



Legislative Council Legal and Social Issues Committee

Inquiry: Inquiry into the redevelopment of Melbourne's public housing towers

Hearing date: 6 August 2025

Question taken on notice

Directed to: Department of Families, Fairness and Housing

Received date: 19 August 2025

1. **Anasina GRAY-BARBERIO, p.65**

Question asked:

Are there any caps, ceilings or safeguards in place to protect taxpayers from ballooning quarterly service payments over the life of the contract?

Simon NEWPORT: The contracts themselves and the information – I checked today – are on the government website for people to peruse. I am happy to take that question on notice.

Response:

Quarterly service payments (QSP) are outlined in the Project Summary which is available at the following locations:

Ground Lease Model 1

<https://www.dtf.vic.gov.au/homes-victoria-ground-lease-model-project-1>

Ground Lease Model 2

<https://www.dtf.vic.gov.au/homes-victoria-ground-lease-model-project-2>

The QSP's are fixed in time and amount over the life of the contract and are subject to various abatements as set out in the performance regime in the Project Deed. The Project Deeds allow for reductions in payments (abatements) where the thresholds for performance requirements are not met.

The Project Deeds that were released for tender as part of the procurement process for the Ground Lease Model projects are available at the following locations:

Ground Lease Model 1

<https://www.tenders.vic.gov.au/contract/view?id=193453>

Ground Lease Model 2

<https://www.tenders.vic.gov.au/contract/view?id=211654>

2. Anasina GRAY-BARBERIO, p.65

Question asked:

Is Homes Victoria aware that under ground lease model 1 Community Housing Limited and Tetris Capital have provided mezzanine loans to the consortium itself, Building Communities, at an 8.75 per cent interest rate? Are you aware of that?

Simon NEWPORT: We would have to respond in terms of what the capital stack is, but yes, there are a number of lenders, including the predecessor to Housing Australia, NHFIC. So there are a variety of capital sources, depending upon who is making a contribution. So we will have to check on that, and the reason why I would have to check on that is just to do with the commerciality and protections, because we are currently in the procurement for the next set of the projects. I hope you do not mind – I think we would just have to check on that one.

Response:

As outlined in the relevant Project Summaries and Project Deeds, Project Co (counterparty to the Project Deed and primary contracting entity with Homes Victoria) is responsible for the provision of finance from Financiers and Equity Investors for the Project through its funding structure.

Community Housing Limited and Tetris Capital are both Equity participants in the consortium. The financing arrangements as between the parties have been considered as necessary during the evaluation within a competitive process, prior to award of the contract to Building Communities.

3. Renee HEATH, p.68

Question asked:

How many private rental properties have been secured to house the displaced residents?

Simon NEWPORT: I do not have it specifically for the program. Dannii has probably got the complete statistics in terms of how many total homes last year Homes Victoria acquired and leased.

Dannii de KRETSEER: I can advise across the program the majority of people have moved into existing homes – so public or community housing – and people get to choose whether it is public or community or both. We look based on their preferences. Of the households that have moved, a very small proportion have been purchased or leased homes. Let me just get this data for you.

Response:

Homes Victoria prioritises relocating renters in line with their preferences. Across the program as a whole a total of 25 homes have been leased from the private sector as at 13 August 2025. These homes are then used as public housing rental homes.

4. Michael GALEA, p.72

Question asked:

My time has expired, but even 100 mil sounds like a very large matchbox to me. Thank you.

Martin McCURRY: I will have to check that one, Mr Galea –

Michael GALEA: If you could come back, it would be terrific.

Response:

The fire stairwells in the towers at 20 Elgin St and 141 Nicholson St have a width of 927mm against the minimum width of 1000 mm required by Clause D1.6 of the National Construction Code. This was referred to as one of the fourteen non-compliances listed in the *Redbrick Towers Feasibility Study and Option Testing* prepared by Hayball for Homes Victoria. Other non-compliances were observed by Approval Systems and listed in their document *Red Brick Buildings Existing Conditions Review and Report* prepared for Homes Victoria. These documents were tabled in the Legislative Council on 20 June 2024.

5. Aiv PUGLIELLI, p.74

Question asked:

(a) What evaluation was done to prove it delivered better outcomes for tenants, the public or the budget? This is, before expanding ground lease model 1 to cover Racecourse Road and Holland Court towers at Flemington estate.

Simon NEWPORT: I think I would take that on notice in terms of the specifics...

(b) Aiv PUGLIELLI: Can I ask: can this committee see those evaluations?

Simon NEWPORT: I really am not sure, considering we are in the middle of procurement right now. I would imagine they would be protected from some sort of commercial –

Response:

Homes Victoria monitors the performance of its contracts on an ongoing basis and it is our view that the existing ground lease model project is being delivered in accordance with the contractual requirements.

The Ground Lease Model 1 and Ground Lease Model 2 projects were procured under a competitive process with reviews conducted at various stages both before and after the contract award. The process and accountability requirements are outlined by the Partnerships Victoria, Framework. Under this model Project Co is responsible for the design, construction, financing and management of dwellings at each site.

For the next stage of redevelopment of the Flemington housing site, Government has agreed to explore an Augmentation to the existing Ground Lease Model 1 Project Deed with Building Communities which is governed by the Augmentation Process Schedule of the Project Deed and Partnerships Victoria requirements.

6. Ann-Marie HERMANS, p.78

Question asked:

Dannii de KRETZER: I think the only other thing I would add is just about homelessness. What you raise is something that is very, very dear to what we are trying to achieve at the same time as the high-rise redevelopment. And the way we are trying to address homelessness in this state – I am happy to outline how we are trying to balance those objectives while also dealing with the condition of the towers. If that would be helpful for the committee, I am very happy to talk through that.

Ann-Marie HERMANS: Yes. Statistically, we would love to have the statistics –

Response:

The Report on Government Services indicates that Victoria supported the highest number of people experiencing homelessness and highest expenditure compared to other jurisdictions. This is due to Victoria's high population, and central intake model and a service system that provides more services to the broadest cohort of people requiring help to prevent and address homelessness. This includes services for people at risk of homelessness.

The report can be found at:

<https://www.pc.gov.au/ongoing/report-on-government-services/2025/housing-and-homelessness>

Homelessness in Victoria (and in Australia) is counted every five years using census data. The census count, last taken in 2021, during the COVID-19 period, shows that:

- Rough sleeping (or unsheltered homelessness) in Victoria decreased from the previous census count by around 9% – from 1,123 people sleeping rough counted on census night in 2016 to 1,023 people sleeping rough on census night in 2021.
- The number of people ‘couch surfing’ or counted as staying temporarily with other households decreased by 18% – from 3,091 households to 2,549 households between the 2016 and 2021 census periods.

There was a significant increase in sheltered homelessness, based on the extensive services funded to support people out of homelessness.

Specifically, the count shows:

- 9% growth in people in supported accommodation for the homeless – with 7,831 people in supported accommodation on census night in 2021, up from 7,157 people in 2016.
- Over 1,000% growth in people staying in other temporary lodgings, from 108 people in 2016 to 1,583 people in 2021. This reflects the number of people accommodated in hotels on the evening of the census count due to the COVID-19 pandemic.
- 95% growth in people living in boarding houses, including rooming houses and some facilities that offer long term housing – went from 4,406 people in 2016 to 8,599 in 2021.

This indicates that the Victorian Government is having an impact on addressing rough sleeping through our significant investments in Housing First program services. Through the Housing First program rough sleepers gain prioritised access to permanent housing with significant support to address a range of non-housing needs.

7. The CHAIR, p.81

Question asked:

Tetris Capital – who are they?

Simon NEWPORT: They are a financier.

The CHAIR: And they are partnering with –

Simon NEWPORT: They are partnering on the ground lease model.

The CHAIR: Do they have many other public housing projects they are involved in, to your understanding, or not?

Simon NEWPORT: I would have to get back to you on that. I know that they were involved in ground lease models 1 and 2.

The CHAIR: So to your understanding, are you aware that they are involved in any others or not?

Simon NEWPORT: I would have to check with my transactions team before I answer that question. I would hate to misspeak.

The CHAIR: Are you happy to take that on notice at all?

Simon NEWPORT: I can provide what information we have got from Homes Victoria. I cannot, obviously, comment on the rest of the country.

Response:

Tetris Capital are a project sponsor, financial advisor, and equity investor on the Ground Lease Model 1 and Ground Lease Model 2 projects.

Social Housing projects that Tetris is involved in are outlined on Tetris' webpage which can be accessed at <https://www.tetriscapital.com/>

8. Anasina GRAY-BARBERIO, p.82

Question asked:

Has Community Housing Limited requested any additional government funding for the delivery of ground lease model 1 – not including the extension at the Flemington towers, just the current finished homes delivered under ground lease model 1?

Simon NEWPORT: I am not aware of any, but I would have to take that on notice just to make sure.

Response:

No.

9. Aiv PUGLIELLI, p.86

Question asked:

With the remaining time that I have left, can I ask: was there an open tender process for demolition contracts for the first tranche buildings?

Simon NEWPORT: Yes.

Aiv PUGLIELLI: So that is before the \$100 million contract with John Holland being signed?

Simon NEWPORT: That was through a procurement process, yes.

Aiv PUGLIELLI: When did that occur?

Simon NEWPORT: I would have to get the exact details, but probably the demolition contract was signed about 12 months ago. We could provide the exact dates, but it has been in place for some time.

Response:

The contract that has been entered into on 9 October 2024 with John Holland for demolition was disclosed at the Buying for Victoria website at:

<https://www.tenders.vic.gov.au/contract/view?id=218916>

10. Jacinta ERMACORA, p.87

Question asked:

I just want to follow on from Mr Galea's questions. I think you were about to answer around the question of people relocating according to their wishes – you know, their ability to return, the number of requests for returns and whether that is changing over time with the projects that are already started.

Simon NEWPORT: Before we start with that, I just want to reassure people – and I have got a letter here, and I know it has been submitted to the committee – I wrote to each of the residents of tranche 1, and in it is a very clear statement about their right of return. There is the relocation policy as well. I know there have been repeated calls for it to be in writing. It has been done in writing. I wrote that letter personally in I think it was November 2023. We can provide a copy if it has not already been done. We take that very seriously. The right to return is very clearly stated in that letter and in our policies.

Response:

The letter is available here:

<https://www.homes.vic.gov.au/sites/default/files/2024-11/Renter%20letter%20->

[%20Flemington%20%26%20North%20Melbourne%20-%20November%202023.pdf](#)

This text is also available in a more accessible format here:

<https://www.homes.vic.gov.au/projects/12-holland-court-flemington>

It states, *“The redevelopment will take between 6 and 8 years. You have the right to return to your current neighbourhood when the redevelopment is complete based on your ongoing eligibility and needs and suitability of new homes. You can also choose to stay in your relocation home if this suits you better at the time.”*