T R A N S C R I P T

LEGISLATIVE COUNCIL LEGAL AND SOCIAL ISSUES COMMITTEE

Inquiry into Homelessness in Victoria

Melbourne—Wednesday, 12 February 2020

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WITNESSES

Mr Peter Danks, Advisor, Homes for Homes and the Big Issue, and

Ms Tracy Longo, National Operations Manager, Homes for Homes.

The CHAIR: Just a little bit of housekeeping before we start. As you know, this is the Inquiry into Homelessness in Victoria. All evidence taken at this hearing is protected by parliamentary privilege. That is awarded to us through the Constitution Act 1975 and the standing orders of the Legislative Council. Therefore any information you give to us today is protected by law. However, if you were to repeat these comments outside, that protection is not extended. Any deliberately false evidence or misleading of the Committee may be considered a contempt of Parliament. All evidence is being recorded and transcribed by our wonderful Hansard. We are also broadcasting. This is a fairly new thing for committees. Yes, you are looking great, and the world is watching. We find this is wonderful for public hearings—that people can actually listen in remotely. It has been a great change for us and much more interesting than watching Parliament, I believe. If you would like to make some opening statements—I see you have a PowerPoint for us—then we will open it up for greater discussion.

Mr DANKS: Thank you. Firstly, congratulations to the Government for holding the Inquiry, and secondly thank you very much for the opportunity to be here today. Tracy has been on board for 12 months as the Operations Manager for Homes for Homes. I have been working in an advisory capacity for 12 years, starting with the Big Issue and for 7 or more years with Homes for Homes.

Visual presentation.

Mr DANKS: The Big Issue is a social enterprise in its very DNA, producing a social outcome directly by what it does and sustaining that through a transaction-based business, if you like. While it does receive grants and donations from time to time, that do not sustain the organisation. The organisation operates on its business, producing the outcome directly. It started with the magazine, which most people know of and we were discussing a moment ago. Today 700 vendors operate as vendors of the magazine, but that is a moving population over time.

My first engagement with the organisation was looking at *The Big Issue* as a magazine as to who it was able to support, and it was a particular cohort; it was not ever going to be able to support the broader population base. Today there are six social enterprises under the umbrella of the Big Issue. I will not go through them all today, because this is not the environment, but every one that has been started still operates today—touch wood that that continues. But it is not totally by chance. A lot of due diligence, research and planning goes into anything before it is brought to the public and as to primarily at the end of the day who it can support.

The organisation is independent. It is not-for-profit. It has been operating for over 20 years. While the Big Issue is doing a lot of great work, at the time, probably eight or nine years ago, it had no involvement in housing but clearly was exposed to the impacts of the growing shortage of housing. When we first started studying what the need was in housing, the shortage was 170 000 properties nationally. Today there are plenty of numbers that are floating around. I think it is probably worth contesting here that our focus today is really on your third area of focus. You all heard a lot about data; I am sure you have got a huge amount of data as to the need. Fundamentally the premise of Homes for Homes is around the need for safe and secure housing, the shortage of that in the community, the flow-on effects that that has and the cost burden that that delivers to the community and the fact that no government, no one corporate or no one not-for-profit organisation is ever going to address the scale of the issue in isolation.

A lot of study and work was done around what was the consistent piece or missing gap in that mix. It was seen to be a lack of capital coming into the market, but a style of funding that could make a step change difference—not investment capital, not one-off donations or grants—was a long-term recurring revenue stream that could be invested into the market without traditional financial return on investment requirements being measured by social outcomes. The result of that was the creation of Homes for Homes.

Homes for Homes came from a mechanism that was seen in the US being run by a company called Lennar. At the time it was the second-largest and is now the largest for-profit developer in the USA. In a particular year they built and sold 25 000 houses, so that gives you some idea of the scale—it is a large operation. What they did was put a mechanism on the titles of those 25 000 properties, and that triggered a donation at time of sale. So we picked up that premise and Australianised it, if you like. Clearly you could not pick it up and just plant it into the Australian legal system and title system.

What would that look like here? What it is is a 0.1 per cent donation at time of sale by the vendor of the property, which is voluntary. It is tax deductible, so it has DGR status nationally, and the beauty of it is that a registration of that pledge sits on the title of the property so that once it sells the next owner takes on that commitment et cetera, et cetera, remembering—

Dr KIEU: Perpetually?

Mr DANKS: Perpetually, until someone says, 'I'm not in a position to do this' or 'I don't want to do this' for whatever reason that may be—it does not matter. You can take it off at no cost.

Dr KIEU: I am just going to interrupt you: 0.1 per cent, which means that if you get 1000 pledged, you get one full home—full house.

Mr DANKS: Well, in basic mathematics, yes. What we see here and we have already seen through the funding that has come through—

It is operating today. Money has come in and has gone out. Houses have been built, and people are living in them, so it works. It is operational. It is now all about scale, and therefore the reason we are here today is to talk to you about the opportunity to create scale through Homes for Homes. The critical bit is that it is voluntary, it is tax deductible and it is permissive.

The CHAIR: You could just make it an opt-out system.

Mr DANKS: Ultimately it is an opt-out system. The way we are going to market is through a development market on scale and government-style releases of public land where they get converted into houses or developed into apartments or whatever it may be. That can apply to commercial land or property as well. So where a property is sold by a developer and it is preregistered with Homes for Homes on it, I as the buyer can opt out. So that is where we get scale. We can talk to a lot of them ourselves, or Tracy, and say, 'Would you like to sign up?', and ultimately a public campaign will come, but that could be 10 years off. The scale is through large wholesale-style transactions.

The CHAIR: So Lendlease, Icon?

Mr DANKS: The like, yes. So there are 17; we will get to them in a moment. There are 17 development partners on board today, who are actively selling properties with Homes for Homes or planning to release to the market homes with Homes for Homes registered. So an opt-out model in essence. If I were to sign up—I am opting in—but the preferred model and the scalable model is to release it as an opt-out, but voluntary. The important bit is if it is involuntary, compulsory, people sit back in their chair in a heartbeat and do not engage, whereas if it is a voluntary model, people sit forward. And the good news is that today—very early days, but these are figures from properties that actually have changed hands—78 per cent of those properties, roughly, are staying in the scheme. So these are people who have not necessarily elected to opt in; the 22 per cent effectively have opted out for whatever reason. So it is an extremely low opt-out rate. We believe that can get up into the 90s and into the high 90s over time, and part of it is about educating the system.

At its core voluntary donation by the vendor, the recipient of the money, sits in disbursements, so no-one is cutting another cheque. The money comes through the settlement disbursement process—tax-deductible—and goes into a central fund. That central fund then with independent advisory groups nationally distribute that out to the community housing sector. So for example, Kids Under Cover, as the previous presentation, can apply to that fund for funding. The independent panel at a state level, so money raised in Victoria, stays in Victoria. A Victorian housing advisory panel reviews applications and makes recommendations as to the best outcome, the best economic proposition, most sustainable et cetera. It is a very rigorous process but, importantly, independent. Homes for Homes or the Big Issue do not own houses; they do not manage houses. It is a marketing initiative or toolkit, if you like, for everybody: for all Australians, or Victorians in this case. With the

630-odd community housing providers in Australia, it could be any of those or others that can put their best case forward and satisfy the independent criteria. In terms of the impact, I might hand to Tracy to talk through the impact today.

Ms LONGO: We are probably about three and a half years into operation. As Peter was alluding to, there was quite a bit of research that was done to make sure that it would be something that was sustainable in Australia first, and in that three and a half years we have been delighted to be able to already issue grant funding back out into the market. In fact this morning we just announced our second round of recipients in Canberra. So we are delighted to announce another four organisations that will receive funding through the donations stream from property. Conservatively we have estimated, with about 3 per cent of take-up, that Homes for Homes can deliver approximately $1 billion in a 30-year period, and that obviously just keeps growing as the flow-on effect comes through.

Our grant funding has nearly delivered $1 million already in that three-and-a-half-year period, which is absolutely fantastic, which has gone to eight different projects. So in the first round: three in Victoria and one in the ACT, and this one today is another three in Victoria and one in ACT. We do operate across five states, but through, I guess, careful partnerships with some of our community partners and those developers that we are working with, we have been able to secure funding much quicker in Victoria and through Canberra. So that is where we have been able to disburse funds first, but obviously we will disburse across all states as it is. Any money raised in the state stays in the state, and that is really important for home owners to know—that it is going back and into the community that they live in, which is a really cool part of it.

You will see in the photo here Jema and Romel and their gorgeous daughter Isla were the first recipients to actually move into a home. That was partially funded by Homes for Homes. We are really excited to see them go into that environment. They did come from public housing, and by moving them into this type of property it means, obviously, that social home is now available for somebody who is in need. So there is a real flow-on effect right throughout the community when we are able to provide funding for these types of projects. So as I said, it is exciting to see the next round be delivered.

The CHAIR: Yes. So who are your recipients for this?

Ms LONGO: Absolutely. This particular project here was Habitat for Humanity in Victoria, who are doing work around Yea, providing housing, obviously, for families who can support a mortgage but cannot obviously move past being able to get what they need to buy their own home independently. One of the recipients today is Aboriginal Victoria Housing. So it really is varied. As Peter was saying, we do not choose the recipient. We open up the grant funding and ask applicants to put themselves forward. Then an independent advisory group who are experts in this field will review those applications and determine best fit. But there is a range. We did one in the ACT, which was with Havelock Housing, and they are placing two women over 55 into that environment. They are coming, obviously, from domestic violence. It will vary depending on the project and the scale of the funding that is available.

Mr DANKS: A lot of work has been put into the governance, so ensuring that there is a prudent governance arrangement around it and that it is independent in all respects. For example, they get the seed funding. It would be very tempting to talk to the banks, as an example, about seed funding. The capacity is there, but does that create essential independence questions down the track in terms of once it is built—scale and the like? So we have been very careful around that governance to keep that independent relationship. The seed funders are shown there. As I mentioned before, this is a separate legal entity to the Big Issue. So it is a not-for-profit limited by guarantee with its own board of directors, with tax deductibility status, and again, the money does not go to Homes for Homes. The money goes out to the housing sector to produce social and affordable housing, so to increase supply, in the most simplistic way. It is operational.

There are two advisory groups bringing expertise externally: an investment advisory group, which is chaired by Terry Campbell from Goldman Sachs, Simon McKeon from Macquarie Bank, Anna Bligh, CEO of the ABA, Andy Penn, CEO of Telstra, and others. Sally Herman and others sit on that investment advisory group. Their role is to oversee the investment side of it but also to look at how do we get scale once more money comes through and how do we leverage those funds to get the maximum outcome. At the moment the contribution to the projects is about 10 per cent, on rough terms, of the project value, but what it is doing is turning projects that would not have happened without that 10 per cent to make them live. So in terms of the original question, 1000 houses equals one house. A lot of the time it is the piece of the puzzle—these projects do not work on mezzanine finance—but if you bring in the last piece as 10 per cent no-cost capital, suddenly that radically changes the business proposition for the marketplace.

Eleven million dollars of seed funding is in place, so it gives it a good runway in terms of the startup capital, if you like. We will be requiring more seed funding—that is not the purpose of this discussion—but we are confident with the track record that is in place that Homes for Homes will be able to secure that. In terms of partnering with the sector, a lot of work has been done in working with the various entities there. We could put a lot more logos up if you take out the association-style logos that are there with the myriad organisations that sit behind those. The ABA is an example. We have spent probably four years working with all the major banks and some of the industry associations so that when it goes through settlement it happens smoothly. It is a huge machinery out there in property, so that piece earnt good experience for the participants and is a really important piece—that that commitment or that pledge can stay in the system and be accepted by the system. And the good news is: it is.

The other element of this is the scalability of rolling it out. We talked a moment ago about a developer being able to put it on all their properties when they release a development, and suddenly there might be 1000 houses or 2000 houses in one hit. Equally the likes of PEXA, which you will see there is the e-conveyancing business that is creating electronic conveyancing, is a partner of Homes for Homes—or we are a partner of theirs, whichever way you term it. Their vision is that every transaction that goes through the PEXA system in time will be asked the question, 'Would you like to register with Homes for Homes if you are not already?'. So there are some good mechanisms in place to create scale, but we are impatient. Therefore we are here to see how we can ramp that up as quickly as possible.

The next slide shows you an example. There are 17 property people who are developing and increasing supply of properties in the market, whether they be private sector or not-for-profit, who are registering their properties with Homes for Homes, or preregistering, when they come to the market. There are 66 others. I hope I have got that number right for the records. There is in excess of 60 others that are in active consideration of joining the coalition, if you like. So there is market movement there.

If I can put it in a really simplistic sense, this is a value-capture mechanism. Developers are producing houses. If there are government mechanisms that are put into place requiring, say, that 5 per cent or 10 per cent of those houses need be affordable properties, that is great and that will vary from state to state and time to time and project to project. This is about capturing the 90 per cent of the properties that are private market properties to participate forever—they will not all be there forever, but as many as we can possibly keep in the scheme. Once those properties are sold they are lost, or we have to go around and try and sign them up one by one by one by one. But if we can get them on volume, then we are capturing value that can pay dividends at no cost to anyone, except for the Homes for Homes administration, over perpetuity.

Out of this we asked the question, 'What are the principles that you might want to consider?', and we have kept these at a macro level rather than specifics. The first one is that addressing homelessness benefits all Victorians. I think you probably would have come to that conclusion in terms of item 1 and 2 on your agenda. In terms of the cost-benefit we have not come here today with that data, but we can provide it if you require it in terms of the benefit of providing a house versus supporting those without a house. It is built on the Housing First principle: by providing a house and a safe and secure place to live, a large percentage—figures vary, but it is in the realm of 80 per cent—of people will care for themselves without outside intervention. All that intervention comes at a cost to community. Therefore we would espouse adopting a Housing First principle at a state level.

Social and affordable housing as core infrastructure—in terms of the way budgets are struck, the way policies are adopted and the way they are implemented—if housing were treated as core infrastructure in terms of where it sits in the dialogue and the considerations, then we would feel that that is an appropriate place for it to sit. I had a quick look yesterday at Victoria's Big Build. There are a lot of roads, fantastic, and a lot of railways, equally fantastic. It is not questioning what is being done. Should housing be one of those pieces?

Integrating Homes for Homes into the planning framework—this is where it gets really powerful. Planning is very important and critical to being credible and to maintaining integrity, but it also has the ability to have significant influence in a scheme like this at no cost. As an example, if a developer were to present through a planning process a project which they committed to go into Homes for Homes, where 100 per cent of the properties are preregistered, could they perhaps be given fast-track approval consideration—not approval but consideration—in the planning process? That is an example.

The last one, leveraging of government land: government does, at all levels of government, either sell or lease or enter into some form of development-style proposal around land that is owned by government. If all that were required to be released with Homes for Homes—not seeking a donation from government but purely putting the mechanism on it as part of that transaction—the developer would be an optional donation. So if I were developer X and I acquired that site, I would still have a choice of whether I did or did not donate on my say, so long as I sell it with Homes for Homes preregistered. Then the market chooses whether they do or do not. It is not seeking anything to be compulsory, but those last two there are the power of the planning framework, and without influencing any decision that came out of that. But there is significant power within that framework to fast-track this. Some numbers have been done; if it were fully integrated into the planning framework, the potential could be as high as $4 billion in Victoria.

Dr KIEU: In one year?

Mr DANKS: No, no, over time.

The CHAIR: By 2030.

Mr DANKS: Over a 30-year period.

Dr KIEU: In 30 years.

The CHAIR: Yes.

Mr DANKS: That would require a lot of things to be lined up within the planning framework, so, please, I do not want anyone to walk away from today thinking that we have ticked this box and there is $4 billion. It does not work quite that easily. But over time, because it would need to be progressively introduced to get to that scale, as a starting point the example I gave a moment ago of, if you like, a fast-tracking approval process for large-scale projects that commit upfront, we will participate.

The CHAIR: That is right, and that is what we heard from Robert Pradolin and Metricon and PwC—that time is of the essence. Time is the big cost for developers.

Ms LONGO: Correct.

Mr DANKS: Correct.

The CHAIR: So if you could reduce their waiting, their planning time—

Ms LONGO: Absolutely.

Mr DANKS: That would save them money.

The CHAIR: that would save them money, and if they committed to whatever it might be that they commit to, whether it is reduced rent or cheaper social housing or whatever it might be, that would be the ticket.

Mr DANKS: What we are saying here is do not lose that opportunity to value capture on the houses that are not social houses in that mix.

The CHAIR: Yes, absolutely. And as you say, this is for the non-ones. With the idea of embedding Homes for Homes into the planning process, which I think is compelling, are there any other jurisdictions that have done that?

Mr DANKS: Okay. The City of Moreland in Victoria has just been to council to approve doing that in Victoria.

The CHAIR: Right. Great.

Mr DANKS: So we can say that there is one very live example, and that was as recent as late last year that it was approved.

Ms LONGO: Unanimously voted in, yes.

Mr DANKS: And in November last year we were also invited to present to a forum, which was a CEO forum of 14 south-east Melbourne councils, and there is certainly significant warmness there to look at equivalent considerations. So we are finding that the councils, if you like, are supportive. I say that because of the planning role. But they are very receptive to the principles, and they are equally feeling the pressures of the homelessness issues, as you would expect.

The CHAIR: Absolutely. And as you mentioned at the beginning, some of this was born out of an American idea, so has this been embedded anywhere in the US?

Mr DANKS: It is interesting. We—I should not say 'we'. I had better be careful here. There were five CEOs who originally got together independently in their own time and found that mechanism, and then they invited the Big Issue—would they consider taking it on rather than creating another machinery and CEO and office and all the rest of it.

The CHAIR: Very smart.

Mr DANKS: 'Let's avoid duplication,' which we did, and that was the point where I got involved: to assess it for the Big Issue's board as to whether it was something that had merit. It is interesting. They had already spent a lot of time with them in terms of understanding nuances, and we did change metrics to make sure it worked in Australia. For example, theirs was a barter between the borrower and the seller; ours is the vendor, or recipient of funds, donates. Keep it clean, keep it simple.

Jeff Roos, who is the senior vice-president of Lennar, came out to Victoria, or Australia, when we did the roadshow to release this to the wholesale market about three years ago. He then has gone back to the States and said, 'Why am I doing this on my own as one developer? Let's go and talk to all my competitors'. So he is getting his competitors together to release it nationally in the US. Now, I cannot commit him as to when he is going to do that, but they are looking to significantly scale up what they are doing as a result of seeing what we have done here. The UK is doing a feasibility study at the moment as to how it might be picked up in the UK, and there is another European country that is in the very early days of considering it. It is getting interest offshore. We need to be really focused around the local need.

The CHAIR: Of course. Fantastic.

Mr BARTON: How many properties have you got right now?

Mr DANKS: Physically registered in the system?

Mr BARTON: Yes.

Ms LONGO: So keep in mind, as we said, we have been operational for about three years. We have got registered just under 1000, but we have about 11 500 properties that are in the pipeline that will flow through through the developments that are coming on board through the partnerships that we have with the likes of our 17 property developers. As you can appreciate, we have to go on very early in the process in the contract of sale so that it has been disclosed to the purchaser. Those contracts of sale are drawn up generally two to three years before the actual development falls, but what it does allow is the time then to work with the community. A lot of the developers we are taking on are seeing this as a value add for them from a sales perspective because they can actually go to the market and show a community value, and people are looking for a way that they can support the community.

The CHAIR: That is right.

Mr BARTON: Are you finding anybody wanting to drop out at that first stage?

Mr DANKS: The buyers?

Mr BARTON: Yes—the buyers who come to you and say, 'I want to buy this property', and you say, 'We've got this thing on it'.

Mr DANKS: I think you would appreciate that in the property sector, when it comes to settling a property there is a massive number of people in the country, thousands of practitioners—conveyancers, planners, the banks, the legal team on the bank's side—so that process is taking time to get that education to filter down. So there have been the occasional instances at first settlement where a conveyancer asks, 'What is Homes for Homes? I don't want to settle a property with something attached to the title'. That is dropping off, or picking up, whichever way you like to term it. But as the education piece rolls out, both through the banks' own systems, through the PEXAs of the world and the like—

With PEXA, for example, there is a button on PEXA that as an operator on the system you can click and it explains what Homes for Homes is, if it appears on the title. That was not there a year ago—well, in fact it was not there six months ago. That has taken time to get in there. So with the education piece, yes, there have been some that have dropped out upfront, but largely it is that sort of aspect of the experience, and that is radically improving.

Ms LONGO: I guess our best experience is we have a development in Canberra called Denman Prospect. It was the first suburb that when you purchase a block of land that land comes with Homes for Homes already preregistered, so it is very much a partnership over there. The home owner is sold the property with it on title, and then it is up to the home owner to make the decision if they want to continue. That development now has been going for the full three and a half years. We have had many of those properties turn over anywhere up to two to three times from developer to builder potentially to home owner, and our retention rate sits at around 80 per cent for that development, which is a really great success story. Keeping in mind when you are purchasing a property that is participating you may not choose to sell that property for 10 years, and so your decision time really comes at the point at when you sell, and during that period you have got capital gain out of that property—and it is money you do not actually see because it is not a tangible, it is something that has accumulated, so you are not actually having to pull out your wallet and hand cash over. It just flows through off money that you have from growth.

The CHAIR: And it is tax-deductible.

Ms LONGO: And it is tax-deductible; correct.

Mr DANKS: I stand to be corrected on this number, but I think the average capital gain on property 18 months to two years ago was about $245 000, averaged across all properties transacted across the country. If you put it in that context, 0.1 per cent of the average home value in Victoria which is now—call it $850 000?

Ms LONGO: $750 000.

Mr DANKS: Call it $800 000, so an $800 donation in the context of that average gain, it is pretty modest. And it is tax deductible, so it is notionally half that.

Dr RATNAM: Thank you so much. Such an interesting concept, and I think you mentioned there generational equity, but there is also the intergenerational equity aspect of it, so it is really interesting to see those ideas flourish. I had a question about the model you are using, because we were talking about the investment board as well. Is it like a trust model that you are setting up where you put the money that is raised into kind of capital that is invested and then you are using the interest earned, or was there something else?

Mr DANKS: No, we are not. At the moment the model is that, firstly, at a legal level it is a company limited by guarantee, so a not-for-profit, in simple terms. That advice as to what the right legal structure for it was was from Minter Ellison, and that was agreed, assisted by other lawyers as well at the time, as to what the structure would be. So the money technically does not go into a trust. It sits in that entity, and then the commitment is that money raised in the state stays in the state, in terms of disbursement of any of the moneys that come from that. In terms of the second part of the question, it is not building a capital pool. It is money in—

Dr RATNAM: Money out; right.

Mr DANKS: then it gets disbursed. And in a way, if you like, because the contribution to date is roughly 10 per cent of the build costs of the project, the sort of leverage you get by building a capital base has been achieved in a different way. That is not to say that in the future there might not be a component of that when you start getting large sums of money, and therefore the ilk of people we have got in that investment advisory group is to look at what are the ways to maximise the benefit of that. Ultimately the measure is the outcome—increased supply. Today the best way to do that to date by experience has been to be that last piece of the funding puzzle, to bring a project to life that would not otherwise or may not otherwise have occurred.

Superannuation funds do not invest in this space at the moment on any scale. They have just started to do a couple of projects, which is great to see, but all of the contacts and discussions we have had is that they miss their return on investment. Their fiduciary duty is to their members, but in this sector they miss that return on investment piece and understandably they therefore cannot invest. What if Homes for Homes was to contribute to that missed piece in their investment return—rather than us build the houses, we contribute to the funder that then multiplies that by tens of times? I am not suggesting that is what we are going to do, what Homes for Homes will do, but that is an example of why, as the volume increases, the scale—

The CHAIR: That is right.

Mr DANKS: It sort of comes back to why we are here, and we encourage the State to consider ways to help fast-track driving volume, basically. And we take that to be the two primary ones: the planning framework and government land. There are others, but they are to prioritise it.

The CHAIR: Yes, heard loud and clear. And I think it is certainly, as Wendy said and as everyone said, this is an issue for the whole of the community, and here is a product that provides the community with a really tangible way to take part in it.

Mr DANKS: The last piece I would probably add is that we see Homes for Homes as being completely independent. We are not aware of another one which would be competitive, if you like, with Homes for Homes. There are times when a developer will say to us, ‘Oh, look, our charitable focus is mental health’, which is fantastic, but this is not about asking for their charitable funds. This is about at no cost facilitating a pipeline of market-based participation. It can sit alongside any inclusionary zoning requirements, it can sit alongside any existing community’s CSR-style work. It can sit quietly in the background—we would say proudly in the background—and drive that volume.

The CHAIR: I want to see a little plaque on the house.

Mr DANKS: That will come.

Ms LOVELL: Just a really quick question, but you put a caveat on the title for the 1 per cent—

Mr BARTON: 0.1

Ms LOVELL: Oh, 0.1, sorry. What is the significance of that caveat if for some reason Homes for Homes ceases to exist and then in 30 years time I sell my house and there is a caveat there that the 0.1 per cent has to go to Homes for Homes?

Mr DANKS: Built into the Homes for Homes constitution is a commitment that if Homes for Homes for whatever reason has its own challenges—I have not got the words in front of me, but there is a trigger in there for it—that benefit is to be retained to the community, so whether it be a suitable organisation that could facilitate that. We think highly unlikely to be required, but it was felt to be prudent to put that into the constitution. I can get the wording for you if you like.

Ms LOVELL: There always has to be a fallback position.

Mr DANKS: Absolutely.

Ms LOVELL: You never know what is going to happen with an organisation. I would have thought it would have been to release all the caveats.

Ms LONGO: Absolutely. There is obviously the possibility. If ever we went into liquidation, we have taken that through the lawyers and assessed how that would be treated from the caveatable perspective, and those caveats can be removed under that and that can be done as part of the process of—

Mr BARTON: Winding up.

Ms LOVELL: So a choice would be given to the landholder?

Ms LONGO: It would depend on the circumstances of the liquidation and how that sort of transpired, but they can be independently removed without the need of the home owner to make application.

Ms LOVELL: I do have just one more. The homes that you actually invest in, you give them to Haven or to Yarra Community Housing or whatever for them to invest in their homes. Is there a caveat that that home must remain in the social system as well?

Ms LONGO: Correct. So one of the things contractually is we ask them to keep the funds that we have contributed in perpetuity into a social form of housing.

Mr DANKS: It is like one layer removed from that specific property. It is that if that property no longer is suitable, they can replace it with another property, so it is retained.

The CHAIR: Brilliant. Love it. Thank you. As I said earlier, you will get a transcript of this conversation. Please have a look at it, and if we have misrepresented you in any way, got the figures wrong or if there are any corrections you would like to make, feel free to do so. Thanks for your time and the work that you are doing.

Witnesses withdrew.