

TRANSCRIPT

LEGISLATIVE COUNCIL LEGAL AND SOCIAL ISSUES COMMITTEE

Inquiry into the Rental and Housing Affordability Crisis in Victoria

Melbourne – Tuesday 10 October 2023

MEMBERS

Trung Luu – Chair

Ryan Batchelor – Deputy Chair

Matthew Bach

Michael Galea

Joe McCracken

Rachel Payne

Aiv Puglielli

Lee Tarlamis

PARTICIPATING MEMBERS

Melina Bath

John Berger

Moira Deeming

David Ettershank

Renee Heath

Wendy Lovell

Sarah Mansfield

WITNESSES

Robert Pradolin, Founder, Housing All Australians; and

Damien Patterson, Policy and Advocacy Officer (*via videoconference*), and

Jody Letts, Lived Experience Advocate (*via videoconference*), Council to Homeless Persons.

The CHAIR: I declare open the Legislative Council Legal and Social Issues Committee public hearing for the Inquiry into the Rental and Housing Affordability Crisis in Victoria. Please ensure that your mobile phones have been switched to silent and that background noise is minimised.

I would like to begin this hearing by respectfully acknowledging the Aboriginal people, the traditional custodians of the various lands that we are gathered on today, and paying my respect to their ancestors, elders and families. I particularly welcome any elders or community members who are here today to impart their knowledge of this issue to the committee or who are watching the broadcast of these proceedings.

I welcome any member of the public in the galleries or watching the live broadcast. I remind those in the room to be respectful of proceedings and remain silent at all times.

With us today we have a witness from Housing All Australians, Mr Robert Pradolin, and on Zoom we have from the Council to Homeless Persons Ms Jody Letts and Mr Damien Patterson. Before we proceed I would like to introduce each member with us today. To my left is Mr Ryan Batchelor, Deputy Chair and Member for Southern Metropolitan. To my right are Mr Joe McCracken, Member for Western Victoria; Mr Aiv Puglielli, Member for North-Eastern Metropolitan; and our participating members Dr Renee Heath, Member for Eastern Victoria, and Dr Sarah Mansfield, Member for Western Victoria.

To witnesses on Zoom and with us today, all evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same thing, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. 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 website.

For the Hansard record I would ask you to please state your full names and any organisation that you are appearing on behalf of. Due to time constraints there will be no opening statements; we will move straight to questions from the committee members. Members, due to time constraints we will limit you to about 4 to 5 minutes each for your questions. Would you like to start, Robert?

Robert PRADOLIN: My name is Robert Pradolin, Founder of Housing All Australians.

The CHAIR: Jody and Damien, please state your names.

Jody LETTS: Jody Letts. I am with the Council to Homeless Persons as a Lived Experience Advocate in a consumer role, a volunteer role.

Damien PATTERSON: I am Damien Patterson. I am the Policy and Advocacy Officer at the Council to Homeless Persons. Thanks for having me.

The CHAIR: Thank you for joining us. Before we proceed to questions, just as we are broadcasting, my name is Trung Luu. I am the Chair of the committee and Member for Western Metropolitan. Mr Batchelor, would you like to start?

Ryan BATCHELOR: Thanks very much, Chair. Thanks, everyone, for joining us here and online. Mr Pradolin, I might start with you and Housing All Australians. Your submission was interesting in the discussion about your PRADS model for developing affordable rental properties, so for people who are in

rental stress but not using social housing, in that segment of the housing market. It suggests that you have got a model that allows for the development of some new affordable rentals without ongoing government subsidy. Can you give us a bit of an overview about how that model works?

Robert PRADOLIN: Sure.

Ryan BATCHELOR: And maybe some examples of where you have –

Robert PRADOLIN: Where it is evolving to? Yes.

Ryan BATCHELOR: Yes.

Robert PRADOLIN: Just as a bit of background, that was actually presented to the inquiry into homelessness that Fiona Patten was chairing and also the federal inquiry, and both committees suggested further exploration of the model. Since that time we have done a couple of things. In fact Nightingale just released a proof of concept of the model last week in the papers where they work with the City of Merri-bek and they work with council to get two planning outcomes incorporated in the incorporated plan. The first one, which is the basic one, is 5 per cent affordable housing, but by councils working with the developer, allowing for an increased height of two levels – that has gone from 5 per cent to 15 per cent affordable housing using no cash. So it is collaboration with local government. When you go up and you create additional height, that creates greater land value. That additional land value is the subsidy for the affordable housing. That is basically how the model works. One of the intrinsic elements that is required for the model – and we released this two weeks ago or three weeks ago with PEXA – is the creation of a digital affordable housing register. In simple terms – I am assuming you know what NRAS was.

Ryan BATCHELOR: Yes.

Robert PRADOLIN: We used NRAS at Frasers to sell property. It is very clunky because with spreadsheets you have got to set income statements, stat decs, attach it to an email and it all goes to a not-for-profit for verification. The register does it all digitally, and it works with local government to make sure that local government is advised if there is non-compliance. We are working with the City of Melbourne, City of Yarra and City of Port Phillip as part of the working group with PEXA, and the digital housing model will actually advise council of non-compliance, because currently local government keeps these records on spreadsheets.

Ryan BATCHELOR: This would be non-compliance with the affordable rental component of the housing model?

Robert PRADOLIN: Whether it is the rental, whether it is the tenant or whether it is the developer, it actually does it without actually a person involved.

Ryan BATCHELOR: So you think there are mechanisms that exist or are being developed in the market to enable the sort of policing, for want of a better word, of the affordable rental type of component.

Robert PRADOLIN: This is the only one that I am aware of in the world.

Ryan BATCHELOR: Right.

Robert PRADOLIN: Because digital is still evolving.

Ryan BATCHELOR: Yes, but you think the capability is there in the system.

Robert PRADOLIN: Absolutely. We are actually in pilot mode, so this month the first cut of that model will be done for councils to give further feedback, and we expect it to probably be rolling out in the early part of next year.

Ryan BATCHELOR: In terms of the committee and the recommendations we might make, what do you think the committee needs to recommend further be done to support the further rollout of models such as this to expand the number of affordable rentals and affordable housing?

Robert PRADOLIN: The local government association, the MAV, Kelly Grigsby, supports this and she was part of our press release because she sees the opportunity with local government. The support of something like this in an innovative sense – we are having some discussions with some government departments, without saying too much, because I do not want to pre-empt anything, but I think this is a game changer. I should have started off by saying I am a property developer, but I understand we have got a housing crisis which has been brewing for 30 years. So do not be surprised that this housing crisis just happened all of a sudden. It has been brewing for a very long time. Government funds are limited, so how do we unlock private capital? Well, this model unlocks private capital. Because once you do that negotiation, like I mentioned before with Nightingale, in Victoria you put it on title through a section 173 agreement and you can sell it to someone in Timbuktu and that obligation will now be met for the next minimum 30 years in my view and monitored by the register. You have just used private capital to create affordable housing and not government.

Ryan BATCHELOR: There has been some critique that we do not know what affordable is and that affordable housing or affordable rentals are not a real part of the housing solution. Do you think that it is a legitimate part of the housing market and it is something that government, working with the private sector, can put more effort into creating for people who are not in social housing but cannot afford market rents? Do you think there is a need?

Robert PRADOLIN: Absolutely. For essential workers, living close to where they work in society – we have been working with the City of Melbourne and Sally Capp was part of the announcement as well – this is how we create affordable housing without using government’s money. We are still giving investors a reasonable return, but we actually create it close to where people work to serve society.

Ryan BATCHELOR: What do you think happens if we do not have affordable rentals or affordable housing as part of the solution?

Robert PRADOLIN: Well, we did an economic report that said if we do not do anything by 2032, an additional \$25 billion per annum will be paid by Australian taxpayers – if we can afford it. My concern is we will not be able to afford it, so our values get watered down. We are tracking for lose–lose in this country unless we start to seriously consider this as a long-term, 30-year strategy. I do not see any government at the moment really serious about tackling the long term because this is a long-term issue outside of the three- and four-year election cycle.

Ryan BATCHELOR: Thanks, Mr Pradolin. Chair.

The CHAIR: Thank you. Aiv, would you like to speak?

Aiv PUGLIELLI: Yes, for sure. Hi, Aiv here, thanks for coming in today, both in the room and on Zoom.

Robert PRADOLIN: Hi, Aiv.

Aiv PUGLIELLI: I might actually start with you first, Robert.

Robert PRADOLIN: Sure.

Aiv PUGLIELLI: But I will do a few questions. You were speaking just then in your contribution about the percentage of affordable homes being offered in these developments – be it 5 per cent, be it 15 per cent. Does that then mean that the remaining percentage is therefore unaffordable homes if it is not within that affordable category?

Robert PRADOLIN: I am not exactly sure what you mean.

Aiv PUGLIELLI: So in a development, you have got 5 per cent affordable that are mandated or 15 per cent if you are incorporating high rise.

Robert PRADOLIN: Nothing is mandated at the moment.

Aiv PUGLIELLI: Okay. Would you like to see it mandated?

Robert PRADOLIN: I think with the right understanding of how to make it viable, it should be. But do not expect people just to provide it, because it requires a subsidy in some shape or form.

Aiv PUGLIELLI: Why is that?

Robert PRADOLIN: Because affordable housing costs money. Anything below market requires a subsidy from one point or another. In the model that I just described, the subsidy comes from an increase in land value provided by the council saying, 'We'll let you go another two storeys.'

Aiv PUGLIELLI: Right.

Robert PRADOLIN: Affordable housing needs a subsidy of some sort.

Aiv PUGLIELLI: Okay. I take that position. In regard to percentage, above the 5 per cent or 15 per cent, are those homes market rate? Are those affordable homes?

Robert PRADOLIN: They are locked in, under this model, at a percentage below market rent for a minimum of 30 years.

Aiv PUGLIELLI: How much below?

Robert PRADOLIN: It depends on council. A developer has got X amount of dollars created by the uplift in land value, and you might have, say, 10 apartments at 75 per cent of market value or five apartments at 50 per cent of market value. The number is the same. It is just mathematics, really. The issue is: what does the LGA need to attract the key workers and essential workers it needs within that local government area? That becomes an issue for council.

Aiv PUGLIELLI: Okay. Thank you. With regard to particular council relationships that you have mentioned, would you be able to provide on notice some examples of how much below market rate those homes were offered at? Is that something you have access to?

Robert PRADOLIN: We have not got to that stage yet, because councils need to actually start to do it. But once the register is completed, the model will show to be working because of the proof of concept with Nightingale. Then by collaborating with local government and the states and the federal government, we can work out what they actually need in the LGAs. The good thing about the model is it can actually be created for regional Victoria as well. This is a national model. With anything we do as Housing All Australians, the first question we ask is: can it be scaled? If it cannot be scaled, it is not a real solution.

Aiv PUGLIELLI: Thank you. I might move now to Council to Homeless Persons. In your contribution, Damien and Jody, you spoke about the pressure of rent increases and the idea of historical rent controls that have been in place in this state. We hear from renters about the pressure that increasing rents are having on particularly vulnerable cohorts within the community. From your perspective, what impact are rising rents having on people in this state?

Damien PATTERSON: Would you like to go first, Jody, or should I?

Jody LETTS: You go quickly, and then I will jump in.

Damien PATTERSON: You bet. Thanks. Rising rents have been occurring now over several years at a really high levels. I am sure you have been hearing this over the last several weeks and months. That is the cause of greater homelessness. Increasingly, people are unable to avoid homelessness due to the fact that there is not a house that they can afford. Homelessness services are finding it really difficult to pair people with a home that is appropriate, affordable for them and available. As people are trying to exit homelessness as well, they are finding it difficult to do so, as there are not homes that people can afford. It is a cause of increased homelessness in Victoria. Jody?

Jody LETTS: Looking at it through a different lens, going into a whole range of properties around the regions and the CBD of Victoria, I found that each property had its uniqueness, because the rent may have been lower but the utilities in the property outweighed the lower rent. That could be from a couple of different factors, from the way that the insulation was built into the house to the types of appliances and just a whole

range of things. But at the same time the transient nature of trying to follow a path of affordable properties meant that I was being disconnected from the likes of medical services. You are always changing, and there is the cost impact of changing medical services, education services and finding different ways of being able to buy affordable food. Every time you move there is the moving cost and the reconnection cost, so people in Victoria that are chasing that lower rent are quite often disadvantaged by other contributing factors that would eventually cause them to have to leave that rental property and re-enter the risk of homelessness.

Just to mention a couple of other factors, I potentially had a long rental history in the military. None of that transferred to a civilian arrangement, so coming up against other people that had rental history in the private market put me on the back foot. I was a single parent with a very low income and had pets and a whole range of other things, and the way that it is structured at the moment, heading out to every open inspection and being in competition with 15 to 30 other applicants, I was always disadvantaged. At that point too I was choosing to pay travel costs to go to those open houses and choosing not to take or purchase medication for my treatment programs, which was exacerbating my health. I could talk for hours; we have only got a couple of minutes. Thanks a lot.

Aiv PUGLIELLI: Thank you. Definitely what you are saying is aligning, I think, with a lot of the contributions we have heard, particularly from renters. Thank you. That is my time.

The CHAIR: Thank you. Dr Mansfield.

Sarah MANSFIELD: Thank you. Thank you for your submissions to the inquiry. I might start with the Council to Homeless Persons. You mentioned in your submission that we need quite a substantial increase in the supply of social housing. You said 6000 dwellings per year for the next 10 years at least and then some other mechanisms, particularly inclusionary zoning, to ensure ongoing supply. We have had some commitments from the state government about increasing social housing, but they are nowhere near 6000 per year. In your view, what will be the consequences of not delivering that many social housing dwellings?

Damien PATTERSON: Thanks, Dr Mansfield. I might start. Currently homelessness services in Victoria are supporting 100,000 people every year, and as we have heard from Rob, currently there are people who are employed full time as essential workers who are unable to really compete in the private rental market. The answer to homelessness for most people experiencing homelessness will be the private rental market, but there is a significant subset of people who are coming to our services year upon year, people for whom social housing is the solution. Currently we do not have social housing to provide for those people, and homelessness will continue to grow. Jody, do you want to add anything?

Jody LETTS: I think, just reaching back to my previous comment, that without having a stable home to live in, it is really difficult to work on any of the issues that you might be facing, and they could be from a very large array. It is also very hard to engage with the services that can help with that, whether that is because of accessibility or whether it is a financial commitment or whatever it might be. What it actually does is it breeds further issues involving poverty, and that extends out to other challenging behaviours and illnesses that place pressure on the community to respond in emergency departments, with incarceration rates and also with longer hospital stays, just to name a few.

Sarah MANSFIELD: Thank you. You have noted also in your report a particularly stark increase in the rates of homelessness in regional Victoria, especially actually in parts of Western Victoria, which is my electorate. Do you think there are particular factors that are driving this in regional areas, and if so, are there different solutions that we need in those locations?

Damien PATTERSON: I was in Warrnambool about a week and a half to go, and I was speaking to the agencies there. I think probably one of the things that they were identifying was that where there had previously been some availability of housing that was affordable to a person on a low income, there no longer is. There no longer is affordable housing for people on low incomes in the private market really anywhere across the state, which has really seen homelessness grow and the options for people who are seeking to exit homelessness really decrease in those areas.

Sarah MANSFIELD: Yes. And in terms of, I guess, how we address that, are there particular solutions that might be more suited to regional areas, or are they similar to what we need across the state?

Damien PATTERSON: Yes, the regional services will tell you the same thing as we are telling you and as we have mentioned in our submission – that social housing is really what is needed to get people back into homes that they can afford and that are sustainable for them in the long term, with rents that they can afford and with that increased security of tenure. Jody, you looked like you were about to say something.

Jody LETTS: I was. I have tried out Bendigo, Horsham and Maryborough, and when I actually did engage with homeless services for crisis accommodation, that was in the CBD. I found that the locations in regional Victoria did not have opportunities to offer me anything, so literally we were driven to the CBD to access services during a crisis.

Sarah MANSFIELD: Thank you. You have also mentioned in your report that there has been a significant rise in youth homelessness and suggested that we really need a massive increase in the supply of dedicated social housing for young people. Why do young people need, I guess, a particular package of support and housing that might be different from other people accessing social housing?

Damien PATTERSON: Thanks, Dr Mansfield. The truth is that young people experience homelessness differently from adults. Not only are their incomes usually far lower than those in other older income groups, but also young people often are not ready to adopt full responsibility for their health, wellbeing and positive social development. Young people who live at home with their families or in other supportive environments do receive a level of care that is not available to young people experiencing homelessness. It is important that we should wrap supports around young people who have experienced homelessness in social housing so that (a) they can get access to it now – and there is a financial problem there at the moment where they do not – but (b) so that they can be supported to live well, because many young people require a little bit of support in order to build those skills to live well and independently in the community.

Sarah MANSFIELD: Great. Thank you.

Jody LETTS: And sorry, in my circumstance, I was not alone during my period of homelessness; I had a teenage daughter with me. As Damien alluded to, her experience of homelessness was quite different to mine, despite the fact that we were together all the time. In a nutshell, it destroyed our relationship and our ability to communicate with each other. It became very volatile, and we had child protection become involved in that circumstance. Literally the services that we were accessing were helping me as an adult but not necessarily focusing on what her needs were. That over a course of time quite unravelled, and that left her as a very young minor not wanting to be in my care and needing other solutions. Although we were together when we entered the period of homelessness, that trauma developed in a very different way for her, and her needs were quite different.

The CHAIR: Thank you. Before we continue, I would just like to acknowledge that Dr Matthew Bach, Member for North-Eastern Metropolitan, and Mr Michael Galea, Member for South-Eastern Metropolitan, have just joined us. Welcome, gentlemen. Mr McCracken, would you like to proceed with a question, please.

Joe McCracken: Thank you, Chair. Robert, I have got a few more questions for you, because I want to try and flesh this out. The PRADS model is interesting, and I know Mr Batchelor asked a few questions on that, but I note that you had a solution for the short term, which was the pop-up. I am interested to learn more from you about that.

Robert PRADOLIN: Sure. Keeping it quite short, there are so many existing buildings lying empty waiting for the next development cycle. We should use them for short-term shelter. The first one we did was in South Melbourne four years ago with Metricon, and this was all done for free by the private sector. We refurbished 32 rooms out of a 52-room aged care facility. In four years the YWCA has helped 125 women over 50 stabilise their lives at no capital cost. We are now doing this in Sandringham and in St Kilda. We have 31 rooms in South Melbourne that the Better Living Group did. We were on *A Current Affair*. All been done for nothing as our contribution to help vulnerable Australians. I think there is some low-hanging fruit in terms of the empty buildings sitting there vacant waiting for the next development cycle.

But the more important one is we have got 13 million empty bedrooms across Australia. We just need 1 per cent to unlock 138,000 empty bedrooms. It needs the federal government – and this is something that the Victorian government could actually advocate. Because if I am an owner-occupier and I use one of my rooms to get income, I threaten my capital gains tax. Therefore I withdraw it. Yet if I am an owner-occupier and I

move out for seven years, I have got seven years of income I can get without threatening my capital gains tax. We have to align these policies, because this is a crisis for Australia. We have to unlock existing infrastructure as a pressure relief valve. It is going to take five to six years before we start seeing new homes. What are we doing now? With the 300,000 skilled immigrants that need to come to this country, homelessness is going to go through the roof. And to me homelessness is a canary in the coalmine to a much bigger issue in the whole housing continuum.

Joe McCracken: Are you able to provide any sort of information – do you have any documents about the short –

Robert Pradolín: Absolutely. We have got companies like Mirvac coming on board, Hanson Yuncken coming on board, plus all the architects and engineers. They are all doing it pro bono, because we realise we have got a problem.

Joe McCracken: Without any government support at all?

Robert Pradolín: Without government, because of the one things, to be quite frank, is we are over waiting for government. It has gone far, far too far. And this is a collective problem. Australia's housing crisis is not one for government to solve. It is our collective problem, and that includes business, because unless we get together, we are never going to solve this for our future generations.

Joe McCracken: When you say 'waiting for government', what are you waiting for?

Robert Pradolín: I have been around this industry for 30 years, talking to different ministers, because ministers change, about the same issues and nothing happens. I am over waiting for government. Unless the private sector starts to take a proactive role in reshaping this conversation with a long-term outlook outside of the four- and three-year political cycles, we are never going to get any long-term strategies to stop Australia getting into this crisis. Housing is a fundamental human need, and without it we have unintended human consequences that have both social and economic impacts.

My concern is our grandchildren will be living in a different country because we are normalising homelessness. We are accepting it; it is getting bigger and bigger. If you go to Los Angeles, it will hit you in the face and you will say, 'How the hell did this happen?' Well, we are on that track. And before you know it, it is going to happen and we have just normalised it. We need to start drawing a line and say enough is enough and as a country get together. This is the whole country's problem, not just government's.

Joe McCracken: Apart from the capital gains tax exemptions, which make sense – we have heard that mentioned before – what other sort of incentives do you think could be considered to unlock all those bedrooms that you are talking about?

Robert Pradolín: I just think you need to align it, because there are a lot of people out there that actually want to help, but they do not want to be disadvantaged. It is the same with developers I speak to – they want to do affordable housing, but they are not charities. How do we get everyone to be neutral so at least they are no worse off? If they are no worse off, I have to tell you, the Australia culture says, 'How can I help you?' When the pop-up shelter idea was on the ABC news and then Neil Mitchell, I got calls from a variety of people, from very wealthy families all the way through to a homeless guy that found me, and they all said the same thing: 'We know we've got a problem. Just tell us what you want us to do.' We have to activate that Australian spirit and make sure people are no worse off, and I bet you they will be prepared to help. That is what we have to do as a country. My advice is let us do something so we can work together collaboratively for the future of our country. Putting aside Victoria and New South Wales et cetera – it is actually a country problem.

Joe McCracken: I think my time is up. Thanks, though.

The Chair: Quickly, Dr Heath.

Renee Heath: I have got some follow-on questions for you. By the way, I think this is an absolutely sensational model. I have never seen anything like it. You mentioned that it can be used in regional areas. I wonder if you can speak a little bit more to that – where it has happened, how you got that happening.

Robert PRADOLIN: It has not happened yet, but we are getting closer. Regional Victoria is interesting example, because if you go and buy a house in regional Victoria that is finished, you pay a certain price. If you have to buy a block of land and build a house, it is actually more expensive than buying an existing property. Therefore the economics do not actually work. But with this affordable housing – and again, the community housing sector is fantastic and I really applaud them, but they are not across the whole country. In regional Victoria all you need is a local government, a developer and a real estate agent, and you can create affordable housing under this model and monitor it on the register. It just requires collaboration and a common purpose.

Renee HEATH: Yes. In terms of collaboration with the local government, it is about changing the planning regulations, is that right?

Robert PRADOLIN: Not really. To be honest, the biggest thing that is missing in all of these things is just one word: trust. No-one trusts anybody. Everyone thinks that they are trying to be ripped off by someone. The development community, which I am part of, have allowed 5 per cent of our industry to tarnish the whole sector. It is unfair, but everyone says that developers are greedy bastards. I have got to tell you, 95 per cent are not – they want to contribute to society – yet we are all tarnished with the same brush. Therefore you come to talk to local government; they do not trust me, I do not trust them. Let us just cut the crap and say, ‘This is the country’s problem. How do we work together to try and solve it?’ Otherwise it will never be solved.

Renee HEATH: In terms of creating that affordable housing, though, you said about the height of the building.

Robert PRADOLIN: It is just density. It could also be time – rather than taking five years, if you say to a developer, ‘I can do this in 12 months, and the timesaving I will put towards as a subsidy.’ The issue is recognising all the parameters that affect a development – time, density – and trying to work it out without using cash. There are different ways to solve this problem without using money, because money is scarce. I will give you an example based on the pop-ups. Dulux, one of our biggest supporters, said, ‘Rob, if you wanted \$400,000 of paint. I’d give it to you tomorrow. Ask me for \$10,000 cash, and it is very different conversation.’ Align the ask with what can be done without using cash and it is possible.

Renee HEATH: You mentioned that you have seen this coming for 30 years. What were those indicators, and what can you see going ahead if we do not change something?

Robert PRADOLIN: We are all part of this problem because we all feel very comfortable when our house prices go up, but our house prices cannot continue going up forever without actually fragmenting our society in polarisation. No government is going to get elected if they come out with a policy saying, ‘My job is to keep your house price static.’ That is the political problem. But we need to actually readjust the income versus house price ratio so that people in the longer term can afford to buy a home. Our kids, I am going to tell you, generally have lost hope. There is no single silver bullet. We have got to look at a whole range of things, understand how the market behaves and then drive the market over a period of 30 years to rebalance our society. There is no quick fix unfortunately from a politician’s point of view, but we need leadership with a long-term vision in the interest of all Australians rather than actually political self-interest. In fact, if I can say now, one of our objectives is to create respectful unrest by educating the public about what they do not know, because without respectful unrest, there is never any political self-interest.

Renee HEATH: Thank you.

The CHAIR: Thank you. I will keep this short because I have to go to Dr Bach, and Michael might want to ask some questions. You mentioned that the pop-up was short term and medium term. I am just wondering: can you share some information in relation to shared equity, which is an inspiration to get more Australians into home ownership?

Robert PRADOLIN: I think shared equity is a big component. In fact I was just reading the papers this morning where it said I think 46,000 first home buyers have taken up the shared equity component from the feds. I think that is an important aspect of it, because you need to get people into the property market to allow that growth to continue so they can actually become home owners. I think shared equity is one of the important suite of things to actually help us in the long term.

The CHAIR: Yes. For people and those at home, could you explain just broadly what shared equity is?

Robert PRADOLIN: Shared equity is when another party takes up a joint ownership with yourself. Let us say the property is worth 100 per cent; I come in and I buy 30 per cent, and if I am the federal government, because Victoria is doing the same thing, I take 30 per cent equity in the home. I, the owner-occupier, have 70 per cent, so that is all I pay. I pay all the rates and taxes, and then when I start to sell it in 10 years time, I get 70 per cent of the end price, while the government in this case gets 30 per cent of the end price, and I can then refinance, assuming property prices go up. Shared equity is just another way of home ownership but not at full price.

The CHAIR: And to initiate, just to clarify the question, for an average Victorian getting involved in shared equity, what is required of that person in the initial start off, finance-wise?

Robert PRADOLIN: I think they need 5 per cent. Again, this is the scheme that the Victorian government currently runs anyhow, and so does the federal government. 5 per cent, an ability to save, and then I cannot recall what the other requirements are, but it is not that difficult if you want to take – because people always think this is easy, it is still taking risks at the time, so they have to be comfortable taking that risk.

The CHAIR: Thank you. Dr Bach.

Matthew BACH: Nothing further from me, Chair. Thank you.

The CHAIR: Michael.

Michael GALEA: Thank you, Chair. I might start with Mr Patterson. Your submission very clearly states that we need to build much more social housing in Victoria. Is it going to be achievable to do this unless we actually take advantage of the vast amounts of land owned by Homes Victoria and other housing estates and rebuild some of these derelict towers with an increase of social housing in them?

Damien PATTERSON: Thank you for that question. The current redevelopments are great, and it is important as well that – I mean, they are great because many of these houses really are coming to the end of their useful life, and then you add the fact that people will be getting new houses that are more appropriate while retaining that affordability, which is really important. It is also good to see that there is going to be some uplift in these redevelopments; it is important that we should continue to grow social housing. It is also true, though, that we need to do more. The redevelopments will see a 10 per cent uplift in the number of social properties across those sites across the next 30 years, and that is important. But it is also important for us to recognise that the Victorian government needs to continue to invest in new social housing. The truth is that we have seen now for decades that there has been underinvestment in social housing in Victoria, and now we have the lowest level in the country. It is going to require substantial effort from the Victorian government as well as from other parties to see that level grow. I think it is reasonable to say that Victoria should have something like the national average of social housing. Currently we are at the bottom of the league table, and it is really going to require a substantial effort, including government funding I think, to deliver the level of social housing that we need.

Michael GALEA: Thank you. And just briefly: obviously, apart from those opposing those sorts of uplifts, what are the biggest challenges to delivering that increased social housing that we need?

Damien PATTERSON: What we really need is sustained government attention. We have to give credit to the Big Housing Build – 9300 new social housing properties, that is fantastic – but we need something to the order of 60,000 properties over the next 10 years. The Big Housing Build takes us a substantial way there; other announcements over recent years also contribute. But the truth is that we need to retain that focus, and we need to continue it over many years in order to be able to deliver the levels of social housing that we are going to need just to keep up with the rest of the country.

Michael GALEA: Thank you. Ms Letts, I was unfortunately a little bit late this morning, but I did hear some of your previous commentary; it might have been to Dr Mansfield, I am not sure. But you were talking about rental records coming from the military and that posed an issue that you did not have that standing record – that was quite surprising for me to hear, and obviously it would put a lot of people such as yourself in that really difficult situation. What sort of measures could governments take – and this might be something that goes across federal as well – to reform that so people coming off those long-term military leases are not disadvantaged coming into the property market?

Jody LETTS: I definitely think that there is an opportunity to link through to that. They are normally pretty guarded with the information that they hold, but definitely younger veterans or people that are leaving their workplace would benefit from some kind of letter generated when they discharge, and I do not see that being very hard. It is a conversation. There is an enormous amount of work going on in the homeless sector in relation to veterans at the moment and also to the rates of suicide that we face during that. I think it generally would help if the conversation was started.

Michael GALEA: Thank you very much. I am sure I could ask many more, but I think we are out of time, so I will pass back to the Chair.

The CHAIR: Thank you very much. This brings this panel session to a close, due to time constraints. Again I would like to thank the panellists from Housing All Australians and the Council to Homeless Persons for joining us today and giving us their generous time. Witnesses will receive a copy of the transcript for their review in about a week's time, before it is published on the website. We now move to the next session for today.

Witnesses withdrew.