

PROOF VERSION ONLY

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Melbourne – Friday 4 April 2025

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

**Necessary corrections to be notified to
executive officer of committee**

WITNESSES

Simon Newport, Chief Executive Officer,

Madeline Di Pietrantonio, Director, Low-Rise Construction, Acquisition and Divestment, and

Sherri Bruinhout, Executive Director, Homelessness and Housing Support, Homes Victoria.

The CHAIR: We are again entering into a new and exciting session in the Inquiry into the Supply of Homes in Regional Victoria, and we are delighted to have Homes Victoria in to speak to us. Thank you for being here. Welcome to the public hearing. I will just run through some important formalities before we begin.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence that you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what you said during the hearing.

You will receive a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you for making the time to meet with our committee today. My name is Juliana Addison. I am the Member for Wendouree.

Martin CAMERON: Martin Cameron, Member for Morwell, Latrobe Valley.

Wayne FARNHAM: Wayne Farnham, Member for Narracan. I am in the West Gippsland region.

Jordan CRUGNALE: Jordan Crugnale, Member for Bass in the Bass Coast, Cardinia, Casey area.

The CHAIR: And on Zoom we have –

Daniela DE MARTINO: Daniela De Martino, Member for Monbulk, covering the Dandenong Ranges.

The CHAIR: Earlier today we had the Member for Ripon and the Member for Croydon join us as well, so we thank them for their contributions. Would you like to introduce yourselves and make any opening statements?

Simon NEWPORT: I would, yes. We have a brief presentation. I have been told we have 5 minutes, and I have hopefully timed it to be 5 minutes.

The CHAIR: Great.

Simon NEWPORT: Thank you. Good afternoon, Chair and committee members. I am here today with Madeline Di Pietrantonio and Sherri Bruinhout from Homes Victoria. I would like, before I go any further, to acknowledge the traditional custodians of the land on which we meet today, the Wurundjeri people. I give my respect to their elders past, present and emerging, and to any Aboriginal people that we have here or online watching today.

Visual presentation.

Simon NEWPORT: Homes Victoria is an agency of the Department of Families, Fairness and Housing. Prior to 2022 it was known as the Director of Housing, and prior to that it was the Housing Commission of Victoria, which dates back to 1938. Our key responsibilities are (1) to deliver programs according to government funding decisions, including most recently the Big Housing Build, the Regional Housing Fund, other capital programs and of course homelessness programs; (2) we either manage or steward about 90,000 social homes, including as asset and tenancy managers for public housing, which house over 116,000 Victorians each and every night; and (3) to advocate and to ensure we are investment-ready for whatever funding opportunities arise, whether that be for state, Commonwealth or self-funded.

Currently Homes Victoria is using all its levers within its funding envelopes and control to increase social housing supply. As stewards and funder of the social housing system and homelessness support, we work with the community housing sector and homelessness providers to provide safe and secure housing for eligible Victorians. Community housing providers are not-for-profit, mission-driven organisations who deliver housing for people off the Victorian housing register, just like Homes Vic. Our homelessness providers offer a broad range of support, from crisis accommodation to long-term housing with wraparound services, including Housing First models. In regional areas we are expanding support with more housing, private rental assistance and tailored programs like youth-supportive housing Wodonga, Wangaratta and Bendigo.

As part of the \$6.3 billion Big Housing Build and regional fund combined, \$2.25 billion of that is being invested into regional Victoria to ensure that benefits are shared in every corner of the state. Across regional Victoria we are currently delivering more than 4000 homes, as you can see there.

This includes 2234 homes that are already completed, 1846 underway and more than 1130 in planning and due diligence. There are some photos at the bottom which show developments in Wodonga, Macedon Ranges, the Social Housing Growth Fund project in Geelong and a recently completed 44-apartment project in Wangaratta. How we are tracking with delivery – this graph indicates the volume of new homes across each of our divisions and regions that have either been completed, commenced or are in planning and preconstruction phases. As you can see by the green and blue blocks in the graph, that represents homes that are underway and/or completed, noting that these are the largest sections and demonstrate that we are getting on with the job, delivering housing across regional and rural Victoria in accordance with funded programs.

The CHAIR: Can I just ask: is Bendigo in Loddon?

Simon NEWPORT: Yes.

We are tailoring delivery approaches and procurement to suit local conditions and markets, including more timely and lower-cost delivery approaches where practicable. This means utilising multiple delivery approaches, including modern methods of construction, acquiring new homes and working with volume builders, redeveloping older stock, partnering with community housing providers and Aboriginal community controlled organisations and immediately bringing damaged stock back online.

The government has committed to a minimum investment for regional Victoria of 25 per cent of the Big Housing Build, which is in line with Victoria's population distribution. These minimum investment guarantees, or MIGs, cover 18 local government areas, with \$765 million committed, allocated to regional and rural areas with a significant regional town or city or with projected high population growth. These minimum investment guarantees have been met for 13 of the 18 local areas so far, and we are determined to meet each and every one of those guarantees.

I would like to finish by talking briefly about some achievements in the four divisions. In northern Victoria, as you will see there, under the Big Housing Build and Regional Housing Fund 246 homes have been completed, 400 are underway and a further 21 have been brought back through refurbishment. In southern Victoria 239 have been completed, 265 are also underway and 24 have been brought back online. You can see some examples of some of the work there. In eastern Victoria 415 have been completed and 325 are underway, with 31 being refurbished, and another 135 homes have been delivered in the east under other capital programs, and they have also been handed over.

Finally, in western Victoria under the Big Housing Build and regional fund 865 new homes have been completed, 620 more are underway and 62 have been brought back into service due to the Regional Housing Fund. In conclusion, I acknowledge that we have a great deal of work ahead of us to continue to support the thousands of Victorians that rely upon us every night, using the resources made available to us. We now welcome your questions and will address them with honesty and transparency.

The CHAIR: Terrific. Thank you very much, Simon. We have had lots of interesting people today. We kicked off with DTP and just had Tenants Victoria in and a whole lot of different stakeholders, so there are lots of things that we would like to talk about with you. If I could just start, I am very interested in bringing stock back online, because what I hear is that people are frustrated that there are homes that are lying vacant. Could you just tell me a bit about the work that you are doing and your turnaround times on that?

Simon NEWPORT: Sure. Okay. We have made a lot of progress in the last 18 months. We have brought back just over 1000 homes that were vacant, and so we are really focusing on the fundamentals at Homes Victoria. I think the number is actually 1100 that we brought back into stock. I know at times people would criticise any program that funds refurbishment, but it is quite common, and I would intend to continue to devote a small portion of capital programs to refurbishments. We typically lose at least 400 homes a year to significant damage. They can cost between \$100,000 and \$250,000 to bring back on line, and sometimes they are a complete write-off. If they have still got good structural bones – if that makes economic sense – it is good to bring them back, but typically trying to find the money for that number of homes on top of the day-to-day challenges of running public housing is a challenge. Whether it is any program, including the Regional Housing Fund, we always like to be able to have a small portion of that set aside for refurbishments.

The CHAIR: Do you have any sense of, with the 1100 homes, how many of those have been in regional Victoria?

Simon NEWPORT: No, but we could obviously get you those statistics. We have all of those figures.

The CHAIR: That would be great.

Simon NEWPORT: In terms of vacant times, in the regions we are running at 25 days. Our target is 28 days. Across all of Homes Victoria we are running at 33 days, but if you remove the inner city, particularly the high-rise towers, which operate at 60 days – obviously outside the scope of this particular hearing – we are within band overall, and certainly in regional we are at 25 days.

The CHAIR: Great. Wayne.

Wayne FARNHAM: Thanks, Juliana. Thank you for coming in. I do have a few questions, and I will probably drill down a little bit. Hopefully I can get some answers I am looking for. The original Big Housing Build was a \$5.3 billion fund that was meant to create about 12,000 homes. You are claiming now that 25 per cent of that is in regional Victoria, so my assumption – it is an assumption – is there are 3000 homes now out of that fund going into regional Victoria.

Simon NEWPORT: Yes.

Wayne FARNHAM: It is a safe assumption. That is good; I got that right. Then the Regional Housing Fund was another billion dollars for another 1300 homes, I believe.

Simon NEWPORT: Yes.

Wayne FARNHAM: So that is 4300 homes into regional Victoria. Is that figure right? Am I on track there?

Simon NEWPORT: Yes. At least 1300, yes.

Wayne FARNHAM: I have always had this concern about these two particular funds. In the Big Housing Build we look at an average cost of \$441,000 per home, and in the Regional Housing Fund we look at an average cost of \$770,000 per home. There are probably two things to that. Why the disparity in cost – one being \$330,000 dearer than the other one? The other is – and this could be your out here, I suppose – with the \$770,000 figure, would you expect to get more than the 1300 homes that were originally allocated from that \$1 billion fund?

Simon NEWPORT: I will probably answer the last part, and whilst it is not intended to be an out, the short answer is yes, we do.

Wayne FARNHAM: Great.

Simon NEWPORT: We are working on a plan. In fact we have plans in process to deliver considerably more than 1300. We are also mindful of trying to limit the amount of properties that we would redevelop – in other words, knocking down one to put, say, three on the site. The original plan was probably considering more like 300. That number is now down to about 175. We are very mindful of trying to limit relocations, but when stock is really old and is really past its use-by date, you either sell it or you redevelop it. So we are looking to redevelop that, but we are mindful of working the portfolio hard. Obviously the government has given a public

commitment of 1300. My first job is to deliver that, but internally we are working towards targets which would be significantly higher than that, acknowledging that difference in unit cost.

Wayne FARNHAM: I will work on a hypothetical based on the unit cost. Your target, it would be safe to assume, would be around a couple of thousand on that Regional Housing Fund.

Simon NEWPORT: No. Look, I am mindful of not getting too much into hypotheticals. I do not think it will be that much. It would certainly be larger than 1300. But at the end of the day, it is up to the government to announce a higher target. We are working hard to make sure that we can deliver more than that, but my first job is to get the 1300 done within the next 2½ years or three years.

Wayne FARNHAM: So the confirmation for this inquiry, I suppose, is we can confirm that it is actually \$2.25 billion into regional Victoria between those two funds?

Simon NEWPORT: Correct. Yes, absolutely.

Wayne FARNHAM: I asked that question earlier today and I could not get an answer, but I have got you in here now.

Simon NEWPORT: Categorically, that is correct. Your math is fine.

Wayne FARNHAM: I was pretty good at math.

The CHAIR: Are you happy to go?

Martin CAMERON: No, you go.

The CHAIR: Talking about the Big Housing Build, how much of the funds of that \$2.25 billion are yet to be distributed?

Simon NEWPORT: That is a good question. Do we have that information here with us?

Madeline DI PIETRANTONIO: Just bear with me one moment.

Simon NEWPORT: I am not sure we have got dollar spend. We have got units for everything. I am not sure if we have got dollar spend. We obviously have that readily available. We have reports that track that every month. We might have to take that on notice if that is okay.

The CHAIR: I even saw there are probably some payments in terms of projects that are underway and stuff, you will have milestone payments and stuff like that.

Simon NEWPORT: As a general indication, yes, there is there is a couple of hundred for the Regional Housing Fund, but we have just passed a few months ago the 10,000 mark, in terms of those that have either been built or started. We are practically ten-twelfths through the program in terms of starts. So we have obviously got to start another 2000, and we have got about three years to go. We are on track. In terms of the regional fund, we will have everything, we would expect, out of procurement by the end of the year, which will give us two years to finish everything. Is that pretty right?

Madeline DI PIETRANTONIO: Yes. Correct.

Simon NEWPORT: So we are on track to deliver that on target.

Martin CAMERON: The modular part of the stock that you are putting out, is that becoming more and more relevant as time goes on, to use that to get the houses built quickly, or is it more just the traditional sort of house you build that is still in vogue?

Simon NEWPORT: Well, we made an overt commitment to the modular, or modern methods of construction, sector, so 250 homes have been designated to be built out of the number that we talked about, which will be through modern methods of construction. The first 84, I think, have been contracted/negotiated in some way, shape or form. That is now being done. So we are at least putting our money where our mouth is. When I meet with the sector, they often say to me, 'Well, give me a pipeline,' and I will say, 'Well, I need to be

able to demonstrate that you can provide value for money.’ Then they say, ‘Well, you give me the work, and I’ll reduce the cost.’ So what I have done is to say, ‘Okay, there’s 250.’ Now, that will not sustain an industry by itself, but it is a good start. So we are looking to use that more and more. We clearly use that in areas where there are challenges, whether that is trades, weather or sites – exactly where you would imagine we would deploy them. For the exact timeframe of what happens with the other 170, or 166 if my maths is correct, Maddie, I will go to you.

Madeline DI PIETRANTONIO: We are actively working through packages, because what we have established is an actual panel of suppliers. At the moment we have got the 84, and we are now working through the next tranche. We are expecting that over four tranches we will be releasing all sites. Because we want to ensure that we have got completions well and truly within by mid-2028, the intention is to have them all released towards the end of this year. Equally, I put caveats on that because you always need to ensure that with the sites there are no encumbrances and things like that that come through as we are packaging them out and reviewing them. But that is certainly the timeline that we are working towards.

Jordan CRUGNALE: Are they across Victoria or just sort of in one area in regional Vic?

Madeline DI PIETRANTONIO: They are not spread throughout. We have tried to look certainly at some geographies, taking into account that some of the site conditions lean better towards – you know, we have had to look at some of the sites to ensure that they are suitable. They are packaged by geographies, trying to get a relative spread, particularly in terms of some of the regional centres. We are also equally trying to take advantage of the fact that we are trying to build the suppliers capacity, so we are trying to in target areas that they can equally focus on by geographies.

Martin CAMERON: With the set-up of the homes or the dwellings that you are building, is there a thought process to take into account our older generation that have been in the public housing sector as they progress through and may need disabled bathrooms or ramps or so forth? Are they being factored into some of these new builds as well?

Madeline DI PIETRANTONIO: Yes. All of our dwellings will meet livable standard silver, and equally as we are working through, particularly with the redevelopment of Homes Victoria sites, we take into account and work closely with our operational teams in terms of where they are looking at demand for particular requirements. On the baseline it is all delivered at standard based on the silver.

Simon NEWPORT: Also, because it is brought in and shipped onsite and you have done your foundation work, the modular actually lends itself a little bit more towards ramps, as an example, than a traditional steel door. You can get your height appropriate, because as you know, the higher your ramp, the longer your ramp gradient. One benefit of modular is it does actually help with some of those disability access points. I am not sure; we have made commitments in other programs and it depends upon each program, but we typically put a proportion of properties to go beyond silver and go into full DDA, as it would be known. But either way, every property we deliver from now on is silver livability.

Martin CAMERON: Thank you.

Wayne FARNHAM: Sure, come back to me. That is good.

The CHAIR: No, I am happy. I have got one. I have got many, so I am just trying to be thematic in my questioning. But I think I might jump around a bit.

Wayne FARNHAM: That is fine. You go, Chair.

The CHAIR: My apologies, Simon. Thinking about the incredible investment – I am a member of the government, and I am very proud of the billions of dollars that we put into the Big Housing Build – how is this flowing on to the waiting list, the Victorian housing registry? Have you got some data, particularly with this having a focus on the regions, on how are these new homes actually impacting the Victorian housing registry or the waiting list?

Simon NEWPORT: There are two sides, obviously – there is supply and demand – and one side I can absolutely have far more say over than the other. From the supply side, as you have seen, there are 4000 – over

half of that, 2200, have already been brought online, and the other 1800 are still to come. We are trying to do our best with supply. There is no secret, though, at the moment that about a year ago we saw our Victorian Housing Register or waitlist start to come down considerably. The last two quarters it has crept up by a couple of thousand or so. I think at its bottom it was 48,000, and it has now gone in total up to 55,000. The regional one is a little bit more challenging, without trying to go too much into the mechanics. When we ask people to allocate where they would prefer to live, we do not actually ask them to rank them necessarily one, two, three, four, five. When we go into detail and say, as an example, 'Tell me what the waitlist is for Colac,' you might also have someone who says, 'I'll also take Geelong or I'll also take Warrnambool.' As a typical rule it is at least three. If you are talking about a regional housing list, typically speaking it could be overstated in its pure sense by three. Once we go down into regional, it represents someone that could be also located in two other areas. We saw a dip, and now, particularly with the economic conditions we face at the moment, we are seeing the waitlist starting to climb again. We are obviously trying to deliver as many houses as possible, and we use that demand data to try to skew the delivery towards those areas that need it the most, which is why, as an example, I mentioned those two areas.

The CHAIR: Terrific.

Wayne FARNHAM: Thanks, Chair. One thing that has come to my attention through my electoral office, and I am pretty sure it is in your space, is around non-essential works in housing. I had a person that needed something fixed, whether it be a door or whatever it was – non-essential. They were told basically the wait for that item was 99 years. It was item 271,000 on the non-essential items list. Is there a program that Homes Victoria has in place to go in and fix these non-essential items? I even got told one person decided, 'They wouldn't fix my door. I'll break the oven, they'll come and fix that and I'll get the door fixed at the same time.'

Simon NEWPORT: Look, we do have a couple of things. We do have a schedule of rates which dictates the work and an agreed price with contractors, say, as an example, to fix a door, replace a lock, plunge a toilet. There are fairly standard rates adjusted for each regional location's pricing. What I guess you are referring to more is to do with a planned maintenance program.

Wayne FARNHAM: Yes.

Simon NEWPORT: Now, I will be honest with you, I would like a bigger planned maintenance program, but we are seeing unprecedented demand at the moment on our responsive maintenance. So we put most of our attention into responsive and, where we can, planned. That is why, to be frank, some of the investment we have been receiving and some of the money we have been putting into refurbishments is well spent, because the best way to stop those sorts of things happening is by having new houses or refurbished houses.

Look, clearly I am not aware of that particular instance. I shudder to think that anybody is actually saying that someone will be waiting 99 years for something. We could clearly look into that, but we do run planned maintenance programs, where, as an example, we will replace perhaps hot water systems, hopefully, you know, quite close to before they are ready to fail. We run a lot of systems on an asset management program, where we track their date and age, and hopefully before they are ready to fail they will be replaced. Obviously I cannot comment on that specific instance but am happy to take that offline, if you have got that.

Jordan CRUGNALE: The Member for Narracan earlier brought up VicTrack land. Are we looking at VicTrack land to lease off, or deliver housing, or modular?

Simon NEWPORT: I will partially answer that, and then I think Madeline is the expert. The government has made really good strides in probably the last couple of years on how all government departments work together on looking at surplus land. I think it is always a challenge with different departments having different landholdings, so there has been a concerted effort to do that. It is now more centralised. So we have been given access and insight into landholdings that perhaps historically through governments of all types has not been the case. You might want to probably fill that out in more detail.

Madeline DI PIETRANTONIO: Yes. I mean, also as part of the housing statement there is a particular commitment to a number of dwellings to be delivered on surplus government land. Actively across all the government agencies we work through a number of sites. Obviously we have got Colac. We have also had other sites that have come to us in respect to looking at being able to source and utilise those sites.

Simon NEWPORT: Morwell, Waurn Ponds and the Comm Games sites come to mind as well.

Madeline DI PIETRANTONIO: And the Comm Games sites.

Jordan CRUGNALE: Because we have got Koo Wee Rup, Lang Lang, you know, the fastest growing – they are just booming, the populations there.

Madeline DI PIETRANTONIO: There is a panel of assessment that happens through the Department of Transport and Planning, because they do all the coordination, with a particular focus in terms of looking at housing. So through that process we meet periodically –

Simon NEWPORT: You attend, or you sit on that, don't you?

Madeline DI PIETRANTONIO: Yes. I sit on that, yes.

Jordan CRUGNALE: We were talking earlier about potentially, in terms of keeping costs down, that we lease it for 99 years, and then, what was it – the developer builds?

Wayne FARNHAM: You are taking all my policy ideas.

Jordan CRUGNALE: Well, I am telling.

The CHAIR: She is listening.

Jordan CRUGNALE: I just thought this is an opportunity to – you talk about it.

Wayne FARNHAM: Around the VicTrack land – one of the biggest things, and I was actually talking about development to get developers in to build housing supply. One of the things I can appreciate is that there are a lot of costs when it comes to housing and affordable housing, and for anyone trying to get in to market there are two things: the price of land and price of construction. There are taxes associated, but they are your main two issues. Is there any thought, especially around the VicTrack land – and there are vast tracts of land in Victoria – to say, 'Well, all right, let's engage with private enterprise,' and coming to a lease arrangement with the land? And then you could almost charge the unit holder, whoever buys the unit essentially, a lease per year on that. It is like it is in Canberra. Canberra do not own land. They actually have to pay a lease essentially. Is there room in all of this for something like that type of modelling to get the cost down to get people into the market?

Simon NEWPORT: Look, I am really mindful of not speaking on behalf of the department of planning. I did live in Canberra for a while, so I am very, very familiar with the model. I mean, look, we are quite open to any solutions like that, and it is an entirely different framework, but clearly the ground lease models that we are working on in the city utilise the value of the land. So we are doing leases on government land, where we provide the land to, in this case, community housing providers and consortia. They develop it, run it for 40 years and then we have the houses actually returned to us. I think that is probably better answered by the head of planning, but we are very open to any models that would deliver more houses more quickly. That is probably the best that I can answer that question.

Sherri BRUINHOUT: Is it worth me giving an example?

Simon NEWPORT: Yes, sure.

Wayne FARNHAM: I will just expand on that a little bit to bring in your remit. Would it be fair to say you could be open to a private–public partnership where you go in with the private sector and a certain percentage of that development would be social and/or affordable housing – there is a model now – but under that leaseback arrangement on government land, not necessarily VicTrack but whatever government land?

The CHAIR: Wouldn't it be more that the minister would direct the department rather than the department making –

Wayne FARNHAM: Well, no.

The CHAIR: The department is guided by government.

Wayne FARNHAM: This is an inquiry; I am just getting their thoughts. That is all.

Simon NEWPORT: Subject to the government of the day, the answer is we have demonstrated we are prepared to look at all models, and we are using a variation from that model. Outside of that, I think that is right. I will bow to the Chair's wisdom – and that is, that I serve the government of the day, and I will take their policy direction.

The CHAIR: I am a former civics teacher.

Simon NEWPORT: I know Sherri wanted to provide an example very quickly.

Sherri BRUINHOUT: We have got an example. It is a metro example, but we do have an example of 56 modular properties built on VicTrack land through the inner west that are utilised for people experiencing long-term homelessness. They are tiny homes – if you consider – and they are on a peppercorn lease arrangement with one of our wonderful homelessness providers, Launch Housing, who have leased that site for a period of time. It is for that meanwhile use – so not wanting to hand the land over, because there may be future use for it – but we can certainly look at using that for a pretty decent period of time. Off the top of my head, I think it is 20 years. We have got 50-odd tiny homes there for people who have experienced homelessness. It is working very well. It has been going now for a number of years. We find that because it is sort of linear – it is not concentrated; it is spread over quite a distance – we can get support workers in because it is within a pretty good catchment. But also, because they are tiny homes, they are just manageable enough for people who might have had challenges, complex needs or challenging behaviours. It is big enough to be manageable, and we can get the gardening on yield and the services on yield.

Martin CAMERON: They are purposely modular so they can be packed up and moved away for the land if it comes up?

Sherri BRUINHOUT: Correct. It is that meanwhile, I think, 20-year lease, but who knows what the plan is for that land after the 20 years.

The CHAIR: Earlier today we had Michael Fotheringham, Managing Director of the Australian Housing and Urban Research Institute, speak to us, and he said that the issues that we have in housing at the moment have been brewing for 30 years as a result of underinvestment and we would need to continue the investment that we have put in for the next 20 years, or even a higher level of investment, to really get on top of the issue of housing shortages in Victoria. He said that Victoria has the lowest base in terms of social housing and that we are aspiring to hit the middle. I am a very competitive person and I am very aspirational for Victoria, so I always go for gold. Could you just tell me about, after we get through the current Big Housing Build with the money, what is next. What can we hope for? What is the plan that you know to date? Obviously you are not here to announce anything.

Simon NEWPORT: Not unless you know something I do not know.

The CHAIR: We have poker faces, I know. Can you just tell me: what is the plan as we continue forward? Do you have a strategic plan? What can we expect?

Simon NEWPORT: I did refer to some of our objectives in Homes Victoria and I did refer to us making sure that we are investment ready. There are two parts to that. The first part is that we absolutely have to continue to deliver. My experience working across a couple of states in both government and private is that you are only as good as your last innings, so you want to make sure that you can be trusted to deliver the work on time and on budget, and we focus on that all the time at Homes Vic. Secondly, being investment ready means having plans. We are developing 17 plans modelled on the department's regions, and we are in the process of working through those. We would expect those to be finished by the end of the year.

There will be certain aspects of them that will be public, but we will be working with councils in particular, community housing providers and other community stakeholders, doing that search of surplus land, no matter who owns it, and looking at our current stock, and then we will be looking at what we could do within current funding envelopes. To continue the sports metaphor, we will be putting up a bronze, silver and gold model for self-funded, modest investment and heavy investment, and we will have that ready. So my job is to be investment-ready, and yes, I agree, we have got about three to four years of good solid work to go, and then

beyond that we are obviously working on what the next period of time looks like. That is up to government. My job is to be ready and to constantly advocate. I would probably be the world's worst treasurer because I am pretty biased, so I do not get into decisions on what should be funded; all I can do is be ready.

Wayne FARNHAM: So we have got 4300 homes pretty well scheduled for regional Victoria. How many does regional Victoria actually need?

Simon NEWPORT: The waitlist is difficult, as I talked about before. We have got just over 28,000 at the moment. I do not want to hypothesise too much other than I think it represents about 30 per cent of the waitlist, so 30 per cent of 55,000. I can do that rough math in my head, and it would be around about 18,000, I imagine. We can get you some better data. However, it is clouded by multiple allocations across multiple areas.

Wayne FARNHAM: But we could almost say we need to build another 15,000 or so in regional Victoria.

Simon NEWPORT: You would not be that far off the mark. There is clearly substantial demand. I would say also the emerging affordable housing sector is a really key part of the housing continuum. For some people perhaps it is more about access than it is necessarily about the absolute lowest price at 25 per cent of income – affordable is generally set at 30 per cent of income. Particularly in regional areas, we are finding it is access and supply rather than purely price, though I am not suggesting that price is not important. So making better use of the affordable housing market, a lot of which at the moment is going to be announced and funded through Housing Australia – we are doing our own piece as well – and making the system work better, whether it is private, affordable or social, is going to be important. I am generally the person that someone will come to when all of their other options have been exhausted, so I am very keen on supply anywhere along the continuum because any house assists in that challenge. So yes, we need more houses; I do not think that is a secret.

Sherri BRUINHOUT: Is it worth talking a little bit on the homelessness demand when we are talking about demand in regional areas?

The CHAIR: That would be really good to know.

Sherri BRUINHOUT: Last year in regional Victoria 37,675 people came to homelessness services requesting assistance. About two-thirds of those people were housed but at imminent risk of losing that housing. There are a lot of responses that enable the stabilisation of housing, so private rental assistance and other sorts of programs that can assist with that. About one-third of those 37,000 people came in with nowhere to stay that night. And then there are another range of programs that are available to assist those people, like crisis accommodation, like transitional housing management and other approaches. I think, to your question about what the demand is for regional, there are lots of ways to look at demand, and I think homelessness would be the most pointiest end of being able to capture that demand.

Wayne FARNHAM: While we are on that subject, in my area at least every night there are 500 people homeless. If they come into my office, it does not matter what provider I ring, whether it is Quantum or anyone else. One of the common complaints they have is, 'We've only got X amount of funding for X amount of time.' And they get frustrated because they just cannot get a roof over these people's heads. I had one example where I finally got a lady a house – it was a lady and two kids; they were living in a car – in Rosebud. They could not even get in at Warragul. Later her friend abused me, and I said, 'Well, the choice was a house in Rosebud or living in her car.' So I am getting from the providers that they just do not get enough funds to get people constant accommodation. They might get funding for three nights accommodation in a hotel, but they cannot find anything else in three nights. That is the reality of what I am seeing through my office door.

Sherri BRUINHOUT: Yes. That tracks with what we are also seeing in our data. There are two parts, also, to that. One is about having the funds to be able to purchase crisis accommodation or emergency accommodation. The other part to that is having somewhere that you can purchase from, so if you are looking to private providers – hotels, caravan parks – particularly in regional areas there are some times of the year where for love or money you cannot find somewhere for somebody.

Jordan CRUGNALE: Welcome to the Bass Coast.

Sherri BRUINHOUT: Bass Coast, exactly. That said, this is where Simon was talking about bringing more housing online, because that unclogs the system, if you like. If you think about the system, there is crisis accommodation, which is mostly funded, staffed crisis accommodation. There is also purchased accommodation, or emergency accommodation that we can buy. Then there is THM – transitional housing management – where people can stay for a year or two to get back on their feet. Then you look at going into some sort of subsidised housing or affordable private rental. But if those long-term options are not there, the whole system sort of clogs up and then you have got nowhere to put people when they are turning up to your office.

In regional Victoria there are over 1000 transitional housing properties. About half of those – actually more than 60 per cent of those – are used for 18 months or less. So that shows us that people are coming in, they are staying for a period of time and they are finding somewhere – an appropriate exit option – to go into, but it also tells us that there is about 35 per cent that are staying for longer than 18 months, and that is where, trying to get the throughput through the system to make the system more effective and work more effectively, the homelessness system and the housing system work hand in glove to be able to unblock the system.

Simon NEWPORT: And I think it was probably misconstrued when we first announced that we were immediately acquiring 50 properties and there was some debate about whether we should be building everything or buying everything. The homelessness sector said, ‘Look, we need transitional housing. We need it yesterday.’ So we went out really rapidly, and Maddie’s team did it, and secured 50 houses within about three or four months, and they have all been activated and sent in. I get it: 50 is a good number, but it is not the number that is needed. But it is a good, quick investment, and they were all deployed to the homelessness sector straightaway. Whilst we did our planning work, we fixed some houses up and we certainly bought some houses and specifically targeted homelessness. So we understand the demand, and I think that is again where in certain circumstances, whether it is stabilising people and getting them into even private rental with perhaps some bond assistance or private rental assistance and/or an affordable housing product, we try to use as many levers as possible, not just putting them on the waitlist for public housing. We do try to work the system as best we can.

Sherri BRUINHOUT: It might be of interest for the panel to note that in regional areas where people come into homelessness services with housing but they are just at risk of losing that housing, over 90 per cent of those people leave with secure housing, so it is very effective if you have housing. A very effective strategy is to be able to help people to maintain that housing. It is where people have fallen out of the housing system – very difficult to try and get them back in.

Martin CAMERON: With our committee – and we are focusing on regional Victoria and rural Victoria – what can we take back as a committee? What do you think is a trigger point, with all your data that you are seeing, that could see issues in the future that we may need to raise with government now, where you think, ‘Well, in five years time we’re going to be stuck at this point’? Is there anything that you can foresee that we may be able to bring up?

Simon NEWPORT: I do not think there would be anything that you have not already heard of. I mean, there are multiple levers to pull. Clearly for the general market, whether that is infrastructure or available land, we find in some of the large regional cities that a plentiful supply of buildable land is a struggle sometimes, so that means you are constantly churning over the same pieces of land. For us, I am very, very mindful that I serve at the pleasure of the minister, so I do not want a headline to be, ‘Senior public service calls for investment’, but I would not be doing my job at an inquiry by not saying my job is to be investment ready, and obviously we welcome and we are ready for any opportunity that presents itself beyond the significant investment that the government has put in. I would not be doing my job if I did not say, ‘Look, more money is always welcome’.

There is absolutely a challenge with regard to trades, particularly in some locations. We work really well with our interstate colleagues and we are very mindful of border towns and trying not to pinch each other’s trades, but it does go on. Making sure there is a plentiful supply of trades into the future is not a bad thing, and I do think we have got to continually pursue better ways of construction. A house has not really changed in the way it has been built for probably 120 years. We are now starting to get into those modern methods of construction. The more that industry builds I think the better, particularly for regional Victoria. So there are a few things that

I would say – trades, methodology, clearly cash, investment and infrastructure – jump out at us. Have you got anything else to add, Maddy?

Madeline DI PIETRANTONIO: No, I was just saying supply is the key.

Simon NEWPORT: Yes.

Jordan CRUGNALE: Can I ask –

The CHAIR: Last question, because I am going to be really good on the clock.

Jordan CRUGNALE: Yes. Obviously in Bass Coast we have got the commitment of at least \$25 million, and I think we are at \$19 million. If we look at areas like Wonthaggi, you can get a quarter-acre block for 600 grand – and sometimes the houses are not great and there are structural issues. But are we looking at potentially buying at Inverloch or wherever it is – say, in the Bass Coast – with that funding and then putting up a couple of apartments, so we are actually kind of being creative with the land size –

Simon NEWPORT: We do that a lot.

Jordan CRUGNALE: and modular, or 3D printing or whatever it is?

Madeline DI PIETRANTONIO: I guess that is where we have got to pivot slightly differently. We look at where our footprint is and equally look at where we actually need to move or change some of our portfolios. Another part of my team actively does look at opportunities. Certainly you can look at house and land options and equally look at potential off-the-plan options, particularly where there is permitted land; those opportunities are certainly explored. Equally, where we have got requirements in a particular location and we look at the portfolio and say it is not going to serve us well to invest in these sites, then we look at the alternatives. So we are always actively exploring those just to make sure we are getting in the locations we need and also making sure that there is a kind of a value-for-money proposition that we are just crosschecking in terms of how can we get into an area with the most supply that we can get.

Jordan CRUGNALE: Terrific.

The CHAIR: I am going to be a really good Chair and say thank you very much, because I am very conscious we have got our next people here and someone waiting on Zoom. Thank you so much, Simon, Madeline and Sherri, for coming in today. Just some feedback from Daniela, who is tuning in: she says that she is very happy with the answers. We have jumped around a bit with the questions and kept you very nimble, so thank you very much for the clarity we have got today. I feel much more assured about where things are going and what they mean, so thank you for being so transparent and accountable with us today; we really appreciate it. If there is anything else that you would like to provide to us or if you would like to respond to any questions on notice, please speak to the secretariat.

Witnesses withdrew.