

# **Submission to the Inquiry into the Redevelopment of Melbourne's Public Housing Towers**

# INQUIRY INTO THE REDEVELOPMENT OF MELBOURNE'S PUBLIC HOUSING TOWERS

Per Capita

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## Introduction

Per Capita welcomes the opportunity to respond to the Legislative Council Legal and Social Issues Committee's Inquiry into the redevelopment of Melbourne's public housing towers.

Per Capita is an independent progressive think tank, dedicated to fighting inequality in Australia. We work to build a new vision for Australia based on fairness, shared prosperity, community and social justice. Our research is rigorous, evidence-based and long-term in its outlook. We consider the national challenges of the next decade rather than the next election cycle. We ask original questions and offer fresh solutions, drawing on new thinking in social science, economics and public policy.

## Rationale and cost modelling to demolish the public housing buildings

Per Capita joins many others in questioning the lack of transparency around the costs associated with retrofit or knock-down and rebuild of public housing towers in Melbourne. We also question the rationale that underpins the decision-making process. We question the following three rationales:

### 1. That decisions around public housing redevelopment should be driven by financial viability and private-sector profitability

Part of the argument for redeveloping public housing sites to deliver private sector housing is to allow the market-rate housing to cross-subsidise the cost of delivering public housing. We question whether decisions around the use of public land should be made based on profit and financial viability. We do not ask public schools to make a profit, seeing the productivity benefits of educating students and we don't ask public health care to make a profit as we acknowledge the universal right to health care – why is public housing different?

The ageing state of the public housing towers is partially the outcome of multiple decades of under-investment in social housing by successive Victorian Governments. In 2017 the Victorian Auditor General's office noted the key issues confronting public housing include a lack of financial sustainability, a lack of long-term direction, ageing stock, unmet demand and misalignment of stock and demand (Victoria

Auditor General's Office, 2017). Victoria has consistently failed to invest enough money in social housing to ensure its upkeep, management and growth. Choosing to commit large swathes of government-owned land and Victoria's 'biggest ever urban renewal project' to housing 20,000 additional people but only delivering 1,800 additional social homes is a continuation of failing to spend public funds on essential public infrastructure. Narrow economic assessment of the feasibility of development should not be the main driving factor in the PHRP. The cost savings to government from moving people from homelessness to secure housing are well-documented.

*Recommendation:*

- Commit to providing the necessary government funds to support a large-scale increase in public housing. Acknowledge it is an investment with a clear benefit to Victorians.

## 2. That knockdown-rebuild is the only viable option on public housing sites

We acknowledge the age of public housing towers, including issues around thermal quality and comfort, and wholeheartedly support investment increasing the quality of social housing stock. However, considerations of cost and rationale appear to take limited view of the value of land uplift and the cost of maintenance, without considering longer-term social or environmental costs. We question whether site-by-site analysis has occurred to assess the merits of rebuild or retrofit for different buildings. Retrofitting can reduce embodied carbon, waste and other environmental effects by up to 50% compared to rebuilding (Moore et al., 2024). There are several international examples where the retrofit of ageing public housing buildings has led to exemplary energy efficiency and building quality outcomes (Raynor, Pert, et al., 2020). We would like to see more transparency around decision making, rather than a one-size-fits-all approach.

*Recommendation:*

- Work with local communities, local councils, architects and sustainability experts to conduct site-level assessments about the relative costs and benefits of knockdown versus retrofit.
- Make a transparent audit of building conditions available for public review, including any analysis conducted when deciding between retrofit or rebuild approaches.

## 3. That substantial increases in market housing is the only way to 'save' public housing and ensure social mix

Part of the argument for redeveloping public housing sites to dramatically increase market rate housing is to 'avoid ghettos' or 'change the composition of disadvantaged communities.' These arguments about ghettoization echo those from places like the US to explain the dangers of concentrating too much social housing in one place. They make sense in that context, where historic development patterns (often highly racialized) mean entire inner-city suburbs are disadvantaged and may experience higher rates of crime or

unemployment. This argument is not relevant in Melbourne where most public housing towers are located in suburbs that now enjoy considerable social and wealth advantage – the introduction of private dwellings may reduce the heterogeneity of these places if not accompanied by a similar uplift in social housing. New development of social and market rate housing should be ‘tenure blind’ to avoid obvious differences between social and private dwellings – places like Kensington Estate demonstrate how this can be done while also ensuring sufficient community services are in place to support community members (Raynor, Panza, et al., 2020).

There are plenty of Australian and international examples of buildings and neighbours with 50:50 mixtures of social and market rate housing. Given the PHRP is anticipated to house 30,000 people where 10,000 currently live, we suggest that an appropriate target is for at least 15,000 of those people to be residents of social housing.

*Recommendation:*

- Commit to a 50% uplift in social housing residents (not dwellings) housed through this process. That equates appropriately to 15,000 residents, 5,000 more than are currently housed in the 44 towers.
- Commit to ‘tenure blind’ development that offers the same amenity to residents, regardless of their tenure or landlord

## Impact of the plan, including the compulsory relocation and displacement of public housing residents

We note the impact on social cohesion and mental health associated with the compulsory relocation of current public housing tenants. While tenants are given the first right of return on properties, the long timelines of construction and the uncertainty about the process create stress for residents and reduce the likelihood of return. Evidence from earlier renewal projects suggest only 20% of residents returned following the Carlton renewal project (Arthurson et al., 2014). Further, distrust is likely to be high among tenants given the history of long delays and uncertainty associated with other relocation and demolition processes.

Public housing developments often have high levels of social cohesion, with residents living in the same home for decades and complex networks of care-giving existing between households. Minimising disruption is essential to retaining that sense of community (Arthurson et al., 2014).

*Recommendation:*

- Consider current residents' circumstances when determining the composition of dwelling types and sizes to ensure existing tenants can meaningfully exercise the 'right of return' they have been promised.

## Impact of the plan on numbers of bedrooms, number of dwellings and homelessness

Per Capita's primary concern with the public housing redevelopment plan is the insufficient amount of social housing – public or community housing – that will be delivered. An overall uplift of 10% more social homes, approximately 1,800 dwellings in 25 years, is considerably at odds with the scale of housing need identified by the Victorian Government and others. For example, [Per Capita called for 6,000 social homes](#) to be built per year in our 2021 response to the Ten Year Social and Affordable Housing Strategy, and Infrastructure Victoria made the same recommendation in its 2025 [Draft 30 Year Infrastructure Strategy](#). The fact that Victoria's 'biggest ever urban renewal project,' does not substantively address the state's need for significantly more social housing is a wasted opportunity.

Per Capita further notes that much of the proposed new social housing will consist of one-bedroom apartments (Victorian State Government, 2017). While we acknowledge the increase in single-person households in Victoria broadly and on the VHR more specifically, this change in dwelling type will result in an overall reduction in the number of people housed after the PHRP is completed. Again, this is unacceptable given the scale of social housing need in the state. Any reporting and targets about social housing uplift should consider persons housed, not just the number of new dwellings provided. Again, we argue that at least 15,000 new social housing residents should be housed (an increase of 5,000) through the renewal process.

*Recommendation:*

- As above, consider current residents' circumstances when determining the composition of dwelling types and sizes to ensure existing tenants can meaningfully exercise the 'right of return' they have been promised.
- Announce and pursue targets based on the number of people housed in addition to the number of new dwellings built. This will ensure that large units being replaced with smaller units doesn't result in a net reduction in the number of people housed through the PHRP.

## The use of a ground lease model

Per Capita commends the use of a ground lease model to ensure ownership of state land is retained. We reiterate that government-owned land should deliver greater social value returns for Victorians than does privately owned property. A 10% uplift in social housing on government land is not a sufficiently ambitious target.

## How different development and ownership models will be integrated within each site to enhance community integration and achieve a diversity of tenants.

Per Capita supports mixed tenure development only where it is not used as a justification for prioritising private sector profit over social housing delivery. Social cohesion and trust can be enhanced through an equitable built form, community network opportunities and place making initiatives. With the right ingredients, mixed tenure developments can foster social cohesion and sense of community but care must be taken to ensure housing is 'tenure blind' and doesn't entrench 'us versus them' thinking (Raynor, Panza, et al., 2020).

## References

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