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**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
NORTHERN TERRITORY COMMUNITY HOUSING STRATEGY**

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**NT SHELTER RESPONSE TO REQUEST FOR INFORMATION ON  
IDENTIFYING OPTIONS FOR URBAN COMMUNITY HOUSING**

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**Department of Housing and Community Development  
Northern Territory Government**

NT Shelter welcomes the opportunity to contribute to the Department of Housing and Community Development's (DHCD) Request for Information on *Identifying Options for Urban Community Housing* in the Northern Territory.

NT Shelter is the peak non-government body for advocating for affordable and appropriate housing for all Territorians, especially in relation to low income households and others disadvantaged in the housing market. It is important to alleviate the pressure on public housing and to support initiatives that address the needs of vulnerable persons. We engage with a broad range of stakeholders across the housing sector as well as those who have expertise in areas relevant to those most at need.

We are pleased to provide some perspectives and considerations for DHCD on options for urban community housing in the Territory. As a peak body, we are committed to encouraging an evidence based approach to policy development, effective consultation, examination of innovative programmes and utilising knowledge and experience both locally and from further afield. We appreciate the opportunity afforded to us and other stakeholders to have our say in this important area prior to final finalisation of the strategy.

As part of our desire to support the design and implementation of the strategy, NT Shelter proposes that an Urban Community Housing Forum be held in appropriate communities (e.g. Darwin /Palmerston and Alice Springs) to bring together a range of expertise that draws upon the collective experience across Australia (and potentially elsewhere) in implementing a successful community housing model. The focus of the forum would be to allow stakeholders to consider what is needed to build our community housing sector in the NT.

NT Shelter would be pleased to discuss with the Department of Housing and Community Development how we can work collaboratively to deliver such a forum.

Peter McMillan  
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## INTRODUCTION

With public housing waitlist times reaching eight years<sup>1</sup> and minimal new stock in urban areas to match increasing demand, the Department of Housing and Community Development's (DHCD) *Community Housing Strategy* and *Social Housing Head-Lease Strategy* are welcome and timely initiatives.

In the private housing market, despite the overall dip in rent prices and general improvement in rental affordability, the NT remains one of the least affordable jurisdictions in the country in which to rent a property – a consequence of historically high rents and population movement. Securing stable employment has been identified by service organisations as a barrier to being assured of a long-term tenancy. Yet, concurrently, clients without access to stable accommodation tenure face ongoing impediments to accessing employment.

Following from the discussion on affordability, of the \$4.2 billion funded for Commonwealth Rent Assistance (CRA) nationally in 2014-15, the NT received \$19.4 million or just 0.46% of the national allocation<sup>2</sup>. The NT's small population and relatively high proportion of public housing dwellings could explain the very low proportion of CRA funding<sup>3</sup>. The development of community housing in the NT has the potential to unlock funds to assist low income persons / households afford rent. As is well documented, the CRA enables CHPs to charge higher rents without affecting tenants' income, thus making Community Housing a more financially sustainable option than public housing.

NT Shelter believes that there is scope to develop the community housing sector in the NT. The majority of states and territories in Australia have undertaken transfers of public housing to community housing providers to varying extents, using a range of approaches (e.g. title transfer or lease management). The evidence in other states to date suggests that the aspired goal of a greater allocation of social housing to CHPs is achievable if done with appropriate consultation and careful planning. NT Shelter supports and encourages detailed consideration of lessons learnt in the other States that have embarked on more notable stock transfers in recent years, such as South Australia and Tasmania.

There are a number of factors that need to be given careful consideration in developing a stock transfer programme as part of a successful housing strategy. These key considerations are:

- Potential for growth in affordable housing supply
- Likelihood of better outcomes in quality of existing public housing – maintenance costs and timeframes, refurbishment, renewal etc.)
- The need to de-risk the stock transfer process from the perspective of the Government, CHPs and tenants;
- Transparency and confidence
- The extent to which stock transfers provide an opportunity to build local skills, scale and capacity of existing Community Housing Providers (CHPs);

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<sup>1</sup> <https://nt.gov.au/property/public-housing/apply-for-public-housing/waiting-list>

<sup>2</sup> Productivity Commission, 2016, *Report on Government Services 2016*

<sup>3</sup> AIHW, 2011, *Housing Assistance in Australia*

## **POTENTIAL FOR GROWTH**

There is a considerable shortfall of affordable housing in urban areas in the Northern Territory. Wait lists for various cohorts of applicants for public housing are well documented and lengthy. An occupancy rate of 96% as of June 2016<sup>4</sup>, translates to about 400 out of approximately 10,000 public housing dwellings in the NT. Of these, as of Dec 2016, there were an estimated 262 homes unoccupied due to property damage and awaiting repairs or refurbishment<sup>5</sup>.

While transferring parcels of unoccupied stock awaiting repairs under a stock transfer mechanism may not be palatable or viable, it should also be noted that the transfer of existing, occupied public housing stock, without renewal, will not do much to reduce wait lists.

The proposed stock transfer provides an opportunity to add to the overall supply of affordable housing should currently unoccupied premises be suitable for transfer to CHPs. The suitability or otherwise of transfers of such stock would need to be done in a very open and transparent manner with CHPs to ensure that they have full line of sight as to the quality of stock they are managing (or inheriting if title is being transferred) and are well placed to understand risk. Alternatively, another approach is for the repairs to be expedited in order to increase supply, regardless of whether or not they are suitable for a stock transfer.

In deciding which parcels of stock are suitable for transfer, consideration should be given to locational and demographic factors, including:

- Urban areas in most need of additional supply
- Demographic trends – where demand for affordable housing may be increasing at the greatest rates relative to other areas
- Condition of existing stock – disposition of existing public housing and priority areas for refurbishment and renewal

Done successfully, a stock transfer should be able to demonstrate a net increase in supply of affordable housing that would not have occurred in the absence of such transfer. What would constitute an acceptable net increase of supply in terms of financial and community expectations could be an area worthy of further research and modelling.

## **BETTER OUTCOMES ON QUALITY OF EXISTING DWELLINGS**

State and Territory Governments have been keen to release a portion of their public housing stock to community housing providers in recent years, recognising their holdings of financially unsustainable public housing, often in poor condition. The experience of other states (e.g. Tasmania and South Australia) suggests that community housing providers, through CRA-enhanced rent revenues, can potentially deliver better outcomes in terms of quality of housing provided, services to tenants, and prospects for renewal and growth in new housing.<sup>6</sup>

From a tenancy perspective, a landlord that has greater ability and incentive to get repairs completed in a timely manner and improve the liveability and amenity of the property should be a welcome prospect. The transfer of stock to CHPs in the Northern Territory could, done carefully, provide opportunities for CHPs to

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<sup>4</sup> Department of Housing Annual Report 2015-16

<sup>5</sup> NT News, [Public housing hopefuls wait for years while homes sit empty](#)

<sup>6</sup> AHURI Report 273, [Recent housing transfer experience in Australia: implications for affordable housing industry development](#)



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generate operational surpluses and greater capacity and financial incentive to invest in capital works. We would strongly support outcomes that provide incentives to develop new affordable housing in the Territory.

Aboriginal Housing Victoria (AHV) is an example of successful stock transfers to CHPs. CEO Darren Smith has been quoted informing that the transfer was beneficial in the sense that they could better manage the houses by deciding when to repair, refurbish or even sell the properties. AHV is also in control of the design of homes, being able to cater to the cultural requirements of their (aboriginal) clients.<sup>7</sup>

### MITIGATION OF RISK

NT Shelter recognises that there are alternative approaches to transferring stock, including leasehold and freehold title. It may be that it makes sense for there to be a potential allocation of the two in a tranche(s) of any stock transfer process, where freehold title may be preferred in some instances as it provides added leverage for obtaining new finance. Long term leases, of at least ten years, could also provide sufficient certainty to leveraging stock<sup>8</sup>.

Transferring public housing stock and/or management rights presents a range of risks to government, CHPs and tenants. Ultimately, stock transfers need to result in the creation of public value. For Government, appropriate measures and safeguards should be put in place to ensure the following:

- The intended outcomes of a stock transfer programme are realised;
- CHPs chosen to participate in stock transfer processes have the necessary competence, experience, knowledge and operational capacity to manage the transferred stock and tenants;
- Ability to audit performance and ensure all governance and operational expectations are being met;
- An orderly and manageable implementation, in a staged approach, in order to test the model and implement any changes before releasing further tranches of stock (this could also include consideration of the mix of leasehold versus title and realistic expectations regarding the extent of renewal, which may be minimal or modest at the early stages);
- Appropriate assurances that stock transferred will remain available as affordable housing for the agreed term

For CHPs, a thorough audit of stock condition to be transferred should be undertaken by Government prior to any transfer in order to provide the necessary visibility and enable CHPs to make informed decisions about their participation and the likely budgetary impacts for maintenance. Information that can be provided to CHPs to enable a better understanding of local demographics, socio-economic factors and other relevant issues will also avoid surprises, difficulties and grievances post-transfer.

Long term planning and policy setting which may include zoning regulations and city deals, could ensure the necessary infrastructure is built to accompany community housing developments. The long-term grant funding discussed during the recent NTG-Non-Government Partnership (NNPG) meetings improve certainty and the ability to forward plan.

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<sup>7</sup> [http://ahvic.org.au/cms\\_uploads/docs/ahv\\_may\\_newsletter\\_forweb.pdf](http://ahvic.org.au/cms_uploads/docs/ahv_may_newsletter_forweb.pdf)

<sup>8</sup> [https://www.ahuri.edu.au/\\_data/assets/pdf\\_file/0010/10711/AHURI\\_Final\\_Report\\_No273\\_Recent-housing-transfer-experience-in-Australia-implications-for-affordable-housing-industry-development.pdf](https://www.ahuri.edu.au/_data/assets/pdf_file/0010/10711/AHURI_Final_Report_No273_Recent-housing-transfer-experience-in-Australia-implications-for-affordable-housing-industry-development.pdf)

### **TENANT CONSIDERATIONS**

A transfer of management and/or title of public housing stock to a CHP has the potential to be a positive outcome for tenants as mentioned above. However, the rights and interests of the tenant need to be maintained. Stock transfers to CHP should result in outcomes for the tenant that are not less favourable than under a public housing scenario. This includes safeguards to ensure tenants are not financially worse off, experience poorer tenancy services, or lose security of tenure. Careful consideration should be given to ensure that they fully understand their rights and options.

The experience in other states has seen some confusion on the parts of tenants in the transition process (e.g. the need to claim rent assistance from Centrelink). Effective consultation with tenants is vital in order to ensure that they do not feel marginalised or overwhelmed by any stock transfer process. Consideration of appropriate appeals mechanisms for tenants should be given, based on the experiences of other states.

### **OPTIMISING LOCAL CAPACITY**

In the NT context, the current community housing sector is an emerging market. We feel it appropriate that, subject to appropriate procurement process, organisations already operating in the NT be given the opportunity to demonstrate they can capitalise on stock transfer opportunities and gain the added scale and capacity to ensure growth potential can be realised.

These organisations already have well established existing operations in the Territory, with local knowledge and a known track record in the Territory. They are well placed to understand the target market, local issues, culture, environment, and socio-economic framework. They have existing local connections, relationships with suppliers, and local overheads (office fit out, staff etc.). All things being equal, there should be a shorter lead time to delivering the outcomes that any stock transfer programme seeks to realise as they do not have the establishment costs and lead times to establish operations in the Territory.

### **URBAN COMMUNITY HOUSING FORUM**

NT Shelter proposes that an Urban Community Housing Forum be held in appropriate communities (e.g. Darwin / Palmerston and Alice Springs) to bring together a range of expertise that draws upon the collective experience across Australia (and potentially elsewhere) in implementing a successful community housing model. The focus of the forum would be to allow stakeholders to consider what is needed to build our community housing sector in the NT.

NT Shelter would be pleased to discuss with the Department of Housing and Community Development how it could work collaboratively to deliver such a forum.

### **CONCLUSION**

The proposed transfer of 750 public housing properties to the CHP sector is a significant initiative and needs to be carefully designed and implemented in order to ensure that public confidence and support for future affordable housing reform is secured. We note that most other states and territories in recent years have engaged in stock transfers of public housing to CHPs, recognising opportunities for improved outcomes for tenants through enhanced service provision as well as broader benefits through improved maintenance and renewal of stock, and greater scope for investment in new affordable housing construction. The potential for CHPs to secure margin through operation of the CRA and other mechanisms provide an incentive to



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CHPs to enter into stock transfer arrangements and, in doing so, deliver a viable alternative to public housing.

NT Shelter is an advocate for affordable housing for all Territorians and is keen to work with Government and non-Government stakeholders to identify and implement initiatives that make a positive impact in the supply of affordable housing. We are able and available to work with the Department and other stakeholders towards the design of a successful stock transfer process that makes sense for the Northern Territory.

To discuss our response further, please feel free to contact:

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