



COMMUNITY HOUSING  
Industry Association Victoria

Submission

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# **Inquiry into the redevelopment of Melbourne's public housing towers**



March 2025

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## About CHIA Vic

The Community Housing Industry Association Victoria (CHIA Vic) is the peak body that represents the not-for-profit community housing sector in Victoria. We advocate for and support the sector to grow and thrive as part of a housing system where all Victorians have the dignity of an appropriate, secure and affordable home.

CHIA Vic's member organisations include all community housing organisations registered under the Victorian regulatory framework. Together, they provide over 26,000 homes to Victorians poorly served by, or excluded from, the private rental and ownership market.

All community housing organisations are dedicated to providing great places to live for their renters, and to making thriving and inclusive communities where this can happen. They all want to see a substantial expansion of Victoria's existing social housing system to meet the large and growing number of people in need, that are falling victim to the housing crisis.

## About community housing

The community housing sector is made up entirely of charitable, not-for-profit rental providers. Community housing, alongside government-run public housing, comprises the broader social housing system.

All revenue that organisations make is directly reinvested back into social housing. This means either the building of new homes, upgrading or maintaining existing ones, or improving services for renters.

The sector is regulated by the independent Housing Registrar, which monitors each registered community housing organisation against performance standards. The Registrar publishes live, updated information about the sector, including how each organisation is performing against these standards.

Any rental housing provider seeking government funding to subsidise its housing delivery must be registered under this regulatory framework, and must allocate that housing to applicants on the consolidated social housing waitlist, the Victorian Housing Register.

Some community housing models – and entire organisations themselves – target specific housing needs and communities, for example Aboriginal Community Controlled housing, and women headed households. They therefore make more targeted allocations to fulfil this mission.

Community housing organisations run a range of housing programs including crisis and transitional housing as well as long-term social housing. For long-term housing, rent is capped at between 25-30 per cent of household income (the accepted measure of rental affordability), or 75 per cent of market rent – whichever is lowest.



Whereas public housing renters are not eligible for Commonwealth Rent Assistance, community housing renters are. This is then included in rental payments from the renter to their housing provider.

All new community housing is designed and built to a high quality, and must meet relevant government funding requirements, such as energy efficiency standards. Like most of Victoria's housing stock, older public and community housing was not built to these same standards, and much of it needs modernising. The sector has been active in upgrading and retrofitting these homes when resourcing is available, and redeveloping those that are beyond their useful life.

Community housing renters have legal protections under the *Charter of Human Rights and Responsibilities Act 2006 (Vic)*, with the Victorian Civil and Administrative Tribunal holding that community housing organisations are functional public authorities. All long-term social housing renters – in both public and community housing – have the same tenancy protections provided under the *Residential Tenancies Act 1997*.

Since 2014 the National Social Housing Survey, conducted by the Australian Institute of Health and Welfare, has consistently reported that community housing renters are more satisfied with their housing services than public housing. The latest survey, conducted in 2023, reported more than a 10 per cent gap in satisfaction (72.5 per cent for community housing renters, 62.3 for public housing renters).

## Contact details

This submission was authorised by Sarah Toohey, CEO CHIA Vic

[Redacted signature]



## Glossary

All glossary terms printed in ***italics and bold face*** at first mention in the submission.

***Affordable housing*** – a vaguely-defined term that typically refers to housing that is considered appropriate for low-income households. Under this definition all ***social housing*** is affordable housing, but not vice versa. CHIA Vic has proposed and is advocating for a clear and consistent definition to be applied, which is discussed in this submission

***Big Housing Build*** – the Victorian Government's \$5.3 billion investment in 2020 to build 12,000 new social and affordable homes over four years

***Community housing*** – see ***social housing***

***Community housing organisation*** – a charitable, non-profit organisation that provides housing for low-income Victorians priced out of the rental market (many of whom are on the ***Victorian Housing Register***)

***Low-income households*** – Victorian households in the bottom two quintiles of household income

***Public housing*** – see ***social housing***

***Social housing*** – Long-term rental housing provided to households with low incomes, subsidised so that rents are capped at 30 per cent (or below) of that income. Either owned and managed by government (***public housing***) or managed by a ***community housing organisation*** (***community housing***)

***Victorian Housing Register*** – the central waitlist for all ***social housing*** in Victoria



# 1. Executive Summary

At just 2.9 per cent of all households, Victoria's social housing proportion sits below all other jurisdictions in Australia. There are 146,100 Victorian households in need of social housing right now because they are on a low income and in rental stress, in severely overcrowded conditions, or experiencing homelessness. By 2051 this is expected to reach 332,100. The social housing that we do have is also ageing, with much of it in need of renovation or redevelopment.

A positive future of the social and affordable housing system in 2051 would see every Victorian living securely in an appropriate and affordable home. To realise this, at least 8 per cent of all housing will need to be social housing.

As the biggest urban renewal project in a generation, the redevelopment of all 44 public housing towers in Melbourne can contribute to this, but it is only a small part of the puzzle. Public housing towers are the most recognisable but make up less than 9 per cent of the State's social housing stock.

This plan should include a more ambitious growth target for social housing on redeveloped sites. The current requirement of only a 10 per cent increase in social housing on these sites is inadequate, and a missed opportunity. This must be revised to be at least 50 per cent. This increase has been reached on other public housing renewal projects in recent years, showing it is achievable.

Even with more ambitious social housing growth on these sites, tower redevelopments alone won't be enough to account for the social housing renewal and growth Victoria needs. Even with a 50 per cent increase, with no other growth in the system this would leave Victoria's social housing proportion barely above 2 per cent by 2051, based on the Government's housing targets.

To address the critical shortage of social housing, Victoria needs a long-term strategy that looks at the whole system – at which other properties are ageing beyond their useful life, and can be redeveloped with more homes built on site, and what other growth opportunities there are.

The redevelopment of Melbourne's public housing towers also needs to factor in the needs of relocating renters. Planning for new homes for renters relocating out of towers about to be redeveloped is essential, and must involve the renters themselves. Having a broader pipeline of social housing growth beyond the towers is also critical to ensure that transfers of public housing renters out of the towers doesn't slow the growth of the overall social housing system

The redeveloped sites must create fantastic communities and wonderful places to live. Designing and planning for their interface with their surrounding communities, and



ensuring renters are engaged and informed throughout all stages, are critical to the program's success.

## 2. Summary of Recommendations

### **Vision for a strong and sustainable social and affordable housing system**

**Recommendation 1:** that the Victorian Government develop a long-term growth and maintenance strategy for social and affordable housing, aimed at bringing Victoria's social housing proportion to at least 8% by 2051

### **How the towers can contribute to this vision**

**Recommendation 2:** that the Victorian Government raise the required social housing increase of the redevelopments to at least 50% overall, and commit funding to ensuring this is achieved

**Recommendation 3:** that Homes Victoria plan for and procure new social housing for relocating renters, to grow social housing in appropriate locations, rather than relocating households to limited existing stock

**Recommendation 4:** that Homes Victoria ensure all homes in any given redevelopment are indistinguishable based on tenure type, both in their built form and tenancy management services

**Recommendation 5:** that Homes Victoria engage with renters at the earliest appropriate stage to minimise disruption, and make relocations and returns a positive journey

### **What else is needed to realise this vision**

**Recommendation 6:** increase the Social Housing Growth Fund to \$6 billion to build 20,000 new social homes over the next 10 years

**Recommendation 7:** that Homes Victoria establish a Homes Multiplier program, to turn 3,100 existing community homes into 6,100 new community homes



**Recommendation 8: that the Victorian Government include community housing organisations in who is given first right of refusal to purchase surplus government land**

**Recommendation 9: that the Victorian Government partner with the community housing sector on the 45 government-owned sites it is rezoning to deliver 9,000 new homes**

**Recommendation 10: that the Victorian Government define all ‘affordable housing’ created through government investment or planning requirements as housing that is:**

- i. Rental housing**
- ii. Targeted to moderate-income households**
- iii. Rented at no more than 30% of the lower limit of a moderate-income**
- iv. Owned by the community housing sector**





### 3. Context: the state of social and affordable housing

At just 2.9 per cent of all households, Victoria's proportion of **social housing** sits below the national average of 3.9 per cent, and trails all other states and territories.<sup>1</sup> Despite investments in recent years improving this number slightly, it is far below what is needed, and this having material impacts on all Victorians. Homelessness has risen from 35 per 10,000 people in 2006 to 47 in 2021. As a result, costs to justice, health and other services continues to rise. In 2022 it was found that the cost of Victoria's affordable housing shortage was \$141.2 million per year, and this will grow to \$236.7 million per year by 2036 if things don't change.<sup>2</sup>

An estimated 146,100 **low-income households** had unmet housing needs in 2021.<sup>3</sup> This means they were experiencing homelessness, living in overcrowded homes, or spending over 30 per cent of their income on rent in the private market. And it means they were all eligible for and in need of social housing.

Under the Victorian Government's target of 2.24 million new homes to be built by 2051, we estimate around 61,500 of these would need be to be social housing just to maintain the current proportion. That would mean building on average 2,280 social homes a year over the next 27 years at a minimum to avoid backsliding.

At the same time, much of Victoria's existing public housing stock is ageing and in need of renewal. In 2016 audits found the average age of Victoria's public housing stock was 35 years, with 60 per cent of it being over 30 years old.<sup>4</sup> Sustainability Victoria estimates that the average House Energy Rating of pre-2005 Victorian homes is 1.8 Stars,<sup>5</sup> well below the currently required 7 Stars for new homes under the National Construction Code. This means the majority of public housing is outdated, and difficult and expensive for renters to heat and cool.

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<sup>1</sup> Number of households in social housing from Productivity Commission, 'Report on Government Services 2025', Table 18.4A of Housing data tables, accessed at <https://www.pc.gov.au/ongoing/report-on-government-services/2025/housing-and-homelessness/housing> and number of overall households taken from ABS, 'Projected families, Australia, 2021 to 2046', accessed from

<https://www.abs.gov.au/statistics/people/population/household-and-family-projections-australia/latest-release>.  
<sup>2</sup> Nygaard, A. (2022), 'Cost of inaction: social and economic losses due to the social and affordable housing shortage', <https://www.communityhousing.com.au/wp-content/uploads/2022/05/CHIA-Everyones-Home-Wider-Benefits-Analysis-31.3.2022.pdf?x55554>, 6.

<sup>3</sup> UNSW, 'Quantifying Australia's unmet housing need', accessed from <https://cityfutures.ad.unsw.edu.au/social-and-affordable-housing-needs-costs-and-subsidy-gaps-by-region/>.

<sup>4</sup> VAGO, 'Managing Victoria's Public Housing', p. ix, accessed at <https://www.audit.vic.gov.au/sites/default/files/20170621-Public-Housing.pdf>

<sup>5</sup> Sustainability Victoria, 'Comprehensive Energy Efficiency Retrofits to Existing Victorian Houses', p. 10, accessed at <https://assets.sustainability.vic.gov.au/susvic/Report-Energy-Comprehensive-Energy-Efficiency-Retrofits-to-Existing-Victorian-Houses-PDF.pdf>



State and federal governments have recently invested and incentivised the growth of '**affordable housing**', but without a clear and consistent definition of what affordable housing means. Affordable housing could provide a solution for households who earn too much to be eligible for social housing, but are being squeezed into inappropriate housing because of the housing crisis. But absent this as a clear policy objective, the various interpretations of affordable housing programs are targeting a wide range of people, causing confusion and diluting the impact of government investments.

## 4. Future vision for a strong and sustainable social and affordable housing system

A good home is a foundation for the most important things in life: freedom, connection, community, relationships. To make sure that all households can afford housing, whatever their circumstances, we need to increase the supply of social housing for those priced out of the current system.

There are society-wide benefits that come from investing directly in social housing. Research conducted in 2022 found that the cost of Victoria's affordable housing shortage was \$141.2 million per year, and this will grow to \$236.7 million per year by 2036 if things don't change.<sup>6</sup>

We have estimated that an additional 332,100 households will need social housing by 2051.<sup>7</sup> To meet this need, we need to set strong targets for the delivery of social housing and commit an annual funding pipeline to rebuild our social housing system.

Doing so would reduce the swelling social housing waitlist, ease the demand pressures on the private rental market that are leading to skyrocketing rents, and give people housing security to put down roots.

Developing a consistent definition of affordable housing – that clearly identifies who it is for, what its aims are, and how it will achieve them – is also essential to this future vision of every Victorian having a good home that they can afford.

**Recommendation 1: that the Victorian Government develop a long-term growth and maintenance strategy for social and affordable housing, aimed at bringing Victoria's social housing proportion to at least 8% by 2051**

<sup>6</sup> Nygaard, A. (2022), 'Cost of inaction: social and economic losses due to the social and affordable housing shortage', <https://www.communityhousing.com.au/wp-content/uploads/2022/05/CHIA-Everyones-Home-Wider-Benefits-Analysis-31.3.2022.pdf?x55554>, p. 6.

<sup>7</sup> CHIA Vic, 'A new plan for Victoria', submission to Plan for Victoria engagement, p. 10, accessible at [https://chiavic.com.au/wp-content/uploads/2024/09/A-new-plan-for-Victoria\\_CHIA-Vic-FINAL-submission.pdf](https://chiavic.com.au/wp-content/uploads/2024/09/A-new-plan-for-Victoria_CHIA-Vic-FINAL-submission.pdf).



## 5. Role of the tower redevelopments in realising this vision

### The need for a social housing growth and asset management strategy

The redevelopment of all 44 **public housing** towers is a major decision that will have significant impacts on the face of social housing in Victoria. The 44 towers are estimated to contain around 7,800 individual homes.<sup>8</sup> This is 12 per cent of Victoria's public housing stock, and 9 per cent of its overall social housing stock.<sup>9</sup>

Whilst redeveloping a tenth of the portfolio presents an opportunity to modernise a large share of Victoria's social housing, we know that much more of the stock is ageing and in need of renewal.

There is also significant unmet demand for new social housing in the community with over 55,000 households on the waiting list and 146,000 households at the last census with an unmet housing need.

The current commitment to increasing social housing by 10 per cent on the public housing tower redevelopment sites would see just 780 units added to social housing stock over the 30-year redevelopment program, a mere 26 additional units a year. While the redevelopments are important investments, it is crucial that the Victorian Government place the planned redevelopments within a broader, long-term strategy for the growth, renewal and maintenance of the social housing system. With social housing demand expected to rise to 8 per cent of all households by 2051, we need a plan now for how this demand can be met.

The Victorian Auditor-General's Office 'Planning Social Housing' report, published in June 2023, revealed that Homes Victoria does have a strategy that guides its future work, based on the gap between social housing demand and supply.<sup>10</sup> However this strategy didn't include measurable targets that track whether it is meeting its objectives, and is not public. Homes Victoria has accepted a recommendation to develop and report on such targets, but as yet has not published this.

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<sup>8</sup> <https://aifs.gov.au/research/family-matters/no-36/high-rise-parenting-raising-children-melbournes-high-rise-estates#:~:text=Between%201962%20and%201974%2C%20the,pursued%20by%20the%20Victorian%20Government.>

<sup>9</sup> As of 30 June 2024, public and social housing stock numbers as given in DFFH's 'Social housing and homelessness additional service delivery data (2023-24)', p 14 accessed at <https://www.dffh.vic.gov.au/publications/annual-report>

<sup>10</sup> VAGO, 'Planning Social Housing', accessed at [https://www.audit.vic.gov.au/report/planning\\_social\\_housing](https://www.audit.vic.gov.au/report/planning_social_housing).



It is therefore not clear what the objectives of the Homes Victoria strategy are, what targets would be needed to support these objectives, and whether these would be adequate relative to the estimated need of 8 per cent by 2051.

CHIA Vic recently developed and released its own 10-year roadmap for the growth of the community housing sector to meet Victoria's housing needs.<sup>11</sup> It includes recommendations 6-10 of this submission.

The tower redevelopments will be the most significant urban renewal projects in a generation. They will change the literal and figurative landscape of Melbourne's housing. Change like this must be considered strategically as to how it could make permanent, positive changes to Victoria's social housing – not as a set of disparate projects unrelated to the big picture. It must be part of a holistic strategy aimed at making the social housing system stronger and more sustainable.

### **Raise required social housing uplift to drive meaningful growth**

Under the current commitment to increase the social housing on towers site by 10 per cent just 780 new social homes would be added over the 27 year redevelopment period. Social housing need will outstrip this many times over during the same period. The nine local government areas (LGAs) where the towers are located collectively have a social housing proportion of 4.97 per cent (see Table 1).

The housing targets in the Government's *Plan for Victoria* aim for 524,500 new homes to be built across these LGAs to 2051, meaning that just to maintain existing levels of social housing would require 26,100 new social homes in these nine LGAs. Public housing redevelopments are a small fraction of the additional social housing needed in these areas.

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<sup>11</sup> We have enclosed the Roadmap with this submission. It can also be accessed at <https://chiavic.com.au/wp-content/uploads/2024/11/Reshaping-the-future-of-community-housing-FINAL.pdf>.



**Table 1: social homes needed to maintain existing levels in LGAs where towers are located**

LGA	Total homes (2023)	Social homes (2023)	Social housing proportion (2023)	Target additional homes (2051)	Social homes to maintain current proportion (2051)
Darebin	70,200	3,692	5.26%	69,000	3,629
Hobsons Bay	40,600	1,397	3.44%	22,500	774
Maribyrnong	43,100	2,778	6.45%	48,000	3,094
Melbourne	110,100	4,044	3.67%	119,500	4,389
Merri-bek	81,000	2,343	2.89%	69,000	1,996
Moonee Valley	56,900	2,969	5.22%	47,500	2,479
Port Phillip	65,800	4,356	6.62%	55,000	3,641
Stonnington	61,400	1,817	2.96%	50,000	1,480
Yarra	52,600	5,542	10.54%	44,000	4,636
<b>TOTAL</b>	<b>581,700</b>	<b>28,938</b>	<b>4.97%</b>	<b>524,500</b>	<b>26,092</b>

Source: Total homes from Victorian Government's [Statewide draft housing targets](#); current social homes from DFFH [Social housing and homelessness additional service delivery data 2022-23](#); target additional homes from [Plan for Victoria](#).

The Victorian Government has completed and begun other significant public housing estate renewals in recent years. The Ground Lease Model 1 and Ground Lease Model 2 projects grew the number of social homes onsite by 50 and 31 per cent respectively.<sup>12</sup> And the public housing renewals that included redeveloping a package of sites at Northcote, Preston and North Melbourne, achieved a 44 per cent increase.<sup>13</sup> A redevelopment of public housing in Brunswick West turned 82 social homes into 119, a 45 per cent increase.

<sup>12</sup> Numbers calculated from publicly available data on each site accessed at <https://www.homes.vic.gov.au/ground-lease-model>.

<sup>13</sup> Ibid.



**Table 2: social housing uplift on completed and current public housing estate renewals**

Project	Site	Previous social homes	Current or planned social homes	Social housing uplift
Ground Lease Model 1	Brighton	127	151	18.90%
	Flemington	198	240	21.00%
	Prahran	120	228	90.00%
	Total	445	669	50.22%
Ground Lease Model 2	Hampton East	146	169	16.00%
	Prahran	63	86	37.00%
	Port Melbourne	89	130	46.00%
	South Yarra	204	273	34.00%
	Total	502	659	31.27%
Public Housing Renewal Program	Preston	26	99	280.77%
	North Melbourne	112	127	13.39%
	Northcote	87	99	13.79%
	Total	225	325	44.44%
Brunswick West	Brunswick West	82	119	45.12%

These projects show that ambitions above a 10 per cent increase are achievable. Urban renewals of this kind are a once-in-a-generation opportunity to substantially grow inner-Melbourne's social housing stock and should not be missed. Given redevelopments have achieved an increase of 30 to 50 per cent, we urge the Government to be ambitious in its plans and require at least a 50 per cent increase in social housing collectively across all 44 towers.



The towers are located on prime residential areas in Melbourne that are particularly suitable for social housing, given their proximity to public transport and services. Given this, ambitions for growing social housing must start at what has already been achieved, not well below it.

Instead of adding only 780 homes to the social housing stock, a 50 per cent target would add around 3,900. Whilst this is of course still not enough on its own to meet needed social housing growth in these areas, it is substantially improved on the current plans, and its ambition is supported by similar projects the Government has undertaken.

Final social housing requirements at each site should be informed by government assessing the local demand for social and affordable housing now and through to 2051. If additional resources from government are required to make the 50 per cent increase in social housing commercially viable then this should be committed.

Community housing organisations want to see as much social housing built in Victoria as possible. They see firsthand the growing need of social housing in Victoria, as well as the life-changing impacts it brings. And involving the community housing sector is the surest way to build as much social housing as possible. Their charitable status gives access to GST exemptions, they attract Commonwealth Rent Assistance whereas public housing does not, and they have their own land, equity and borrowings that they can contribute.

#### **Procure new homes for moving renters, so the system doesn't tread water, and renters are empowered throughout the disruption**

Over 7,000 households will progressively be relocated into other social housing to allow for the public housing towers to be redeveloped.<sup>14</sup>

If these households are moved into routine vacancies in the social housing system, not specifically planned growth, that is thousands of homes that otherwise might have gone to new applicants on the **Victorian Housing Register**. In fact, relocating tower residents would take up an entire year of new allocations from the Victorian Housing Register (there were 7,626 allocations in 2023-24), reducing the number of homes that can be allocated to people experiencing homelessness, family violence victim survivors and other households with priority needs.

To avoid this, instead of moving renters into what limited vacant social housing stock currently exists, Homes Victoria should proactively plan for and procure new homes for renters to relocate to. This would partly contribute to the growth that Victoria's social housing desperately needs.

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<sup>14</sup> There is no publicly available data on how many households are currently living in the towers, just that 10,000 individual people are.



If Homes Victoria built new homes for relocating tower renters this could boost the total additional social homes delivered by the tower redevelopment projects by thousands of additional homes – as many as 7,800.

Through this planned procurement, there would be an opportunity to involve renters in the codesign of these homes. This would mean that renters have more say and agency in where and what kinds of homes they move to. They would be empowered in the process, which would make it feel less disruptive and more of a positive change

This would also help Homes Victoria get a clearer picture on which renters are likely to return to the redeveloped tower sites and who is more likely to be settled in their relocations, and call these new houses their long-term home. In turn this would make the job of planning for the new developments easier: greater predictability on who will be returning means designs could factor in the sizes of households returning, and any of their specific housing needs.

### **Ensuring quality design, integrated communities, and informed renters**

All redeveloped sites must require that all new housing is 'tenure blind'. That is, different tenure types – whether public, community, affordable or market housing – be indistinguishable from one another. This helps with creating integrated communities and prevents unwarranted stigmatisation of social housing renters.

Developments are typically considered tenure blind as long as their built form shows no distinction between tenure types. But consistency in tenancy management services is also critical, so that the renter experience is the same whether one is living in social, affordable, or market housing. All have access to the same services and amenities. This again helps makes the new communities be genuinely connected, and not feel segregated.

The Ground Lease Model projects, mentioned above, are examples where mixed-tenure developments have been created where the built form is tenure blind. There is also the one community housing organisation responsible for all renter services. Homes Victoria should embed this example as standard practice for any developer or consortium looking to deliver and manage any of the redevelopments.

The design process also needs to place a strong emphasis on placemaking and planning these new developments to be great places to live and call home. This needs to include active consideration of open spaces, onsite amenities, ground floor uses such as commercial enterprises or communal spaces, and appropriate and inviting interfaces with the broader communities around them.

It is also critical that Homes Victoria engage with existing renters at the earliest appropriate stage about future plans for their current homes. When renters feel like they have not been consulted or adequately updated about significant changes to their homes, and therefore their lives, it causes confusion, distrust and anxiety.





Early and meaningful engagement, on the other hand, gives renters more opportunity to influence the changes to their live. This minimises disruption, and opens up space for them to view the process of relocating and potentially returning as a positive one.

**Recommendation 2: that the Victorian Government raise the required social housing increase of the redevelopments to at least 50% overall, and commit funding to ensuring this is achieved**

**Recommendation 3: that Homes Victoria plan for and procure new social housing for relocating renters, to grow social housing in appropriate locations, rather than relocating households to limited existing stock**

**Recommendation 4: that Homes Victoria ensure all homes in any given redevelopment are indistinguishable based on tenure type, both in their built form and tenancy management services**

**Recommendation 5: that Homes Victoria engage with renters at the earliest appropriate stage to minimise disruption, and make relocations and returns a positive journey**

## 6. Other elements to a holistic growth and asset management strategy

Even with the above recommendations adopted, the tower redevelopments alone cannot deliver the social housing growth, renewal and maintenance program that Victoria needs. CHIA Vic has identified key initiatives that the Victorian Government can and should be adopting to help all low-income Victorians attain a good and affordable home to live in.

### **Boost the Social Housing Growth Fund**

The Victorian Government established the Social Housing Growth Fund (SHGF) in 2018 to fund social housing projects through the community housing sector, using the interest from an initial \$1 billion investment of seed funding. It was subsequently bolstered with a



further \$1.38 billion through the **Big Housing Build**. With the majority of these funds now committed, there is an opportunity to reshape the SHGF to deliver longer-term funding certainty.

It should now be boosted with an additional \$6 billion investment that uses both the interest and the principal to build social housing. If payments were made as capital grants, this investment would be able to fund the construction of around 20,000 homes over the next 10 years.

A sizeable upfront investment achieves more homes than annual funding allocations by the State Government, as it allows time for interest to accrue. That interest would support an estimated 7,500 extra homes over 10 years compared with an annual funding allocation of \$600 million per year over the same timeframe.

We are also calling on the Commonwealth Government to increase its own Housing Australia Future Fund (which operates much as the SHGF does) to at least \$50 billion to contribute its share to Victoria's housing need.

### **Create the Homes Multiplier program**

Homes Victoria leases just under 3,100 properties to registered community housing organisations to provide long-term social housing under the 'General Lease' program. Many of these homes are ageing, with increasing maintenance costs, and could be better used to deliver growth. This could happen through onsite redevelopment or as security to fund new development elsewhere, if ownership was transferred to community housing organisations.

A 'Homes Multiplier' program should be created for the future use of General Lease properties. Under the program, community housing organisations could apply for title transfer of a package of, or all, the properties they manage. Proposals would outline how these properties will be used to provide additional homes through redevelopment or refinancing. Conservatively, we estimate that Homes Multiplier could build 6,100 new homes, a net increase of 3,000 dwellings.

Funding for redevelopment could be sought from existing state and federal programs. There are a further 3,747 homes managed under the Transitional Housing Management program that could also be considered for redevelopment under similar arrangements in the future.

### **Partner with community housing on other government land**

To improve access to state government land, community housing organisations should be added to the groups (currently government departments/agencies and councils) given first right of refusal to purchase surplus government land prior to it going on sale in the private market.



Such a policy exists in California, where surplus government land for sale or lease must be offered to affordable home developers, and affordable housing outcomes must be prioritised.

#### **Case study: California's Surplus Land Act**

To help meet the lack of affordable housing in California, it has legislated a Surplus Land Act. Part of the Act reads: "that a shortage of sites available for housing for persons and families of low and moderate income is a barrier to addressing urgent statewide housing needs and that surplus government land, prior to disposition, should be made available for that purpose."

Under the Act, before a government agency can sell or lease for 15 years or more a property it owns, it must declare that land to be surplus. Housing developers who can demonstrate they are qualified and capable of delivering housing on that land with at least 25 per cent made affordable for low- and moderate-income households can bid for the land, and the agency is then required to enter in good faith negotiations to reach a sale or lease agreement.

Source: <https://frostbrowntodd.com/crafting-a-winning-bid-under-californias-surplus-land-act/>

The Victorian Government should also be partnering with the community housing sector on the 45 government-owned sites it is rezoning to deliver 9,000 new homes, as announced in the Housing Statement. The Government has recently partnered with community housing organisations to redevelop existing public housing estates, some of which have been mentioned above – it should now start working with community housing on building new residential developments on other government-owned land.

#### **Create a consistent affordable housing definition, with clear policy objectives**

As noted above, there are numerous and inconsistent definitions of 'affordable housing'. Victoria alone has four separate definitions in use, though typically people think of it as housing where rents are capped at some discount to the market rate.

But an affordable housing product that offers a discount to market rent in an expensive suburb does little to make the rent affordable to a low-income worker. Conversely, a discount to market rent in an outer suburb provides a subsidy where it is not needed.

Housing market processes, where desirable locations command higher rents, have resulted in lower-income workers being pushed further from the city. This is a policy problem that affordable housing should be targeted at fixing – but to do so effectively it needs to follow some clear principles, namely that:

- i. It be rental housing, not housing for sale. This retains the public benefit of these programs.



- ii. It be targeted to households in the moderate-income range. Social housing is the appropriate housing intervention for lower income households.
- iii. Rents should be set at a fixed rate of 30 per cent of the lower limit of the moderate-income range (relative to dwelling size, and whether metropolitan or regional).
- iv. It be owned by the community housing sector to support its permanent growth. Where ownership is not given, homes should be head leased to a community housing organisation to ensure that they are rented in a fair and transparent way.

CHIA Vic has developed an evidence-based policy paper that explains the rationale behind these principles in greater detail.<sup>15</sup>

It must be emphasised that this and other forms of affordable housing cannot and should not replace investment in social housing. Whilst adopting and growing programs based on our proposed affordable housing definition would assist moderate-income households, and relieve some downwards pressure on the social housing system, it would not remove the need for long-term investment and planning for social housing for very low- and low-income households.

**Recommendation 6: increase the Social Housing Growth Fund to \$6 billion to build 20,000 new social homes over the next 10 years**

**Recommendation 7: that Homes Victoria establish a Homes Multiplier program, to turn 3,100 existing community homes into 6,100 new community homes**

**Recommendation 8: that the Victorian Government include community housing organisations in who is given first right of refusal to purchase surplus government land**

**Recommendation 9: that the Victorian Government partner with the community housing sector on the 45 government-owned sites it is rezoning to deliver 9,000 new homes**

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<sup>15</sup> See the full paper at [https://chiavvic.com.au/wp-content/uploads/2024/09/Defining-affordable-housing\\_CHIA-Vic-policy-paper.pdf](https://chiavvic.com.au/wp-content/uploads/2024/09/Defining-affordable-housing_CHIA-Vic-policy-paper.pdf)



**Recommendation 10: that the Victorian Government define all 'affordable housing' created through government investment or planning requirements as housing that is:**

- i. Rental housing**
- ii. Targeted to moderate-income households**
- iii. Rented at no more than 30% of the lower limit of a moderate-income**
- iv. Owned by the community housing sector**

## 7. Conclusion

As the biggest urban renewal projects in a generation, the public housing tower redevelopments will have a considerable impact on Melbourne's urban character. As a tenth of the existing social housing portfolio, the impact on this system will be greater still. It is therefore critical that these redevelopments are carefully and thoughtfully planned, and that they are part of a greater strategic aim to solve Victoria's housing crisis.

That strategy needs to consider how as a state we prepare for the 8 per cent of all households in 2051 that will need social housing. It also needs to consider how affordable housing can be designed and targeted for those who are ineligible for social housing but are being squeezed out of the private rental and ownership markets.

In this context, a required social housing increase of only 10 per cent across the redevelopments is manifestly inadequate, and we urge the Victorian Government to reassess this. It should follow its own positive example on this front and require at least a 50 per cent increase, as it has achieved in other public housing estate regenerations.

And as part of connecting the redevelopments to a broader social housing strategy, the relocation of renters should spur Homes Victoria to plan and fund additional social housing growth, so the system doesn't get gummed up through the project's duration.

The redevelopments themselves must be designed and delivered in a way that creates great new homes and communities for returning and future new renters. Commitments to making them tenure blind from built form to tenancy management, prioritising placemaking, and engaging early and openly with renters will be critical in the redevelopments being successful.

These measures of success, as well as the ability of the redevelopments to meaningfully grow social housing, would contribute to community housing organisations seeing them as projects worthy of their mission-based activities.



But the redevelopments alone cannot meet the current and future social housing needs of Victorians. A growth and asset management strategy will need ambitious plans to fund and support the growth of social housing over the long-term, and we urge the Victorian Government to commit to this.

