

TRANSCRIPT

SELECT COMMITTEE ON THE 2026 COMMONWEALTH GAMES BID

Inquiry into the 2026 Commonwealth Games Bid

Melbourne – Friday 29 November 2024

MEMBERS

David Limbrick – Chair

Joe McCracken – Deputy Chair

Melina Bath

David Davis

Jacinta Ermacora

Michael Galea

Sarah Mansfield

Tom McIntosh

Rikkie-Lee Tyrrell

WITNESS

Sarah Toohey, Chief Executive Officer, Community Housing Industry Association Victoria.

The CHAIR: We will now resume the committee's public hearings for the Inquiry into the 2026 Commonwealth Games Bid. Thank you for appearing today.

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All evidence is being recorded, and you will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record can you please state your name and the organisation that you appear on behalf of.

Sarah TOOHEY: Sure. I am Sarah Toohey. I am the CEO of the Community Housing Industry Association of Victoria.

The CHAIR: Thank you. I will just briefly introduce the committee. I am David Limbrick, the Chair of the committee.

Joe McCracken: Joe McCracken, Western Victoria.

David DAVIS: David Davis.

Melina BATH: Melina Bath, Eastern Victoria.

Michael GALEA: Good afternoon. I am Michael Galea, Member for South-Eastern Metropolitan.

Jacinta ERMACORA: It is exactly midday, good afternoon. I am Jacinta Ermacora, and I am a Member for Western Victoria Region.

Sarah MANSFIELD: Sarah Mansfield, Member for Western Victoria Region.

The CHAIR: Thank you. I welcome you to make any opening remarks that you might want to make.

Sarah TOOHEY: Thank you. I thought I would give some context about what CHIA Vic is and our involvement in the Commonwealth Games to date and then take any questions.

The CHAIR: Certainly.

Sarah TOOHEY: CHIA Vic – that is the acronym – is the peak body for the community housing sector in Victoria. Our members include the 48 not-for-profit registered community housing organisations in the state, which collectively manage over 25,000 tenancies. Those tenancies include long-term social housing, transitional housing, rooming houses and specialist disability accommodation. CHIA Vic advocates for a housing system that meets the needs of all Victorians, and we have recently launched a 10-year plan to reimagine the community housing sector as the key to delivering that fairer housing system for more people.

I thought I would touch on demand for social housing in regional Victoria. There are around 51,000 households waiting for social housing as at June 2024.

David DAVIS: How many?

Sarah TOOHEY: Do you want the exact number?

David DAVIS: Yes, sure.

Sarah TOOHEY: 51,602 households. And there are a further – I will be exact on this one too – 9985 existing social housing tenants that are waiting for a transfer. They all appear on the same list. Of those applications, around 30 per cent have expressed an interest in living in regional Victoria.

In the regions that were to host the Commonwealth Games there were almost 15,000 households with an unmet housing need at the 2021 census – that is, households that were either homeless, living in extremely overcrowded or otherwise inappropriate housing situations or in the private rental market paying more than 30 per cent of their income. I should, sorry, put a caveat on that: they are on a low income in the private rental market, so that means that paying more than 30 per cent leaves you very little for electricity, food and those other costs of living.

To break that down, in the Greater Geelong region that is 6500 households, in Ballarat that is 3300 households, in Greater Bendigo it is 2800 households and in the Latrobe region, which covers the Moe, Morwell and Traralgon area, it is 2100 households. Given that immense housing need in those regional locations, CHIA Vic advocated strongly for the Commonwealth Games to leave a lasting legacy for social housing in those regions. When the funding was initially announced in the 2022 budget we immediately called for some of that \$2 billion initial funding to be used for Commonwealth Games athlete villages that could be used for social and affordable housing after the games. In our state election platform that same year we called for those housing initiatives under the games to be delivered by community housing organisations in a mixed tenure model. The model we proposed was a social, affordable and market rental mix – about half in that rental area and then half to shared equity and private sales. We thought that was a great opportunity to trial something innovative in housing delivery in the regions, because there are two interrelated housing problems in regional Victoria, one of which is there is not a very big rental market, so while on paper what is in the rental market looks affordable, the people who need it cannot get it, because the market is so small.

The second interrelated problem is that the stock in regional Victoria is predominantly family homes. There are very little villa/townhouse/strata title units. One of the challenges for our members is that means that if we would like to go and build a small-scale – in Melbourne you would call them a sixpack – unit development, it is hard to get finance for those because there is no proof of concept. We were proposing this as an opportunity to trial some innovative delivery in regional Victoria that would not have been done otherwise.

We were also very clear in our advocacy that this funding should be in addition to the \$1.25 billion that was already allocated to social housing in the regions under the Big Housing Build, so when the Commonwealth Games was cancelled we welcomed the announcement of the \$1 billion regional fund. It was absolutely critical for regional Victoria and we were pleased to see that allocated to social housing. That is generally the end of my presentation. I am happy to take questions about any of that, the community housing sector or housing need in general.

The CHAIR: Thank you very much. I will pass you initially to Mr McCracken.

Joe McCracken: Thank you very much. Thanks for your presentation and thanks for your advocacy. When the announcement came through, the 1000 houses that were going to go into regional Victoria, the different split up was not proportional to the population of those areas. We just had people in before from the Central Highlands area, from Ballarat, which is where I represent. They got 34 houses in the Central Highlands. Would you think it is fair that at least it is proportional on a population basis or a need basis?

Sarah TOOHEY: It is interesting, because there is also the overlay of the Big Housing Build that is already out there, and the funding allocation under the Big Housing Build was proportional to population, so Ballarat got a proportional share. So it really depends, and I know that under that Big Housing Build some LGAs – I think Ballarat and Bendigo in particular – did really well and probably got above their share, so there may have been some reallocation. I am hypothesising; I do not know the answer to that, but my answer to the question is you probably have to overlay the two.

Joe McCracken: To get the full picture.

Sarah TOOHEY: Yes. Need is not static, but I think if we could get much better granular information on need, that would be a good first step.

Joe McCracken: I guess part of the issue is that there is no clear indication in the announcement what is refurbishment and what is actually new.

Sarah Toohey: My understanding is – and again this is from me reading a website, so as I take it – the listed properties in each location are new dwellings, and then they talk about 180 refurbished dwellings. I assume that is on top of the 1000. That is my assumption.

Joe McCracken: I guess my question is: have you been consulted by the government on how to work this program best so it has the best benefit and meets the greatest need?

Sarah Toohey: My understanding of the 1000 homes that have been announced to date is that they will be delivered by Homes Vic, the public housing authority, so they are not going to be delivered by our members. We are not involved in that early stage. I understand that the remaining 300 may be delivered by the community housing sector, and we would be very keen to work with government on how to roll those out in the best possible way. We do think there are efficiencies to be delivered by using the community housing sector. For example, in the Big Housing Build there was what they called the regional housing round that went to the community housing sector to bid on projects in regional Victoria. In that round \$327 million in government funding went to build 739 homes, so that is an average unit cost of \$322,000 a unit to government.

That is not what it costs to build the homes; the community housing sector brings money to the party. We are not-for-profit, so we do not bring a lot of money, but we are able to work with local councils to access land at low cost. A number of our members are church based or affiliated with church groups, so they are able to access church land at no cost. In regional Victoria land is not the huge cost, but it is a substantial discount. We are then also able to access GST input credits, so that brings it down by a further 10 per cent, and often bring our own borrowings. Again, we rent to social housing renters who are on income support, so the profit on that is very marginal and the borrowings are very – there is not a huge amount of borrowings to contribute, but if that brings the cost to government down cumulatively by about 30 per cent, it is a more cost-effective way to deliver social housing in my view.

Joe McCracken: Well, we know from the documents that we have seen that per-unit might be in the order of as high as \$800,000, maybe mid to high sevens. You are saying it can be done for a lot cheaper. Have you had any discussions with government about your approach to housing as opposed to almost double the expense?

Sarah Toohey: We are very clear that we think that the community housing sector absolutely offers value for money, and when you are in the middle of a housing crisis every dollar should be going to deliver housing in the most cost-effective way. That said, the public housing portfolio is large – you know, 65,000 units across the state. Homes Vic also have access to land, properties that need to be redeveloped, sites that can offer value, so I cannot speak to that, to their side of things, but our members are able to –

Joe McCracken: But to your comments, you have obviously had discussions with government saying ‘Well, look, we can do this.’ I am using round figures, but: ‘It could be even half the price of what you guys are doing it for.’ Have you had a response? Say, ‘Let’s go with you, because you can do a really good service, a really good product at a really good rate’?

Sarah Toohey: Well, the first thousand homes are not being delivered by us.

Joe McCracken: No, but I mean more broadly.

Sarah Toohey: Look, we are advocating all the time to the Victorian government around how we can deliver. We are also in a delivery kind of phase with the Commonwealth government around the housing affordability future fund, so that is rolling out. Victoria got I think just under 4000 units in that, so over the next couple of years that will roll out. I do not think there is a capacity question, because if the money is allocated, we will go and build it, but there might be a capacity perception in government around what the community housing sector can deliver, given we are smaller organisations and –

Joe McCracken: That makes sense. I think my time is up.

David Davis: Trades and things as well.

Sarah TOOHEY: Yes. I mean, there is definitely a construction workforce challenge at the moment.

The CHAIR: Thank you. Mr Galea.

Michael GALEA: Thank you, Chair. Thank you for joining us, Ms Toohey, and indeed thank you for the work that your sector does. It is very, very important work, so it is really good to have you here today sharing your insights with our committee.

We were talking about, in particular, regional housing, and it was quite good to hear from your perspective the two biggest issues, both being the small size of the market but also that lack of having that sort of proof of concept for different types of accommodation in regional areas. I know projects like probably the Regional Worker Accommodation Fund will also be geared towards changing that as well, and I know obviously we have got the reforms in place now for making it easier to subdivide a simple two-lot subdivision, on top of the granny flats as well. How do we go from those reforms coming into place to getting the outcomes that we need? What sort of steps do we need to be taking? What does government need to be doing? What support does government need to be providing to the community housing sector, in particular for your side of things, to make these projects? Beyond these direct projects such as the regional worker fund, what do we need to be doing to get these other projects realised?

Sarah TOOHEY: I actually think there is a fantastic opportunity for the community housing sector to drive some of that innovation that the market will lag, and the market will lag because of market conditions, particularly market conditions at the moment – interest rates, construction costs. The community housing sector has the opportunity to drive some of that forward, and I think a really good example of that is that one of our members has taken up the Future Homes model. So under the planning reforms the Future Homes designs can get an expedited planning process, and it is actually the first developer to deliver any of the Future Homes, and they will be delivering that in regional Victoria.

So what do we need to make that happen? For the community sector it is about a very clear forward funding pipeline, because when you are building housing the turnaround times are not quick. Even going from funding award to complete construction in two years is fast. That is not how the process works at the moment. So it is being able to know what the pipeline of funding is on an annual basis, having a view to that, and then we can go out and work with developers, with planners, with councils, to bring some of those innovations to life. If you do not have a pipeline of funding to see to, that is a lot of sunk cost that organisations would otherwise be putting into their housing services, so we really need some clear signalling on what the funding pipeline is to make that happen.

Michael GALEA: And that security also gives the confidence for longer term and bolder investments too, I would imagine.

Sarah TOOHEY: Exactly, exactly. It actually would unleash a lot of capability in there. It would also allow more partnering with the private sector, because at the moment we go out and say, ‘Hey, we’d love to buy that lot,’ or to partner with them on developing that lot. And they go, ‘Great, when can we start?’ And we go –

Michael GALEA: ‘Good question.’

Sarah TOOHEY: ‘Nine to 18 months, maybe.’

Michael GALEA: Yes.

Sarah TOOHEY: And that is not a timeframe that the private sector will hold an opportunity for. So we have been talking to government and advocating for a while to look at a pipeline procurement model, so to look at different regions and say, ‘All right, in this region we want over the next five years 300 houses for social housing. Let’s contract that as a pipeline to a consortium or even one or two community housing providers, go off and build it, and then come back.’ There would be appropriate gateways along the process, but that would allow much more flexible and agile delivery.

Michael GALEA: You mentioned a very exciting fact: that the first project under Future Homes is actually going to be by a community housing provider in regional Victoria. Are those details still under wraps, or are you able to shed some more light on that?

Sarah TOOHEY: I think they are not, but I was cautious because I had not double-checked. So let me double-check, and I can –

Michael GALEA: Just to be safe then. If it is, please feel free to get back on notice, but if not, we would not want to put you in that position. I think your submission touches on this as well, but with the change from having a Commonwealth Games in four, or possibly five, regional cities – it was five at the end – to the regional package across all of regional Victoria, do you see that as having a benefit for those next-tier-down smaller regional cities or regional towns being able to provide that housing for those communities, not just in the big centres?

Sarah TOOHEY: Yes, absolutely. I mean, the unfortunate reality of our housing crisis at the moment is that it sort of touches every edge of the state, and some of the challenges that I talked about are in some of those towns where there just is no rental market. I was looking at rentals in East Gippsland. I wish I could remember the location – but in one quarter of rentals there were six properties on the market, and in metropolitan Melbourne in any given LGA, that is upwards of between 1000 and 2000 rentals. So while population is smaller, the rental market is even smaller in some of those regional towns.

Michael GALEA: Even taking into account proportionality, yes.

Sarah TOOHEY: Yes. And it is not in places where rental investors will invest because you cannot see necessarily a financial return because the market rent demand is very low, but also it is quite risky. You know, if you are doing a small town with a small population, the pool of renters is very small, whereas if you invest in metropolitan Melbourne, your pool of renters is much larger. So the different way the kind of investment market functions means that regional Victoria in the rental market is very much left behind. That is where government investment can step in and make things better for renters in those regions.

Michael GALEA: Thank you very much.

The CHAIR: Thank you. Dr Mansfield.

Sarah MANSFIELD: Thank you. And thank you for appearing today. I am interested in whether you have any insight into some evidence that we have just heard from previous witnesses that up to almost half, or around 500, of the promised 1000-odd dwellings from the Regional Housing Fund will actually be refurbishments and not new dwellings.

Sarah TOOHEY: Sorry, I do not have any insight into that at all. I just am going on what is already publicly available, so apologies.

Sarah MANSFIELD: That is okay. I was just wondering if it was something that you had heard as well. I know you have had some questions around the distribution of that housing. Do you have any sense of the proportion will be different types of housing in the 1000-odd dwellings that the Regional Housing Fund will deliver, with respect to public versus community versus private housing?

Sarah TOOHEY: Well, I do not think any of it will be private, because it is targeted social and affordable. But in terms of the demographic need, what we see on the social housing waitlist is that around 60 per cent of demand comes from single-person households, and it does match with that challenge in regional Victoria of there being very few one-bedroom and two-bedroom dwellings. So I think it would be actually fantastic to see more one- and two-bedroom homes being built across the regions. The flipside is that also the First Nations population in regional Victoria is higher, and often we need to be looking at larger family homes for those households. So if I was looking at that, I would be looking at both ends of the spectrum: those one- and two-bedrooms and then your four- and five-bedrooms. Again, that stock does not really exist. The preponderance in regional Victoria is three-bedroom family homes.

Sarah MANSFIELD: Further to that, you were saying you did not think any of it would be private, but we hear quite a few announcements that say there will be some proportion of the housing that is delivered being affordable housing. What is your understanding of how that affordable housing is delivered if it is not private housing?

Sarah TOOHEY: Occasionally that is delivered. In fact my members, community housing organisations, do manage a significant proportion of affordable housing within our portfolio. I think you have brought me to a bugbear of mine, though, which is that there is no consistently used definition of ‘affordable housing’ across government programs. So you have got, I think we counted, about five different ways in which something can be considered affordable, and that is really challenging for renters out there looking for an affordable housing product. How do you find it? How do I know if it is truly affordable? How do I know what I am getting under these program settings?

We in the early half of this year actually developed up what we think the affordable housing programs in Victoria should deliver and who they should be targeted to. One of the challenges is most affordable housing programs at the state and at the federal level – because that adds a bit of confusion; there are federal affordable housing programs now as well – offer rental at a discount to market rent. It is usually a 20 to 25 per cent discount to market. Now, that is absolutely fine in Melton. That will get it into an affordable range. In Port Melbourne it is nowhere near an affordable rental. The average rent in Port Melbourne is around \$600 a week for a one-bedroom property. A 20 per cent discount to that does not get it into the reach of a childcare worker or an aged care worker, and I think that is the other critical part when we are thinking about our affordable housing proposal – it needs to be targeted to those workers who cannot do their work remotely. You cannot Zoom in to an aged care facility. You have to be there for things like child care. Hairdressers and aged care are all very low waged workers, but they do need to live close to where they work, and we all need them to be in all our communities. I absolutely need child care close to my house, and I am lucky enough to live in the inner city. So I think there is a case to be made for investing in affordable housing programs that are targeted to people on the low end of the moderate income range, and that hits aged care workers, childcare workers and hairdressers, a lot of those in-person jobs.

We think that rents should be set at a fixed price rather than a discount to market. There is also a real gap in the rental market at the moment for people who are not eligible for social housing because they make too much money but cannot afford the private rental market as it currently stands. That is that band in between the lowest 40 per cent of incomes and the lowest 50 per cent of incomes. So we think that affordable housing programs should be clearly targeted to those income ranges, and they are needed across the city and in regional Victoria as well.

The CHAIR: Thank you. Mr Davis.

David DAVIS: Can I thank you, Sarah, for your material. It has actually been very helpful. Just following on from Sarah’s points, it would help us if you gave us those lists of definitions – you know, where they have been done, how they have been done and who has done those definitions – because I think there is some real wooliness about the use of language here, and one thing we may be able to do is to help sharpen some of that language and actually put in those definitions. You were telling us at the start you have got 48 not-for-profit community housing orgs –

Sarah TOOHEY: Yes.

David DAVIS: 25,000 tenants – and that is a mix of social, transition and disability, and the affordables are a separate group on top of that? Or is that part of that group?

Sarah TOOHEY: No, affordable is in there. It is a much smaller slice, but it is in there.

David DAVIS: It would be helpful for us to know what you have got where, with the various different community housing groups – you might have 40 here in this suburb or whatever – so that we have got some understanding of the geography and where there is obvious need as well. That would be incredibly helpful for us to get that kind of breakdown, as it were, of these sorts of issues.

Just to the issue of the waiting list and people trying to get in, that waiting list seems to me to have grown in recent years. And again I would be interested in how you are managing that at a local level and the opportunities to bring people through, because obviously there are people in significant need.

Sarah TOOHEY: Yes, absolutely. Community housing providers can access the Victorian Housing Register, and that is how we allocate vacancies. The waiting list number I gave you is the single, central point of entry to all social housing in Victoria. Our members when they have a vacancy will go to that waiting list

and allocate by looking at who is looking for housing in that area that meets the criteria – like, if they need a three-bedroom home or if there is any specialist targeting around it for disability access or anything like that – and then approach the appropriate person to allocate the dwelling. So we do not necessarily manage the waiting list – that is administered by Homes Vic – but we allocate off that waiting list. Does that answer your questions?

David DAVIS: That is actually helpful. It gives me a better understanding. But the waiting list has been growing. How are you trying to –

Sarah TOOHEY: We are seeking to grow to meet that need.

David DAVIS: That is what I am hearing.

Sarah TOOHEY: Yes, and I think it is really critical. If you look at social housing in the long sweep of history, it has been declining for a very long time.

David DAVIS: Not so much social housing but public housing, the public housing component, because the balance has shifted a bit towards –

Sarah TOOHEY: The balance has shifted towards community housing in terms of growth. We as an industry have grown significantly in the last 20 years. But I guess I was –

David DAVIS: Public housing has shrunk a bit.

Sarah TOOHEY: It has shrunk a little bit, but I guess overall what I was talking about are the social housing numbers. When you put those two things together, the social housing that targets people who are most in need of housing in our community, that proportion, received a fantastic funding boost during the global financial crisis, then we had a bit of a decade of not building very much, and then we had the Big Housing Build, which has been a significant increase in investment for our members in particular. There were over 4000 units to be delivered by the community housing sector through the Big Housing Build and some further management transfers that will boost the sector. So in the last four years we have grown by about 4000 units because of the Big Housing Build.

David DAVIS: But the public housing numbers, I think, have actually fallen.

Sarah TOOHEY: Quite possibly, or they have remained – I have not looked at them. I have been a bit preoccupied with our sector; I have not looked at them recently, but they have been static for quite some time.

David DAVIS: And the final question, also picking up from what Sarah was talking about, is: we have heard evidence that there is significant, if I can describe it as such, overlap between some of these announcements that have come out of government. You have not reconciled those in any systematic way, though?

Sarah TOOHEY: No, and unfortunately some information that was on websites is no longer on websites. Things have changed and moved around with website redevelopment. So some information that we used to have, we no longer have publicly available.

David DAVIS: Does anyone in your sector have that information? Some might – or at a local level?

Sarah TOOHEY: It is a good question. Everyone knows what they are in charge of delivering at the local level, but the aggregate numbers for our sector we have worked out through – community housing is regulated by the housing registrar. The housing registrar sits in DTF. We are required to report annually on performance, and those performance measures include how many dwellings we have under ownership and under management. So that is how we have been looking at our sector growth. We use the registrar's numbers as the benchmark of what has been going on.

David DAVIS: So we should probably ask him or her, whoever that is, that person.

Sarah TOOHEY: He will have a view into the community housing delivery but not necessarily the government delivery.

David DAVIS: Right. Thank you.

The CHAIR: Thank you. Ms Ermacora.

Jacinta ERMACORA: Hello. Thank you for coming in, and thank you for the work that the sector does. I just want to go back a little bit. Could you explain the model for your type of housing? How does that model work? I presume there are some variations from entity to entity.

Sarah TOOHEY: Yes. Absolutely. I am very happy to go back a step, sorry.

Jacinta ERMACORA: No, that is all right. It is just more.

Sarah TOOHEY: The community housing sector is a very diverse sector. It is made up of more than 48; we have got 48 registered, so they are registered with the Housing Registrar in Victoria. There are some smaller organisations, not-for-profit organisations, that have historically invested in housing and run 30 homes for people in their communities who are on a low income. They are not the registered sector, and the registered sector is where growth and funding go to essentially protect government investment in community housing. So the community housing sector is a not-for-profit and mission-driven sector. Most of our members are, actually not most – some of our members are exclusively housing organisations, so their whole business is building new homes and delivering tenancy management for people who are in need of social housing.

Jacinta ERMACORA: So that would be like a housing cooperative or –

Sarah TOOHEY: Housing co-ops are our members. There are housing co-ops that are our members. There are also just not-for-profit organisations who do that business. I probably should say it has predominantly historically been majority government funded through capital grants, and in the last five years or so we have moved to a debt-funding model where community housing organisations take out debt and the government pays what they call an availability payment to make the dwelling available over a period of years to a designated tenant who is in need of social housing. So we have got some organisations that are standalone housing organisations and that is all they do and some who are subsidiary housing companies of bigger organisations, so we got Uniting Housing, which is part of UnitingCare; Bapcare housing, part of the Bapcare organisation; VincentCare housing, again a subsidiary of VincentCare. It is a very diverse sector. Within those 48 organisations there are specialised agencies that will focus on women-headed households, Aboriginal and Torres Strait Islander households, people with disabilities, and then there are also more generalist providers who are focusing on people on low incomes. Does that answer the question? Is there more?

Jacinta ERMACORA: Yes, it does. Geographic spread of where your 48 members are currently operating – I have a sense that it is not uniform across the state.

Sarah TOOHEY: It is not. We have got a couple of providers that are specifically in regional Victoria. Beyond Housing operate up in Shepparton and the Northern Victoria region there, and they only operate in regional Victoria. Haven Home Safe operate in Bendigo and Geelong, but they also operate in metropolitan Melbourne in that western region.

Jacinta ERMACORA: And now Horsham.

Sarah TOOHEY: And now Horsham. Community Housing Limited and Housing Choices both operate across the state in various different places, but there are places in regional Victoria in particular that do not have a community housing provider in them, and that is the challenge of geography.

Jacinta ERMACORA: It is a random thing almost of history.

David DAVIS: Scale.

Sarah TOOHEY: And scale. Well, history and scale. So it is very hard. Haven can service Horsham from their Bendigo office, but some of those outer Gippsland areas it is very hard to service from Melbourne.

Melina BATH: It is a long way.

Sarah TOOHEY: Yes, it is a long way. Community housing organisations are, as it says in the name, kind of, you know – the intention of our organisation is to be embedded in the community. So it is hard to manage one or two houses in a small region and still be embedded in that community, from a logistical point of view.

Jacinta ERMACORA: And what proportion of the non-private sector would you say your 48 members are?

Sarah TOOHEY: I would have to give that on notice. I could try and do the mental math, but I would prefer to give you –

Jacinta ERMACORA: No. I think David might have asked that in a slightly different way, but –

Sarah TOOHEY: Like a quarter-ish, about –

Jacinta ERMACORA: Oh, right. That is helpful.

Sarah TOOHEY: But we are a very small portion of a very small portion. Just around 3 per cent of all housing in Victoria is social housing.

Jacinta ERMACORA: Yes. So you are a quarter of –

Sarah TOOHEY: Three per cent. So we would like to make up a bigger slice because we think not only is there a desperate need for more social housing, we actually think that community housing and not-for-profit providers can give more security to other renters in the affordable and even market housing space, because we are not interested in selling up after five years for a capital gain, we are in it for the long haul.

Jacinta ERMACORA: Just one last quick one: Loddon Mallee Housing – do they still exist or are they merging with –

Sarah TOOHEY: They are Haven now.

Jacinta ERMACORA: They are Haven HomeSafe. Okay, great.

The CHAIR: Thank you. Ms Bath.

Melina BATH: Thank you, Chair, and thank you very much, Sarah, for your commitment to putting a roof over – and a safe one at that – people's heads. Is CHIA Vic more efficient than Homes Vic or Housing Victoria?

Sarah TOOHEY: I have 12 staff, so you are not comparing apples with oranges.

Melina BATH: In terms of delivery?

Sarah TOOHEY: We do not deliver anything. As a peak body, we do not deliver anything. Our members as community housing organisations deliver.

Melina BATH: Can I rephrase that question? So community housing organisations –

Sarah TOOHEY: Community housing as an entity, is it more efficient than government?

Melina BATH: And how and why.

Sarah TOOHEY: The how and why is interesting. I kind of ran through the cost savings earlier, so those cost savings are essentially the why and the how: the fact that we bring something to the table when we are seeking government funding and we have access to GST discounts. We also have access to Commonwealth rent assistance as an income stream, so public housing tenants cannot access Commonwealth rent assistance, and that makes a significant operating contribution to tenant rents over time. So there are a range of financial factors that mean that community housing can deliver more cost effectively than government.

Melina BATH: Thank you. We heard from the Central Highlands and Wimmera homelessness alliances – and you were probably there for a little bit of that discussion – that they feel that there is a lack of transparency,

there is a lack of engagement and virtually no communication with Homes Victoria. I want you to describe your relationship with them. I have looked online and there are glowing terms of working collaboratively together. What is that like on the ground and what would you like to see improved?

Sarah TOOHEY: So we do have very open lines of communication with Homes Vic. After this I am going to meet with the policy people in there to talk to them about some community housing issues, so we find Homes Vic very easy to access. In terms of delivery, our members who are delivering homes with Homes Vic funding under the Big Housing Build are very closely engaged on that in terms of project reporting, in terms of keeping them across what is being delivered and, as with all construction projects, delays and contingencies and cost overruns. Yes, cost overrun is very real; in regional Victoria lots of projects that were set to start got hit by floods a little while ago. So in terms of a working relationship around practical project engagement, our members are very engaged.

When we talk about transparency, some of the challenges around transparency are around the overall public housing portfolio. I do not know how many years ago now – I am going to say 10 – they used to publish a summary of housing assistance alongside the DFFH annual report, and that gave great information on the public housing portfolio overall. They still do publish a summary of housing statistics alongside the DFFH annual report. It is not as fulsome. It is not as –

Melina BATH: It is a bit more workshopped, potentially.

Sarah TOOHEY: It is slimmed down; it is just missing some data points and things like that. I think it is really important that information is public and transparent, because this is public housing and it is built with public money. I think it is important for my sector and the broader community to understand how much of this is in their community. We would like to see far more, because there are far more people in really desperate housing need. So being able to track how we are going over time – you have got to be able to track how you are going over time to know if you are reaching your destination. I think, to that end, one of the things that we would really like to see in Plan Victoria – you know, we have got housing targets; we are going to have them all over metropolitan Melbourne and in regional Victoria – is we would like to see those targets include subtargets for social and affordable housing, because it is exactly the same point: if you do not have targets, you cannot know what you are working towards.

Melina BATH: Measure whether you are meeting them.

Sarah TOOHEY: Yes.

Melina BATH: Thank you. You mentioned a pipeline of procurement and the idea that that can really enhance the outcomes. Are there any things that local councils can do to assist or plan? Could you speak to some of those issues – planning and local councils?

Sarah TOOHEY: Yes.

David DAVIS: Land.

Sarah TOOHEY: Land – yes, local government land is absolutely what we would love to see, and there have been lots of councils that have been investigating that.

Melina BATH: Very accommodating.

Sarah TOOHEY: Yes, and there are some challenges in the disposal process. They have to advertise their intention to dispose and then get feedback and then they have to advertise their intention to dispose to us and then get feedback. It is a two-step process around disposal to community housing organisations. We think that could be –

Melina BATH: What timeframe would that be, do you think?

Sarah TOOHEY: Oh, it is long.

Melina BATH: Like, months, years?

Sarah TOOHEY: Yes, months – months and months and months – probably at least 12 months. That is the guess, off the top of my head, and I can come back with clearer timelines than that.

Melina BATH: So a shorter –

Sarah TOOHEY: Shorter timelines, more streamlined public notification and consultation. Local governments are bearing the brunt of this housing crisis, and we have been seeing a lot of them come to the party with how they can –

Melina BATH: They are really keen to be on the front foot and solve it.

Sarah TOOHEY: Yes. I think one of the challenges in regional Victoria is some community opposition. I think local government holding their nerve is really important. We saw in Shepparton the council put up a piece of land right in central Shepparton. It was fantastic. We had two members – older persons housing and Beyond Housing, the local housing provider there – come together in a partnership to build units on that site. They sunk a lot of money into project feasibility and all the things you have to do to get a project up and running, only to have that project scuppered by some vigorous and perhaps not well-informed community opposition about who was going to live there. I think there is huge demand in regional Victoria right now from people who live in regional Victoria – this is people who are already part of those communities – and it is really important that local government are backing solutions for those people in their communities.

Melina BATH: One last quick question.

The CHAIR: We are way out of time.

Melina BATH: Was that going to mixed tenure? Was that vision to be a mixed tenure?

Sarah TOOHEY: That was not a mixed tenure, no.

Melina BATH: Right. Okay. Thank you.

The CHAIR: Thank you. Ms Toohey, you said something in your introduction that I thought was interesting. You said that if you look at prices in the private market, many of them are quite affordable, and yet they are not available. I think you mentioned that affordability is okay but when you go and try and get them, they are not available. The economics nerd in me says that that indicates a market inefficiency is happening; there is some sort of problem. Have you spoken to, say, real estate agents or others in the private sector that have indicated what is causing that? Because we have heard through other debates that have gone on through Parliament about landlords exiting the market all over Victoria. Is that something that you think is a factor in this that is limiting availability?

Sarah TOOHEY: Not to low-income households. This has been a problem for a very long time – the availability. The challenge for low-income households – there has been some great academic work by Judy Yates and Kath Hulse and AHURI around the affordability and availability of low-cost rentals. What happens in the rental market is that – you know, I come in with a full-time job and someone else comes in on income support. Say the rent is \$100 a week. We can both afford that, but the landlord will necessarily preference someone with a higher income over someone on income support payments – just rational decision-making by a landlord, right? But that rational decision-making has consequences for the availability of low-rent housing stock. And with the increasing gap for people who are not able to purchase anymore, they are renting for longer, they are renting essentially down from what they can afford to try and save a deposit. So that is putting downward pressure on those low-rent properties.

The CHAIR: So because of lack of availability, would it be fair to say that that is resulting in landlords effectively being able to be far more picky than they would be otherwise if they were competing for tenants? It sounds like they are not competing at all.

Sarah TOOHEY: They are not competing. The rental vacancy rate in Victoria has been stuck at 3 per cent for – I will come back to you with the exact figures on that.

The CHAIR: I am sure we can get that.

Sarah TOOHEY: That is the market clearing rate of around 3 per cent. It has been stuck above that for a very long time, which means it is a landlords market and people are very much stuck and pushed into really inappropriate housing circumstances – caravan parks, overcrowding, rooming houses – because they cannot get access to the private rental market and there is not enough social housing stock to absorb that impact, because that is the role social housing can play as well. Because if the problem is not necessarily just cost but allocation, the social housing system has an allocation role.

The CHAIR: Thank you. I think Mr Galea has one final question before we run out of time.

Michael GALEA: Thank you, Chair. I just had one quick one on something that you actually touched with Ms Bath earlier, and that goes to the disparity with federal taxation and welfare in terms of both the GST discount that the community housing sector gets that public housing does not but also Commonwealth rent assistance. You were saying it was not just on the builds, which is probably the biggest component, but also on things like maintenance. Is that correct, in terms of the discount?

Sarah TOOHEY: I would have to take that specific one on notice. What I meant more around the operations was the income stream from Commonwealth rent assistance.

Michael GALEA: Yes. But that is quite a significant figure that would add up for any sort of project, that disparity with the community housing sector – talking about efficiency. You can actually do that largely because of those federal tax rules.

Sarah TOOHEY: Yes. Not just largely for that; we also bring our own financial contribution. It has actually been a state government requirement that we make a contribution, and that is often through borrowings. We are bringing, depending on the target group and the dwelling mix, somewhere between a 10 and 25 per cent contribution of our own on top of those other discounts available.

David DAVIS: As well as knowledge and expertise.

Sarah TOOHEY: As well as knowledge and expertise, and I think there is something about the agility or the nimbleness of smaller organisations.

Michael GALEA: Thank you.

The CHAIR: You just mentioned getting access to finance. How are people in your organisations finding that? Because interest rates are fairly high at the moment, I am not sure what availabilities are like for them.

Sarah TOOHEY: We are fortunate to have two sources of low-cost finance at the moment. There is a low-cost loan program through TCV – Treasury Corporation of Victoria. That has done a lot of heavy lifting in allowing us –

The CHAIR: Is that doing it through bonds or something?

Sarah TOOHEY: I do not know how they are doing it on their end. They are giving money –

The CHAIR: But it is cheaper.

Sarah TOOHEY: cheaper money to us. And through Housing Australia as well. Housing Australia used to be called the National Housing Finance and Investment Corporation, and they were delivering cheaper finance through the issuing of bonds. They have both again reduced borrowing costs, but no-one can borrow cheaper than the state.

The CHAIR: Wonderful. I think we are just about out of time. Thank you so much for appearing today and providing evidence for our inquiry and our report. You will receive a copy of the transcript for your review in about a week, before it is published on our website.

The committee will now adjourn for the day.

Committee adjourned.