

# Victoria’s Housing Statement: A critical explainer

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The Andrews Government announced a major package of investment and reform on 20 September 2023 called Victoria’s Housing Statement. It announces the demolition of very significant public housing estates across the State, the sale of additional public land to developers, expanded schemes for social and affordable housing delivery, minor changes to renters’ rights and significant changes to the way planning and development decisions are made. This explainer addresses the primary components of the Housing Statement to provide the public with clear advice on what is proposed, how the interventions are justified, and what they really mean.

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## Demolition of public housing towers

### What is proposed?

The Government will forcibly relocate 10,000 residents across 44 public housing towers, then demolish the towers and rebuild the sites with a mix of private and social housing, between 2023 and 2051. The Housing Statement says the redeveloped sites will have at least 10% more social housing and house 30,000 people. This means that up to 19,000 of these new residents will live in new private housing on these sites. The demolition works will commence soon at Carlton, where 196 households have already been relocated from two towers. This will be followed by Flemington and North Melbourne estates, home to a large Horn of Africa migrant community, where the hard lockdowns deployed during 2020 violated tenants’ human rights. Residents in Flemington and Fitzroy have already received one-page flyers about their pending relocation on the day the Premier released the Housing Statement. There appears to have been no consultation with any residents or key public tenant bodies about the proposal.

### What is the justification?

The Government’s Housing Statement is a response to the current housing crisis, claiming that the main driver of the housing crisis is lack of supply. The Government claims the towers are “no longer fit for modern living” and unable to be refurbished. No publicly available evaluations currently exist that support the Premier’s assertion that public housing towers are derelict beyond the point of retrofit, and no public information about potential retrofit alternatives has been released.

## What it really means

*Harm from displacement and community fragmentation:* In the midst of a cost-of-living crisis, more than 10,000 people have just been thrown into a very uncertain future knowing that they will be displaced and their communities broken up. The harmful effects of displacement on health, wellbeing, social connection, and life opportunity are well known. Displacement of low-income communities is known internationally to cause serious harm and death.

*Loss of public housing:* All of the 44 towers are currently public housing – owned and managed by the public through the Government. The Victorian State Government has been progressively demolishing and privatising public housing for more than a decade now through the Public Housing Renewal Program and most recently the Big Housing Build. The plan outlined in Victoria’s Housing Statement continues this agenda on a massive scale. The current approach to public housing redevelopment either sells the public land to a private consortium including a Community Housing Organisation or uses a Ground Lease Model (GLM) to lease the land to a consortium who manages the site and potentially returns this authority to government at the end of the lease (40 years). Either way, the public housing becomes community housing which is managed by private Community Housing Organisations. Public housing rents are capped at 25% of tenant income. Rent in community housing is 30% of tenant income and is often higher. For low-income households, 30% of income on rent is the point where housing stress begins.

*Likely to deepen the housing crisis:* Supply is one dimension of many drivers that are creating the housing crisis. This policy, however, will not realise a net gain supply within the next decade, given the simple fact that hundreds of public housing dwellings will be destroyed before the lengthy rebuild program returns any housing to these sites. This is occurring alongside a rapid increase in applicants to the Victorian Housing Register (social housing waitlist), rapid growth in private rental households approaching the specialist homelessness service, rising rents and unaffordability, and decreased funding for crisis services.

*Significant harm likely:* This program is “Australia’s biggest ever urban renewal project”. As such, it will require Australia’s largest ever public housing relocation program and a very large stock of vacant dwellings to house relocated tenants. That stock simply does not exist due to decades of chronic under maintenance, privatisation and lack of supply pipeline. It will not be possible to carry out such a scale of relocation in a way that minimises harm.

*Questionable feasibility:* There has been one public housing tower demolition in Victoria, this occurred as part of the Kensington Estate Redevelopment in 1999. Another tower was planned for demolition but this had to be cancelled due to cost and practicality. There are serious financial and practical questions to be asked about the possibility of demolishing the towers and whether this represents value for money given the extremely high social cost. Previous studies have proved that retrofit can be an economically and socially just alternative.

*Targeting of public housing:* Just like in the covid hard lockdown, culturally and linguistically diverse residents in public housing are being targeted. There are many apartment towers in Victoria that do not meet Victoria’s Better Apartment Design Standards or are being poorly managed by landlords or building managers. Public housing tenants have been asking for urgent and necessary maintenance and upgrading work on buildings to be undertaken for decades and are ignored. There has never in Victoria been a dedicated annual capital investment budget commitment to public housing maintenance and repair. The towers do not meet living standards because the responsible authority has failed to meet its obligations over decades.

## Loss of public land

### What is proposed?

The Government will “unlock” 45 sites currently in public ownership to developers to build 9000 homes with at least 10% “affordable housing”. No information has been released to the public about where these sites are located, most are in Melbourne and some are in regional cities and towns. No information has been released to the public about how the land will be delivered to the private sector, whether by sale or lease.

The demolition and rebuilding of the towers will also cause the loss of public land, depending on the model to be used which has not yet been made available to the public. If the Public Housing Renewal Program (PHRP) model is used, the estates will be sold to a consortium of private developers and Community Housing Organisations who will make their profit by building significantly higher proportions of private housing on what was public housing land. If they choose the Ground Lease Model (GLM) the land is leased for 40 years and potentially returned to Government at the end of the lease. However, the public housing dwellings are lost forever.

More funding is being made available through the Commonwealth's Social Housing Accelerator (\$496.5m) and the Affordable Housing Investment Partnership (\$1bn). The schemes announced will deliver funding and low cost loans to private companies including Community Housing Organisations to build on publicly owned land. The Social Housing Accelerator funds will be used to demolish two public housing towers in Carlton and deliver 769 more social homes to be managed through Community Housing Organisations on publicly owned land. These are not public housing. There is no indication of how the loans for affordable housing delivery will ensure that the housing is meaningfully affordable and remains so for the entire life of the dwelling.

### What is the justification?

The Government's Housing Statement is a response to the current housing crisis, claiming that the main driver of that crisis is lack of supply. The Government claims that these sites are “under-used” and “surplus”. Currently in Victoria there is no mechanism to require government agencies to rigorously assess and consider the social value of their land asset portfolio. Government departments and agencies are incentivised and often required to sell land holdings deemed “surplus”, with no consideration of the potential use of land for uses like public housing.

### What it really means

*The loss of an essential public asset:* The value of public land is in the fact that we, the public, own it. It is managed on our behalf by government. Some public land can and should be developed for the public good – whether by no-cost transfer to a state agency or a not-for-profit – but it should be utilised solely for public purposes and retained in public ownership. Therefore such land should be entirely dedicated to public housing and other public and social infrastructure – not to market housing.

*Unfit policy framework:* The Victorian Government Landholders Policy and Guidelines provides for variation to the use of market value for the sale of land for community purposes. Land may be sold below market value which has occurred several times to provide land at low or no cost to the private sector such as in Docklands and at the Kensington estate in the 2000s. Look at the case of the Fitzroy Gasworks, promising a massive boost in social and affordable housing but five years later completely stalled. Here, land was being sold from one government department to another, but at market value rather than a reduced amount to reflect social purpose. This means the land price is too costly for

Homes Victoria to deliver any social housing. The land sale policy was introduced decades ago, well before the current housing crisis, and is no longer fit for purpose.

*No definition or guarantee of what affordable housing really means:* While Victoria's Housing Statement includes 55 references to affordability, none of these are linked to a concrete definition of how housing affordability will actually be measured and guaranteed. Homes Victoria's definition for affordable housing is at least 10% below market rent in metropolitan Melbourne and equivalent to market rent in regional Victoria, a negligible saving for renters given the escalation in rental costs over the past 12 months. At the Walker Street Estate, the affordable housing component meant that first home buyers would be able to purchase dwellings six weeks before the dwellings were available to the market. No discount on the market price. At other sites, the affordable housing component was so named because a proportion of the housing was available for purchase or rent via the managing Community Housing Operator, in their "affordable housing" portfolio. These are not standardised and vary across all CHOs.

*Abrogation of responsibilities to the Treaty process:* Public land is the unceded sovereign lands of First Peoples. The State of Victoria is currently in a Treaty negotiation process with First Peoples through the First Peoples Assembly. Land is an essential component of any treaty negotiation between sovereign nations. Such a large scale transfer of public lands either through direct sale or loss of access through leasing and private development undermines the principle and spirit of treaty negotiation and the principle of free, prior and informed consent enshrined in the UN Declaration on the Rights of Indigenous Peoples.

## Rights for renters

### What is proposed?

The Government will restrict rent increases between successive fixed-term rental agreements and ban rental bidding. Some of this was already partially achieved in the 2021 reforms. A new Rental Dispute Resolution Victoria agency will be established to reduce the backlog of claims at VCAT. A portable rental bond scheme will be introduced. The period of notice landlords must give to increase rent or to issue a Notice to Vacate will be extended from 60 to 90 days. Further provisions are stated about rental applications processes and real estate agent training. A new Rental Stress Support Package of \$2m will be provided to services providing legal and financial assistance to stressed tenants.

### What is the justification?

The Housing Statement acknowledges that rental rights are not strong enough in Victoria to protect tenants in a tightening rental market. The statement claims that rent control does not work long term and refers to research without any references given about the perceived failure of rent control in San Francisco, Stockholm and New York.

### What it really means

*Limited additional certainty for tenants:* The average fixed-term lease is 12 months which means the restriction on rent increases between successive fixed-term rental agreements gives renters a maximum of two years without a rent increase. This is a modest, but hardly significant addition to tenant security. Landlords have always been able to provide leases of over 5 years, this does not mean they are offering this as a genuine option. Portable bonds can be helpful, further information is needed about what will protect tenants when bond is being withheld or contested.

*Burden of proof and responsibility remains with tenants:* The 2021 reforms already banned bidding,

the new Housing Statement confirms that accepting bids will be prohibited rather than just discouraged. This is positive, but difficult to enforce. The only party really in a position to report this will be the tenant or prospective tenant. If the bid is agreed between desperate renters searching for housing and a predatory agent or landlord, it is unlikely that the tenant will feel in a position to report the breach. Enforceability has remained a persistent issue within a tightening rental market as people are forced to accept substandard and overpriced rental conditions and absorb rent hikes as much as possible because other options are simply not available. Few tenants are likely to be in a position to challenge or report landlords and agents under these circumstances. Tenants will need the new Rental Dispute Resolution body to be able to follow up and enforce decisions made about landlords.

*Few major changes to how the rental system works:* None of the packages announced disrupt the fundamental driver of the housing crisis which is the financialisation of housing as a wealth creation asset. The package does little to shift the balance of power between landlords, real estate agents and tenants. The Housing Statement is silent on the direct implementation and enforcement of minimum standards announced in 2021. Mandatory training and licensing for real estate agents amounts might improve interfacing with a system largely stacked against renters. The Housing Statement is silent on the negative impact prop tech like Snug and other platforms are having on renters rights and experiences. A shared and standardised platform as proposed without further protections may simply enhance the capacity of big prop tech to extract and use tenant data. The organisations providing support to tenants with financial and legal advice is already stretched to breaking or unable to deliver services at all due to capacity, a \$2m addition will not address the scale of the need.

## Fast-tracking planning decisions

### What is proposed?

The Minister for Planning will be the sole decision maker for large residential projects that include affordable housing. This will occur through the Development Facilitation Program, which provides an “accelerated assessment pathway” for development. The Program criteria has been expanded to enable the Minister to decide on higher-density residential projects of \$50m+ in Melbourne and \$15m+ in regional Victoria with at least 10% affordable housing, and sites which are developed on Crown Land or funded (partly or wholly) by the State Government. The changes already gazetted allow the responsible authority to reduce the affordable housing percentage.

### What is the justification?

The Housing Statement frames the housing crisis as created by a lack of housing supply. The changes to the planning process are therefore justified as removing “red tape” and accelerating decisions to allow development. There has been considerable reform of the planning system in the past 15-20 years which have provided a variety of fast-track pathways. That these have done little to address supply or affordability suggests there is a much more complex set of responses needed to ensure the affordable housing is delivered in the right places.

### What it really means

*Loss of local decision-making:* The Minister will decide on a much wider range of projects including large residential projects, removing decision making power from local Councils and from the planning processes which govern development decision-making in Victoria. The gazetted changes allow the Minister to waive aspects of the planning scheme on any application considered under this provision, with building height or setback specifically mentioned as being totally discretionary. Local

communities will not have a say through normal planning processes about large scale development in their local area. The gazetted changes exempts applications considered under this program from review, meaning and there will be reduced oversight and public transparency of the decision-making.

*Potential for exploitation:* This shift of decision-making powers can be used to serve developers by tightening the link between private development capital and political gain at the same time reducing public transparency and oversight. What measures will be in place to prevent exploitation and to ensure appropriate public accountability?

*Undermines the social and environmental values of the planning system:* The planning system of development approvals exists to help ensure that publicly agreed social and environmental values are protected from inappropriate development. It is reasonable to assume that all of the 1,400 planning applications across the State pending a decision are being appropriately subjected to rigorous review. Removing planning powers from council is not going to fix the housing problem because this is not where the problem is.

*Obscures the root of the problem:* According to the Municipal Association of Victoria more than 98% of housing permits are granted under delegation with no input from councillors. Almost 120,000 dwellings are approved and ready to be built. Delays in actual housing construction often occur post-planning approval for a number of reasons – market conditions, cost or availability of construction materials or labour. Nothing in the statement addresses the problem of developer-led delays or land banking practices.