

Housing Alice

Changes and Challenges to Housing in Alice Springs

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KEY FINDINGS

- Recent net positive in migration and an increase in proportion of the Indigenous population has contributed to pressures on housing in Alice Springs
- Population projections have Alice Springs reaching the 30,000+ mark by 2021 and the estimated undersupply of dwellings required to service the projected population reaching around 120 per year
- In 2008/2009 nearly 60% of people on the public housing waiting list in the Alice Springs Region were waiting for longer than 13 months and transitional hostel accommodation had a 92% occupancy rate
- Future housing developments in Alice Springs need to provide pathways for people to transition from public housing to private ownership or rental
- Careful planning is needed in order to ensure that future developments are socially inclusive with a focus on 'balanced' demography and not just short-term fixes for the current housing stress

RESEARCH AIM

To examine aspects of the population of Alice Springs which are contributing to housing stresses.

This research brief discusses some of the issues surrounding the current housing stresses in Alice Springs. It draws on ABS data and work that has been undertaken by the Territory Growth Planning Unit, Department of Lands and Planning.

We examine changes in components of population growth, population projections as well as forecasted dwelling demand for Alice Springs. We also discuss what balanced socially inclusive developments might look like in the context of housing for Alice Springs

Prepared by
Huw Brokensha

Pressures associated with the high costs of housing and rentals are never far from the media, and in particular for Alice Springs and Darwin. The Real Estate Institute of the Northern Territory's (REINT) most recent report (June quarter 2010) lists a 21.4% increase in median house prices for Alice Springs and an 18.2% increase in median unit prices. Adding to this pressure are low rental vacancy rates, at just 1.4% (Real Estate Institute of Northern Territory, 2010).

A contributing factor to housing costs has been recent net positive in migration to Alice Springs from interstate and overseas. Added pressure is coming from a shortage of affordable housing that allows people to transition from renting public housing to home ownership. In 2008/2009 nearly 60% of people on the public housing waiting list in the Alice Springs Region, had been waiting for longer than 13 months (ABS, 2010b) and Aboriginal Hostels Limited in Alice Springs reported a 92% occupancy rate (Aboriginal Hostels Limited, 2009). This has resulted in temporary (transitional) accommodation becoming backlogged by the many people waiting to get into public housing.

Government is challenged with providing sufficient affordable housing and transitioning people towards ownership and renting. This requires careful consideration of the town's current and likely future population dynamics as well as understanding the likely future housing demands.

Population Dynamics

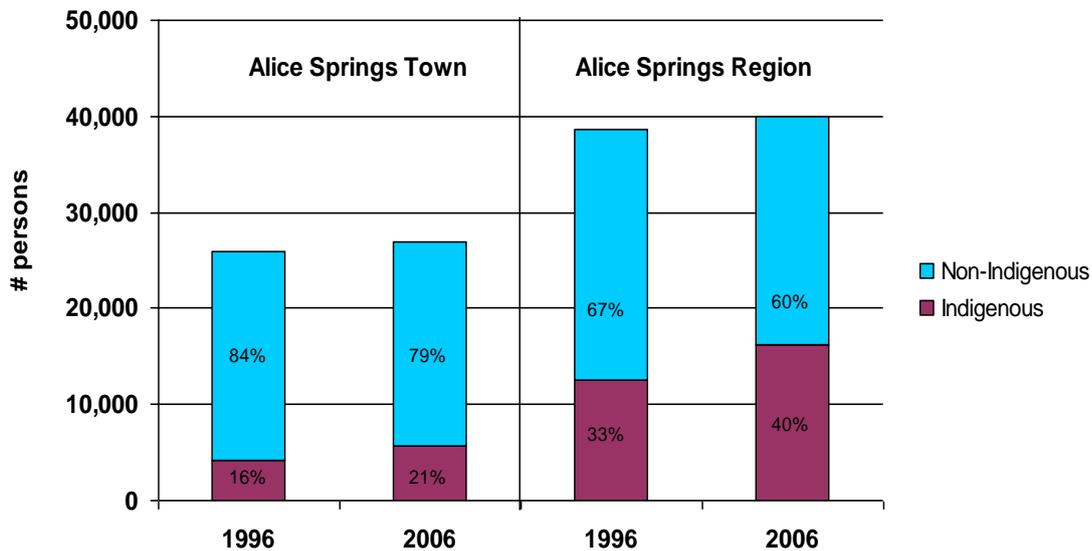
Migration and the Intervention

For nearly a decade Alice Springs has experienced negative net migration with more residents leaving the town than arriving. Between 2001 and 2005, nearly 5,000 people moved into Alice Springs while nearly 6,000 people moved out (Taylor, 2009). This negative net migration has historically been a moderator of population growth in Alice Springs, which has been hovering below the 30,000 mark for a number of years.

Whilst outwards migration is usually higher than inwards migration in Alice Springs, this is predominantly due to the non-Indigenous population which supports a pattern of people coming to Alice Springs to work and then returning back to their home state. Non-Indigenous people have typically moved to Alice Springs from South Australia or Queensland and typically moved back to those states.

Meanwhile the Indigenous population of Alice Springs has grown at a faster rate over the last 10 years than the non-Indigenous population (Figure 1) and now comprises around 21% of the resident population compared to 16% in 2001. Between 2001 and 2006 Indigenous people predominantly moved from surrounding communities of Central Northern Territory to Alice Springs and left for either Darwin or South Australia.

Figure 1 – Alice Springs Town and Region Populations, 1996 and 2006



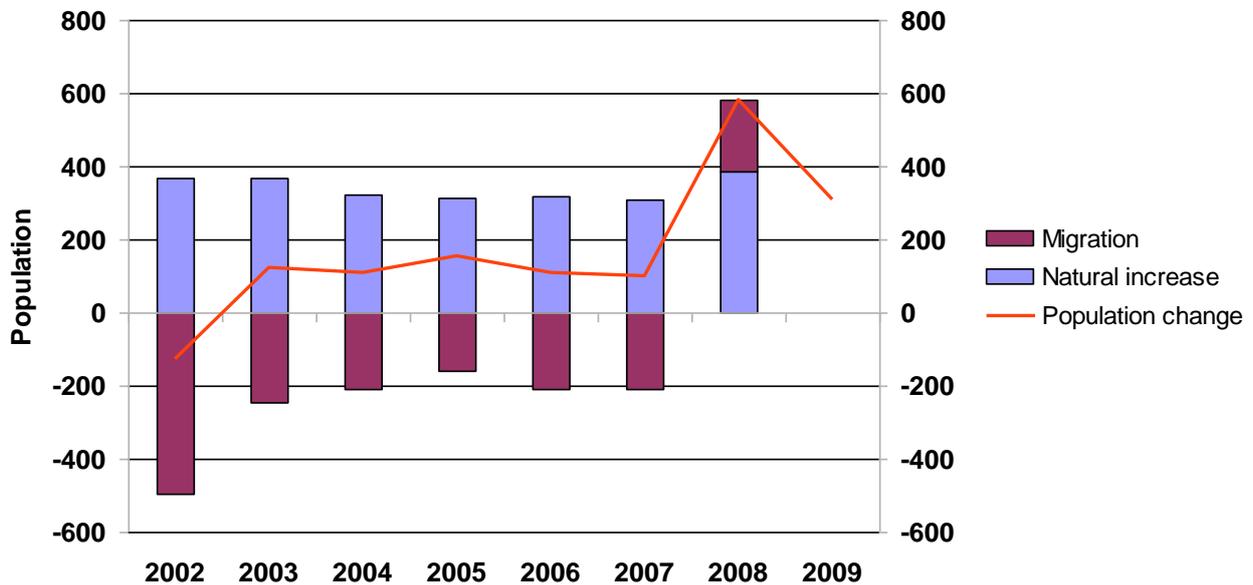
Source: ABS, Census of Population and Housing, 2006 and 1996.

The Indigenous population is growing at a faster rate than the non-Indigenous population

In 2007/2008 net migration in Alice Springs was positive for the first time in more than half a decade. It is likely this will continue due to an influx of people associated with the Northern Territory Emergency Response (NTER), and related programs. The NTER, or Intervention, saw large increases in the number of frontline service staff; doctors, nurses, teachers and police. In addition to this, as suggested in an article by the Australian newspaper the '...number of federal public servants based in the NT - within the Department of Families, Housing, Community Services and Indigenous Affairs alone - has more than doubled...' and '...the department that manages Indigenous affairs in the NT has increased its staff numbers by 60 per cent'(Robinson, 2010). Whilst it is difficult to gauge the exact impacts on Alice Springs from the Intervention, since many workers may consider themselves residents elsewhere, it may be significant.

Whilst the Intervention and other Indigenous focussed program activities such as the Alice Springs Transformation Plan, Strategic Indigenous Housing and Infrastructure Plan (SIHIP), Working Futures and Territory Growth Towns policies are expected to continue for up to ten years it is unlikely that Alice Springs will see this same level of elevated migration. This already seems evident from the preliminary population figures for 2008/2009 which does not indicate the same level of positive migration as seen in 2007/2008 (Figure 2).

Figure 2 – Alice Springs Population Change 2002 - 2009



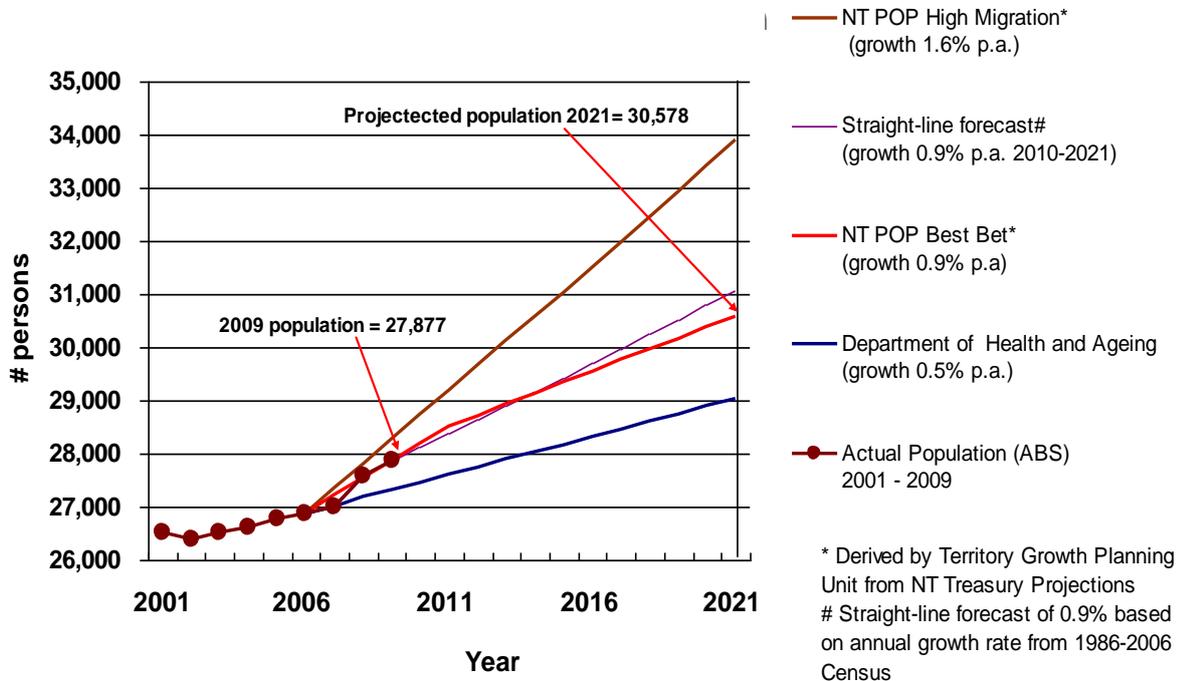
Source: ABS, 2010. 3218.0, Regional Population Growth, Australia; Space-Time Research; 1379.0, National Regional Profile, Alice Springs (T)

Future Growth in Alice Springs

Preliminary work undertaken by the Territory Growth Planning Unit in the Department of Lands and Planning to look at the future population of Alice Springs included two population projection scenarios. The baseline population scenario (NT POP Best Bet) is based on historical population growth rates for Alice Springs whilst the highline population scenario (NT POP High Migration) is based on positive net migration levels similar to those seen in 2007/2008.

The NT POP Best Bet projects the population to grow at an average annual rate of 1.2% to reach around 28,000 residents by 2011 and just over 30,000 residents by 2021 (Figure 3). It factors in negative net migration of around 1000 persons/5 years and a 15 year average annual growth rate of around 0.9%. The derived NT POP High Migration population projection factors in positive net migration of around 300 persons/5 years, similar to what was experienced in Alice Springs in 2008. Giving a growth rate of around 1.6% per annum, resulting in a population size of around 34,000 by 2021. The preliminary Estimated Resident Population figures released by ABS for 2009 (ABS, 2010a) show the population appears to be currently tracking to this NT POP Best Bet projection.

Figure 3 – Alice Springs (Local Government Area) Population Projections to 2021



Source: Territory Growth Planning Unit, Department of Lands and Planning
Projection modelling is derived from the Northern Territory Population Projections, Northern Territory Treasury. Taking the overall projection for the Alice Springs Region and apportioning it to the town.

Housing

There is continual focus on the pressures of the housing market in Alice Springs and the need to address the shortfall in housing supply. Tied to this are discussions about what sort of houses should be built, where the pressure is coming from and who will benefit most from new developments. A recent report by the National Housing Supply Council (2010) focused on the issue of undersupply of dwellings across Australia. Whilst the report was at a state/territory level, figure 4 (below) derives the potential undersupply of dwellings based on the proportion of the Northern Territory population that Alice Springs comprised in 2009. The ‘average dwelling undersupply’ is derived from the three ‘additional households required’ projection scenarios (low, medium and high growth) and the three projected completion scenarios (low, medium and high trend completions) to produce a mean number of dwellings not being supplied.

This estimates a potential undersupply of 148 dwellings for 2010 and an average of 131 and 114 dwellings per year for 2011-2016 and 2016-2021 respectively. This is an average of 120 dwellings per year through to 2021. It is assumed that this potential undersupply is also contributing to housing stresses in Alice Springs.

Figure 4 – Derived Dwelling Undersupply for Alice Springs

Year	Low household growth (LHG)	Medium household growth (MHG)	High household growth (HHG)	Additional households required, (LHG)	Additional households required, (MHG)	Additional households required, (HHG)	Low trend projection of dwelling completions	Medium trend projection of dwelling completions	High trend projection of dwelling completions	Average dwelling undersupply
2009	9773	9786	9798							
2010	9995	10032	10057	222	247	259	62	123	210	148
2011	10181	10242	10279	185	210	222	62	123	197	111
2012	10390	10452	10514	210	210	234	49	123	197	148
2013	10575	10662	10736	185	210	222	49	111	185	136
2014	10785	10884	10970	210	222	234	49	111	185	136
2015	10970	11094	11192	185	210	222	49	111	173	123
2016	11155	11291	11415	185	197	222	49	99	173	123
2017	11353	11513	11637	197	222	222	49	99	160	111
2018	11550	11723	11859	197	210	222	49	99	160	111
2019	11735	11933	12093	185	210	234	37	86	148	111
2020	11920	12130	12303	185	197	210	37	86	148	111
2021	12106	12328	12525	185	197	222	37	86	136	99
2022	12278	12525	12735	173	197	210	37	86	136	99
2023	12463	12735	12957	185	210	222	37	74	123	86
2024	12661	12945	13191	197	210	234	37	74	123	86
2025	12871	13179	13438	210	234	247	37	74	111	74
2026	13068	13401	13673	197	222	234	25	62	111	86
2027	13253	13611	13907	185	210	234	25	62	99	74
2028	13438	13821	14129	185	210	222	25	62	99	74
2029	13623	14018	14351	185	197	222	25	49	86	62

*Data apportioned from Northern Territory totals based on contribution of total Territory population by Alice Springs

Housing Stress

The Public Housing sector is under considerable pressure with exceptionally long waiting lists. In 2008/2009 over 50% of people on public housing waiting lists in the Northern Territory, and nearly 60% in the Alice Springs Region, had been waiting for longer than 13 months (ABS, 2010b). Territory Housing's website lists the estimated average wait time for public housing in Alice Springs to be over 42 months (Territory Housing, 2010). This backlog has had considerable flow-on impact on transient housing in Alice Springs.

Aboriginal Hostels Limited in Alice Springs, for example, reported a 92% occupancy rate in their annual report for 2008/2009 (Aboriginal Hostels Limited, 2009). This was the highest rate for any of the state/territory jurisdictions and recent reports reference nearly all of the transitional hostels as being full and having long waiting lists in 2010. Many of the residents living in hostels are in fact on waiting lists for public housing.

In addition to the stresses placed on public housing by the resident population, a large number of people who need to access services or for social/family reasons also transition through the town. From discussions with NGO's and Government agencies in Alice Springs it is thought that each Indigenous person coming from surrounding communities into Alice Springs to access medical services such as renal care brings with them between 4 and 12 other members from the community. This would add significant strain on transitional housing which is unable to cater for this transient population as it is already full of people waiting to get into public housing.

The Role of Future Housing Developments

One of the hallmarks of a functioning housing market is the transition of residents through the housing lifecycle including from public housing rental / ownership to private ownership or rental. In writing about the Darwin housing crisis Taylor (2010) wrote that 'The combination of high incomes and high housing costs may be creating a split between those who can and cannot meet housing costs' and 'the financially vulnerable may be 'slipping behind' as a result of rising house prices and rents.' While these observations were made for Darwin, the same can be applied for Alice Springs where a growing population of public servants and service staff competing for limited accommodation may be resulting in artificial inflation of housing prices. Current private developments in Alice Springs seem to be tailored to mid – high level incomes and there does not appear to be a natural 'stepping stone' for people to transition through the housing market as there is in other cities. The jump from public housing to private ownership is so large that the majority are unable to make that transition, contributing to waiting lists for public housing as well as adding to the pressure on transitional hostel accommodation.

Future housing supply must cater for population growth and the 'pent up' demand. It is estimated there will be an average dwelling undersupply of nearly 120 dwellings per year and without further major developments '...the absence of social housing supply or subsidies ... leads inevitably to overcrowding, homelessness or forced relocation to more affordable markets'. (Haslam McKenzie, 2009).

Whilst the proposed NT Government's AZRI/Kilgariff site (with a development potential of 1,200 lots) may be one solution to relieving some of the stresses, a recent report by the Australian Housing and Urban Research Institute (AHURI) suggests that even if home ownership can be achieved by low-moderate income households (people's whose incomes fall in the lowest 40% and who are paying more than 30 % of their income on housing costs) they are typically forced into peripheral areas (outer suburbs or growth zones). And whilst '...the evidence suggests that low-moderate households do accumulate wealth through their housing over time, for those living in lower price areas the amount is not enough to provide future locational choice' (Hulse, 2010). In planning for this development the Government should consider the risk of the creation of groups of have's and have nots as described by Taylor (2010). For those employed in high income sectors, high rents and house prices are of less a concern than for those who are most financially vulnerable. Should the circumstances of those on high incomes change they are more likely to have the inherent financial capacity to move elsewhere. Whereas, the financially vulnerable might become financially 'stuck'; unable to afford to move elsewhere but placed under financial strain by remaining.

Carson's (2010) research into successful Greenfield satellite cities in some regards can also be applied to the proposed AZRI/Kilgariff development as it is a Greenfield site and separated from the core, Alice Springs town, by a distance of some 10km. This research outlines six key areas that make an urban development work, in a social and demographic sense, which can be applied to this type of development: access to adequate transport (public transport links); local jobs; a variety of housing types; implementation of services and facilities; demographics of the first arrivals (attracting a variety of residents) and a relationship between the city and the new development site. The research suggests that if these factors can be addressed then the development is more likely to achieve a more socially inclusive, 'balanced' demography.

Discussion

If the aim of the AZRI/Kilgariff development is to release some of the pressure on the housing market then issues may arise in ensuring this socially inclusive 'balanced' demography. Palmerston was originally conceived ostensibly to address perceived housing shortages in the core city (Darwin) and research into the first movers into Palmerston shows that the initial population featured a greater proportion of those matching the 'social housing' demographic profile (Carson, 2010). As McTurk (2010) points out, social housing tenure is correlated with Indigenous status, longer-term residency in the NT and a lack of motor transport (that is, a less mobile population). Social housing tenure is also positively correlated with unemployment and lower incomes, lone parent families and disabled status.

Preferably the 'housing mix should aim to promote mixed and inclusive communities by providing housing for a range of household compositions and incomes as well as contributing to the built environment, climate and lifestyle' (Haslam McKenzie, 2009). This should help to provide the variety of housing types to work as a 'stepping stone' for people to transition through the housing market.

One solution may be to utilise a similar approach that the Northern Territory Government has taken to future suburb developments in Palmerston where it has legislated that 15 percent of blocks be set aside for affordable and social housing (NT Government, 2010). However this approach may only address the real shortfall if it truly targets the groups most at need and precludes speculative buying by the upper end of this market thereby ‘...enabling people on a moderate income to take advantage of a great, tropical lifestyle’ as proposed for the 15 percent in the future development of the University Village in Durack (University Village, 2010). And while in theory this task is achievable, understanding the impacts on the local housing market and on the long term ability of residents at the lower end of the socio-economic scale to transition through it and accumulate wealth is difficult to measure and monitor. In part, impacts will be hidden by continued high rates of population turnover and from the artificial subsidisation of temporary residents associated with various Australian and Northern Territory Government programs.

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