

Northern Territory Division

09 February 2024

The Honourable Eva Lawler MLA
Chief Minister of the Northern Territory
Treasurer

Via email: minister.lawler@nt.gov.au

Budget Submission for Enhancing Housing Supply and Affordability in the NT

Introduction

The Property Council of Australia, Northern Territory Division, submits this budget proposal to address the critical challenges in our housing market. The Territory faces a unique set of circumstances, marked by an acute housing shortage, rising costs, and diminishing affordability. Drawing on the success of Queensland's "Homes for Queenslanders"¹ as a framework, we propose a tailored strategy, "Homes for Territorians," to confront these issues head-on.

Background and Challenges

The Northern Territory housing market is facing acute challenges due to cost-of-living pressures, skyrocketing interest rates, and low levels of new housing supply, which have substantially impacted affordability. In the September 2023 quarter², greater Darwin witnessed the following changes in median house prices:

- median house price increased by 4.4% to \$590,000 and increased by 7.3% annually.
- median unit price increased by 2.3% to \$400,000, however decreased by 0.9% annually.

According to data released by Northern Territory Treasury³, December 2023 Economic Brief, the number of dwelling approvals in the NT was flat with the year on year change down 32.4% more than double the national average of a downward 15.7%.

Residential building approvals

Number of residential approvals	NT	Aust
Monthly change (trend)	flat	↓0.1%
Annual change (trend)	↓12.2%	↓7.3%
Year-on-year change (original)	↓32.4%	↓15.7%

Figure 1. Residential Building Approvals, December 2023 Economic Brief

Internal migration and a buoyant job market drive rental shortage across the NT as demand outstrips supply. With the NT population expected to grow to 282,000 by 2041, an additional 12,500 new homes will be required

¹ Homes for Queenslanders, [Homes for Queenslanders \(housing.qld.gov.au\)](https://www.housing.qld.gov.au)

² Northern Territory Economy., Northern Territory Government, Housing, [Housing - Northern Territory Economy](#)

³ Northern Territory Treasury., December 2023, Economic Brief, [Building approvals | Department of Treasury and Finance](#)

to meet the population growth. This figure needs to account for the additional required dwellings to address existing overcrowding among Aboriginal households.

The constrained housing supply in the NT is anticipated to persist for some time. The Property Council members and industry are concerned that several unprecedented factors are hindering developers and builders from bringing new supply to the market. These factors include:

- Recent rapid increases in construction material costs (input prices).
- Worker shortages due to the loss of skilled workers, exacerbated by the COVID-19 pandemic and robust NT resources activity.
- Feasibility challenges as projects are not financially viable due to construction cost increases, particularly concerning the future pipeline for apartments and multi-residential dwellings.
- Evidence of consumer reticence to buy land and build is evident in falling land sales and new start constructions at all-time lows, primarily because of the abovementioned factors.

The pressure on the housing market is expected to worsen unless the government intervenes to stimulate supply, and housing shortages will most impact those in lower socioeconomic positions. Elevated interest rates have significantly reduced borrowing capacity and mortgage serviceability, diminishing the ability of many people looking to exit the rental market.

Strategic Recommendations

Extend Stamp Duty concessions and support multi-residential developments.

To invigorate apartment construction and diversify housing options, we recommend extending stamp duty concessions to include 100% relief for off-the-plan apartments up to \$600,000.

Revise HomeBuild Access to reflect economic changes and challenges.

Adjusting the HomeBuild Access scheme to increase the purchase price cap to \$750,000 and revise income eligibility limits will make homeownership more accessible amidst economic shifts.⁴

Promote "Rightsizing" Through Incentives.

Introducing a \$15,000 grant for seniors transitioning to more suitable housing options will encourage the turnover of underutilised homes and stimulate the senior housing market.

Strategic Housing Development and Supply Initiatives.

Prioritise the development of new housing through streamlined approvals and development incentives, particularly in high-demand areas where densification is seen as appropriate, and advocate for innovative housing solutions like build-to-rent and purpose-built student accommodation models.

Invest in Infrastructure to Support Housing Development.

Essential infrastructure funding in encouraging feasibility in new development is critical for supporting residential development and the growth of the NT's housing stock.

⁴ The rental crisis and housing market in the Northern Territory: A closer look at the Property Council's Priorities, Table 1, pp. 8

Grow Purpose-Built Student Accommodation.

To drive new development of much-needed purpose-built student accommodation, the Government should commit to 'pre-booking' fifty per cent of student beds in new developments for five years. This will increase project feasibility and ensure that international students arriving to study in Darwin are assured a place when they first arrive.

Leveraging the HAFF and National Housing Accord for Sustainable Development.

The Housing Australia Future Fund (HAFF) and the National Housing Accord are Federal Government initiatives to improve housing outcomes for Australians and collectively support the delivery of 20,000 new social and 20,000 new affordable homes across Australia over five years. The HAFF has been established to create a secure, ongoing pipeline of funding for social and affordable rental housing including housing to support acute housing need such as jurisdictions like the Northern Territory. The National Housing Accord (2022) brings together all levels of government, investors, and the residential development, building and construction sectors to unlock quality, affordable housing supply over the medium term.⁵

Developers, builders, financiers, and investors can participate by partnering and collaborating with eligible entities. These include State, Territory or Local governments, charitable registered CHPs, or charitable organisations improving housing outcomes for Aboriginal and Torres Strait Islander peoples or Australian Defence Force members or veterans. The Property Council NT strongly encourages that the NT Government seek to work hand in hand with eligible participants in expediting both the social & economic opportunities to be made available via the HAFF framework.

Five Pillars to Support 'Homes for Territorians'

Build More Homes, Faster

Set ambitious targets to increase the housing stock significantly by 2044, with a commitment to funding essential infrastructure and identifying strategic development sites.

Support Renters

Introduce comprehensive support measures for renters, including bond loans, portable bonds, continuation of the ban on rent bidding practices, alongside extending the Rental Security Subsidy.

Help First Homeowners

Double the First Homeowner Grant and introduce a Home Finance Loan Pilot, alongside backing the Federal Government's 'Help to Buy' Scheme to aid first home buyers.

Boost Our Social Housing Build

Commit to a significant increase in social housing stock by 2046 in collaboration with the Federal Government's national housing plan.

Working Toward Ending Homelessness

Set clear targets for reducing homelessness, including increasing support services and ensuring access to shelter for all Territorians experiencing homelessness.

⁵ Housing Australia Future Fund Facility and National Housing Accord Facility, [haff_nhaf_fact_sheet_developers.pdf \(housingaustralia.gov.au\)](https://www.housingaustralia.gov.au/haff_nhaf_fact_sheet_developers.pdf)

Conclusion

The Property Council of Australia, Northern Territory Division, presents a sensible budget submission for urgent and decisive action to enhance housing supply and affordability in the Northern Territory. By leveraging the insights and successes of Queensland's "Homes for Queenslanders" strategy, we propose the "Homes for Territorians" initiative as a blueprint for transformative change.

Our submission outlines a series of strategic recommendations aimed at addressing the critical challenges of housing shortage, rising costs, and diminishing affordability that disproportionately impact our most vulnerable populations.

The urgency of these challenges cannot be overstated. With the Northern Territory facing flat dwelling approvals and an anticipated population growth requiring significant new housing, the time for action is now. Our proposed measures—ranging from extending stamp duty concessions and revising HomeBuild Access to promoting rightsizing through incentives and investing in infrastructure to support housing development—represent a holistic approach to catalysing housing supply and enhancing affordability.

Additionally, our call to leverage the Housing Australia Future Fund (HAFF) and the National Housing Accord underscores the importance of collaborative efforts between the government, the property industry, and community partners to unlock sustainable, quality housing for all Territorians. The "Five Pillars to Support 'Homes for Territorians'" further delineates a clear, actionable path towards building more homes, supporting renters, aiding first homeowners, boosting social housing, and working toward ending homelessness.

The time for comprehensive, coordinated action is now to make a lasting impact on the lives of Territorians and build a community where everyone has access to affordable, quality housing.

We look forward to the opportunity to discuss these recommendations in greater detail and to explore partnerships between the government and the property industry to achieve our shared objectives.

For further discussion or clarification, please contact:

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Regards,



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