprint. There remains a critical undersupply of social housing in the NT as evidenced by high rates of homelessness and long wait lists for public housing.^{vii} The NT faces a number of housing challenges, most significant of all is the demand for housing across key locations.^{viii}

More social housing (either public housing or community housing) is desperately needed. There are significant shortages of housing right across the housing continuum including, but by no means limited to, a lack of affordable housing for low to moderate income earners. Almost one half of all Territorians are renters, a proportion significantly higher than in other states. However, research shows that there are almost no rental properties on the NT rental market that are affordable and appropriate for persons on income support payments.^{ix}

The size of the community housing sector in the NT is tiny compared to other states and must be supported in order to stimulate additional supply of social and affordable housing. There is a need for increased supply of housing and accommodation capacity across all parts of the housing system.

Indeed, the Northern Territory has a pressing need for a supply plan to meet the large and growing shortfall in social and affordable housing. There have been a range of estimates by researchers of the size of this shortfall. Research released in early 2019 by the UNSW City Futures Research Centre identified a current shortage of 9,000 dwellings and a further 8,300 dwellings needed in the NT by 2036.^x

Northern Territory Government modelling suggests that around 8,000 to 12,000 additional dwellings are required across the NT by 2025, approximately 75% of which are estimated to be for social housing.^{xi}

Inclusionary Zoning – An opportunity

'Inclusionary planning' refers to approaches for securing or leveraging affordable housing through the planning and urban development process. Inclusionary zoning across Australia is intended to be an enhancement of traditional methods of achieving social and affordable housing, not a replacement of direct government investment in social housing. Social housing is critical for people living on low incomes who require a subsidy to achieve an affordable home.^{xii}

Inclusionary zoning mechanisms include:

- *Inclusionary zoning (IZ)* - where development within a designated zone makes a contribution towards supplying affordable housing according to a prescribed percentage of the affordable housing development
- *Density bonuses* - where development at a density greater than what is usually permitted is offered in return for an affordable housing contribution
- *Planning concessions* - where planning rules are varied for affordable housing development or to enable low-cost market housing
- *Negotiated agreements* - where affordable housing contributions are negotiated on a case-by-case basis (although a policy framework to inform these negotiations may still apply)
- *Impact fees* - where financial contributions from developers are paid to offset the impact of a project on affordable housing demand or supply.^{xiii}

Research by the Australian Housing and Urban Research Institute (AHURI) has found that mandating the development of affordable housing when land is rezoned, offering developers voluntary planning incentives, and providing density bonuses, are some of the opportunities to leverage the planning system to create more affordable housing. AHURI's 2018 research report *Supporting affordable housing supply: inclusionary planning in new and renewing communities*, found that between 2005 and 2016, planning schemes led to 2009 affordable homes being built in South Australia and 1,287 in NSW while in the UK similar schemes led to 83,790 new affordable dwellings.



Inclusionary Zoning in Australia^{xiv}

Through these mechanisms local planning authorities identify the level of unmet housing need and use locally negotiated agreements to obtain contributions from private housing developments to supply affordable housing, with exact requirements determined in relation to site-specific considerations, including financial viability.^{xv}

In South Australia, the Government's inclusionary housing requirement, introduced in 2005, requires that 15 per cent of all housing in significant residential developments (including urban renewal and greenfield contexts) should be affordable to low or moderate-income earners. In addition to the 2009 affordable homes already built, a further 3,476 homes are in development. This amounts to about 17% of housing output in South Australia. Under the South Australian model, affordable homes are set aside for purchase by eligible households or social housing providers. The reduced profit from the

affordable component is factored into land values at the time of acquisition and so does not constitute a cost for the whole project.

In NSW, a voluntary “density bonus” offers developers increased floorspace in return for affordable rental housing. The affordable units must be rented to eligible households at 20% market discount for a minimum of 10 years. The study found that, despite much greater population growth and housing affordability pressures than other states, the density bonus and other voluntary incentives introduced since 2005 have delivered only 1,287 units.

The AHURI researchers found private developers accept inclusionary requirements when they are known in advance and levied in a consistent way, and that “there is great potential to extend inclusionary planning approaches across Australia.”^{xvi}

In NT, there are currently no regulations for urban infill development in terms of providing a proportion of social and affordable housing. While examples of inclusionary zoning outcomes involving Crown Land exist in the Territory, the majority of Crown Land is in outlying suburbs or on the fringe of urban areas. Most land in city locations is privately owned or freehold title and the absence of inclusionary zoning legislation means that there are limited opportunities (such as head leasing) to incentivise a social and affordable housing component directly in urban areas.

Recommendation 1: The Northern Territory Planning Commission should explore both voluntary and mandatory planning incentives in its review of the Northern Territory Planning Scheme, and in all considerations around how to “get the best quality outcomes for residents, neighbours, businesses and the broader community” in urban areas.

Inclusionary Zoning: A Territorian response for a Territory need

The Territory Government own significant tracts of Crown Land with more new developments in the Territory occurring through the release of this Land. Encouragingly, some Crown Land releases have been subject to mandated conditions around housing affordability. For example, the release of Crown Land in Zuccoli (stage 5) required proponents to provide a minimum of 34 diverse dwellings for eligible first home buyer initiatives and a minimum of 17 dwellings for social housing purposes as part of a “salt and pepper” mix.

The Northern Territory’s system is unique in that the Territory Government is responsible for planning policy and development consent, rather than Local Governments. Given substantial Crown Land reserves are available for new developments over the coming forty years (e.g. Holtze and Kowandi), the Territory Government is well placed to achieve de facto inclusionary zoning outcomes through leveraging Crown Land releases for prescribed purposes, including achievement of a proportion of low-cost housing outcomes. Affordable and social housing developments mandated for greenfield developments within reasonable proximity of the city given the relatively small size of Territory urban communities are available.

However, this must be mandated to ensure social and affordable housing objectives become the norm rather than the exception. In Darwin, for example, recent median house price falls of up to 25% have been interpreted by many as an alleviation of affordability issues, despite the fact that many properties remain vacant because they are unaffordable to potential tenants.^{xvii} By implementing a mandated approach, both government and private developers can better plan for the long-term housing need in the Territory, regardless of movement or shocks in house prices.

A 2019 National Shelter report also recommended that the Northern Territory Government should mandate social and affordable housing outcomes for residential developments in its Crown land releases.^{xviii}

Recommendation 2: Mandate 'de facto' inclusionary zoning outcomes in Crown Land releases to achieve a proportion of affordable housing properties across the Territory.

References

- ⁱ (Australian Housing and Urban Research Institute, 2017) in National Shelter report.
- ⁱⁱ A Home for all Territorians: Northern Territory Housing Strategy 2020-2025, *Northern Territory Department of Local Government, Housing and Community Development*.
- ⁱⁱⁱ Targeted Campaign Attracts New Territorians, NT Chief Minister media release (19 Aug 2019).
- ^{iv} <https://www.ahuri.edu.au/research/final-reports/297>
- ^v The number of clients per 10,000 increased from 312 to 390 over this period. See Australian Institute of Health and Welfare, Specialist Homelessness Services annual report 2014-15, web report, (last updated 11 December 2015) and the corresponding 2018-19 annual report.
- ^{vi} 2018-19 Specialist Homelessness Services Annual Report, Australian Institute of Health and Welfare.
- ^{vii} <https://nt.gov.au/property/public-housing/apply-for-housing/apply-for-public-housing/waiting-list>
- ^{viii} A Home for all Territorians: Northern Territory Housing Strategy 2020-2025, *Northern Territory Department of Local Government, Housing and Community Development*.
- ^{ix} Anglicare 2019, Rental Affordability Snapshot, <https://www.anglicare-nt.org.au/wordpress/wpcontent/uploads/2019/04/RAS-Anglicare-NT-2019.pdf>
- ^x Dr Laurence Toy and Professor Bill Randolph, UNSW Sydney, City Futures Research Centre, Filling the Gap: Costing a National Affordable Housing Program, <https://cityfutures.be.unsw.edu.au/research/projects/filling-the-gap/>
- ^{xi} Department of Local Government, Housing and Community Development (NT Government), op. cit
- ^{xii} <http://shelter.org.au/site/wp-content/uploads/190325-Inclusionary-Zoning-Report-V6-Final.pdf>
- ^{xiii} https://www.ahuri.edu.au/_data/assets/pdf_file/0021/17274/PES-006-Planning-mechanisms-to-deliver-affordable-homes.pdf
- ^{xiv} <https://www.ahuri.edu.au/policy/ahuri-briefs/Understanding-inclusionary-zoning>
- ^{xv} AHURI's 2018 research report *Supporting affordable housing supply: inclusionary planning in new and renewing communities* (<https://www.ahuri.edu.au/research/final-reports/297>).
- ^{xvi} Ibid.
- ^{xvii} <https://www.abc.net.au/news/2018-04-24/why-darwin-rent-high-when-vacancy-rate-high-property/9662364>
- ^{xviii} <http://shelter.org.au/site/wp-content/uploads/190325-Inclusionary-Zoning-Report-V6-Final.pdf>

OUR MEMBER ORGANISATIONS



We acknowledge the Traditional Owners and custodians of country throughout Australia and their continuing connection to land, sea and community. We pay our respects to them and their cultures and to their Elders past, present and emerging.