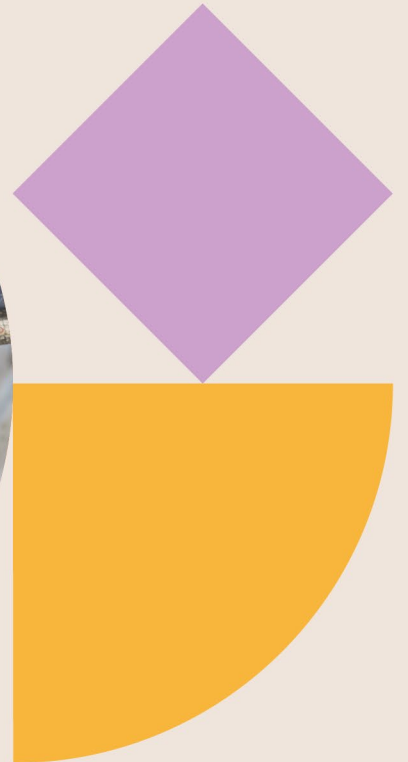




Social Housing Accelerator Program

Victorian Implementation Plan

October 2023





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For general enquiries

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Contents

- Contents.....4**
- 1. Introduction5**
 - 1.1 Victoria welcomes the Social Housing Accelerator Program5
 - 1.2 Implementation Plan requirements5
 - 1.3 Estimation Currency5
 - 1.4 Victoria’s capability to delivery social housing effectively and efficiently6
- 2. Baseline – Existing and Planned Social Housing Investment7**
 - 2.1 Summary7
 - 2.2 Victoria’s existing social housing commitments9
 - 2.3 Existing social housing demand 10
 - 2.4 Average waiting times for an allocation into public housing from priority access .. 11
- 3. Social Housing Accelerator Delivery Approach12**
 - 3.1 Funding and Delivery Parameters 12
 - 3.2 Delivery Approaches 15

1. Introduction

1.1 Victoria welcomes the Social Housing Accelerator Program

The Victorian Government was pleased to accept the Commonwealth's offer of \$496.5 million under the Social Housing Accelerator Program, which will provide a welcome boost to the supply of social housing in Victoria.

Victoria looks forward to continuing to work closely with the Commonwealth and other state and territory governments to address the important challenges of housing and homelessness.

1.2 Implementation Plan requirements

This Implementation Plan has been written in accordance with the requirements set out in the Social Housing Accelerator Payment Schedule to the Federation Funding Agreement – Affordable Housing, Community Services and Other (Schedule), namely how the funding will be used to permanently increase the supply of social housing in Victoria. Accordingly, Section 3 of this plan specifies the following:

- the estimated number of new or refurbished social dwellings and quantity of funding for delivery over the term of the schedule
 - broken down by project or program
 - recognising that final project details and costings will depend on market factors over the schedule period
- the expected way in which the new dwellings will be delivered
- the estimated financial years in which these dwellings will be made available
- the estimated effect of the new dwelling stock on waiting times for social housing.

Also, as required by the Schedule, Section 2 of this Plan sets out the number of new or refurbished social dwellings and quantity of funding that has already been committed, planned or announced for delivery of social housing over the term of the Agreement, broken down by project or program.

1.3 Estimation Currency

Best endeavours have been used to provide an accurate and robust costing of the proposed delivery strategy based on current (as of July 2023) costs and estimates over the course of the agreement.

While Victoria's costings include owner costs, escalation and contingency, as outlined in Section 3.3.2 below, the overall costings may change as projects are refined or should market conditions change significantly.

1.4 Victoria’s capability to delivery social housing effectively and efficiently

1.4.1 Homes Victoria

The creation of Homes Victoria was announced in November 2020 in conjunction with the Victorian Government’s announcement of its record \$5.3 billion Big Housing Build investment – which will deliver more than 12,000 social and affordable homes across Victoria.

Through the delivery of the Big Housing Build (BHB) and other programs, Homes Victoria has built nation-leading capabilities in the identification, planning, development, funding and delivery of social and affordable housing, as well as in the maintenance and renewal of the existing public housing system. This is supported by well-developed systems and processes and capability that have built up significant intellectual property.

Homes Victoria is now experienced at selecting and utilising a broad range of delivery and procurement methodologies to meet site specific and program strategic policy, housing, risk, financial and mixed tenure objectives. These include direct delivery, development agreements, innovative financing models such as the Ground Lease Model and grants programs. Through the use of these models, Homes Victoria is experienced at working with the private sector, community housing providers and Aboriginal housing organisations to deliver on housing objectives.

1.4.2 Leveraging our experience for SHAP

As a result of the recent substantial investments in social and affordable housing by the Victorian Government (as outlined in Section 2 below), Homes Victoria is the largest residential property developer in Victoria (and therefore one of the largest residential property developers in Australia) and is spearheading the delivery of an ongoing pipeline of existing housing site revitalisation and new developments, in partnership with CHPs, local governments, and the private sector.

The BHB has already delivered 2,757 of the targeted 9,300 new social dwellings announced in November 2020 with more coming on board every month.

1.4.3 Job creation

The BHB program—which has a key objective of boosting Victoria’s economic recovery in response to the impacts of the COVID-19 Pandemic—has a target of creating 43,880 new jobs, including the facilitation of jobs for women, Aboriginal Victorians, people with a disability, social housing tenants, and people from diverse backgrounds. Furthermore, ten per cent of work on large BHB projects (greater than \$10 million) must be done by apprentices, cadets and trainees.

In addition, in order to boost local content in the production of goods and the supply of services for construction, all BHB projects over \$50 million must comply with the provisions for strategic projects under the *Local Jobs First Act (Vic) 2003*.

2. Baseline – Existing and Planned Social Housing Investment

2.1 Summary

The Victorian Government has an ambitious agenda to grow social and affordable housing in Victoria. It is investing record amounts for the construction of new and replacement dwellings, with many new dwellings coming online over the last few years, and a significant number of dwellings currently under construction or planned to be delivered by the end of June 2028.

These dwellings, as detailed in the table in Section 2.2 below, are being delivered directly by Homes Victoria as well as in partnership with the Community Housing sector, Aboriginal housing organisations and the private sector. Through this work, significant capability and systems have been built, which can easily be leveraged to rapidly deliver social housing under the Accelerator.

The estimated 9,398 net new social housing dwellings that are expected to be delivered during the life of the Agreement (Financial Years 2023 to 2027), as indicated in Section 2.2 below, have a preliminary estimated cost of around \$4.6 billion.

2.1.1 Big Housing Build

The \$5.3 billion of funding for the BHB is currently in the process of delivering more than 9,300 new social housing dwellings and 2,400 new affordable dwellings.

Under the BHB, Victoria has made excellent progress in implementing what is the largest investment in social and affordable housing in a generation.

As at 31 August 2023, over 2,951 households have either moved, or are getting ready to move into, brand new homes (approximately 23 per cent of the more than 12,000 new social and affordable dwellings to be delivered under the BHB), and a further 4,647 homes (40 per cent) are either under construction or have had funds committed. Therefore, Homes Victoria has completed or committed to the construction of more than 7,598 homes, representing approximately 63 per cent of the 12,000 plus target. A further 5,085 dwellings (36 per cent) are in planning, including projects endorsed to proceed to business case or planned to be delivered through a mature pipeline of projects.

The BHB targets incorporate a 10 per cent allocation of dwellings for Aboriginal Victorians, of which 420 dwellings are to be delivered under the Social Housing Growth Fund (SHGF) program and the Homes for Aboriginal Victorians Round (HfAVR). The HfAVR has adopted a sector capacity building approach to increase the Aboriginal housing sectors participation into the rounds and optimise access to deliver further social housing outcomes for Aboriginal Victorians.

2.1.2 Building Works Stimulus

The \$528 million Building Works Stimulus (BWS) program was announced by the Victorian Government on 18 May 2020. Its objective is to accelerate the maintenance, upgrades and creation of new social housing in order to improve the quality of life of tenants, as well as to drive economic activity and job growth in response to the COVID-19 economic and social impact.

2.1.3 Ground Lease Model projects

The innovative Ground Lease Model (GLM) will deliver more than 2,500 homes across seven sites in Brighton, Flemington, Prahran, South Yarra, Hampton East and Port Melbourne. This includes the delivery of over 1,500 new homes including more than 1,000 new social and affordable rental properties. Through a partnerships approach, public land will be leased from Homes Victoria to a project group who will finance, design, construct, maintain and operate new housing. The community housing provider will manage and maintain the sites for 40 years, before handing the land, and all dwellings, back to Homes Victoria. The first GLM is currently in delivery with construction to be completed in early 2024. The second GLM project, which is being delivered as part of the Big Housing Build is currently in procurement with contract close expected in Quarter 4, 2023.

2.1.4 Public Housing Renewal Program

The Public Housing Renewal Program (PHRP) was first announced in 2017 in the Homes for Victorians initiative. The program sought to redevelop public housing sites in metropolitan Melbourne and regional Victoria. Several public housing sites initially intended to be part of the program were eventually redeveloped under other programs, such as the Big Housing Build and Ground Lease Model.

To date, redevelopment works under this program have commenced across four metropolitan Melbourne sites, in Northcote, North Melbourne, Preston and Brunswick West. These four redevelopments include over 489 new social housing homes, representing an increase of 182 new social homes.

Together with the new construction of market homes, the total number of new social and market homes under the PHRP model is 1,351.

Construction of these projects is underway and due for completion between 2024 and 2025.

2.1.5 Social Housing Growth Fund

Announced in 2018, the Social Housing Growth Fund (SHGF) invested \$1 billion to fund 2,200 new social housing homes for delivery by community housing agencies in partnership with Homes Victoria. These funds were invested with the Victorian Funds Management Corporation to create an ongoing pipeline of funding.

Dwellings developed out of the SHGF will be owned (or held by long term lease) by community housing agencies.

These funds were announced prior to, and are not part of, a further \$1.38 billion that was committed under the Big Housing Build to the Social Housing Growth Fund, to fund community housing agencies to deliver up to 4,200 new social housing dwellings.

The new social housing dwellings being delivered under SHGF are being delivered under the Build and Operate Program (BOP)—which also includes affordable homes. BOP Round 1 will deliver more than 780 new social housing homes across 24 locations in Melbourne and regional Victoria. BOP Round 2 is expected to deliver around 900 new social housing dwellings.

2.1.6 Base Program and Other Capital Projects

These are social housing dwellings which are being renewed or delivered under funding which is not under any specific program.

2.2 Victoria's existing social housing commitments

Indicative forecast social dwelling stock availability from active capital programs during the life of the Agreement*																
Programs	FY 2023		FY 2024		FY 2025		FY 2026		FY 2027		FY 2028		FY 2029		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Big Housing Build	1,935	1,808	1,765	1,824	1,219	1,194	1,443	1,443	472	471	955	787	0	0	7,789	7,527
Building Works Stimulus	160	160	173	173	146	146									479	479
Ground Lease Model 1			619	176											619	176
Public Housing Renewal Program			232	96	257	88									489	184
Social Housing Growth Fund - BOP1	237	237	128	128	73	73									438	438
Social Housing Growth Fund – BOP2					100	100	798	798							898	898
Base Program	62	54	196	175	61	60	16	16							335	305
Other Capital Projects			26	26	62	62									88	88
Social Housing Growth Fund – New Rental Development Program	40	40	50	50											90	90
Total	2,434	2,299	3,189	2,648	1,918	1,723	2,257	2,257	472	471	955	787	0	0	11,225	10,185

*Further additional social housing dwellings are expected to be delivered during the period covered by the schedule including potential additional Social Housing Growth Fund – BOP funding rounds and through the Regional Housing Fund announced on 18 July 2023 which is expected to deliver more than 1,300 social and affordable homes. These are not yet included in the above table as the number and timing of dwellings is yet to be confirmed. Further detail will be provided when confirmed.

2.3 Existing social housing demand

2.3.1 Victorian Housing Register

The Victorian Housing Register (VHR) was established in 2016 as a single waiting list for social housing and became fully operational in October 2019.

The VHR offers a single-entry point to apply for both public and community housing, and allocations into new social housing delivered through the Accelerator will occur through the VHR.

The VHR consists of two application types:

- Priority access: for people most in need of housing, and
- Register of interest: for people who do not have an urgent housing need but are seeking to live in social housing.

A standard set of eligibility criteria are applied for all applicants seeking social housing, and additional eligibility criteria are applied for priority access to social housing offered from the VHR. Eligibility for social housing is set in the Determinations under the *Housing Act 1983*. The eligibility criteria apply to both new applicants for social housing and to existing renters seeking to move to a different social housing property.

The five eligibility criteria for social housing are:

- Proof of Identity
- Australian citizen or Permanent resident
- Victorian resident
- Income eligibility
- Asset eligibility.

All applications for social housing are assessed against the eligibility criteria and any additional eligibility criteria that may be applicable for priority access applications, including requesting further information to support requests for specific requirements. Eligible applicants are then placed on the VHR in accordance with their housing need.

There is high demand for social and affordable housing across Victoria, with demand greatly outstripping supply. The number of applications on the VHR and waiting times for social housing are an expression of this demand.

Allocations into social housing have not increased at the same rate as applications, meaning that the average length of time that people are waiting to be housed is growing over time, as indicated in the table below.

The majority of social housing allocations are to priority households who are entering social housing for the first time.

On average, 1 in 10 households, and almost 1 in 5 priority households, waiting on the VHR were housed in 2022-23.

2.4 Average waiting times for an allocation into public housing from priority access¹

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
General	10.5 months	11.6 months	12 months	12.4 months	15 months	18.1 months
Family violence	8.8 months	10.3 months	9.9 months	11.1 months	17 months	23.6 months
Target	10.5 months	10.5 months	10.5 months	10.5 months	10.5 months	10.5 months

The additional 769 dwellings to be delivered through the Accelerator funding will have a positive impact on social housing wait times (gross) by enabling additional allocations into these dwellings that would otherwise not have been possible.

Due to the multiple supply and demand variables that affect social housing wait times, the Accelerator funding impacts on reported wait times (net) cannot be isolated.

¹ While the waiting time target for family violence has not been met, more family violence victim survivors moved into social housing in Victoria in 2022-23 than in any other year in the last six years. More people are joining the VHR for the reason of family violence every year than are being allocated into public housing. In June 2017 there were 1,667 applications in family violence priority types, compared to 4,037 applications by March 2023. Allocations into public housing have not increased at the same rate as applications. This means that the average length of time that people are waiting to be housed is growing over time.

3. Social Housing Accelerator Delivery Approach

3.1 Funding and Delivery Parameters

In accordance with the Schedule, and as outlined below, the Victorian Government will deliver a range of well-located, well developed and value-for-money projects via proven delivery methods.

3.1.1 Funding

Victoria has been allocated \$496.5 million for the delivery of social housing under the Social Housing Accelerator.

3.1.2 Alignment with provisions of Schedule

The delivery approaches outlined in this Plan align with the requirements set out in the Schedule including:

- projects need to permanently increase the supply of social housing
- funding is for:
 - new social housing
 - renovations/refurbishments of existing dwellings that are currently 'uninhabitable'
 - expanding existing programs by the State
 - funding is available for spot purchases and conversions of non-residential properties where it increases social housing and total housing stock
 - states and territories can partner with Community Housing Providers (CHPs); and entities whose primary purpose is improving housing outcomes for Aboriginal and Torres Strait Islander people
- all funds allocated must be committed within two years of the commencement of the Schedule (by 30 June 2025)
- new dwellings are to be completed, and all funds must be expended, within five years of the commencement of the Schedule (by 30 June 2028).

3.1.3 Design standards

As stipulated in the Schedule, the social dwellings to be provided under this funding will adhere to Victoria's minimum standards for social housing, and the National Construction Code—including the 2022 amendments which have not yet been fully implemented or adopted.

It is expected that new homes will meet 7-star Nationwide Energy House Energy Rating Scheme (NatHERS) efficiency standards and Silver Level liveable housing design rating.

3.1.5 Victoria’s Implementation Principles

The selection of delivery approaches proposed in this Plan is guided by the application of the below principles.



Delivery readiness: augmenting existing programs and utilising existing delivery channels and well-developed projects to enable quick delivery to ensure that delivery timelines under the Agreement are met, and that housing is delivered as soon as possible to mitigate against the risk of cost growth.



Growth potential: ability to deliver a permanent increase in social housing, with refurbishment/rebuilding of existing social dwellings only possible where those dwellings are uninhabitable.



Mix of delivery approaches: providing greater flexibility in terms of the delivery mix by drawing on existing resources and delivery experience across Homes Victoria, and thereby reducing delivery and escalation risk.



Cost competitiveness and value for money: continuing Homes Victoria’s active value management approach where projects in planning and/or delivery are continually assessed in terms of optimal delivery and procurement approaches to ensure value for money.



Addresses need and demand

Specific sites and projects will be selected to address known demand and prioritises the redevelopment of uninhabitable properties.

Housing for Aboriginal Victorians

10 per cent of Accelerator funded dwellings funds will be delivered in accordance with Aboriginal Housing Delivery Management Approach. This includes a 10 per cent Aboriginal housing Accelerator commitment prioritising transferred dwellings to Aboriginal Community Controlled Organisations that are registered CHPs to support a self-determination approach for housing outcomes for Aboriginal Victorians.



3.1.6 Rationale for Proposed Delivery Approaches and Costings

Outlined in the table below are three delivery approaches which have been selected in accordance with the requirements of the Social Housing Accelerator Program and the above implementation principles to maximise the delivery of social housing.

Each of these delivery approaches have been adopted through Victoria’s \$5.3 billion Big Housing Build, demonstrating their effectiveness individually and collectively to deliver a range of objectives. Homes Victoria has therefore built significant capability to efficiently and effectively delivery projects through these approaches.

A multi-pronged approach also allows the rapid delivery of housing through Approach 1 (Small Scale Redevelopments on underutilised Homes Victoria Land) and Approach 3 (Spot Purchase), while Approach 2 (Large Scale Development on Homes Victoria or other Victorian Government Land) enables developments at scale to meet more concentrated demand. That concentrated demand tends to be within inner metropolitan Melbourne. It is for this reason that Approach 2 represents a slightly higher cost per dwelling reflecting the additional costs associated with development in densely developed areas, such as land acquisition and site preparation costs (ie. demolition of existing structures on site, decontamination etc.). The costs represented are nevertheless within benchmarks established through the delivery of the Big Housing Build.

3.1.7 Site and Project Selection

Given the timeframes for the development of this Implementation Plan, Homes Victoria has not finalised specific sites and projects.

Estimates of dwellings and costs are based on Homes Victoria's detailed understanding of project costs under each of these models based on projects being delivered now.

Homes Victoria is working in parallel to rapidly confirm specific projects and sites to be well placed to meet the commencement timeframes outlined in this Plan. Details of these projects will be provided to the Commonwealth as confirmed and included within reporting under this program.

Given that the approaches outlined below include building on existing Victorian Government and Homes Victoria owned sites, some of these sites may have existing social housing dwellings on them. A significant proportion of these are uninhabitable and vacant in accordance with the requirements of the Accelerator program. Where a dwelling that is currently habitable is being replaced, this will be funded from internal sources. Homes Victoria will demonstrate and clearly delineate this through its ongoing reporting.

3.2 Delivery Approaches

Approach	Funds	Dwellings / households	Description
Approach 1 - Small Scale Redevelopment on underutilised Homes Victoria Land	\$140.5 million	254-282	Using the proven model used through the Building New Homes to Fight Homelessness Program to redevelop underutilised infill sites, usually with one existing dwelling, on Homes Victoria owned sites in metro Melbourne
Approach 2 – Large Scale Development on Homes Victoria or other Victorian Government Land	\$306 million	368-409	<p>Using the proven approach being implemented as part of the Big Housing Build, Homes Victoria will identify underutilised sites in areas of high demand for social housing in Metro Melbourne. This may include existing Homes Victoria sites with a high need for revitalisation and well-located sites owned by other Victorian Government departments and entities.</p> <p>Projects being progressed under this approach include:</p> <ul style="list-style-type: none"> • The Carlton Red Brick Public Housing Towers https://www.premier.vic.gov.au/first-social-housing-accelerator-project-carlton • Banksia Gardens Estate https://www.premier.vic.gov.au/building-new-homes-future-victoria <p>Details of additional projects to be funded under this stream will be provided once confirmed.</p>
Approach 3 – Acquisition	\$50 million	70-78	Using the proven approach utilised under the Big Housing Build, Homes Victoria will acquire specific dwellings and/or buildings that meet the net new requirements of this program including buying into developments that would not otherwise proceed.
Total	\$496.5 million	692-769	

* Indicative only – will be impacted by site selection and social housing demand within geographical area.

3.2.1 Indicative Commencement and Completion Timelines

Approach 1

	FY24	FY25	FY26	FY27	FY28	Total
Commencements*	25-28	172-191	57-63	--	--	254- 282
Completions**	--	25-28	172-191	57-63	--	254 - 282

Approach 2

	FY24	FY25	FY26	FY27	FY28	Total
Commencements*	102-113	266-296	--	--	--	368-409
Completions**	--	--	--	102-113	266-296	368-409

Approach 3

	FY24	FY25	FY26	FY27	FY28	Total
Commencements*	63-70	7-8	--	--	--	70-78
Completions**	63-70	7-8	--	--	--	70-78

**Completion and commencement dates are estimates only, and will depend on specific projects, market conditions and planning processes. All dwellings will be commenced and completed within the parameters outlined in the Schedule. Commencement is defined in line with the established Big Housing Build definition: commencement of earlier of early or main works on Homes Victoria/Victorian Government owned sites (applies to approach 1 and 2) and for targeted acquisitions, commenced is defined as signing of contractual commitment (approach 3).*

***It is expected that each property/dwelling will be made available to tenants within 3 months of completion.*