

Australia: Victoria's “Big Housing Build” a windfall for developers

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The Victorian state Labor government's budget last month allocated \$5.3 billion for its “Big Housing Build,” the marketing brand name for its housing program. The spending, and claims that 12,000 new affordable homes will result, have been touted by the government of Premier Daniel Andrews as a major social reform initiative.

In reality, however, the program will not resolve the issues of homelessness and unaffordable housing confronting millions of working people across the state. At best, the program will deliver a net increase of just 8,200 social housing units over four years. This represents just one-third of the minimum number required to make any inroads into Victoria's housing crisis.

The current population of Victoria is 6.5 million and of those more than 100,000 are on housing waiting lists, that is, they are either homeless or in unsuitable and unaffordable housing.

“Social housing” is the umbrella term the government uses to categorise “public housing,” which is owned and administered by the government, and “community housing,” which is run by “not-for-profit” housing providers known as Community Housing Organisations (CHO).

The Big Housing Build will primarily fund community housing and private housing that will be sold for profit. In other words, far from contributing to a resolution of the housing crisis, the Labor government's latest initiative will further run down the ageing and limited public housing stock now available.

The RMIT University Centre for Urban Research (CUR) published a paper titled “Does the Big Housing Build address the housing crisis in Victoria?”

The paper breaks down the project funding as follows:

- \$532 million to build new houses to replace public housing. The report details that 446 existing public housing units will be demolished on six sites around Melbourne, to be replaced with 500 community housing units and 500 private dwellings to be sold at market prices.

- \$948 million to buy already constructed housing or projects in planning from private developers. The CUR states, “This component of the Big Housing Build is thus a \$948 million bailout to the private sector on failed, stalled or otherwise no longer viable developments.”

- \$1.38 billion to top up an existing fund that finances CHO projects.

- \$2.14 billion to fund partnerships with private developers and CHOs to build houses on government owned land.

Overall, only 6,000 of the 12,000 new homes to be constructed will be allocated to those languishing on the 100,000-strong public housing waiting list.

The remainder will be sold privately or will be managed by CHOs that can charge amounts higher than the 25 percent of income cap in rent mandated for public housing tenants. Additionally, CHO tenants have less security of tenure than provided to public housing residents.

One such development to be funded by the Big Housing Build is the Victoria Street/Holland Court public housing estate in Flemington, an inner Melbourne suburb. This estate was notoriously locked down in a military-style operation involving 500 police that terrified the 3,000 mostly impoverished and migrant residents during the height of the pandemic (see: “Oppose the Melbourne public housing towers lock-in! For a health and welfare response, not a police mobilisation!”).

In one section of the estate, 198 existing public housing units in low-rise blocks will be demolished to provide 200 new units, an unspecified number of which will be sold to private buyers. With the median house price in Flemington for a house currently over \$1 million, profits will flow to property developers.

The largest component of the Big Housing Build fund is \$2.14 billion for 5,200 new homes on government-owned land. That equates to \$411,538 per home. The homes will be built by private developers and CHOs. Of the 5,200 new homes, an unspecified number will be sold privately. The government claims these will be “affordable” but even at 80 percent of market price such homes are still unaffordable to anyone on the waiting list.

The CUR paper explains that the same expenditure of \$2.14 billion to build public housing at \$300,000 each on public land could result in 7,100 public housing units that would offer affordable rents and long-term security of tenure. If the full amount of \$5.3 billion for the Big Housing Build was used just for public housing, the *Age* newspaper estimated more than 20,000 units could be built.

The Big Housing Build continues the decades-long rundown of public housing and further privatises what is left. At the completion of the program, it is predicted only 3.5 percent of Victoria’s homes will be social housing, below the current Australian average of 4.2 percent (down from 7.1 percent in 1991) and well below the OECD average of 6 percent.

The Big Housing Build is essentially a government stimulus measure to prop up the construction sector.

Before the pandemic, the state government was preparing to impose austerity budget cuts to the tune of several billion dollars, aimed at maintaining the state’s budget surplus and triple A credit rating. The impact of the global pandemic and protracted lockdown of the state capital, Melbourne, has made that impossible.

The government is now pursuing stimulus measures aimed at staving off an economic depression. Taking advantage of historically low interest rates, the Labor government is pouring billions of dollars into infrastructure projects to keep the ailing economy afloat and to prop up the construction industry and banks that are reliant on it. Some \$3 billion has been allocated to school buildings and \$2.2 billion towards an outer suburban rail loop, among other projects.

All these projects, however, are centrally directed to advantaging sections of big business and finance capital. In housing, by continuing the process of cutting already low levels of public housing stock, the Andrews government will force more and more people into housing poverty and homelessness. This threat in turn forces people to pay a very large proportion of their income in rent or mortgage payments. The dwelling price-to-income ratio in Australia has more than doubled in the past 30 years.

Decent and secure housing is a basic social right, yet this cannot be met by a system based on the accumulation of corporate profit and personal wealth. Vast public resources ought to be allocated to the construction of tens of thousands of high-quality, public housing apartments and houses each year to provide every person with a decent, affordable home.



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