

2 March 2021

The Hon Michael Sukkar MP
Minister for Housing
PO Box 6022, House of Representatives
Parliament House Canberra ACT 2600



Dear Hon Michael Sukkar MP,

RE: Strengthening the Northern Territory Development and Housing Sector

I write to you on behalf of the Urban Development Institute of Australia - Northern Territory (UDIA NT) as the new Chief Executive Officer. The previous CEO, Gerard Rosse, wrote to you on 10 July 2020 in relation to the HomeBuilder Scheme introduced by the Federal Government.

We congratulate you and your team on the hugely successful outcome of the Scheme. The grant has not only provided a stable basis for industry to continue progressing land development works during a time of momentous uncertainty, but has also provided countless families with the opportunity to own their first home.

We do however wish to highlight a significant risk to the Territory that is unique to us, and has the ability to cause a large number of existing HomeBuilder Applications to fail in meeting its obligations under the Construction Commencement Timeframe, and thus resulting in:

1. Applicants, that are dependent on the Grant to obtain home finance, being ineligible and not obtaining finance; and
2. A large number of land and house contracts “falling over” (being rescinded) under the Finance Clauses of the land purchase contract.

In our previous letter to you, UDIA NT outlined concerns regarding the Northern Territory’s seasonal climate in challenging effective development delivery, and requested consideration of an extension to the HomeBuilder Scheme. To reiterate, the concerns are centred on the inability of the development industry to undertake year-round civil construction works due to the seasonal monsoon wet season in the Northern Territory.

The 2020/2021 wet season has already been a significant one, with between 1.2m to 1.7m of rain falling across the Top End over the past four months, and with another four weeks of the official wet season still to go. As a direct result of the volume of rainfall received to date, construction and civil works to deliver lots under the HomeBuilder Scheme have been unable to progress between October 2020 and March 2021. The delays to the delivery of lots and the ability to title these lots until mid-2021 means that many projects will not meet HomeBuilder guidelines for eligibility.

We note the HomeBuilder guidelines initially required an eligible applicant to submit applications to the relevant State or Territory authority by no later than 31 December 2020. On 29 November 2020, the Federal Government announced an extension to the HomeBuilder program to 31 March 2021 for building contracts, with an extended deadline of 14 April 2021 (inclusive) for all HomeBuilder applications.

The extension included changes to the construction commencement timeframe from three months to six months for all HomeBuilder applicants. Our primary concern centres on the numerous contracts in the NT signed between 4 June and 31 December 2020 (being eligible for the \$25,000 grant), which require construction to have commenced within six months of the build contract having been signed but so far have been, or will be unable to do so.

We also have concerns about those contracts in the NT signed between 1 January and 31 March 2021 (being eligible for the \$15,000 grant), which require construction to commenced within six months, but will likely be unable to do so, due to delays and backlogs for builders and developers with existing contracts.

We are seeking your urgent consideration of a Construction Commencement deadline of 30 September 2021 for all contracts signed between 4 June 2020 and 31 March 2021. We are not seeking an extension to the HomeBuilder application period, merely the eligible construction commencement period.

We are extremely appreciative of the extension to the HomeBuilder Scheme provided to date but request urgent consideration of an extension to the eligible construction commencement period for all Northern Territory applications to 30 September 2021.

Should you have any queries relating to the above, please do not hesitate to contact me on 0415 933 635 or ceo@udiant.com.au.

Yours Sincerely



Catriona Tatam
Chief Executive Officer
Urban Development Institute of Australia (NT)