

TRANSCRIPT

STANDING COMMITTEE ON LEGAL AND SOCIAL ISSUES

Inquiry into the public housing renewal program

Melbourne — 15 February 2018

Members

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Witness

Mr Nick Foa, Director of Housing, and Deputy Secretary, Housing, Infrastructure, Sport and Recreation,
Department of Health and Human Services.

The CHAIR — Mr Foa, welcome this morning. Thank you for coming along and joining us at this public hearing. As you know we are hearing evidence today in relation to the inquiry into the public housing renewal program, and all evidence is being recorded. All evidence taken at this hearing is protected by parliamentary privilege; therefore you are protected against any action for what you may say here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege.

I understand that you have a presentation to take us through, so we are in your hands if you want to take us through that now.

Visual presentation.

Mr FOA — Thank you very much for the opportunity to address the hearing today. I really do appreciate the opportunity to present on the public housing renewal program and welcome the attention that this committee is paying to the really important issues of public housing, social housing and homelessness. Today you have asked me to speak about a number of aspects of the program, so I will beg your indulgence and seek to cover as much as I can in terms of the questions that have been provided, which will be: how we have engaged with estate tenants; the number of dwellings that you are interested in; an overview of the development model and the process; why this model over others; some of the program's key objectives; the role of the community housing sector; and, most importantly, what it means for tenants. Some of my earlier slides are focused on the broader context around *Homes For Victorians*, which is covered in our submission, so I will race through those and beg your indulgence towards the end of the presentation.

Victoria is facing a major affordability challenge, and we saw in the papers last week that our median house price is now at \$900 000 for Melbourne. It is experiencing unprecedented levels of housing stress and homelessness. There are more than 36 000 people on the Victorian Housing Register who are in need of stable and affordable accommodation. More than 17 000 of these people are in the priority assistance category. We are also providing record levels of homelessness assistance, supporting over 100 000 people per year who are homeless or at risk of becoming homeless.

I want to provide a quick check-in on where this renewal program sits among other social and affordable housing initiatives that government is pursuing. As you are aware, the government released *Homes for Victorians* in 2017, which outlines a number of initiatives to address housing affordability and homelessness, and to increase housing stock. Together they will deliver 6000 new social housing properties, including 2500 public housing homes renewed, and will deliver more homelessness services to people in need.

The public housing renewal program is a large-scale program with a significant underlying investment of \$185 million from the state, but it is one of a range of initiatives under *Homes for Victorians*, and it is not intended singlehandedly that this is the program that should respond to the large and growing waiting list for social housing. Instead there is a suite of initiatives within *Homes for Victorians* that this needs to be seen in context with. The majority of the growth is expected to come from other programs, such as the \$2.1 billion worth of financial instruments that government is providing to support the delivery of new social housing. The public housing renewal program is focused on renewing the stock we have, but it also includes a minimum uplift of 10 per cent — so that is 110 per cent. We are replacing all the stock that is there and increasing it, so it is a renewal program plus growth, but most of the growth will come from the other measures within *Homes for Victorians*.

It is worth mentioning that since the release of *Homes for Victorians* we have continued to invest in housing and homelessness services. A further \$45 million was recently announced for the rough sleeping action plan to break the cycle of homelessness by intervening early, getting rough sleepers housed quickly and strengthening support services to keep vulnerable people off the streets. So we are continuing to tackle the demand for social housing and homelessness on many fronts.

In terms of public housing there are just under 84 000 social housing dwellings in Victoria, 65 000 of those are public housing, with the remaining 19 000 properties managed and/or owned by community housing. The demand for these properties is very high. There are currently 36 013 applicants on the housing register, and we know that there are likely to be many others out there who are eligible but have not yet applied, for one reason or another. The important thing to also remember is that there are 7080 current tenants wishing to transfer to another property, so there are 36 000 on the waiting list and 7000-odd on the transfer list.

The annual renewal program helps this. The Department of Health and Human Services and the Director of Housing does have an annual ongoing renewal program across its 65 000 stock, and it is worth noting that in the public housing renewal estates that you are particularly interested in in this inquiry, more than 20 per cent of tenants in the renewal estates had requested a transfer before we announced the program last year. That is higher than the average across the rest of our public housing renewal estates.

The majority of the estates — and we have offered a tour to the committee so we hope to be able to show these in person — are being renewed and were built in the 1950s and 1960s, more than 50 years ago. They were built at a different time for a different time. Their design was acceptable then but does not meet the expectations that we have today, as you can see in the pictures. They are walk-ups, with no lifts for older residents and people with disabilities; external or shared laundries; corridors and other areas that are dark and feel unsafe. Poor energy and water efficiency mean that low-income tenants end up paying more than they should to heat and cool their homes. They are concentrated together, which we know in some circumstances can lead to poor social outcomes for individuals and communities. The age of the stock also brings higher maintenance costs to keep properties at a reasonable standard for their tenants.

This is particularly of concern to the Victorian Auditor-General, who over many years has made a number of reports into the public housing program. Last year the Victorian Auditor-General highlighted a number of challenges for public housing, which are important drivers for the renewal program. The homes are ageing, with more than 60 per cent of dwellings over 30 years old, and older homes lead to increasing maintenance liabilities. The other key point he made is that they are not aligned to demand. Around 80 per cent of applicants on the Victorian Housing Register require one or two-bedroom properties, but we have more three-bedroom properties than any other type in the total program. While there is still plenty of demand for family homes, we need to rebalance the overall profile of public housing to respond to the growing demand of smaller households. The combined cost of subsidising our tenants' rent and the property maintenance means the funds that we have to maintain our properties do not extend to being able to replace and grow existing stock. So the rents in covers the maintenance out, and that is essentially is the housing model. We need to rely on additional appropriations from government to commence renewal programs and indeed the Commonwealth funding. The Auditor-General found that postponing the renewal and acquisition programs was an unsustainable strategy.

The public housing renewal program should be seen as a major response to tackling these issues. It will tackle the legacy of old, tired housing that was built for a different era, which no longer meets the needs of our current or future tenants and is both difficult and expensive to maintain. It will put us on a path to better aligning our overall housing portfolio with known demand, which is overwhelmingly coming from smaller households. Importantly it will also provide our tenants on the estates with homes that meet their needs, whether that is back on the redeveloped estates, if they wish to return, or other properties that they decide better meet their needs — and I emphasise tenant choice, and I will come back to that.

As I said before, many of the tenants have been waiting for transfers to different accommodation because the current homes do not meet their needs, and this program provides that opportunity. The program also helps me, as Director of Housing, to work towards meeting the objectives of the Housing Act, which set a very high bar. Key among them is to ensure that every Victorian has access to adequate and appropriate housing within their means. Ultimately the Housing Act requires the Director of Housing to manage the entire public housing portfolio of nearly 65 000 properties to best meet the needs of our current and future clients and applicants.

A major renewal program must give consideration to the broader balancing act. As much as it focuses on the people who currently live in our housing, we need to make sure that we are getting full stock utilisation to help as many people off the waiting list as possible. Currently the core income we receive from rent and other funding sources covers the cost of running the existing public housing portfolio. \$185 million has been provided by government to support the renewal efforts. It is an opportunity for us to start tackling the much-needed renewal of some of our older homes, and our job is to make sure we get the best value from that money and from that investment.

In order to try and unpack that for you, I would like to talk a bit about the development process and the model, bearing in mind we are in the middle of a market engagement process with development partners, so there is certain territory I cannot venture into from a competitive neutrality point of view. I will be careful what I say. But at the simplest level DHHS provides a portion of the land, some baseline funding and very clear objectives and outcomes to be delivered on each site. Through the procurement process, currently underway, the

developers and partners will come to us with proposals, backed by their expertise in development, construction, sales and funding, to deliver the project. It is a competitive process. The final outcome for each site will be determined when we have evaluated the bids that come in. But of course we are seeking those that develop the best outcomes and deliver the best outcomes, protecting the interests of residents and maximising the returns for the state. Essentially the department is able to get new public housing in exchange for \$185 million funding and a share of the land value, which is reinvested back into new homes on the estate.

And how can we ensure that we are going to get value for money? I would like to talk about the value we are receiving through the program. The graph on the screen shows four different scenarios that illustrate what we could get with the funding that we have been provided. Through the \$185 million, we expect to get a minimum in the first tranche of 1778 new public housing properties. This replaces 1611 aged properties that are currently there, which works out to about \$100 000 per dwelling. It means we can renew our older assets —

Ms PATTEN — Sorry, could you just repeat that Nick?

Mr FOA — Yes. The total number of houses on the estates in question for the inquiry is 1778 as our minimum that we are aiming for. Divided by \$185 million, replacing the 1611 aged properties that are there, the replaced stock plus the uplift to 1778 is \$100 000 per dwelling, roughly. We can renew older assets, deliver more homes and retain public housing in the same locations that we currently have. If we took other approaches, we would be giving up at least one of these outcomes. I will leave that slide there — now the curtains are closed, you might be able to see it — and I believe the committee has the slides to distribute afterwards.

We could buy new homes in different locations, selling up inner city and renew existing homes in outer locations, but *Plan Melbourne* and successive governments have recognised that the Holy Grail of urban renewal is urban redevelopment on inner-city sites, where we can sweat the assets of education systems and transport systems, and law and order systems, much more. An optimistic view of purchasing in outer suburbs at, say, \$500 000 per home out of the \$185 million would buy 370 new homes, and again, I note the median house price is now \$900 000. They would be scattered across other parts of the city, without transport, services and other jobs necessarily to connect them. We would get some growth, but we would not get the asset renewal.

Another option is to upgrade the existing homes at a cost of about \$200 000 each. That would renew about 925 homes, but again no growth and we would not be realigning the portfolio per se and addressing the other elements of the estates. Similarly if we just demolished and rebuilt the public housing on existing sites, we would get about 617 homes and miss out on growth. So on balance we believe that this model does deliver greater outcomes for the funding that we have available.

As you would be aware, the proposed model includes the development and the sale of private homes. The income of these properties contributes to the renewal, replacement and growth of public housing on each site, but the committee can be assured that all transactions with the private market have to be sold at market value. Land sales have to be approved by the Victorian Government Land Monitor and supported by an assessment of current market value by the Valuer-General. All revenue is reinvested back into the provision of social housing. Property developments of this nature are a long burn; they do take a long time, and people have said, 'It might cross a number of property cycles'. But I can assure you that we will be putting financial structures in place that capture any upside of any land increase over time. You can see by the objectives of the program that we are seeking innovation through our procurement process.

People are focused on 10 per cent as though this is the only growth element that we have in the package of Homes for Victorians, but we have set that as a minimum bar for this project. We know we can do better. Through our recent family violence initiative with the rapid housing initiative we engaged the private sector and community providers. We modelled about 130 homes for \$50 million; we ended up with 185 by working with partners to get that leverage. The program delivers new housing on well-connected locations near public transport and other facilities. Importantly, there are 13 high-level design objectives that have been developed in consultation with the Office of the Victorian Government Architect. We and the government architect have focused on making sure that the buildings, homes and open spaces of the estates are built with people in mind and that they are design-led solutions.

The CHAIR — Mr Foa, without wanting to be rude, we are really short of time and there are lots of questions, and I think we are pretty familiar with the program objectives.

Mr FOA — Okay. Perhaps dwelling numbers; is that one you are particularly interested in?

The CHAIR — Yes.

Mr FOA — Let me just skip forward to dwelling numbers for you. I have talked about the shift towards smaller properties and the shift that we have smaller properties. Yes, on these estates we may end up with lower numbers of bedrooms in some cases, not all cases, but as I have said the waiting list shows the demand is for two-bedroom homes. Our occupancy data, which we check twice a year across all estates, indicates the average occupancy of people in the current estates is 1.7 per household. It does suggest that the majority of demand is coming from small households. However, it does not take also into account that where we can help families and larger families relocate in adjoining suburbs, they may only want to move once. They have got the right to return but they might only want to move once, if indeed it is in the same school catchment and they have re-established themselves. They will be predominately in detached housing with a backyard. So those will be additional bedrooms that are related to the program as we are creating new stock of smaller types to allow people who are in those larger homes to downsize. So the program is about a better utilisation of stock across a broader system. It is a large-scale opportunity for helping us do that stock re-profiling.

If there are large families that do wish to return to the estate — and they will have that option — we obviously have catered for that with flexibility in our design. The Office of the Victorian Government Architect has helped us work out adaptable housing mechanisms where we can do that. Also our relocations team is finding that many of the large households are actually extended families, where in fact two houses are probably more appropriate for their needs than one, and we are helping families achieve that as well. So freeing up larger properties by having some smaller properties for people to move into is indeed one of the core objectives from the program.

We have sought to engage with our tenants in a really meaningful way. Our relocations team is taking a case management approach. It is not just a knock on the door, ‘You have to go’; it is a knock on the door, ‘Can we come in and talk about what your needs are, and let’s work through your individual circumstances over time’. The team have visited over 1000 people to date — 110 households have already moved and that is largely around the Heidelberg West area, as we have built alternative accommodation for smaller households and we have been able to effect that transfer.

Madam Chair, you did ask about community housing. Would you like me to just touch on that? Or I am happy to cover it in questions.

The CHAIR — I think maybe we could deal with that in questions.

Mr FOA — Certainly, I am happy to pull it up there if you like.

The CHAIR — Thank you very much. I wanted to start, if I could, by asking you about the public housing waiting list and will admit that I am quite confused and I am looking for clarification. I do understand that there has been an effort to bring together community housing waiting lists from some 42 into one central list, and that makes sense. But I want to focus on the public housing waiting list and I was looking at the figures that are online at housing.vic.gov.au. They divide it up into two sections. There is community housing waiting lists and public housing waiting lists. In the written submission that you put to this inquiry, you say in the executive summary there are currently more than 35 000 households on the register and today you have said that there are more than 36 000, but when I look at the figures — and I think we have copies of this to show you what I am talking about, just so there is no confusion.

Mr FOA — That would be great.

The CHAIR — What I see for the December 2017 quarter is total applications under the register of 43 093 applications. There are sections there about priority access and so on, but I would just like you to take me through how these figures work.

Mr FOA — Certainly, and thanks, Madam Chair. Yes, the Victorian Housing Register for the first time does bring together the waiting lists of the Director of Housing and that of the community housing sector. It is a great initiative because people only have to apply and have their applications assessed once, rather than go shopping through the service system. It is a work in progress and we are currently bringing more community housing

agency waiting lists onto the register, so that is why you are seeing the numbers increasing as we go from September 16 through to December 17. The number I referred to earlier was the public housing waiting list applications to the Director of Housing. The other complicating factor is people on the two —

The CHAIR — Just on that, so that I understand, you said you referred to public housing applications to the Director; are there other applications that go elsewhere that are part of the total?

Mr FOA — No. The Director of Housing has a waiting list and we are bringing the community housing waiting list onto the new Victorian Housing Register.

The CHAIR — I am not talking about community housing. I understand that that is coming into a central register and that sounds like a very sensible thing. I am just talking about the public housing waiting list. Looking at the figures that are online, the figure that you have given me today is more than 36 000 — as I said, different to what is in the submission by about 1000. September 2016, there are total applications under the register of just under 40 000, and the December quarter it is just over 43 000.

Mr FOA — That is community housing associations bringing their applications onto the register.

The CHAIR — But why are they under public housing when there is a separate section on the figures that you publish that says applications for community housing?

Mr FOA — I will take that on notice, but the number you are referring to could also include the transfers. There are 7000 transfers at any one time as well.

Ms CROZIER — Which is what you mentioned. By my totals you said 36 000 on the waiting list and 7080 on the transfer list, which would equate to 43 080.

Mr FOA — That is correct.

Ms CROZIER — So is that what you are referring to in terms of —

Mr FOA — Total applications on the register?

Ms CROZIER — Total applications?

Mr FOA — Yes, that is right. Yes, it is — the 43 093 figure is new applicants, which is 36 013, plus the 7080 of total transfers, which is 43 093 on the public housing wait list for the register.

The CHAIR — So that is different to what is online, in what I take it are the most recently reported figures.

Mr FOA — That is the latest information that I have available, Madam Chair, and I am happy to explore that.

The CHAIR — If there are further details that can be provided, that would be great.

Mr FOA — Certainly. Happy to provide that to the committee.

The CHAIR — The other thing I wanted to ask about is: that is the number of applications; it is not the number of people, is it?

Mr FOA — No, that is the number of applications.

The CHAIR — Can you give us any sense of how many people are involved and what the people behind the figures look like? You know, how many children are there, how many single people are there, how many families are there. Do you have that sort of information?

Mr FOA — Not to hand, but I can see what figures are available and I would be happy to provide them to the committee.

The CHAIR — That would be great, thank you. I ask about this because I find it confusing. A number of people who have submitted to this inquiry have referred to the public housing waiting list. The figure that gets bandied about is 35 000. It seems it is significantly higher than that, but I want to get a sense — particularly

because we are talking about changing the nature of homes that some of these people may go to — of what the waiting list looks like behind just the figures.

Mr FOA — I can tell you that 80 per cent of that waiting list is for one or two-bedroom properties.

Ms SPRINGLE — Eighty per cent?

Mr FOA — That is the one stat that that I have got available with me today, but I am happy to try to get some further breakdown for the committee.

The CHAIR — That would be fantastic. Thank you.

Ms SPRINGLE — Eighty per cent seems really high. That seems a very high figure, to say that 80 per cent of that list is one and two-bedroom homes. Is that what they are waiting for?

Mr FOA — Yes.

Ms SPRINGLE — You said that there are 7000 applications for transfer.

Mr FOA — Yes.

Ms SPRINGLE — Do you know what the percentage of those are for one and two-bedroom homes? I am just trying to get a sense of how many families are changing and therefore needing smaller housing and what have you.

Mr FOA — I have not got the breakdown of the transfer list with me.

Ms SPRINGLE — That is okay. You can take it on notice.

Mr FOA — But the 80 per cent does apply to the larger figure, so it includes transfers.

Ms SPRINGLE — So it is probably part of that.

The CHAIR — Can I just ask on transfers: why are people seeking to transfer? I mean, I can speculate, but that is a lot of people.

Mr FOA — The recent examples that have come across my desk would be relocating to where family members have relocated to. If you look at the average age profile of our public housing tenants, they are ageing, so change of life in terms of partners passing away and wanting to downsize, being near family members — and also accessibility and disability issues are a major one for reasons for transfer. We actually have some good data on those reasons; I would be happy to provide that to the committee.

The CHAIR — Thank you. Just to clarify: everyone who is seeking a transfer is currently a public housing tenant?

Mr FOA — Correct.

The CHAIR — Or are some of them community housing tenants?

Mr FOA — No, that 7000 is our Director of Housing current transfer list.

The CHAIR — Public housing. Okay, thank you.

Ms CROZIER — Are they all related to metropolitan Melbourne?

Mr FOA — No.

Ms CROZIER — Or are they coming from country Victoria to Melbourne or Melbourne to country Victoria? Do you have that breakdown as well?

Mr FOA — We probably do, but I will need to check that for you. But that is a Victoria-wide figure.

The CHAIR — Ms Symes, do you have questions or shall we come back to you?

Ms SYMES — Well, you go. I can stay on transfers; otherwise I was going to move off.

The CHAIR — Did you have a further question on transfers?

Ms SPRINGLE — No. I have a whole bunch of questions on a whole bunch of other things, though.

The CHAIR — Anything more on the waiting list?

Ms CROZIER — Actually, just one thing. You mentioned there were, on not so much the waiting list but the dwelling numbers, two houses more appropriate than one. So my question was going to be: how many families are requiring two houses rather than one?

Mr FOA — It is not a huge amount. At the end of the presentation I actually have a case study of one. Perhaps in the committee's own time you might be able to look at the video. It is not a huge amount. I have not got the figure with me today, but I can get that for you.

The CHAIR — One further question on the waiting list. I am conscious there has been a lot of change to the waiting list and that there have been multiple lists and they have been drawn together.

Mr FOA — Yes.

The CHAIR — I understand that is a difficult process. Through that process and in relation to the public housing waiting list, how many applications have been removed from that list?

Mr FOA — We do, every couple of years, an exercise where people on the waiting list are contacted, particularly on the general list. Because there is such a demand in the priority list, if you are on the general list you can be waiting many, many years. So we do a —

The CHAIR — One of those processes has been gone through fairly recently, as I understand it, because we have had evidence I think from people who have talked about receiving contact to say, 'Is this still required?'

Mr FOA — Yes. We did one. And I think maybe some of the evidence the committee has heard also is that we do it also for the transfer list. So we write to people, saying, 'Look, you applied for a transfer two years ago; do you still want to have a transfer?'. One of the learnings that we have already picked up from the committee's hearings is that we actually need to have different correspondence to the tenants in the public housing renewal program than we have for those general automated systems that happen on a regular cycle. The recent one you are referring to was a letter to tenants about the transfer list — 'Do you wish to remain upon it?' — but it was not related to the program; it was related to the broader stock. But a data-cleansing exercise in terms of those that no longer want public housing does yield in terms of reducing the numbers a bit, but it is largely off the non-priority category, as opposed to the priority category. So we are expecting those numbers to grow in terms of the priority waiting list numbers.

The CHAIR — Sure. But in terms of data cleansing, to use your term, how much data has been cleansed over the last year or so?

Mr FOA — Again, I will get the figure for the committee, but I think it is probably a small amount. I am not sure it is material, but I will certainly provide it for the committee.

The CHAIR — Thank you.

Ms CROZIER — Thank you very much. Just a quick clarification. Our previous witness could not provide an answer in relation to why Bangs Street, Prahran, was not included in the renewal program. I am just wondering if you could answer that question for the committee?

Mr FOA — Yes, certainly. Bangs Street, Prahran, a number of years ago went through a different planning pathway, and a development plan overlay had already been achieved for that site. That was the level of planning that the other sites were required to get to. Bangs Street is already there.

Ms CROZIER — Thank you for that. Just changing to another issue, I know that the department is looking at using demountables or container-type housing arrangements. Could you give the committee a breakdown of what they are, what is inside them and how much each one costs?

Mr FOA — Sure. I will just change the reference from container; we are not using containers.

Ms CROZIER — That is my term, sorry. But where have they come from?

Mr FOA — Within Victoria we have a very strong industry of producing modular construction homes, and modular construction homes have to satisfy green star ratings and all of those sorts of things. We have been using modular homes as part of the Director of Housing portfolio for many, many years. They often take the form of studios in people's backyards, and we have had a series of demountable projects about putting additional rooms in backyards.

More recently, in the Towards Home initiative, which came out through the Homes for Victorians and the rough sleeping strategy, we have been putting demountable homes, or relocatable homes, on available Director of Housing land in high-needs areas. That has proven to be an excellent strategy for people at risk of homelessness. Tony Nicholson's report into rough sleeping highlighted the need for Housing First options to take people out of the cycle of going into refuges or motels and unsustainable housing. We have put up, I think, five sites — we are looking at — for demountable properties. Each of those properties will have a caretaker's residence as well, supporting people who have been on the pathway to homelessness. Importantly, we have put those in place for a couple of years. We can reuse those properties numerous times. They arrive on a truck; they get assembled.

Ms CROZIER — I am aware of all of that. I am just trying to get an understanding of what is inside the demountable and how much each one costs.

Mr FOA — They are fitted out like any residential home. They are quite a reasonable standard spec fit-out. The costs of them, depending of the size of them, are in the order of sort of \$100 000 to \$140 000, but I stress again that we can get multiple uses out of that.

Ms CROZIER — I understand that. I am just trying to work out how big the demountables are. You have said they are like a home.

Mr FOA — Yes, single bedrooms.

Ms CROZIER — Single-bedroom homes?

Mr FOA — Yes.

Ms CROZIER — So is it as big as this space here? Or is it bigger? Or are they varied? Could you give me a breakdown?

Mr FOA — Yes. They have got their own kitchen, their own bathroom, their own toilet, their own laundry facility and their own bedroom, with an open area. I have not got the square metres with me, but they are much larger than a hotel room and they are much larger than a rooming house — and much more appropriate because there is onsite support for the people that are in them.

Ms CROZIER — Just one last question, and I know others will have many questions too: you mentioned the rough sleeping aspect of the portfolio. How many children are rough sleeping each night in Victoria?

Mr FOA — I do not have that figure with me; I am sorry. I prepared for the public housing renewal program, but I am certainly able to get that. I think Mr Nicholson's rough sleeping report did provide a cohort breakdown, so I am happy to do some analysis for the committee and send that through.

Ms CROZIER — If you have got an updated figure, that would be very helpful.

Ms SYMES — Thank you, Mr Foa. Two questions: I found the table quite useful, the 'Value for money' table, and what you could fit in the \$185 million. I do not know if you can answer this question, but it is in terms of delivering the 1778. To deliver the 1778 without private investment: how much would that cost?

Mr FOA — If you were to do \$500 000 a property — I would have to do the maths. I have not got that number with me, but I can add it up for you very quickly.

Ms SYMES — No, that pretty much answers it.

Ms PATTEN — You would not say \$500 000; you would say \$300 000, wouldn't you?

Mr FOA — If you could do them on the same site.

Ms PATTEN — Given you used \$300 000.

Mr FOA — You would get 617 homes if you did them at \$300 000 for the existing stock. But to get to 1778 you would just have to extrapolate that number out.

Ms PATTEN — So it is double, because they are saying that they could 617 new properties out of the \$185 million.

Ms SPRINGLE — Sorry to butt in, but can I just ask where the \$185 million figure has come from?

Mr FOA — It was a government appropriation in 2016–17, in the budget papers.

Ms SPRINGLE — And do you know how that figure was landed upon?

Mr FOA — We did modelling across the portfolio. Other jurisdictions have done public housing renewal programs using land value alone and in some cases have gone backwards on the number of public homes provided. So we wanted to make sure that our public housing renewal program at least replaced 100 per cent with a minimum of 10 per cent growth, recognising that that is not the only growth strategy we have. So the \$185 million was modelled on what would be the baseline investment that government would need to make to ensure that it was able to grow stock and not go backwards.

Ms SPRINGLE — Was there any consideration to the best of your knowledge of whether that figure should be higher so we can retain more of the stock within government as opposed to selling it off to developers?

Ms SYMES — Not a question for Mr Foa.

Mr SPRINGLE — I just asked it of him; I was not asking you to answer it.

The CHAIR — Order! Let us let the witness answer this question.

Mr FOA — I can assure the committee that as Director of Housing we rely on reports that VAGO does. If you look at VAGO or if you look at Infrastructure Victoria's reports, they all point to the need for significant investment in public housing, both at the Commonwealth level and at a state level. I just simply refer the committee to those two reports to say that in this case — I mean, I am just doing the maths here in my head — you are looking at \$800 million to \$900 million required to get the 1778 houses in the same spot, and we are trying to turn \$185 million, with the help of land value, which is incredibly important, into an \$800 million to \$900 million return for public housing.

Ms SPRINGLE — I do have one more question about land value, if that is okay while we are there. Can I ask about the value at which the land will be sold off? Is that at market value, or is that the concessional or subsidised rates in terms of sell-off?

Mr FOA — I covered in my presentation the process around the sale of any government asset. It is subject to the government land monitor requirements and Valuer-General Victoria assessments. Over time as private stock is built on these sites a land payment is paid per private apartment. So if the land values are increasing over time, so will be the return to government.

Ms SPRINGLE — That does not really answer my question, though.

Mr FOA — Yes, it is not concessional.

Ms SPRINGLE — It is not concessional, okay. Is there a process around which that is transparent? Is that process outlined on the public record somewhere?

Mr FOA — The arrangements with each of the proponents are likely to be commercial in confidence because it protects their competitive interests. However, as Director of Housing I am simply not allowed to sell land that does not meet VG values. It is actually a legal requirement.

Ms SYMES — I wanted to just to ask about the right-to-return pledge. You explained it well in your presentation. I guess what I was a little concerned about was that there was feedback from the community that they did not quite accept that pledge. I wonder: are we making efforts to ensure that people understand that promise?

Mr FOA — Thank you very much. I accept there has been some confusion on the ground, and that probably relates to that transfer letter that went out. People went, ‘Hang on. I’ve been told one thing, and now I’m being asked if I am still on the transfer list’. So we have had to make efforts to adjust our standard documentation for the people on the estates. We also want to ensure that their occupancy tenancy agreement that they have with the Director, and that is the legal instrument that covers their occupancy of the property, also refers back to their right of return so that there is more comfort for the tenant that in the legal agreement they signed there is an acknowledgement that the residence they were at is part of the public housing renewal program and that they have a right to return to the estate should they wish to.

So we are looking for better ways to enshrine tenants’ rights. There is the minister’s pledge on one hand, but we also want to make sure that in our legal documentation of our relationship with our tenants we build that into it. So that has certainly been a learning that we have had a long way.

The CHAIR — Just on that point — and I do not have the document in front of me — we have had witnesses show to us documents that tenants are asked to sign, I believe, about the circumstances in which they will return to their home site. My read of it is that it is not as airtight as the pledge suggests — that it actually says that they are entitled to return if there is an appropriate dwelling for them to go to. So I think the pledge is pretty meaningless.

Mr FOA — That is why we are seeking to bolster it through the legal tenancy agreement, which is the agreement they sign with the state.

The CHAIR — Has that document been prepared?

Mr FOA — We are in the process of doing that right now, yes.

The CHAIR — So the 110 tenants who have already gone —

Mr FOA — We will offer it to the 110 that have already moved, yes.

The CHAIR — But aren’t there 110 that have already gone?

Mr FOA — Yes, there are.

The CHAIR — So what were they signing?

Mr FOA — We will go and approach those 110 that have already moved and offer them the additional clause in their tenancy agreement about their right of return.

The CHAIR — So does that mean then that there are two versions of this tenancy agreement? There are some people who have already signed the one that is not airtight, and they are going to be approached to see if they want to sign something that is intended to give them more rights.

Mr FOA — I see your point. As I said earlier in my presentation, many of the people who have moved to the Heidelberg West area already had transfer applications in and wanted to go from the estate that they were on. But we will go back to anybody who has moved at the moment and say, ‘We are very, very happy to update your tenancy agreement to allow you to return to the estate. We will put an additional clause in your agreement’.

The CHAIR — So what was it that prompted your organisation to change the paperwork part way through the process?

Mr FOA — I have said all along to staff that if there are things that we can learn throughout the renewal program along the way — and this was feedback that our relocations team were getting — then we will adjust the program to meet the needs of our tenants. The tenants are our primary concern.

The CHAIR — And what was the feedback that prompted this change?

Mr FOA — The feedback is that some voices in the community felt that the pledge did not go far enough and that we needed to provide additional support and assurance to our tenants, and we are very happy to do that.

The CHAIR — Okay. So has the new document been drafted?

Mr FOA — No. I will provide it to the committee the moment it is.

The CHAIR — Thank you.

Ms PATTEN — Can I just ask a simple general question? We have got 43 000 people on a waiting list. This renewal project will give us 110 new dwellings, which obviously is a drop, given the need. But I appreciate that there is a whole bunch of other programs. The concern that we have been hearing repeatedly over this process is the short-sightedness of selling off such a large amount of land to create these 110 dwellings and that we are seeing up to 50 or 60 per cent of existing public housing land being sold to create 110 dwellings. Presumably in 2030 and 2040 we are going to need more than 83 000 houses in our social housing. Can you explain the justification for this?

Mr FOA — Thanks, Ms Patten. This program is called the public housing renewal program. People forget about the 100 per cent that are being replaced. We are replacing some of the worst stock in our portfolio; there is some other stuff that we need to replace as well. We are replacing 1661 dwellings with \$185 million worth of cash. We are leveraging that \$185 million into — the maths we did a moment ago — about \$800 million to \$900 million worth of balance sheet value. The Director of Housing has 66 000 properties across Victoria. The land is the most precious commodity; I absolutely acknowledge that. We have to strike the balance, just as we have with the Norlane initiative and the Olympia initiative that have been going for 10 years, where we have been buying and selling land in those areas to try and upgrade stock with the underlying land value over time.

The difference in this program is that it is all in one spot as opposed to speckled out throughout an entire municipality, so there is more focus on it. They are terrific locations and we want to stay in those locations, and the best way we can stay in those locations and redevelop the stock we have got, renew the stock we have got and achieve a minimum of growth is turning \$185 million into the higher figure by leveraging that land value. The land value in total of Director stock — and this is a statewide thing, not a metro thing — would be less than 1.2 per cent of the land value of the Director of Housing assets statewide. It is a —

Ms PATTEN — So are you saying that the land that is being sold is actually only 1.2 per cent of the entire stock?

Mr FOA — That is a Victorian figure, though. There would be a Melbourne figure, but it would be again quite a small number. They are precious sites, and we absolutely want to wring every last drop of value out of it for the Victorian public and for public tenants. The other thing that this program allows us to do is ensure that we can get better utilisation of our stock in other areas in adjoining suburbs. So where we have got people that want to downsize out of larger properties they can do so, and we will get better utilisation and growth in terms of total warm bodies in beds. We will get growth through the utilisation of the adjoining suburb stock.

The third thing I would say is about integrated communities. There have been pockets of social disadvantage that have led to some poor outcomes in a number of these estates. Research points to the need for diversity in the community, and part of that is not the main driver but it is one of the drivers allowing for some private investment on the site. That gives us the opportunity to have a more diverse group of people living there, supporting the local businesses, supporting the local shops et cetera and supporting the local schools.

Ms PATTEN — We have had a developer come in and speak to us, and it was the developer in the Carlton renewal. He said, ‘Don’t even think that these are salt and pepper renewal. We keep our private property very

separate from our public property because it is so difficult to sell a private property in this way'. We hear about this diversity and integration. I guess I am —

Ms SPRINGLE — Sceptical?

Ms PATTEN — Well, I appreciate that having a mixture, having private-public housing in one area, may be good for the businesses around it and it may build up a different community, but I guess I am under no illusion that this is Mrs Jones on a pension living next door to Mr Smith, the QC — they are going to be kept in very separate entities. And as we see in Carlton, even the buildings are a little bit different. Still, you are saying that selling off 50 per cent of an area is what you need to do to raise — and I have done a back-of-the-envelope — about another \$355 million to do this. So selling off 50 per cent of all of those properties is what you need to raise \$355 million. I am working on the property: \$185 million is what you have invested to renew 1778 properties at \$300 000 per property, yet you have got about a \$350 million shortfall. That is to achieve 1778 at \$300 000. So that is how much you expect to get — \$355 million?

Mr FOA — I will not dispute your figure.

The CHAIR — Are you saying that that is how much they will get from the sale of land?

Ms PATTEN — I am asking: is that how much they will get from the sale of land?

Mr FOA — There are a number of issues there, if I can unpack them. Certainly the evidence you had there from a developer is the view of one player in the market, and that is what I would say. Secondly, we are wanting to shift the dial on the conversations about genuine integration in this, and as we have sought to do in a range of our other developments around town, we are absolutely insistent on tenure blind. We are absolutely insistent on —

The CHAIR — So what does that mean?

Mr FOA — Tenure blind means you do not know who lives there — no area for you, non-area for you. Common areas are all in it. The Office of the Victorian Government Architect — that is one of the core principles that they had established for this overarching renewal program. We are actually wanting to push the market and make sure that they understand. We absolutely want these projects to push the envelope on integration of communities.

The other thing that we are going to be pushing them on is: do not forget these are inner-city Melbourne properties, where \$900 000 is not going to buy you much. If you can get a product at a price point as a first homebuyers grant, then hopefully the teacher at North Melbourne Primary School might be able to buy into the area. These projects with the private stock will also make a significant contribution to housing affordability beyond social housing — social deep-seeded subsidy, public and community housing, social. Then you have got affordable housing in the middle, first homebuyers grants, stamp duty and shared equity.

Ms PATTEN — Is that one of the requirements of the developer?

Mr FOA — We are absolutely pushing developers in that direction. We want affordable product in the private stock that is going to contribute to a broader outcome.

Ms PATTEN — Is that one of the requirements?

Mr FOA — Yes.

Ms PATTEN — Any idea of what percentage will be affordable?

Mr FOA — No. That will be —

Ms PATTEN — That will be part of the tender process.

Mr FOA — part of the market process, yes.

The CHAIR — What does affordable housing mean? How is it defined?

Mr FOA — The working definition is ‘Can you get a first homeowners grant?’. The property product, I think, has to be under \$600 000 for that. Secondly, to be affordable it is generally regarded as a rent payable of 30 per cent of the household income.

The CHAIR — So which measure is this project using?

Mr FOA — It is not just the first homebuyers product. We want to push people into the affordability area, hopefully with shared equity, hopefully with stamp duty savings — a whole range of initiatives.

Ms PATTEN — I just wanted to get an estimation of what you think you are going to get for the land that you are selling. You must have some idea because there is market value.

Ms CROZIER — Are they the five sites we spoke about earlier?

Ms PATTEN — Yes.

Mr FOA — Which question? Can I address Ms Patten’s first?

Ms CROZIER — You mentioned the selling of land to get to that figure to equate to the 1788 renewal program. You mentioned five sites before. Are they the five sites that you are referring to with the demountables?

Mr FOA — No, different projects.

Ms PATTEN — They are different.

Ms CROZIER — I will come back to that question.

Mr FOA — That was the Towards Home project with the demountables.

Ms PATTEN — No, as part of this specific renewal — the \$185 million one.

Mr FOA — The actual real answer, and I am not trying to be disingenuous, is that we will get every last drop of value out of the sites that the Valuer-General values them at at a point in time. Initially we did modelling when we put the business case up a couple of years ago around the modelling at the time. I would very much hope that the land values will increase by then and we will actually get more and we will be able to do more for our tenants.

Ms PATTEN — So what was the figure in that modelling?

Mr FOA — I do not have that with me at the moment. I do not want to reveal that to the market if that is okay.

The CHAIR — All right, that is understood. My question is: why were these sites chosen?

Mr FOA — The site selection for these sites is a multifaceted thing, and I understand that there is an FOI outstanding which we hopefully will get processed through the system soon that provides more answers to this question, but it is a mixture of condition, disability access, proximity to other services, the resident interaction that we have had there and information from our staff on the ground. We have a large network of housing staff that are responsible for each of these estates, and they were consulted around where we would be best placed to do renewal projects. So it is a multi-criteria assessment in that space. There were many more that you could put in, but we had \$185 million to try to get our program up and running with so we settled on that array of sites.

The CHAIR — I understand it is the government’s intention to do further developments of this kind. Can you fill us in on any future plans or work that is being undertaken to identify other sites using this model?

Mr FOA — I am flat out delivering on these ones right at the minute. I do not have a next list at the moment. There are other sites that we continually update our asset management planning for. One of the 2012 VAGO recommendations was that the department needed to adopt a much stronger asset management plan and we have been working towards that, and the 2017 VAGO report gives us some acknowledgement that we are working towards that. We are not there yet but we are working towards that, and part of that asset management

plan, as I said earlier — and VAGO made a very strong point of saying — was a renewal program for our ageing assets because of the current age of the assets being an average of 30-plus years old.

The CHAIR — So there is \$185 million allocated for this particular renewal program, but in terms of broader renewal for the other remaining stock that you hold what is the budget for that?

Mr FOA — I did not bring the budget papers with me but if I look back on the annual reports over the last few years for the Director of Housing, the capital program — normal capital program — would be in the order of \$200 million a year turning over. There are about 3500 homes a year that would normally turn over in the cycle, and that is from a tenancy point of view, and at each one of those points where a house is freed up we make an assessment — does it need renewal, should it go in a renewal program, what is its condition and all that sort of thing. We do regular assessments also, but at the point they become vacant we also have a closer look at them. So we do have a strong renewal program, and that includes our high-rise and medium-rise towers as well.

The CHAIR — In terms of selling public housing, what can you tell me about the trend in selling public housing in Victoria over, say, the last 10 years? What has the pattern been? Is this a particularly large amount to be selling in one financial year or is it part of a continuum?

Mr FOA — I will just make a distinction. We are not selling public housing. We are building more public housing than is currently there.

Ms SPRINGLE — You are selling land, though.

Mr FOA — We are selling land underneath in the estates to allow for private development to help us build more and replace the 110 per cent of stock that is there. Has that been done before? Plenty of times, and I pointed to where it is not as concentrated — like Norlane or the Olympic project, a 10-year overnight success, where it has been going for a long time, renewing stock in that area. Again, we have been building one or two bedders, smaller stock, disability access stock, all of that that better meets the needs of our community.

Ms SPRINGLE — Can I just ask, would you accept that selling off public land, which is essentially what is happening, is reducing capacity in the long term?

Mr FOA — From a financial perspective, no. It is a land transaction, converts from a land asset, land under buildings, to a built form asset. So from a balance sheet perspective, no.

Ms SPRINGLE — From a social cohesion perspective — you talked about the value in location before — if you are actually selling off those locations, in terms of community health and wellbeing, not just from an economic point of view but from a service amenity point of view, from people being connected to their communities, from people being able to access the things they need to access and not be out near the urban growth boundary, where there is nothing, can you accept that that is a diminishment of capacity in the long term?

Mr FOA — I accept that, for all the reasons you just said, that is why we are wanting to replace all the stock in that location and grow it by a minimum. We want to absolutely smash that minimum out of the park and actually do that. The land is a use once play, and I accept what you are saying. So if you are going to use the land, then you do it in a very, very considered way, and we have absolutely considered the ways that we can wring every last drop of value out of that land to make sure that we build —

Ms SPRINGLE — Economic value or social value?

Mr FOA — Absolute social value. We will get a minimum uplift, plus all the stock replaced, some of the worst stock in the network where people with disabilities and older persons are walking up three to four flights of stairs, very narrow staircases, which we are hoping to show you, in very poor accommodation. So this accommodation is not fit for purpose now, so we need to replace it.

Ms SPRINGLE — I do not think there is any debate about that. I question the premise that you are wringing every single drop of value out of this through this project, because I do not think you are. That is my point.

The CHAIR — Take that as a statement, because I think it has already been answered.

Mr FOA — I accept that.

The CHAIR — On that, I would be interested in seeing a document that shows sale of public housing land over the last 10 years and what the patterns are. Would you be able to provide that?

Mr FOA — It is in our annual reports over many years — we can collate that data for you — and there is a sales figure in there.

The CHAIR — I wanted to ask about the issue of dwellings versus bedrooms, which has come up with a number of people in their submission. There has been a lot of concern expressed to us that there is a commitment to have a minimum of an extra 10 per cent of dwellings on each site, and there is a hope that it will be more than that, but what has been argued to us is that in terms of real capacity there is actually less because there are fewer bedrooms, therefore fewer people will be living there. I am interested in your response on that.

Mr FOA — Additional bedrooms do not get me another person off the waiting list. The waiting list is for individuals and groups of people that are seeking homes. If I have got an under-utilised bedroom in a property, I cannot match those two families together and say, 'Be flatmates.com'. What the under-utilisation of bedrooms means is that I cannot use that capacity in the system. I reiterate that the number of 1.7 persons on the estates now is the average utilisation of those bedrooms. There is a large number of three-bedroom properties, as you say, across the network. The other thing I would argue is that a number of those families will be offered three-bedroom properties in adjoining suburbs — same schools, if they have got kids in school — through our regular stock turnover because we will have opportunities to put the downsizers into a one or two-bedroom property. If you take into account the additional properties that we transfer people to, you are not going to have a net loss over time; you are going to have better utilisation of bedrooms. We will take more people off the waiting list with this program than without it.

The CHAIR — How many people will come off the waiting list, or how many applicants will come off?

Mr FOA — I am hoping the minimum of 10 per cent is a minimum of 10 per cent, and we will absolutely do better than that.

Ms CROZIER — I just want to go back to an issue. I think you said 60 per cent of the housing stock is 30 years or older. A lot of us live in dwellings that are much older than that, and I am wondering why the 30-year mark? It is 1980s, so how much was built in the 1980s? You did mention some in the 1950s, and we are aware of that. I am just wondering why the 30-year mark has been given to the department?

Mr FOA — Thanks, Ms Crozier. The 30-year figure was some analysis that VAGO did around maintenance costs. You get to that trigger point, and that is when it really starts to cost you significantly in terms of maintenance costs. I would say that the projects in all the housing in the public housing renewal program date back longer than 30 years, so we are talking 1950s and 60s properties in the main. But the 30-year figure I referred to is a VAGO number.

Ms CROZIER — Thank you for that clarification. If I can just switch to another issue, and it goes back to that statement you made around the rough sleeping and the demountables when I was discussing that earlier and the five sites. Where are those five sites?

Mr FOA — Sorry, it is not part of this program, so I did not bring it, but I can provide that to you.

Ms CROZIER — If you could, and also the value of those sites would be useful.

Mr FOA — Yes, the first four sites are part of the Director of Housing portfolio, so they are not buying the land.

Ms CROZIER — It was just in reference to one site that I think is going to be utilised, so I was just wondering if —

Mr FOA — South Brighton?

Ms CROZIER — Yes.

Mr FOA — The value of the land, and it has been sitting vacant for some time, is \$3.5 million, and it is the underlying value of that land.

Ms CROZIER — So the other four sites do not have, as you have just clarified, that same value.

Mr FOA — I am not sure the land values in Preston quite equal the land values in Brighton, but I would be guided by that.

Ms CROZIER — That is quite all right.

Ms PATTEN — Just you wait!

Ms CROZIER — I would be interested to have the figures.

Mr FOA — Certainly.

The CHAIR — I had a site-specific question as well, and it goes to your written submission, page 34. You refer to Koolkuna Lane in Hampton, the Hampton railway station site, and you have made a reference to a matter being in VCAT, which it would have been at the time you wrote, and it has now been decided. There is a height reduction that has been directed, to take it from eight to six storeys. The public housing there is currently 16 one-bedroom units, and it was intended to become 18 units. Can you just briefly tell me what is the plan going forward there? Are you going to be —

Mr FOA — Yes, sure. VicTrack are the lead on that on that project. As Director of Housing and DHHS, we are part of the land providers. VicTrack will work with EPC to see if the reduction in height has had a deleterious impact on their project, but the land and the number of Director of Housing properties at that site to be received is a non-negotiable for us.

The CHAIR — Okay. And what is the timing on all of that? That has been a particularly long-running project.

Mr FOA — It has. I am not able to update the committee on negotiations between VicTrack and the developer. That is something that they will take the lead on. We have always said, ‘Well, there’s our neighbour that is doing a development. We’ll participate in our neighbour’s development’, with VicTrack, and they are leading on it.

The CHAIR — That is understood.

Ms SYMES — I am not sure if you can answer given your commercial constraints, but was there timing on the bids and the tender process?

Mr FOA — Yes. Different elements of the program are at different stages. What I would say is that the process in regards to the commercial process is iterative — that is, we are trying to get as much value out of the bids as possible. So we are running a number of workshops with the OVGA — Office of the Victorian Government Architect — ourselves and we have invited the councils to also provide their views on what should or should not happen on those sites. Often their views are the councils’ views, that nothing should happen and we should not do it. But we are giving councils the opportunity to also inform anybody that would be bidding into this process to ensure that they come forward with their best foot forward — that is, responding to our 13 design principles. It has got to be a design-led solution. It has got to be a community-led solution — what is the community benefit plan that a proponent is putting forward? It has got to represent value for the state of Victoria. We want to push them much harder than the 10 per cent if we can, but we have set that as a minimum. All of those workshops and processes are happening.

Ms SYMES — Would the redevelopment be subject to the VIPP as well, in terms of local procurement, jobs, all that as well?

Mr FOA — Yes. We have actually upped the ante on the Victorian purchasing policy program for local product and local jobs, including the skills guarantee. We have also upped the ante — we have got a tenant employment program and we have specified that each site would need to have a certain number of tenants employed in the program as well.

Ms SPRINGLE — I know that we have got limited time left, but I wanted to take us away from what we have been talking about, the overarching principles around this program. I just wanted to hear your thoughts on and I guess the department's intentions around more the logistical approach to the tenants — to moving them in and out, to the information that they have had access to, whether you think they had adequate legal advice, where they are going during the redevelopment, whether they have been told they have a surety of return, that sort of stuff.

Mr FOA — Great. Thank you very much for the opportunity to answer that question. I met a couple of Fridays ago with the relocations team out at the hub in Preston. We have hand-picked 20 staff across each of the housing areas within metropolitan Melbourne, and they are terrific people. They have been interviewing everyone in the program and sitting down and having a cup of tea with them and talking about what their aspirations are, what their needs are and where they would like to go to as well as informing them about the process around reasonable costs of removal; connections of their utilities, internet, phone and all of that stuff; and giving them time to think through what options they have. It is not knock on your door, here is a notice, you are out. It is absolutely the antithesis of that. It is a case management approach with tenant choice at the forefront — choice about coming back, choice about a different property.

Ms SPRINGLE — Where would they go? For example, if they were told, 'This is going to be redeveloped in this time frame; you'll need to move somewhere and then you may come back if you want to', where are they being moved to?

Mr FOA — We have, as I say, a natural turnover of properties a year, about 3500, so we are using a percentage of those. Plus where we have got most of our early movers is where we have built new stock, so Perth Street, Altona Street are new apartment buildings that have just opened and people are moving to those and are incredibly happy with them. I am getting correspondence from tenants that have had a terrific interaction with our relocations team. One of them was in a resident's house until 10.30 on a Saturday night, making sure their utilities got connected. They have been going above and beyond. Utilising the existing stock that we have through natural turnovers. In Preston and Heidelberg West, I will grant you, we have new stock coming on. In Stokes and Penola streets, we will be opening there hopefully in August-September this year with another two buildings there, so that will help in that Preston area. In other areas around Prahran it is more difficult and we will have to lease and the government provided an appropriation for leasing of premises as well.

Ms SPRINGLE — We did hear from some people in earlier hearings who had some anxiety about the lack of information and the tight turnaround that might mean they need to move out quite quickly. I suppose I would like to get your reflections on whether that is something that the department have taken on board and therefore altered their practices, just to get your feedback on that, because I think we need to acknowledge that we did hear that testimony.

Mr FOA — Thank you for that. We are aware of that testimony. Yes, we have altered our practices and we have learned along the way. But I have to say that when the program was announced, the very, very first people that had to find out were our tenants. Councils found out second, community found out third, our tenants found out first — because it is their homes and many people have been in those homes for a long time. We make no apology for making sure that they heard first, but then there was a gap on information that then flowed while we geared up with our group of 20 really highly skilled housing officers to go around and do those conversations. We have amended our process to make sure that we have backfilled those conversations and they have occurred. They have done over 1000 of them to date.

The CHAIR — Just very quickly, I was wondering what is the average wait time for public housing applicants in general and what is the average wait time for those that are on the priority lists? I am conscious that the priority lists have changed recently.

Mr FOA — I am sorry, I will need to take that on notice. I have not got those numbers with me today, but I am happy to provide them.

The CHAIR — That would be great.

Ms PATTEN — Just quickly, I suppose on a similar figure, the average tenancy, how long do —

Mr FOA — Length?

Ms PATTEN — Yes, because you were saying some people have been in those houses for decades.

Mr FOA — Can I make a couple of broad comments about that? The tenancies are getting longer as affordability and pathways are getting fewer, and therefore our ability to renew stock without doing these sorts of programs is more difficult. That is just the nature of the broader affordability question. The long-running principle in the state of Victoria is that if you are a public housing tenant that manages to improve their circumstance, you do not have to give up your tenancy. All that means is that you then pay a market rate for your property as opposed to a subsidised rate for your property, but you are allowed to stay in the property. That has been a position of multiple governments over many, many years. What we do as people's circumstances improve is we simply twice a year check household rental and charge them 25 per cent or market rate, whatever is the more appropriate one to charge. But it is fair to say that the tenure is getting longer.

Ms PATTEN — Is there a graph or illustration of that?

Mr FOA — I will see what I can produce for you.

Ms CROZIER — I have been speaking to some public housing tenants and one has been in their particular house for 50 years, and it just demonstrates how long people are living in these facilities — and they call it their home, understandably. I have just got a question in relation to maintenance and how the department prioritises maintenance on various estates in public housing.

Mr FOA — For urgent stuff, we have a call centre. It is in Moe. They provide a terrific service that has an after-hours component that we have an after-hours contractor for, so people can call up for urgent maintenance items at any time. The call centre then raises an order, and they have got the capacity to raise an order in their office. If it is a more complex matter and it requires an inspection of a tradie or something like that, then it is generally handled by the divisions at an area level. So there are maintenance offices embedded at each of the area levels within the divisions, but broader, large contract maintenance, say for the towers, is handled centrally in Melbourne, and we have maintenance contracts, security contracts, gardening contracts with larger providers across the bigger estates. So it depends on the maintenance query, and then each level of complexity will have a service standard attached to it: 24 hours through to two weeks.

Ms CROZIER — So obviously something like a utility issue would be dealt with as a priority, rather than a graffiti issue that might not need that urgency.

Mr FOA — Yes, that is a good example.

Ms CROZIER — Could I just ask about those maintenance contracts in terms of who oversees those contracts in terms of some of the employees who are working on the estates. Is that from the office?

Mr FOA — That is from my office, yes.

Ms CROZIER — And how often do they review that contract and what is actually undertaken by those people conducting maintenance?

Mr FOA — Sure. So the contracts are generally for two to three-year periods, and they are retendered. We are just going through security at the moment, for instance. So that is an ongoing process of evaluation of contracts. But during the contract period we also have contract performance staff that look at compliance issues, respond if there are any complaints around individual behaviours or work claimed to have been done not done — those sorts of things. Is that what you are getting at?

Ms CROZIER — Yes, and also dual roles, like being employed, for instance, as a cleaner but doing gardening and having limited equipment to undertake that role. Who oversees that?

Mr FOA — That would be my office centrally, so I am happy to take any details of any suspect goings-on.

The CHAIR — I have a further question that is related to that in relation to security guards. I have been contacted by public housing tenants in my electorate and they have some coverage at their homes by security guards. They are seeking more. I am curious about how much is spent on security guards at public housing and

whether that is increasing, because my observations is that it is and that the police are asking for it because they do not want to be, as they say, used as private security when they are actually police. How many security guards are operating in public housing?

Mr FOA — Only one of the sites in the public housing renewal program. It would be at the towers, which is Flemington. The rest of them are low-rise. So I think you are largely talking about the tower estates here.

The CHAIR — Yes, well, that is where I have come into it, and I was not asking, I have to say, in relation to these specific projects but just generally.

Mr FOA — Again, I am happy to take that on notice, but the cost of security does increase. We work with the police on a regular basis. If they make recommendations to us, we respond to those recommendations. We work with tenant groups regularly and if there are particular security issues that are raised, we respond to those. Some have fixed premises, some have roving premises and rotating guards. There is a whole range of answers to that, but that is something I would probably have to take on notice. I have not got the numbers with me.

The CHAIR — That would be great.

Ms SPRINGLE — One last question I guess pertaining somewhat to Ms Crozier's questions around maintenance and services but I am more interested in what is happening in this interim period. You have got this transition where people are coming and going, being moved in and out according to what needs to happen with their dwellings. How is that being managed in terms of maintenance and services that exist? Is the frequency of, say, cleaning or maintenance or gardening or what have you being maintained through that? If, for example, a dwelling is going to be demolished and there is maintenance issues within that dwelling before the tenant moves out, how is that all fitting together? I guess what I am trying to get at is the impact on the quality of life in the interim.

Mr FOA — The quality of life in the interim, absolutely. I can assure you that we will not be dialling back any maintenance standards just because something is slated for demolition at a later point, particularly when it comes to public health, and the worst problem in a lot of the concrete walk-ups is mould. So we want to make sure that we attend to those sorts of issues when they are raised to our attention. These are very poor-quality homes that were built with technology at the time that is not suitable for today's conditions, and they do cost significant amounts to maintain, but we will not back off on that effort, particularly where public health is concerned, in the meantime.

Ms SPRINGLE — Okay, thank you.

The CHAIR — I think you will be pleased to know that we are out of time.

Mr FOA — I am enjoying the conversation.

The CHAIR — Unless you want to stay for longer. You will be provided with a draft transcript of your testimony today within a few weeks. Thank you very much for your patience and for the input that you have made today.

Mr FOA — Thank you, Madam Chair. Thank you, Committee.

Witness withdrew.