COST OF LIVING REPORT

June 2018

Issue 20

Tracking changes in the cost of living, particularly for vulnerable and disadvantaged Northern Territorians:

Part 2: Housing

NTShelter

NTCOSS

Northern Territory Council of Social Service

NTCOSS

About NTCOSS

The Northern Territory Council of Social Service (NTCOSS) is a peak body for the Social and Community Sector in the NT and an advocate for social justice on behalf of people and communities in the NT, who may be affected by poverty and disadvantage.

NTCOSS is a member of the nationwide Councils of Social Service (COSS) network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS). The membership of NTCOSS includes community based, not for profit service providers in the social welfare area such as consumer groups, Indigenous and mainstream organisations and interested individuals.

NTCOSS' vision is for

"A fair, inclusive and sustainable Northern Territory where all individuals and communities can participate in and benefit from all aspects of social, cultural and economic life."

NTCOSS' mission is

"To promote an awareness and understanding of social issues throughout the NT community and to strive towards the development of an equitable and just society."

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This report has been produced by NTCOSS with the assistance of NT Shelter. NT Shelter is the peak body for affordable housing and homelessness in the Northern Territory. It advocates for appropriate and affordable housing for all Territorians.

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Introduction

This report focuses on an in-depth analysis of cost of living trends in one key area of concern in relation to cost of living pressures on low-income and disadvantaged Northern Territory households – namely housing.

Expenditure on housing costs is both an essential and highly significant area for virtually all Territory households.

This report is predominantly concerned with rental households, and the impact of rental costs on low-income and disadvantaged households.

Figures reveal that the Northern Territory has a greater proportion of rental households (42%), when compared with the national average (30%) (ABS 2017b, Table 13.5).

In particular, this report is primarily focused on low-income rental households (i.e. those in the lowest 40% of income categories) who are more likely to face cost of living pressures due to their housing costs.

The report uses a range of data sources, including from the ABS Household Expenditure Survey Data, ABS Housing and Occupancy Costs data, ABS Census Data, the Real Estate Institute of the Northern Territory (REINT) data, Adelaide Bank/Real Estate Institute of Australia (REIA) Housing Affordability Report data and information from the Anglicare 2018 Rental Affordability Snapshot.

Report Summary

Weekly Household Expenditure
Total Housing costs (which includes rent or mortgage payments, house insurance, repairs and maintenance etc.) are a very significant expenditure area for households in the NT, making up the highest proportion of weekly expenditure for households in the NT – 22.3% (ahead of expenditure on food (14.9%), recreation (1.9%) and transport (12.7%) (ABS 2017a, Table 13.9A).

Renter Households
Renter households are a particular focus in this report as they constitute 42% of all households in the Northern Territory, much higher than the national average of 30.3%. Various 'average' weekly rental cost figures are referred to in this report, and on a number of measures the NT comes out with very high rental costs when compared with other jurisdictions across the nation.

Low-income Renter Households
In terms of different income groups across the NT, low-income households are a particular concern for NTCOSS and NT Shelter in terms of addressing poverty and disadvantage.

Public Housing Renter Households
The most recent Housing and Occupancy Data for 2015/16 (released in 2017) shows that the average median rent paid by low-income public housing renter households in the NT was $130, slightly above the national average of $128 (ABS 2017b, Table 9.2).

Low-income Renter Housing Stress

NT Figures
The most recent ABS Housing and Occupancy data shows that approximately 24.3% of low-income rental households in the NT are in housing stress – paying more than 30% of their income in rent – equating to an estimated 2892 households, a decrease from 4864 in 2013/14 (ABS 2017b Tables 22.1, 22.2, 22.3, 22.4, 22.5).

Rental Affordability: Affordability for NT private renters has improved – but rents still high.

Private Renter Households: Overall, when considering rental costs as a proportion of weekly income, private rental households in the NT (22.5%) spend under the national average (24.5%) on rent for 3-bedroom houses, making the NT the 4th most affordable jurisdiction out of all eight states and Territories (Adelaide Bank/REIA) 2018, p.3). This is an improvement on previous years for the NT (due to the decrease in rents over recent years).

The current positive affordability rating is significantly influenced by the very high average median income in the NT, which is the second highest out of all states/territories.

The average median rent price for a 3-bedroom house in the NT, however, is the third highest in the country at $475, and well above the national average of $427 – down from the being the highest in March 2017 ($494) (Adelaide Bank/Real Estate

Rental Price Changes over past the 12 months across the NT

Rent prices have generally dropped across the top end over the last year. The price of rents in Darwin has decreased 6.0%, compared with a national increase of 0.8% (ABS 2018a, Table 10).

Regional rental data shows some variations. While rents across most major regions of the NT have decreased over the past 12 months, in Alice Springs rents for units have risen by above 7%, while 3-bedroom houses have risen by 2%, and 4-bedroom houses by 6.7% (REINT 2018, p.24) in this time.

Rental Price Changes over the past 5 years

Over the past 5 years, rent prices have gone down by 10.4% in Darwin. Perth is the only other capital city to see a rent decrease. Nationally rents rose by 8.1% over the past 5 years (ABS 2018a).

Across the regions of the NT, over the past 5 years rental prices have generally decreased for both houses, as well as units and townhouses (REINT 2018, p.24).

Access to Affordable Private Rental Housing in the NT
Access to affordable private rental housing is a major issue in the Territory. NTCOSS has found there was not one single private rental property available that would be affordable for any household type on income support payments on current payment levels (see Table 17 in Appendix).

Even if allowance payments (like Newstart and Youth Allowance), had a $75 increase; and if there was a 30% increase in the rate of Commonwealth Rent Assistance (CRA)), there would still no dwelling in Alice Springs, Tennant Creek Katherine, Palmerston or Darwin available and affordable for households on income support payments, as of July 2018 (NTCOSS calculations).

Mortgage Affordability – National Comparison
Households paying off a mortgage in the NT spend on average, 19.8% of their family income to meet loan repayments – making the NT the second most affordable state or territory – and well under the national average (Adelaide Bank/REIA 2018, p.1).

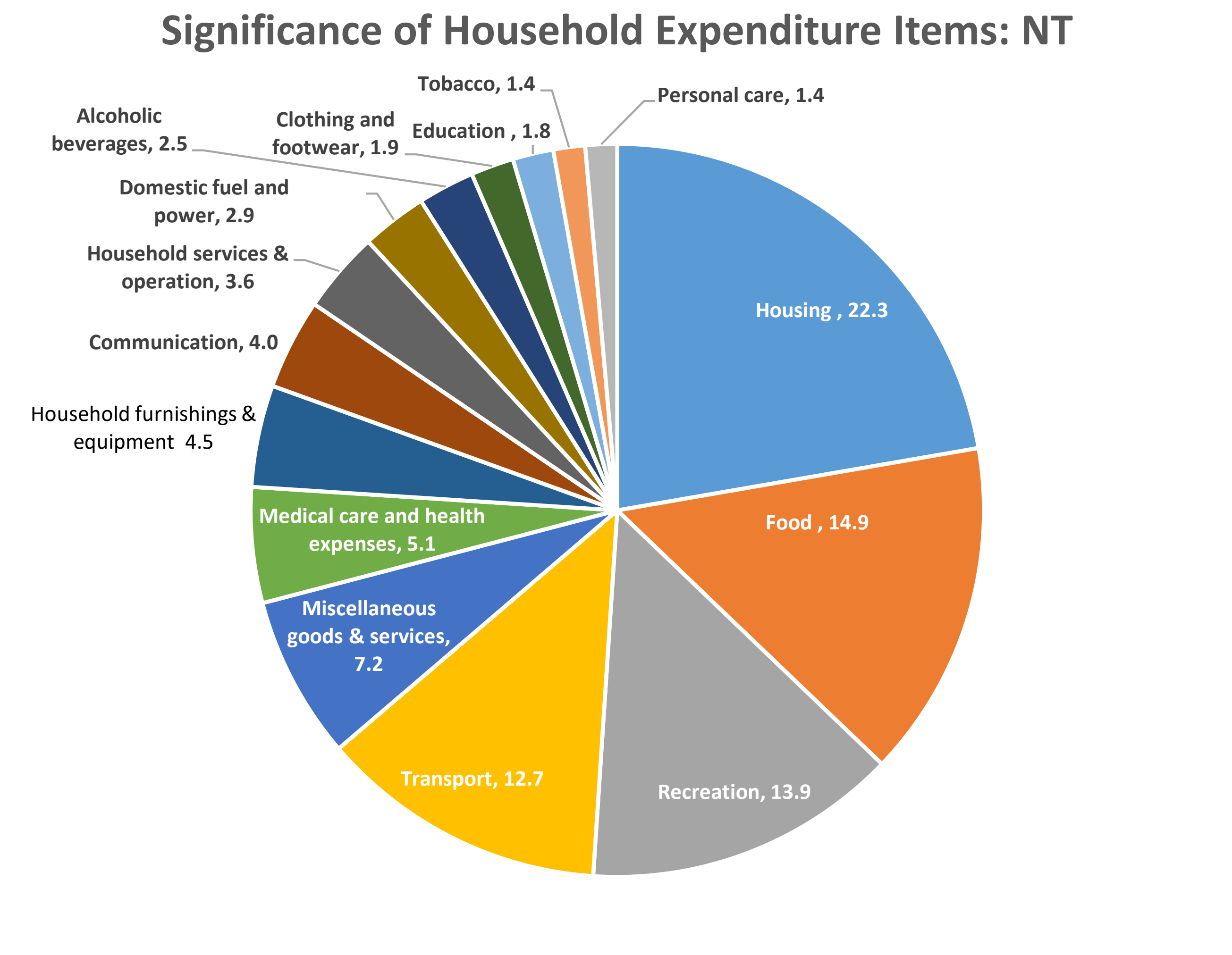
These figures must also be seen in the context of high average wages across the NT as a whole.

This report makes a number of recommendations to address housing cost of living pressures in the Northern Territory

Housing Costs in the Northern Territory

Shelter is a basic necessity for people.
Housing costs are the most significant weekly household expenditure category for NT households (making up 22.3% of weekly household expenditure).

Figure 1: Housing Costs as a percentage of all household expenditure: NT



Source: ABS 2017a, Table 13.9A

Note: With HES data, current housing costs includes all of the following: rent, mortgage, rates payments, housing and contents insurance, repairs and maintenance, and other housing costs (such as loans for alterations and additions – interest component only) and body corporate fees (ABS 2017a, Table 9.3A). See also Appendix A.

Rental Costs: A National Comparison

The following tables draw on the most recent ABS Housing and Occupancy data and reveal that in 2015/16 NT households had the highest overall expenditure on housing in the country.

In 2015/16, the NT had the highest weekly median housing costs ($410) – which includes mortgage repayments (principal and interest) or rent, council rates and water rates (ABS 2017e, Pt 21). As can be seen, this figure combines both owners with and without a mortgage as well as rental household types and is an overall average figure - and does not reflect the situation for all households.

It also must be noted that the figures[1] exclude the households in areas defined as Very Remote – which has a particular impact on the NT, where these households are around 22% of the population (ABS 2017e, Pt 61). What this means is that the true median figure for the NT would in fact be lower, but the ABS Housing and Occupancy Costs figures do allow for a more meaningful like for like comparison of the regional areas of the NT with other jurisdictions.

In terms of expenditure as a proportion of average gross weekly income, the NT figure of 14% was on a par with the national average, despite having the highest expenditure. This is due to the NT having the highest average gross weekly incomes out of all states and territories,

Table 1 Median Weekly Total Housing* Costs 2015/16 and as a % of gross household income 2015/16

2015/16	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
Median Housing Costs	$250	$234	$268	$185	$267	$151	$410	$311	$247
% of Gross Weekly Income	14%	14%	15%	13%	14%	13%	14%	13%	14%

Source: ABS 2017b, Tables 13.2, 13.3

[1] *Pt 61 "'Usual residents' excludes:*

- *households which contain members of non-Australian defence forces stationed in Australia;*
- *households which contain diplomatic personnel of overseas governments; and*
- *households in areas defined as Very Remote - this has only a minor impact on aggregate estimates, except in the Northern Territory where such households account for about 22% of the population". (ABS 2017e, Pt 61)*

Rental Affordability in the Northern Territory

Renter households constitute 42% * of all households in the Northern Territory – (higher than the national average of 30.3%)

This consists of 5.4% of households renting a public housing dwelling and 29.9% renting a private dwelling (ABS 2017b, Table 13.5).

While not specifically stated there are another 6.7% of NT households who are renting – but not classified as public housing or private rental (i.e. likely to be in community/social housing, or hostel accommodation).

**This figure is likely to be considerably higher given that the 22% of the NT population who are very remote (and generally renters) are excluded from these figures.*

A major focus of this section relates to private renter households, given that the lack of social housing options (public housing or community housing) means many low-income households have to look to the private market as their only option.

Table 2: Percentage of total households who are renters - National Comparison 2015/16

Renter	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	National
Private Rental	25.5%	24.2%	28.1%	23.7%	24.0%	19.5%	29.9%	24.2%	25.3%
Public House	3.9%	2.2%	3.2%	6.2%	3.1%	4.4%	5.4%	6.1%	3.5%
Other Rental	1.2%	0.8%	2.0%	1.5%	1.5%	2.1%	6.7%	1.4%	1.5%
Total	**30.6%**	**27.2%**	**33.3%**	**31.4%**	**28.6%**	**26.0%**	**42.0%**	**31.7%**	**30.3%**

ABS 2017b, Tables 13.5

NB: Use of Median Rent Figures

Median rental figures are used where possible in this report, rather than mean rental figures, which helps to balance out some of the very high rental prices from the top end of the market which drives up the mean. While this is theoretically partially offset by cutting out the lowest rent costs at the bottom, it is NTCOSS's view that the median better approximates the middle ground than the mean – and thus provides a better reflection of the rental market for lower income households.

Private Rental Affordability: National comparison across 3-bedroom private rental households
Data from the Adelaide Bank/REIA examines average median rent for three-bedroom houses, "calculated using Census data and median rents published in REIA Real Estate Market Facts" (Adelaide Bank/REIA, 2018, p.2).

An examination of this data (Table 7) shows that for private rental households in the NT, rent expenditure (as a proportion of median weekly family income for 3-bedroom houses) (22.5%) now makes the NT the 4th most affordable jurisdiction in which to rent privately, out of all of eight states and Territories, (Adelaide Bank/REIA 2018, p.3).

It must be kept in mind that these are averages, and the relatively low proportion spent on average on rent (22.5%) is also reflective of the high median incomes in the NT (see Table 14). **Actual NT rent prices are still some of the highest in the country**, as will be explored below. In addition, not all households have high income levels – and there are many NT renter households in housing stress (as discussed later in report).

Table 3: Proportion of Median Weekly Family Income needed to rent a 3BR home, Mar 2018

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	National
Mar-17	29.0%	23.8%	23.7%	22.6%	17.6%	26.6%	23.7%	17.9%	24.7%
Mar-18	30.1%	23.8%	23.1%	22.4%	16.3%	28.1%	22.5%	18.5%	24.8%
Median Weekly Income	$1,719	$1,674	$1,677	$1,575	$2,014	$1,417	$2,113	$2,664	$1720

Source: Adelaide Bank/REIA 2018, p.1,3. Ave rent payments calculations based on the proportion of weekly median income

These figures do, however, represent a substantial improvement on previous years in terms of rental affordability for the NT (due to the drop in rental prices discussed further below),

In June 2013 the NT was the **least affordable** jurisdiction in which to rent privately, requiring **35.8%** of median weekly family income.

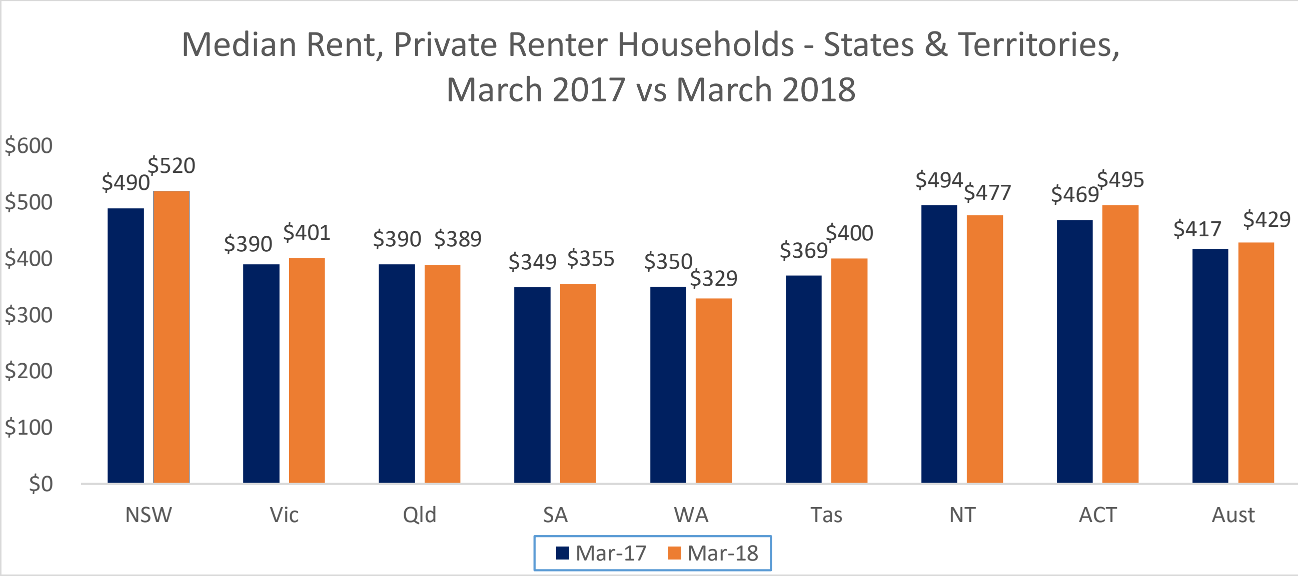
In June 2013, the next highest was NSW with 28.3%, while the national average was 25.6%.

(Adelaide Bank/REIA 2013, p.4).

In March 2018 the NT was the **4th most affordable** jurisdiction in which to rent privately, requiring **22.5% of** median weekly family income.

Figure 2 shows the actual rent prices for March 2017 and 2018 based on the Adelaide Bank/REIA data, which reveals that the NT now has the 3rd highest private rental costs in the country ($477), behind NSW ($520) and the ACT ($495) – down from being the highest in March 2017 ($494).

Figure 2: Median Weekly Private Rental Costs for Private Renter Households States/Territories 2018



Source: Adelaide Bank/REIA 2018, p. 6-14 – figures derived from percentages and median weekly income figures.

Private Renter Households in the NT spend approximately $48 per week more on private rent than the average Australian private renter household.

What these 2018 NT figures show is that despite recent downward price trends and improved affordability, private **rental prices in the NT are still very high – the third highest in the country.**

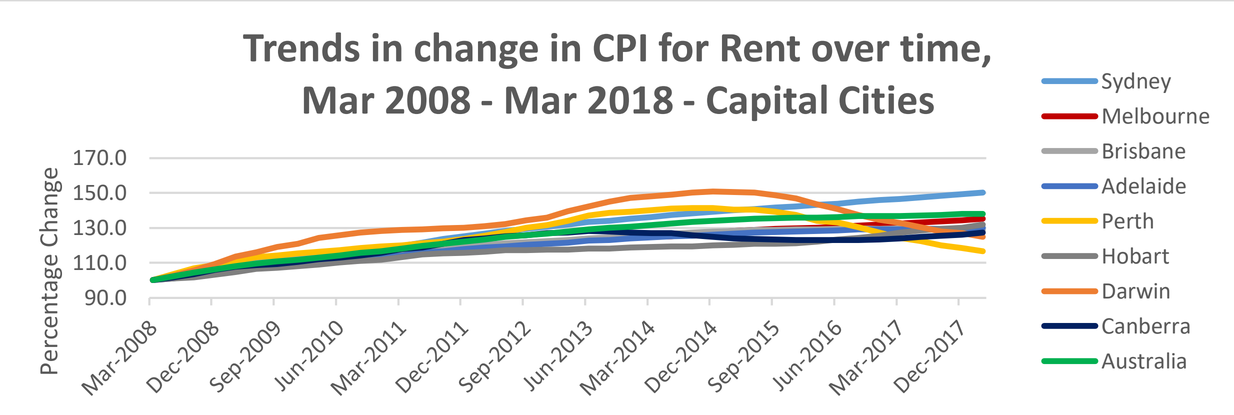
Due to the high average incomes in the NT, middle to high income families can manage the higher than average rents, but this is not the case for lower income households – so it is very important to examine the impact of rental costs on these lower income households.

Rental Prices Changes in Darwin – Measured by the CPI

The CPI for all housing in Darwin decreased by 1.6% over the past year, which was in contrast to the rent increase nationally (3.3%) and the Darwin All groups (1.1%) (ABS, 2018a, Table 10). It is notable that in the past year, the CPI for rent (*which covers private and public housing*) dropped 6.0% - which was the largest decrease of any capital city (nationally there was a 0.8% increase) (ABS 2018a, Table 10).

Rent price changes over a longer period are of particular interest, with Darwin rent prices increasing higher than any other capital city, between March 2008 until they began dipping in March 2015. During this period rents rose 50.9% compared with 34.6% nationally, and well above the CPI All groups for Darwin of 21.1% (ABS 2018a, Table 11). Since March 2015, however, the CPI for rents in Darwin dropped dramatically (-16.9%) (ABS 2018a, Table 11).

Figure 3: Rent Prices and CPI – Darwin vs Capital Cities and Australia



ABS (2013c), Table 11 Data 1-6

Figures from the last five years shows Darwin rent prices decreasing (-10.4%), against the national trend, which has seen an increase (+8.1%) (ABS 2018a Table 11).

Over the last five years, despite the drop in the CPI for rents, the overall CPI for housing[2] did not change – but a number of sub categories rose well above the CPI All groups for Darwin (6.0%)– i.e. property rates and charges (17.7%), maintenance and repair costs (11.1%), and new dwelling purchases (owner/occupier, 4.5%) (ABS 2018a, Table 11).

Where prices have increased more than the CPI All groups figure, it means they have risen at a faster rate than the incomes of the many people (such as Newstart and Youth Allowance) whose incomes are attached to CPI, or those whose incomes have risen at a rate slower than the generic CPI level – e.g. if people on low wages do not get a CPI increased factored into their wages). The cost of new dwelling purchases has increased but are still under rate of increase in the All groups CPI – and it is less likely to be low-income earners purchasing a property.

[2] *Note: CPI housing costs also include utilities*

Private Rental Price Changes over the past 12 Months

Figures from the Real Estate Institute of the Northern Territory (REINT 2018, p.24-25; 2013a, p.26,27) show that over the past 5 years rental prices have generally dropped in all regions (Tennant Creek figures not available), for both houses and units/townhouses.

Table 4: Private Rental Price Changes over the past 5 years across the NT – REINT

Median Weekly Rental	3BR House	4BR House	1BR Unit	2BR Unit	3BR Unit
Inner Darwin	-32.4%	-36.2%	-27.4%	-22.1%	-34.2%
Darwin North Coastal (Nightcliff)	-20.8%	-21.7%	-22.1%	-21.7%	-25.8%
Darwin North East (Marara)	-32.3%	-2.7%	-42.1%	-17.0%	-27.2%*
Darwin North (Sanderson)	-22.0%	-25.6%	-1.5%	-24.6%	-21.9%
Palmerston	-23.1%	-25.6%	N/A	-26.3%	-27.3%
Katherine	-1.0%	0.0%	1.9%	-6.0%	-2.8%
Alice Springs	-2.3%	-4.9%	5.6%	-2.7%	-3.6%

REINT 2013a, p. 26, 30; REINT 2013b, p. 27; REINT 2018, p.24, 29

** No figure for March 2013 for Darwin North East (Marara) so June 2013 figure used instead*

In Darwin and Palmerston, the price decreases have been most marked, between 20% and 40% in most instances (REINT 2013a; 2018). As an example in March 2013 the median rental price for a 3-bedroom house in the Darwin North coastal area was $828 per week and this has fallen to $645 in March 2018 (REINT 2013, p.26; 2018, p. 24). This downward trend is fairly consistent with the downward trend with the CPI for rents for Darwin (bearing in mind that rent CPI which covers private and public housing rent).

Over the same period in Alice Springs, where the price decreases have not been so dramatic, median rents for 4-bedroom houses have fallen from $710 to $675 – a price which is still very high, and is the same or higher, in fact, than the prices in all three Darwin northern suburb areas (REINT 2013, p.26; 2018, p. 24 – see also Appendices).

Private Rental Price Changes over the past 12 Months

Rental prices drawn from REINT (Tables 5a and 5b) show price changes over the past 12 months across the NT. While in the main prices have decreased for all housing types - in Alice Springs and for a number of housing types in Darwin North East, prices have increased – some quite dramatically (e.g. 4-bedroom houses in Darwin North East rose by 35%).

While the decrease in rent prices in many areas will have brought some relief to renter households, particularly in the Top End of the NT, the rent decreases must be seen in the wider context of decline/stagnation in relation to both the population as well as economic growth. As an example, the peak impact of the Inpex project is now over – and these factors all contribute to falling prices for housing (at the higher end of the market) in Darwin.

Table 5a: Housing Price changes over the past 12 months – Regional Areas

Year Ending March 2018	Palmerston	Katherine	Alice Springs
Rental Housing - Median Weekly Prices			
3 BR House Rental Prices	-2.2%	-6.8%	2.0%
4BR House Rental Prices	-3.5%	-3.8%	6.7%
1BR Unit/Townhouse Rental Prices	0.4%	1.9%	7.1%
2BR Unit/Townhouse Rental Prices	-2.9%	-3.1%	7.6%
3BR Unit/Townhouse Rental Prices	-7.0%	-7.9%	7.1%

REINT 2018, p.24,25

Table 5b: Housing Price changes over the past 12 months – Darwin & Suburbs

Prices	Inner Darwin	Darwin North Coastal	Darwin North East	Darwin North
Rental Housing - Median Weekly Prices				
3 BR House Rental Prices	-6.7%	-1.0%	-2.2%	-4.3%
4BR House Rental Prices	-6.7%	-3.7%	35.0%	0.0%
1BR Unit/Townhouse Rental Prices	-5.9%	-7.4%	-12.0%	-27.4%
2BR Unit/Townhouse Rental Prices	-4.4%	-6.7%	8.6%	-5.6%
3BR Unit/Townhouse Rental Prices	-4.3%	-2.0%	13.5%	-21.9%

REINT 2018, p. 24,25

Private Rental Vacancy Rates in regional areas of the Northern Territory

Vacancy Rates over the past five years[3]

Vacancy rates across the regions have fluctuated up and down depending on the size/type of housing, however, compared with 5 years ago, vacancy rates overall for houses and units in Darwin and Palmerston are higher; while in Katherine and Alice Springs, vacancy rates are lower for houses, but higher for units/townhouses, and higher overall across the rental property market (REINT 2013a, p.30; REINT 2018, p.29).

Table 6a: Rental Houses Vacancy Rates Changes over the past 5 years

Vacancy Rates – Houses	Vacancy Rate (VR) March 2018	Rate % Change in past year	Vacancy Rate March 2013	Rate compared to 5 years ago
Darwin (incl. Northern Suburbs)	5.9%	0.2%	4.2%	Higher
Palmerston	5.6%	0.3%	3.5%	Higher
Rural * (June 2013)	5.6%	-0.6%	4.7%	Higher
Katherine	0.2%	0.2%	2.8%	Lower
Alice Springs	1.0%	-1.4%	4.2%	Lower

*Source: REINT 2013a, p. 26, 30; REINT 2013b p.30, REINT 2018, p.24, 29; *June 2013 used as figures unavailable for Mar 2013*

[3] *The REINT state: "The figures for quarterly vacancy rates are only indicative of the vacancy rate in each jurisdiction and should not be considered otherwise…drawn from information supplied to the REINT by its member organisations" (REINT 2018, p.29)*

Table 6b: Vacancy Rates - Changes over the past 5 years – Units and Townhouses

Vacancy Rates – Units & Townhouses	Vacancy Rate March 2018	VR % Change in past year	Vacancy Rate March 2013	VR compared to 5 years ago
Darwin (incl. Northern Suburbs)	6.7%	-0.9%	3.5%	Higher
Palmerston	6.3%	0.9%	3.6%	Higher
Rural	13.8%	-2.8%	N/A	N/A
Katherine	9.3%	3.1%	5.3%	Higher
Alice Springs	4.7%	-1.2%	5.6%	Lower

Source: REINT 2013a, p. 26, 30; REINT 2013b, REINT 2018, p.24, 29

It can be seen that where vacancy rates increase - meaning more properties are available - that ***generally*** rent prices have dropped as a result. In Darwin for example, the vacancy rates increased from 3.5% to 6.7% over the past 5 years for units/townhouses - and prices have decreased between 20% and 40% in most areas of Darwin for all sizes of units/townhouses.

In Alice Springs the vacancy rates for units/townhouses decreased from 5.6% to 4.7% and rent prices for 1-bedroom units increased by 5.6%, while 2-bedroom and 3-bedroom prices have decreased slightly (but it must be noted that the vacancy rate figures are an average across all 3 dwelling sizes).

In Katherine and Alice Springs, there has been a decrease in vacancy rates for houses over the past five years, and currently vacancy rates are at very low levels - but overall prices have not in fact increased – though they have not gone up at a rate anywhere near the 20%-40% decreases seen in Darwin and Palmerston. Prices in Katherine and Alice Springs have either stayed the same or decreased only slightly, over the five-year period.

Looking at the last 12 months, however vacancy rates in Alice Springs have decreased by 1.4% and 1.2% respectively for houses and units/townhouses, and prices across the board have risen by around 7%, except for 3-bedroom houses, which have risen by 2% (see Tables 5a and 5b).

It is critical to note that while there is an oversupply of private rental housing across some parts of the NT at the moment, there is a lack of affordable housing to rent – particularly for households on low incomes – as rental prices still comparatively high in the NT.

Low-income Rental Households and Housing Stress

It is important to not just look at average rental figures, which include high rents paid by higher income households, but the rental prices paid by low-income households.

Housing Stress and Extreme Housing Stress – Definitions

Where people on low-incomes (in the bottom 40% for incomes) face housing costs amounting to more than 30% of their gross income (SGS Economics & Planning et al 2018, p. 2). It is often referred to as the 30/40 rule. There are some variations to the 30/40 rule – one of which is used by the ABS, where "Lower income households are defined as households in the lowest and second equivalised disposable household income quintiles, excluding the 1st and 2nd percentiles (i.e. the 3rd to 40th percentiles inclusive). The 1st and 2nd percentiles are excluded due to the high wealth and expenditure characteristics those households exhibit, and the prevalence of income types other than employee income and government pensions and allowances" (ABS 2017d).

Where low income households pay over 30% of their gross income in rent, "rents are of such a level that they negatively impact on a household's ability to pay for other primary needs such as food medical requirements and education" (SGS Economics and Planning et al, 2018, p.2).

This report is primarily focused on low income rental households, namely households in the bottom 40% of incomes.

For the purpose of this report, a definition of extreme housing stress will be used which refers to where housing costs are more than 60% of gross income which SGS Economics and Planning refers to as extremely unaffordable rents (SGS Economics and Planning et al 2018, p.2).

SGS Economics and Planning et al (2018, p.2) also refer to households paying 20% to 25% of their income on rent, as facing "moderately unaffordable rents".

Lower Income Households – Housing and Rental Costs

All Low-income Households Expenditure on 'Total' Housing Costs

The ABS Housing and Occupancy Data for lower income households reveals that in 2015/16 lower income households across the NT had the 3rd highest expenditure ($144) on housing costs. These figures take into account the housing costs paid by all households (i.e. mortgage repayments (principal and interest) or rent, council rates and water rates) and then it is averaged out to get a weekly figure. For expenditure as a percentage of gross weekly income the NT had the equal second highest (22%) in the country, above the national average of 21%.

Table 7: Lower Income Households – Median Total Housing Costs 2015/16

Total Housing Costs	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
2015/16	$110	$100	$161	$101	$102	$86	$144	$149	$111
% of Gross Weekly Income	22%	20%	22%	19%	23%	17%	22%	22%	21%

ABS 2017b, Table 9.2, 9.3

Note: It is difficult to provide a 2018 estimate of the expenditure figures in Table 7, as there is no CPI category that specifically corresponds to 'housing' costs as defined by the Housing and Occupancy Costs data (as it is slightly different to the CPI definition of housing costs).

All Low-income Households - Renter Households Median Housing (Rental) Costs

For Table 8, which shows private rental costs for low income earners, the 2015/16 figures have been indexed using the CPI rents figure for each capital city, to provide an estimate of current rent costs for 2018, though the level of confidence for the figures is difficult to provide (See Disclaimer re calculations, in Explanatory Notes).

The figures for only rental households reveals that the NT has the highest weekly median rent at $409, nearly $100 per week above the national average of $310 (ABS 2017b, Table 9.2, ABS 2018a, Table 11).

Table 8: Lower Income Households. Private Renters, Median Housing (Rental) Costs 2015/16 and 2018*; and cots as a proportion of Gross Weekly Income 2015/16

Private Rental Costs	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
2015/16	$330	$302	$300	$266	$350	$231	$480	$385	$305
2018 (Estimate)	$348	$315	$299	$270	$297	$251	$409	$385	$310
% of Gross Weekly Income	34%	32%	31%	31%	35%	27%	29%	31%	32%

ABS 2017b, Table 9.2, 9.3 ABS 2018a, Data 1-6

Figures for low-income households in private rental households (Table 8) show that low income households in the NT had the highest expenditure in the country on rent in 2015/16, though the proportion of income spent was the 2nd lowest in the country at 29%. While the NT average figure in terms of the proportion of income spent on housing is just under the 30% mark, it does reinforce that many NT households have been close to or living in rental housing stress.

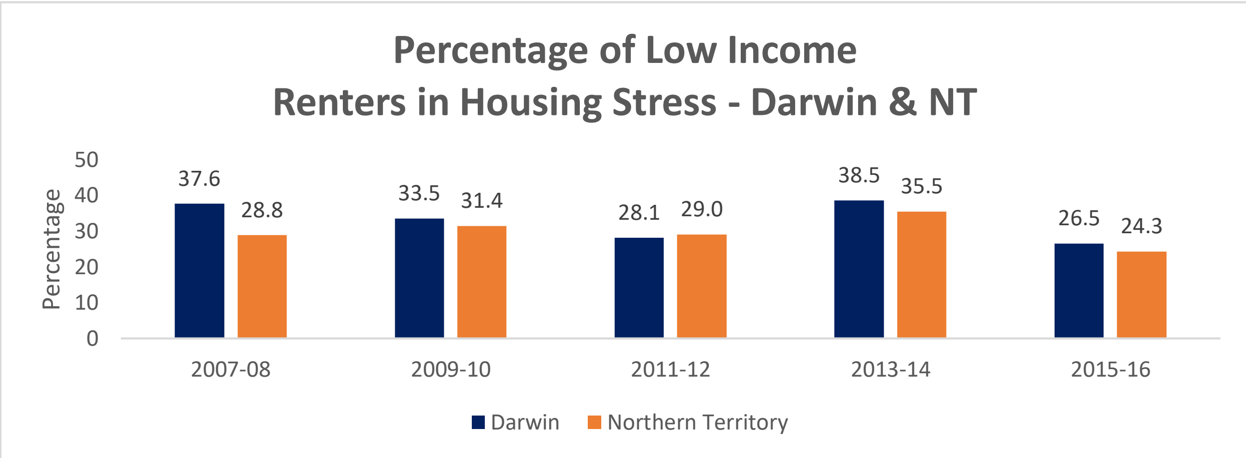
While private rent prices have dropped in recent years across most of the NT, indexation of the 2015/16 figure to 2018 costs shows that the **NT still has the highest expenditure of any state**

and territory – reinforcing that rental costs are still extremely high for many households – and still put financial pressure on a number of low-income households.

Numbers and Proportion of Low-income households in Rental Stress

ABS Housing and Occupancy data provides figures for low income households in rental stress (many of whom, if on Centrelink income support payments, and renting privately would be receiving some degree of rent assistance). The following figures show changes over time in the Northern Territory in terms of rates of housing stress and numbers of households in housing stress. Figures 4 and 5 show a significant decrease in the numbers of low-income renters in housing stress between 2013-14 and 2015-16.

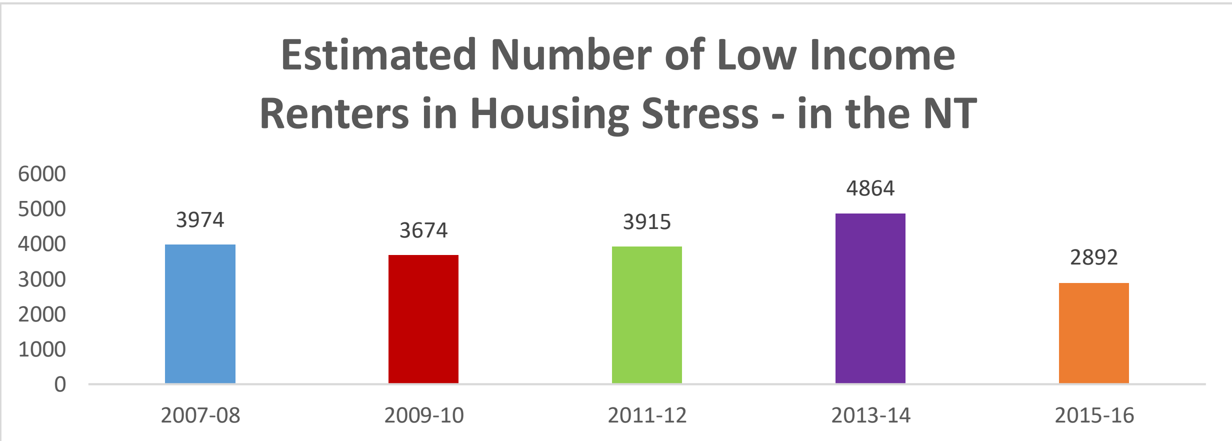
Figure 4: Low-income Northern Territorian Renter Households in Housing Stress



Source: ABS 2017b Tables 22.1, 22.2, 22.3, 22.4, 22.5

Given the price trends noted, it isn't surprising that the number of low-income households considered in housing stress has decreased, but the 24.3% % of low-income renters in the NT in housing stress still equates to a significant number of households - 2892 in total - who are spending more than 30% of their low-income on rent (calculations based on ABS, 2017c).

Figure 5: Estimated Number of Low-income Renters in Housing Stress in the NT



Source: Figures calculated from ABS 2017b, Tables 22.1, 22.2, 22.3, 22.4, 22.5

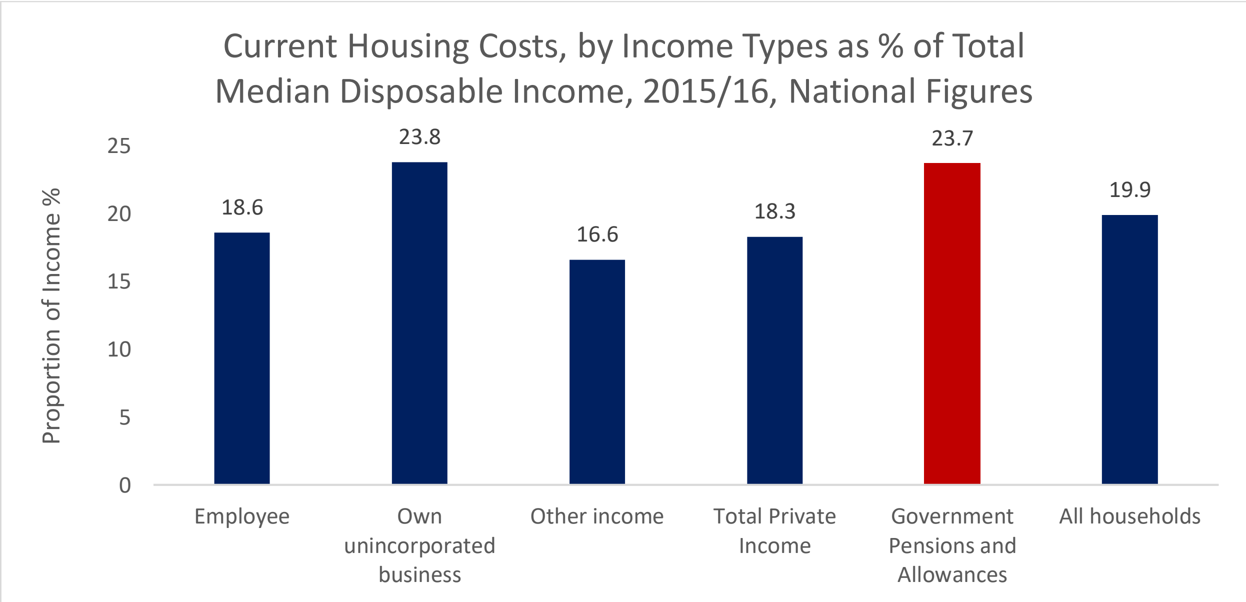
Housing Costs – A disproportionate burden on low-income households

The reduction in rent prices over recent years has clearly contributed to the improvement in affordability of many rental properties in the NT. Other data on low-income households, however, reinforces that a number of households are still doing it tough.

Households by Income Type

Figure 6 looks at households nationally where the major source of income is an income support payment (Government Pensions and Allowances such as age and disability pension, carer payments, unemployment, family support payments) the situation is very similar.

Figure 6: National Figures, Main Source of Income, Housing Expenditure as a proportion of Weekly Median Disposable Income



Source: ABS 2017a, Table 5.2, 5.3A

The inadequacy of income support payments has been highlighted in the Part 1 of the NTCOSS Cost of Living Report, No. 20 (NTCOSS 2018, p. 9-11[4]) and is further highlighted in Figure 6 by the fact households reliant on these payments, as an average (spread across all Government and Pensions Allowance recipients) spend a greater proportion of their weekly disposable income (23.7%) on housing, much higher than the national average. Note this figure is below the 30% rental stress figure, as it is averaged across all households whether or not they have major housing costs).

[4] https://40v43l29oi7746hjwe36z22m-wpengine.netdna-ssl.com/wp-content/uploads/2018/07/NTCOSS-CoL-Report-No.-20_Part-1_June-2018_FINAL.pdf

Commonwealth Rent Assistance

NTCOSS has made previously recommended reform of Commonwealth Rent Assistance (CRA) - i.e. that "Commonwealth Rent Assistance needs to be increased and indexed to match rental prices – taking into account regional differences" (NTCOSS 2013b, p.12).

ACOSS has called for an increase of 30% to the maximum rate of Commonwealth Rent Assistance, over 3 years (ACOSS 2016, p.3).

Calls to change the structure of Commonwealth Rent Assistance have also been made by other groups, in order to accurately reflect the real cost of renting in the private market.

Anglicare (2018b, p.11) has highlighted that rent assistance is structured so that some people on particular government payments – such as single people on Youth Allowance and Newstart – pay a much higher proportion (27%) of their income in rent before they receive CRA (vs 13% for an age pensioner).

As highlighted by Anglicare, "A system that indexed CRA payments to average rental prices by major location, recognising geographic differences" would be a very significant step (Anglicare 2018a, p.9), and is in line with previous calls by NTCOSS.

It is significant to note that there has been **no increase in real terms in the base rate of Newstart since 1994.**

While CRA is in place to ease housing cost of living pressures for low income households receiving income support payments, the current model is not sufficient to adequately do this for many low-income households.

Income Support recipients/other Low-income Households & the Private Market

Table 9 below compares rental costs of particular housing types with income for different categories of income support payments and shows the extent of housing stress in different scenarios.

Lowest possible rent prices for each region, available online from Real Estates were selected for the various scenarios outlined, as these better reflect the type of properties more likely to be accessed by people on the lowest incomes (see Table 10).

In addition to providing the lowest rental price available through an online search of current listings, NTCOSS has also done some calculations regarding what the impact would be on the percentage of income required for housing in the event of an increase in Commonwealth Rent Assistance of 30% or an increase in the Newstart and Youth Allowance of $75 per week – or an increase in both.

> *In 2016, ACOSS called for "a review of the adequacy of Commonwealth Rent Assistance, including indexation arrangements, and an immediate increase to the maximum rate of 30% to relieve acute housing stress (ACOSS 2016, p.3). ACOSS, other COSSs, including NTCOSS, and other community sector organisations and some industry groups are also calling for a $75 increase in the base rate of allowance payments, such as Newstart and student allowances (e.g. Youth Allowance).*

In the scenarios on the next page, none of the properties available are affordable for a household (single or two or more people) receiving Centrelink income support payments as their only source of income, based on current rates. All of the options for households where income support payments are their sole income source, would put these households in housing stress or extreme housing stress.

For Newstart and Youth Allowance recipients, even a $95 per week increase (if CRA and allowance rates went up), or a $19.95 increase for pensioners and parenting payment single recipients (if CRA went up) would still leave all of these households in housing stress – with still not one single property at the lowest available rental price, being affordable for these households.

In addition, the figures show that the need for an increase to the CRA and the base rate of allowance payments is still critical.

Scenarios for Low-income households and the Private Renal Market
The following shows whether particular household types would be in housing stress, or extreme housing stress, or in in an affordable rental situation. For Centrelink income figures, the highest possible figure* is used (which included the (ACOSS) recommended increase in the Commonwealth Rent Assistance (CRA), or allowance payments, or both (whichever is applicable).

Table 9: Selected Income Support Payments*/Low Income Wages vs NT Private Rental Costs 2018

EHS = Extreme Housing Stress (paying 60% of income on rent)	**HS = Housing Stress** (paying 30%+ of income on rent)	**Affordability** (paying under 30% of income)

Weekly Payments	House Type	Alice Springs	Tennant Creek	Katherine	Palmerston	Darwin
Unemployed Newstart, Single No children **$435.25**	1 BR Unit/ Townhouse	$190	$200	$190	$290	$210
Age Pensioner, Single, No Children **$533.65**	2 BR Unit Townhouse	$280	N/A	$180	$260	$260
Sole Parent - Parenting Payment, 2 children **$738.08**	3 BR House	$400	$370	$350	$350	$370
Sole Parent – Newstart, 2 children **$736.99**	3 BR Unit/ Townhouse	$440	$370*	$350*	$310	$300
Youth 18 years old, Single **$365.78**	1/3 share 3BR House	$133	$123	$117	$117	$123
Minimum Wage, F/T, Single **$694.90**	1/3 share 3BR House	$133	$123	$117	$117	$123
Minimum Wage, F/T, Single **$694.90**	1 BR Unit/ Townhouse	$190	$200	$190	$290	$210
Minimum Wage, Couple, 3 children **$1664.38**	4 BR House	$630	N/A	$400	$390	$395

**No 3 BR unit/Townhouse available in Tennant Creek or Katherine at time of checking, so 3BR house price substituted instead*
Source: (Centrelink, 2018, p.2,5,13,25,27, 32-33,38-39; Real Estate Institute of the NT (REINT) 2018, P.24-25; Fair Work Commission 2017; #REINT Rental Figures for Darwin based on the lowest median rent in Darwin suburbs (Darwin North Coastal Darwin North East, Darwin North). 'Lowest' rent prices are drawn from an online search of Real Estates in Alice Springs, Darwin and Katherine, June/ July 2018 – see References

Table 10: Private Rental Properties - Lowest available rent price June/July 2018 from online search

	1BR Unit /Townhouse	2BR Unit /Townhouse	3BR Unit /Townhouse	3 BR House	4 BR House
Alice Springs	$250	$190	$440	$400	$630
Katherine	$190	$180	N/A	$350	$400
Palmerston	$290	$260	$310	$350	$390
Tennant Creek	$200	N/A	N/A	$370	N/A
Darwin	$210	$260	$300	$370	$395

Note: Rural properties exclude. The lowest rent price is drawn from an online search of Real Estates in Alice Springs, Tennant Creek, Darwin, Katherine, June/July 2018 see References

Based on the above scenarios for households receiving income support payments as the sole income source, the impact of raising both allowance rates by $75 and Rent Assistance by 30% would have moved two of these household scenarios from extreme housing stress to housing stress – e.g. Unemployed single person in Palmerston, renting a 1-bedroom unit.

For a single person working and receiving the minimum wage, they could afford to pay one-third of the rent for a 3-bedroom house, and this was the case across all regions.

A single person looking to rent their own one-bedroom place could only afford this in Alice Springs and Katherine (and even then – there were very few one-bedroom properties available at $190).

For a family where **one parent was working full-time on the minimum wage**, and the **other was working part-time**, and they received **Family Tax benefits**, they could afford the lowest rental properties available in Katherine, Palmerston and Darwin – but **not** in Alice Springs (which underlines the very high current prices in Alice Springs, compared with the rest of the NT).

While not shown in Table 9, calculations based on the higher median rent prices using REINT data (see Appendix, Table 17) show that a larger number of households on income support would be in extreme housing stress - especially in the scenarios where someone was renting a property outright – as opposed to being in share arrangement (e.g. for singles).

Public Housing plays a critical role in the Northern Territory in terms of providing low cost housing for many Territorian households – especially low-income households.

Sufficient levels of public housing in both remote and urban areas is **essential to addressing cost of living pressures for low income and disadvantaged Territorians**, through the provision of appropriate and affordable housing.

Public Housing Rents

The average median rent paid by public housing tenants across the NT, in 2015–16 dollars was $130 per week, which was below the national average of $128 (ABS 2017b, Tables 12.2,12.3). Comparisons are made using 2015/16 figures as it would not appropriate to index using the rents CPI, as this primarily is influenced by private rental prices).

Table 11: Lower Income Households - Public Housing Renters, Median Weekly Housing Costs 2015/16

	NSW	Vic.	Qld	SA	WA	Tas	NT	ACT	Aus
State or Territory housing authority	155	155	120	108	117	140	130	126	128
Housing costs as a proportion of gross household income %	28	23	22	23	23	21	20	17	24

Source: ABS 2017b, Tables 12.2,12.3

Households paying public housing rents have their rent capped at a particular percentage (currently no more than 23% in the NT), which means they would technically not be considered to be in housing stress. It must be born in mind, however, that **generally people in public housing have low income levels and very limited discretionary spending and face enormous financial pressures on a week to week basis.**

It is worth noting that where households pay between 20% to 25% of their income on rent, they could be described as facing "moderately unaffordable rents" (SGS Economics and Planning et al (2018, p.2))

Public Housing Stock levels

Over the years, concerns about depleting urban public housing stock numbers over the past decade have been raised by organisations such as NT Shelter – along with issues around increases in public housing wait times and increased numbers of people on the public housing waiting lists (NT Shelter 2017a, p5).

Table 12 below references the most recent figures available from the Department of Housing and Community Development Annual Reports (initially published in NT Shelter (2017a, p. 5).

Table 12: Current Northern Territory Public Housing Stock levels

Category	30 June 2014	30 June 2016	30 June 2017	Change b/w 2014 & 2017	Change b/w 2016 & 2017
Urban Public Housing	5,080	4,979	4,888	-192 (-3.8%)	-91
Social head-leased			123	+123	+123
Remote Housing	5,096	5,046	5,032	-64	-14
Government Employee	1,346	1,374	1,370	+24	-4
Industry Housing	494	566	550	+56	-16
Emergency Accom.	-	42	42	+42	0
Community Housing*	-	32	71*	+71	+39
TOTAL	12,016	12,039	12,076	+60	+37

* includes 59 community housing provider-managed dwellings and 12 affordable rental dwellings. *** Includes Town Camps/Community Living Areas and excludes outstation dwellings not owned by Territory Housing. Source: NT Shelter 2017a, p. 5 (sourced from NT Government 2014, 2016, 2017).*

Over the long term, there has been a shift in urban public housing stock numbers – due in large part to the transfer of stock to industry housing. As at June 2004, there were 5,616 urban public housing dwellings (NT Shelter 2013).

As at 30 June 2017 there were 5032 public housing dwellings in the NT (which includes 123 social head-leased housing dwellings).

This represents a total decline in public/social housing stock numbers of 584 dwellings (from June 2004 to June 2017), much of which was transferred to the Non-Government sector as industry housing.

Further investment in Urban and Remote Housing

NTCOSS acknowledges that there have been a range of housing initiatives recently commenced or to commence in the near future which will start to make a difference to housing stock levels on the ground – in both urban and remote areas. These developments, including the $69m stimulus package focused on urban housing; as well as work under the joint NT and Australian Government funded National Partnership Agreement on Remote [indigenous] Housing (NPARIH), and Remote Australia strategies, Remote Indigenous Housing and the Remote Housing Strategy (2008-2018) are necessary and welcomed. (For further details see Explanatory Notes).

The review of the National Partnership Agreement on Remote Indigenous Housing and the Remote Housing Strategy (2008-2018), stated that “Investment for an additional 5,500 houses by 2028 is needed to continue efforts on Closing the Gap on Indigenous Disadvantage”, with “half of the additional needs is in the Northern Territory alone,” [2750 houses] which is, “a jurisdiction with the lowest capacity to meet this pressure. (Commonwealth of Australia, 2018, p.1,2). This figure excludes homelands or outstations (NT Government 2018b, p.112).

The current projected demand for remote NT is an additional 2750 houses by 2028.

In addition, from 1 March 2017 to 31 March 2018 there was an increase of 50 more public housing tenancies (NT Government 2018b, p 107).

Public Housing Wait Times

Table 13: Estimated waiting times for public housing as of 31 December 2017

Region	1 bedroom	2 bedroom	3 bedroom
Alice Springs	4 to 6 years*	2 to 4 years	4 to 6 years*
Casuarina/Darwin	6 to 8 years*	less than 2 years	4 to 6 years*
Palmerston	4 to 6 years	less than 2 years	2 to 4 years
Katherine	4 to 6 years	4 to 6 years*	2 to 4 years*
Nhulunbuy	2 to 4 years*	2 to 4 years*	2 to 4 years*
Tennant Creek	4 to 6 years*	6 to 8 years*	4 to 6 years*

NT Government 2018a *Due to limited stock and turnover, median value cannot be applied. *These waiting times are based on actual waiting times of all general applicants housed in a region over the past 12 months. The list does not include wait times for priority applicants.*

As of 30 June 2017, there were approximately 2130 applicants on the remote public housing wait list and approximately 1830 on the urban public housing list –

totalling approximately 3960 households across the NT (extrapolated from NT Government 2017, p.35, Figure 8).

These 3960 applications translate to a total of 9762 individual people waiting for public housing across remote and urban areas (NT Government 2017, p.36, Table 9).

Community Housing – Alternatives to Public Housing for low-income households

The lack of affordable rental properties for low-income households is clearly evident from the data highlighted in this report. While there are currently high vacancy rates in parts of the Territory - namely Darwin, Palmerston, rural areas and Katherine (for Units/Townhouses) – there is a mismatch between demand and supply. The stock available through the rental market is not appropriate as low-cost rental stock.

Rental prices in the NT present a "significant affordability challenge for low to medium income earners, especially those in the two lowest income quintiles who spend 30% or more of their income on rent. Incentives to increase the overall stock of affordable housing will increasingly need to be pursued in order to attract key workers and ensure that the Territory can attract and retain the population and skills it needs to drive economic growth and investment" (NT Shelter 2017a, p.6).

The NT has extremely high rates of homelessness and large numbers of low income households – who simply cannot afford median market rent, without going into housing (or extreme) housing stress. It is not that the NT simply faces a shortage of housing – though in most areas it does. Primarily it faces a shortage of **affordable** housing - which means a more nuanced response, rather than a one size fits all response, is required, which can deliver affordable rental properties for low income households.

The private housing market in the NT on its own is not able to adequately provide for the housing needs of all Territorians. There is a shortage of public housing (urban and remote), community housing options as well as affordable private rental accommodation for low income households – which is where the real demand is.

There is a real need to look at policy responses and programs that provide for more affordable rental housing for low income households and which can bridge the gap which exists between what the private rental market can provide and what public housing can provide, and what programs such as Commonwealth Rent Assistance (CRA) can contribute.

NT Shelter (2017a, p.6, citing the Productivity Commission, 2016) highlighted that "of the $4.2 billion funded for CRA nationally in 2014-15, the NT received $19.4 million or just 0.46% of the national allocation. NT Shelter (2017a, P.6), citing the AIHW (2011), argued that this is a function of both the NT's small population and the overwhelmingly high proportion of public housing dwellings relative to community housing.

NT Shelter have argued that "The development of the community housing sector in the NT "has the potential to unlock Commonwealth funds for social housing by enabling Community Housing Providers to charge higher rents without detrimentally affecting tenants' income" (NT Shelter 2017a, p.6).

Anglicare argues for governments to invest in low cost social and public housing specifically aimed at people on low-incomes to rent, and they assert this will help to "re- shape the market overall" (Anglicare 2018a, p. 8). They have also proposed that low-cost rental options can be achieved through "a combination of direct purchase or head-leasing of existing properties from the private market and re-leasing of such properties to people on low-income, and the construction of more public and community housing where it is needed in particular areas, such as regional and remote Aboriginal communities" (Anglicare 2018a, p.8).

As the Productivity Commission (2017, p.185) has noted: "To address a lack of affordable housing, the Australian Government has previously offered subsidies for the construction of affordable housing", such as the National Rental Affordability Scheme (NRAS), which commenced in 2008. Solutions like what is offered by NRAS (which delivers rentals to low-income earners at below 80% of market rates) must be considered, particularly what measures the Federal Government will put in place for when the scheme ends. The development of additional affordable housing options will be critical to this.

It is imperative that governments set supply targets to ensure there is a plan to work towards addressing the lack of affordable rental housing. The Productivity Commission (2017, p. 186) have been forthright in their critique of Australia's social housing system, calling it "broken" and highlighting that "People in similar circumstances can receive vastly different rates of financial assistance depending on whether they rent in the private or social housing market".

While not having made specific recommendations on other actions governments could take to improve rental affordability, the Productivity Commission has stated that "Governments need to continue implementing reforms so that homes in the private rental market can be affordable and accessible for people on low incomes" (Productivity Commission, 2017, p.185).

The national Campaign "Everybody's Home" is calling five things for the Federal Government to do, to fix Australia's housing system including a national housing strategy that would see "500,000 new low-cost rental homes [which] are needed to meet the demand for affordable housing", which would provide more low-cost properties to enable more choices, "making it cheaper and easier to find a home" (Everybody's Home 2018).

The addition of 500,000 new low-cost rental homes (over 20 years) would assist in reaching a national level of around 10% social housing. It is critical that supply targets and timeframes are established to make this kind of outcome a reality (http://everybodyshome.com.au/).

Homelessness in the NT

The NT has the highest rate of homelessness in the country – 599 per 10,000 – compared with the national rate of 49.8 per 10,000 (ABS 2017f, Table 1.5). The rate number and rate, however, has come down, particularly in remote areas, compared with the 2011 Census, and previous census years, though there have been increases in some areas such as Darwin and Palmerston.

A large part of the decrease in remote areas can be attributed to the new housing delivered under the National Partnership Agreement on Remote Indigenous Housing and the Remote Housing Strategy (2008-2018) – and the impact can be seen particularly in the reduced rates of overcrowded households in remote and very remote areas in the NT – with the total number of people in the NT in overcrowded households decreasing from 13,170 in 2011, to 11,065 in 2016 (ABS 2017f, Table 1.3).

As of the 2016 census (ABS 2017f, Table 1.3), however, there were still 13,707 homeless people in the NT and the fact we still have 11,065 people of this number who are living in 'severely' overcrowded dwellings, which is a significant cause for concern. While there are a range of factors which contribute to homelessness rates, severe overcrowding is a significant factor in homelessness in the NT, and the lack of affordable and available housing options is the main driver of this.

Mortgage Affordability in the Northern Territory

When looking at mortgage affordability, in terms of the proportion of income required to meet loan repayments, new mortgagee households in the NT, on average, spend 19.8% of their family income to meet loan repayments.

The NT is currently the 2nd most affordable jurisdiction for new borrowers in the country, only marginally behind only the ACT in terms of affordability; and well under the national average - i.e. in terms of the proportion of median weekly family income required (19.7%) to meet loan repayments, (Adelaide Bank/REIA 2018, p.1).

This represents an improvement on the previous year, and a significant improvement on the situation around 5 years ago, as in June 2013 the NT figure was 28%, being the 4th highest in the country (REIA 2018b, p.3) – i.e. 5th least affordable in the country.

Table 14: Proportion of Median Weekly Family Income required to meet loan repayments for new borrowers – March 2018

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	National
Mar-17	36.2%	32.5%	26.7%	26.2%	23.4%	23.6%	21.1%	20.1%	30.4%
Mar-18	36.5%	34.1%	27.5%	27.2%	23.6%	24.5%	19.8%	19.7%	31.3%
Ave Weekly Payments	$627	$571	$461	$428	$475	$347	$418	$525	$538
Median Weekly Income	$1,719	$1,674	$1,677	$1,575	$2,014	$1,417	$2,113	$2,664	$1720

Source: Adelaide Bank/REIA 2018, p.1,3. Ave weekly payments calculations based on the proportion of weekly median income

The total number of new loans decreased in the past year, to March 2018, while the number of loans to new home buyers increased (though down compared with the previous quarter). The average new loan size across the board decreased by over $11,000 over the past year, while for first home buyers the figure dropped by over $32,000 (Adelaide Bank/REIA 2018, p.3).

Table 15: Total of New Loans and Average Loans March Quarter 2018

	Qtr ending March 2017	Qtr ending March 2018	Difference
Total no. of new loans*	649	614	-35
No. of loans to first home buyers	128	166	+38
Average loan	$319,624	$308,039	-$11,585
Average first home buyer loan	$311,067	$278, 300	-$32,767

*Source: Adelaide Bank/REIA 2018, p. 3 (*excludes refinancing)*

Low-Income Households in the NT in Mortgage Stress

ABS Housing/occupancy cost figures for low-income households paying mortgages shows the NT had the highest expenditure in 2015/16. The proportion of income spent on mortgages was the equal highest in the country (31%).

Average expenditure over 30% reinforces that there are low-income NT households paying mortgages who are also facing housing stress. (ABS 2017b, Table 9.))

Table 16: Lower Income Households, Owner with Mortgage, Weekly Median Mortgage Costs 2015/16

Owner with Mortgage 2015/16	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
Weekly Costs	$334	$336	$332	$260	$311	$248	$442	$367	$326
% of Gross Weekly Income	29%	29%	28%	23%	30%	22%	31%	31%	28%

Source: ABS 2017b, Table 9.2, 9.3

Policy Implications: Support for low-income Renters through Government Subsidies

The lack of adequate assistance to low-income private renters, through Commonwealth Rent Assistance is particularly problematic in light of a 2017 report from the Grattan Institute which showed that support through government subsidies to home owners was far greater than the support provided to renters. According to the report, (Kelly et al, 2013), subsidies to own-home owners amounted on average to $6,100 each per year, which are mainly in the form of tax concessions and exemptions. For each investor household the subsidies were $4,500 on average. However, the direct rent support provided to very low-income renters in Commonwealth Rent Assistance is only in the order of $3,000 a year - for people often on very low incomes - well below the subsidies offered to those who can better afford housing costs (Kelly et al, 2013).

These findings are further reinforced by a recent report by Dawson and Smith (2018, cited in Anglicare 2018a, p.9), 'The Cost of Privilege,' which showed that "negative gearing and capital gains tax concessions cost the federal budget a staggering $14.85 billion per year, and overwhelmingly favour the richest. The Federal Government currently invests just $1.7 billion per year in public and social housing, and homelessness services".

The current national housing and taxation policy frameworks are not serving the needs of low income households who need affordable housing. Groups such as Homelessness Australia (HA), National Shelter, the Community Housing Industry Association (CHIA) ACOSS, have argued for the need to reform "negative gearing and the capital gains tax discount" and for "savings to be redirected to improve affordability, including a tax rebate for new affordable housing, and significantly increased investment in public and community housing (Homelessness Australia et al, 2016).

Despite government programs to increase the supply of affordable and appropriate housing in the Northern Territory there has been insufficient progress (i.e. there has been some progress as homelessness rates have been reduced) – but more investment is needed. NT Shelter, for example has advocated for the Commonwealth Government to commit to national rental affordability platform such as the National Rental Affordability Scheme (NRAS) - or appropriate replacement - to further support the development of community housing (NT Shelter 2017b, Rec 2, p.1). Anglicare have Argued for the expansion of "the NT Government's Head-leasing initiative" to better meet need (Anglicare 2018b, p.11).

Conclusion

While rent prices - the major focus of this report – have generally decreased across the NT over recent years, significant concerns remain for many low-income renter households – as rent costs are still a burden on the household budget for many low-income and disadvantaged households. Housing stress is still a major issue with nearly 3000 low-income households in the NT experiencing housing stress (ABS 2017b, Table 22.1).

This report has also highlighted the large proportion of weekly income spent on housing by households who are solely dependent on income support payments for their weekly income.

SACOSS have pointed out that weekly housing expenditure "represent[s] only one dimension of the problems faced by low-income earners in attaining decent and affordable housing. The weekly costs say nothing about the quality and accessibility of housing, the suitability of the location of housing and proximity to employment and services, the barriers to some groups in getting private rental, the supply/availability of public housing, or the costs and financial barriers to buying a first home and getting out of the rental market" (SACOSS 2012a, p.7).

All these things are important in ensuring that all Territorians have appropriate and affordable housing. However, the housing costs discussed in this report are important because housing is such a basic need and major part of household expenditure. In this context, it is alarming that vulnerable and disadvantaged Territorians, many in the rental market, experience housing stress.

Addressing these cost of living issues will require a range of policy responses from increased new housing to ensure more low-cost rental options are available for low income earners, rental affordability schemes, affordable housing strategies as well as increasing base level income support payments and making changes to the Commonwealth Rent Assistance scheme so that it can better support low-income households.

Recommendations

A number of policy and operational changes are required as a matter of urgency to address issue of housing availability and the cost of housing – particularly rental properties – and a number of recommendations are made here, including some from the 2018-19 NT Shelter Pre-Budget Submission to the NT Government. Implementing these recommendations would help ease the burden on Territory households and work towards all Territorians being able to enjoy a standard of living that enables them to have their essential needs met and be able to participate fully in society and further develop and contribute their skills and experiences.

Recommendations from 2018/19 NT Shelter Pre-Budget Submission (NT Shelter 2017b p.1-2)

- For the NT Government to press the Commonwealth Government for a net overall increase in Commonwealth funding for affordable housing and homelessness (NT Shelter 2017 Rec 1)
- For the Commonwealth Government to commit to national rental affordability platform such as the National Rental Affordability Scheme (NRAS) - or appropriate replacement - to further support the development of community housing (Rec 2)
- For the NT Government to work closely with Aboriginal communities (land councils, Aboriginal NGOs, community leaders) to design and implement arrangements for the provision of suitable and culturally appropriate remote housing (Rec 4)
- That the NT Government work closely with the community housing sector in the NT to identify opportunities to build capacity and grow the sector (Rec 13)

Additionally

- That the Federal Government "Conduct a review of the adequacy of Commonwealth Rent Assistance, including indexation arrangements, and an immediate increase to the maximum rate of 30% to relieve acute housing stress" (ACOSS 2016, p.3)
- That there be expansion of "both the NT Government's Head-leasing initiative and the National Rental Affordability scheme" to better meet need (Anglicare 2018b, p.11)
- The development of NT specific targets aimed at ending 'homelessness' (NTCOSS 2013a, p.10)
- That the NT Government Urge the Commonwealth Government. to increase the base rate of allowance payments, e.g. Newstart, Youth Allowance by $75 per week as called for by ACOSS, other COSSES, other groups, and the Chief Minister of the ACT[5]

[5] https://www.dailytelegraph.com.au/news/breaking-news/act-chief-minister-urges-increase-to-dole/news-story/7ab4b80867eafa442776b691d1122208

Explanatory Notes

1. Rental Data for Low-Income Households

Getting suitable up to date data on the levels of rents paid by low-income earners is somewhat complex. The Housing and Occupancy Costs Data for the NT provides general data on housing expenditure (which includes households paying rent (including those at the highest end), and those paying mortgages, as well as those who have paid off their mortgage). It also provides more specific data on rent paid by private renter households (including those at the highest end).

In addition, and of particular interest to this report, the Housing and Occupancy Costs data provides figures on rent expenditure for lower income households (i.e. those households with equivalised disposable income in the bottom two income quintiles but excluding the 1st and 2nd percentiles (i.e. the 3rd to 40th percentiles inclusive). These figures cover rent expenditure for private renters, as well as public housing renters, but these figures are for 2015/16. In this report the private rental figures for lower income households have been indexed using CPI figures for rent (to give an approximate figure for 2018), but this was not attempted for public housing rental figures – given that the majority of the CPI rents figure is influenced by private rent costs.

Other data used in the report comes from the Adelaide Bank/Real Estate Institute of Australia Housing Affordability Report, which brings out timely housing data on a quarterly basis. Using figures on the percentage of median weekly household income required for rental payments, and income data, NTCOSS has calculated average median rental costs for the NR, and the other states and Territories.

In addition, the report sources data from the quarterly median rent figures provided by the Real Estate Institute of the Northern Territory, based on sales and new rentals for the period concerned (March quarter 2013 and 2018 figures are used in this report). "The median rental figures are useful for displaying trends over time but reflect prices much higher than what income support recipients looking to renting in those categories would probably face. This is partly because by definition a median is half-way up the market while welfare recipients are not likely to be in that bracket" (SACOSS 2012, p.9).

The REINT data shows figures for Inner Darwin, and 3 suburbs of greater Darwin, namely: Darwin North Coastal (formerly Nightcliff), Darwin North East (formerly Marrara) and Darwin North (Sanderson); as well as figures for Palmerston, Katherine and Alice Springs. However, there are no disaggregated figures in the REINT data for Alice Springs, for example, to show differences between the more affluent areas (Old Eastside and the Golf Course Estate) and suburbs with cheaper housing options (such as Gillen, Larapinta or The Gap). This is the case for Palmerston and Katherine as well.

For the purposes of Table 9, Selected Income Support*/Low-income Wages vs Private Rent, an online search of rental prices from Real Estates across Alice Springs, Tennant Creek, Katherine, Palmerston and Darwin was done – to enable the provision of figures of the lowest available rent for that housing type available in June/July 2018, for each income support/rental scenario – in order to give a more indicative rental figure for a low-income household. While this methodology is limited by the issues outlined above, and the small population base (i.e. limited number of suburbs across regional areas of the NT), in the absence of any other disaggregated data, it became the preferred methodological option to provide something close to the level of rent which might be paid by someone in the lower end of the market. Some people may be able to find cheaper rents below these figures, while others, particularly those who are not in the cheaper suburbs, will pay more.

Table 17 in the Explanatory Notes below, which informed Table 9 uses the lowest of the three median rent figures for the Darwin suburb areas, from REINT median rental prices, to get closer to a figure at the low end of the market. For Palmerston, Katherine and Alice Springs, the median rent figures from REINT are used.

2. Calculations re Private Rental costs for Low-Income Households - Disclaimer

Disclaimer: The figures in Table 8 should however, be used with some caution, as there is not a specific rents CPI figure for lower income renters only – but in the absence of other data, it is better to index than not index, given what is known from other data (e.g. REINT, REIA) regarding the rent price changes that have occurred in recent years across the NT. In addition, CPI figures do not exist for whole of states (only for capital cities) but given that for most states/territories the majority of the populations reside within the capital city areas – the capital city CPI will approximate the price changes for the whole of the relevant state/territory. For the Northern Territory, while the greater Darwin area represents 60% of the total population (derived from ABS 2016), other data shows that there have generally been rent increases in recent years in all regional areas across all housing types - see Tables in Appendix.

3. Raw Figures used for Table 9

The following table shows provides the basis for the conclusions drawn in Table 9

EHS = Extreme Housing Stress
(paying 60% of income on rent)

HS = Housing Stress
(paying 30%+ of income on rent)

Affordability
(paying under 30% of income)

EHS to HS **= Household would be in Extreme Housing Stress**, w/o proposed increases to CRA & Allowances

Table 17: Selected Income Support Payments*/Low Income Wages vs NT Private Rental Costs 2018

Weekly Payment Rates (March 2018)			Median Rent REINT March Quarter 2018 & *Lowest Rental available July 2018**					
Payment Type	Scenario	Rate	House Size		A/Springs	Katherine	Palmerston	Darwin
Unemployed (Newstart) (single, no children) $273.80 + $66.50 (CRA) (+$19.95 + $75)	Current	$340.30	1BR Unit/ Townhouse	REINT	$300	$265	$233	$220
	CRA up 30%	$360.25			EHS	EHS	**EHS to HS**	EHS to HS
	N/S up $75	$415.30		*Lowest*	*$190*	*$190*	*$290*	*$210*
	Both up	$435.25			HS	HS	EHS	EHS to HS
Age Pensioner (single, no children) $447.20 + $66.50 (CRA) (+$19.95)	Current	$513.70	2BR Unit/ Townhouse	REINT	$390	$315	$333	$340
	CRA up 30%	$533.65			EHS	EHS to HS	EHS	EHS
				Lowest	*$280*	*$180*	*$260*	*$260*
					HS	HS	HS	HS
Sole Parent – Parenting Payment (one child u13; one child b/w 13-16) $640.01 + $78.12 (CRA) (+$19.95)	Current	$718.13	3 BR House	REINT	$500	$410	$440	$440
	CRA up 30%	$738.08			EHS	HS	EHS to HS	EHS to HS
				Lowest	*$400*	*$350*	*$350*	*$370*
					HS	HS	HS	HS
Sole Parent - Newstart (one child u13; one child b/w 13-16) $563.92 + $78.12 (CRA) +$19.95+$75)	Current	$642.04	3 BR Unit/ Townhouse	REINT	$492.50	$350	$400	$375
	CRA up 30%	$661.99			EHS	HS	EHS to HS	HS
	N/S up $75	$717.04		*Lowest*	*$440*	*$350**	*$310*	*$300*
	Both up	$736.99			**EHS to HS**	HS	HS	HS
Youth – 18 years old (single, away from home) $226.40 + $44.43 (CRA) (+$19.95 + $75)	Current	$270.83	1/3 share 3 BR House	REINT	$167	$137	$147	$147
	CRA up 30%	$290.78			EHS to HS	HS	HS	HS
	Y/A up $75	$345.83		*Lowest*	*$133*	*$117*	*$117*	*$123*
	Both up	$365.78			HS	HS	HS	HS
Minimum Wage (single) (Gross Wage, full time)		$694.90	1/3 share 3 BR House	REINT	$167	$137	$147	$147
					Affordable	**Affordable**	**Affordable**	**Affordable**
				Lowest	*$133*	*$117*	*$117*	*$123*
					Affordable	**Affordable**	**Affordable**	**Affordable**
Minimum Wage (single) (Gross Wage, full time)		$694.90	1BR Unit/ Townhouse	REINT	$300	$265	$233	$220
					HS	HS	HS	HS
				Lowest	*$190*	*$190*	*$290*	*$210*
					Affordable	**Affordable**	HS	HS
Minimum Wage (couple) 3 children (one u5; 2 children 6-12) Gross Wage, one f/t, one p/t, + FTB A&B		$1664.38	4 BR House^	REINT	$675	$500	$550	$580
					HS	HS	HS	HS
				Lowest	$630	$400	$390	$395
					HS	**Affordable**	**Affordable**	**Affordable**

*No 3 BR unit/Townhouse available in Katherine at the time of checking, so 3 BR house price substituted instead. No Tennant Creek figures available from REINT
Source: (Centrelink, 2018, p.2,5,13,25,27, 32-33,38-39; Real Estate Institute of the NT (REINT) 2018, P.24-25; Fair Work Commission 2017;
#REINT Rental Figures for Darwin based on the lowest median rent in Darwin suburbs (Darwin North Coastal Darwin North East, Darwin North)
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