

# Project Summary

## Ground Lease Model

South Yarra, Prahran, Hampton East  
and Port Melbourne.

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# **Project Summary**

## **Ground Lease Model**

South Yarra, Prahran, Hampton East and Port Melbourne.

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## Acknowledgement of Country

Homes Victoria acknowledges Victoria’s Aboriginal communities and cultures. We pay our respects and recognise the contribution from their Elders past and present and their continued connection to the land, waterways and sky. We proudly acknowledge the strength and resilience of our Aboriginal and Torres Strait Islander communities as the world’s oldest living culture and recognise the contributions of Aboriginal and Torres Strait Islander leaders.

Homes Victoria acknowledges that Aboriginal people are the custodians of this land and recognises the rich cultural diversity and histories and the ongoing contributions of the Victorian Aboriginal communities for the whole Victorian community. We also value the ongoing contributions of Aboriginal communities as a source of strength and pride that enriches the connection of place and time in building a housing system that meets the needs of Aboriginal communities.

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# Introduction

On 26 October 2023, Homes Victoria entered into a contract with a private consortium (Project Co) to deliver new housing at sites in South Yarra, Prahran, Hampton East and Port Melbourne (the Project).

The Project was procured and will be delivered as a Public Private Partnership (PPP) under the Partnerships Victoria Framework. Under this model Project Co is responsible for the design, construction, financing, and management of dwellings at each site.

This Project Summary provides information about the contractual and commercial aspects of the Project. The document is divided into three parts.

The first part is an overview of the Project, including the rationale for PPP delivery, and summarises:

- the Project Objectives and scope
- the tender process
- the public interest considerations for the Project, and
- the tender process timetable.

The second part details the financial outcome of the Project, including the value for money assessment.

The third part sets out the key commercial features of the Project, including the main parties and their general obligations, the broad allocation of risk between the parties and the treatment of various key project issues.

Partnerships Victoria forms part of the Victorian Government's strategy for providing better services to all Victorians by expanding and improving Victoria's public infrastructure and service delivery. The Partnerships Victoria Framework uses private sector expertise to design, finance, build, operate and maintain infrastructure projects. The framework consists of the National PPP Policy and Guidelines and supplementary Partnerships Victoria Requirements. Further information on the Partnerships Victoria Framework is available at <https://www.dtf.vic.gov.au/infrastructure-investment/public-private-partnerships>.

This summary should not be relied upon to completely describe the rights and obligations of the parties in respect of the Project, which are governed by the Project Deed and associated documents. The Project Deed and associated documents are available online at the Buying for Victoria website [www.tenders.vic.gov.au](http://www.tenders.vic.gov.au).

This document may be updated from time to time. Please check the Partnerships Victoria website <https://www.dtf.vic.gov.au/public-private-partnerships/partnershipsvictoria-ppp-projects> for the current edition.

# Part one: Project Overview

## The second Ground Lease Model Project

### Overview of the Project

Homes Victoria has partnered with the community housing and private sectors to deliver 1,370 new homes in South Yarra, Prahran, Hampton East and Port Melbourne, under an innovative approach known as the Ground Lease Model.

Under this model, public land will be leased to the not-for-profit project company (Project Co) Building Communities, who will finance, design, construct and manage the sites for 40 years, before handing all dwellings back to Homes Victoria. At the end of the lease, the land and all 1,370 dwellings will come under the management of Homes Victoria.

The Project is the second being delivered under this model, building 659 brand new social housing dwellings, 182 affordable homes, 473 market rental homes and 56 Specialist Disability Accommodation (SDA) dwellings.

### Project Objectives

The Project will increase social and affordable housing and contribute to a long-term sustainable housing system. More specifically, these are manifested through Homes Victoria's objectives in delivering the Project, which include:

- **Social housing supply:** innovatively increase the supply of social housing; achieving at least a 10% increase in the number of social housing dwellings above the existing numbers.
- **Affordable housing supply:** introducing affordable housing dwellings to each site targeted at households with low to moderate incomes.
- **Diverse housing supply:** increasing housing diversity by delivering a mix of social housing, affordable housing, market rental housing and SDA Dwellings for each of the sites within prescribed dwelling mix parameters.
- **Integrated communities:** integrating all housing type and appropriate commercial and/or community activities to provide an integrated, tenure blind, socially inclusive community on each site, including through design, built form and equality of public realm to enable and foster community and neighbourhood interaction.
- **Quality built form:** providing quality and contemporary built form outcomes that meet or exceed Homes Victoria's specifications, and which leverage location benefits and linkages. This includes selecting building materials that consider the whole of life and environmental sustainability.
- **High quality and efficient operations:** delivering high quality and efficient services that meet or exceed Homes Victoria's specifications.
- **Risk transfer and delivery certainty:** provide certainty to Homes Victoria with respect to delivery times for new social housing dwellings and maintenance of required service delivery standards.
- **Evidence based and continued innovation:** promote innovation including through partnerships between Government, private and non-government sectors, as well as evidence building and data collection.



- **Value capture:** maximising value capture opportunities. This includes optimising benefits, social landlord services to tenants, and precinct activation (including commercial and retail benefits) by leveraging and building on location-specific potential, quality design and service delivery excellence.

## Project Sites

### Simmons Street, South Yarra (Horace Petty)



- The site area of approximately 24,900 m<sup>2</sup> is located within what is referred to as the Horace Petty precinct and is located approximately 5 kilometres from Melbourne’s Central Business District (CBD).
- The redevelopment is located within the north-eastern quadrant of the Horace Petty precinct, and includes landscaping works to the south, extending to Malvern Road.
- Street frontages include Simmons Street to the north, Surrey Road to the east and Malvern Road to the south. Other project site interfaces are internal to the Horace Petty precinct.
- The urban character of the area is varied and includes Dyeworks Park to the north, one-and-two storey established residential properties to the east, and existing housing towers to the west and south (located within the Horace Petty precinct).
- The project site is well served by public transport options.



### Essex Street, Prahran



- The site area of approximately 5,800 m2 is located 4kms from Melbourne’s CBD in Prahran.
- Street frontages include Essex Street to the west and Bella Street to the south.
- The urban character of the precinct is varied, with low-rise residential to the east and south of the site, transitioning to higher density residential to the north, and public open space to the west.
- The dominant feature of the site is its adjacency to the Prahran Aquatic Centre and the broader network of open space in Princes Gardens.
- The project site is well served by public transport options.

### Bluff Road, Hampton East





- The site area of approximately 31,500 m<sup>2</sup> is located 17kms from Melbourne’s CBD in Hampton East.
- The site has frontages to Bluff Road to the west, Widdop Crescent to the north, Cooke Avenue to the east and Wickham Road to the south.
- The site is located within close proximity to a wide network of public parks and open spaces within a residential neighbourhood context.
- The site is accessible to public transport.

### Port Melbourne, Barak-Beacon



- The site area of approximately 20,950 m<sup>2</sup> is located approximately 4km southwest of the CBD.
- It is located approximately 1.2km west of the Bay St shopping precinct, with direct proximity to the Port Phillip Bay foreshore and Garden City Reserve.
- The site is bounded by four street frontages, including The Boulevard, Barak Road, Beacon Road and Howe Parade.
- The surrounding built-form character is low-scale residential with medium and high-rise apartment buildings to the southeast.
- The Garden City Bicycle Trail runs the full length of the south-east site boundary along Beacon Road.
- The site is accessible to public transport.

## Planning

Project Co must obtain planning approvals for each site in accordance with Victorian planning provisions. As the Project is in part funded through the Big Housing Build (BHB), planning consent will be sought from the Minister for Planning as the responsible authority utilising clause 52.20 of the relevant Planning Scheme.

## The Partnership Victoria framework

The Ground Lease Model Project is being delivered under the Victorian Government’s Partnerships Victoria framework. The Partnerships Victoria model seeks to achieve

better value for money by capturing the expertise and efficiencies of the non-government sector in designing, financing, building and maintaining infrastructure projects and providing services on a whole-of-life basis.

The Partnerships Victoria framework requires that projects comply with the:

- National PPP Policy and Guidelines (National PPP Guidance) that apply across all state, territory and Commonwealth arrangements; and
- requirements specific to Victoria as detailed in the Partnerships Victoria Requirements (updated in November 2016).

Details of the National PPP Guidance and the Partnerships Victoria Requirements are available at Infrastructure Australia <[www.infrastructureaustralia.gov.au](http://www.infrastructureaustralia.gov.au)> and Department of Treasury and Finance <[www.dtf.vic.gov.au](http://www.dtf.vic.gov.au)> respectively.

## What is the Ground Lease approach to Housing?

The Ground Lease approach refers to a residential development where the dwellings are built on Homes Victoria owned public land in partnership with Project Co. Project Co will finance, design, construct, manage and maintain the new housing to a prescribed standard over a 40-year operating term. The assets will revert to full public ownership and control at the end of this fixed period with land remaining in public ownership.

Under the long-term service contract, Homes Victoria will pay the consortium a service fee for managing the Project over the operating phase ensuring that their delivery is meeting all required social housing service standards. The service fee is abatable if operating standards are not met. Project Co will also collect rents from tenants.

The decision to procure the Project under the Partnerships Victoria framework focuses on achieving value for money outcomes by allocating risks to the party, or parties, best placed to manage them, with the majority of design, construction, maintenance, management and rental risks being transferred to the consortium thereby incentivising innovative and efficient whole of life solutions.

## Procuring Agency and governance structure

Homes Victoria is the agency responsible for delivering the Project, including overseeing all aspects of the Project including stakeholder engagement, the conduct of the tender process, oversight of planning and construction delivery and ongoing contract management during the Operational Phase.

A steering committee comprising representatives from Homes Victoria, Department of Treasury and Finance, Department of Premier and Cabinet and the Department of Transport and Planning has been established to oversee the Project and make recommendations to the Chief Executive Officer, Homes Victoria.

## Stakeholder management

Homes Victoria has conducted extensive stakeholder and community engagement activity during the Project's development. This includes:

- Stage 1 community consultation to encourage ideas to shape the future of the sites in June and July 2022, including drop-in sessions, focus groups, online survey and targeted interviews and meetings with key stakeholders.
- Engagement with public housing renters relocated from the sites through regular communication and updates.

- Council officers were actively engaged on development guidelines prior to tendering and were engaged through the tender period with each Respondent meeting with each Council for design feedback and issue resolution prior to Proposal lodgement. Officers of Project Co, Homes Victoria and each Council continue to meet on a regular basis during the delivery phase of the Project.
- Other Government Departments including the Department of Jobs, Skills, Industry and Regions, the Department of Transport and Planning, Melbourne Water and the Office of the Victorian Government Architect have been engaged throughout the planning and procurement phases of the Project.

Further community and stakeholder engagement continues to occur in accordance with the Homes Victoria consultation guidelines for Big Housing Build projects being progressed under the planning provisions of Clause 52.20 of the relevant Planning Scheme. This includes:

- Stage 2 community and relocated renter consultation on the plans for each site, including drop-in sessions, online survey and targeted interviews and meetings with key stakeholders.
- Consultation with Councils and other relevant authorities.

## Tender Process

### Overview

Homes Victoria conducted a competitive tender process to ensure Homes Victoria received the best value for money outcome. The tender process involved phases:

- **Expression of Interest (EOI) phase** - releasing the Invitation for EOI and then selecting shortlisted Respondents.
- **Request for Proposal (RFP)** – issuing a RFP to shortlisted Respondents, an interactive tender process, shortlisted Respondents submitting Proposals and clarifying and evaluating the Proposals. This included undertaking a structured clarification process with two Shortlisted Respondents before appointing a Preferred Respondent.
- **Negotiation and completion phase** involved a negotiation and bid refinement period, appointing a Preferred Respondent, final negotiations, executing the Project Deed and achieving Contract and Financial Close.

### Tender Process Timetable

The timeline for the tender process is shown below:

**Table 1: Tender Process – Key Dates**

Procurement process	Date
Expression of Interest	
Release of EOI	3 June 2022
EOI Proposals submitted	30 June 2022
Shortlisted Respondents Notified	30 August 2022
Request for Proposal	
Release of RFP	26 September 2022

Proposals submitted	10 March 2023
Negotiation and Completion Phase	
Appointment of Preferred Respondent	1 August 2023
Contract close	26 October 2023
Financial close	8 November 2023

## Tender Process Governance

Homes Victoria established a formal evaluation and governance structure to oversee the EOI and RFP evaluation processes.

At RFP, an evaluation panel which was supported by five specialist subpanels, reported to the Project steering committee. The specialist subpanels comprised of:

- Design and Technical subpanel that evaluated the design (master plans, architectural, urban realm/landscaping, engineering), project management, stakeholder engagement, construction methodology and program related aspects of the Proposals.
- Services subpanel that evaluated the asset and tenancy management related aspects of the Proposals.
- Commercial and Financial subpanel that evaluated the commercial, financial, and contractual aspects of the Proposals.
- Government Policy Requirements subpanel evaluated the extent to which relevant government policies and frameworks were addressed by the Respondent in their proposals.
- Value and Risk subpanel that evaluated the whole-of-life, risk-adjusted cost of the Proposals by considering the financial and risk consequences.

Specialist working groups, project advisers and other Government agencies (including the Office of the Victorian Government Architect) supported the evaluation panel and subpanels as relevant. The evaluation panel was responsible for making recommendations concerning the RFP evaluation process to the Project steering committee.

## Probity

Probity and maintenance of confidentiality was important throughout the tender process. Strict security procedures were adopted to ensure that information was held in complete confidence.

The tender process was undertaken within an agreed probity framework, endorsed by the Project's probity adviser. The role of the Probity Adviser was to independently monitor procedural aspects of the tender process to ensure compliance with all relevant tender documentation and to advise the Project in relation to probity and process matters.

In addition, the Project had regard to and abided by the Public Administration Act 2004 (Vic) and all other relevant government tendering policies with public officials required to comply with the Code of Conduct for the Victorian Public Sector.

At the completion of the tender process, the probity adviser confirmed they were not aware of any material probity risks that had arisen.

## Evaluation Process

The Evaluation Criteria applied in assessing Proposals are presented in Appendix B. To assist Respondents in preparing their Proposals, Homes Victoria provided guidance in the RFP as to the relative weightings of each Evaluation Criterion.

## Homes Victoria’s Advisors

The following external advisors were engaged to assist Homes Victoria in undertaking the tender process:

**Table 2: Homes Victoria’s Advisors**

<b>Role</b>	<b>Advisor</b>
<b>Transaction Manager</b>	Ontoit
<b>Commercial and Financial Advisor</b>	Ernst & Young
<b>Legal Advisor</b>	Clayton Utz
<b>Probity Advisor</b>	Anne Dalton & Associates
<b>Managed Services Advisor</b>	RixStewart
<b>Technical Advisor</b>	D-Arc
<b>Quantity Surveyor</b>	DCWC
<b>Program Advisor (Construction)</b>	TBH

Specialist advice was also provided by other Government departments/agencies and other branches within Homes Victoria.

## Tender Process Outcomes

### Shortlisted Respondents

Three consortia participated in the RFP phase, namely:

- Building Even Better Communities (Building Communities) - Tetris Capital, Icon Construction, Community Housing (Vic) Limited (CHVL), Women’s Property Initiative Limited (WPI) and Aboriginal Community Housing (Vic) Limited (ACHVL).
- Communitas Living - Plenary Group, Multiplex, HousingFirst, Wood Property.
- Homegrown Communities - Capella Capital, Hickory & China State Engineering, Evolve Housing.

### Successful Respondent

Following an extensive evaluation process, Building Communities was appointed as the Preferred Respondent to enter into exclusive negotiations with Homes Victoria to deliver the Project.

Building Communities’ offer was not only assessed as providing value and being affordable relative to the Public Sector Comparator, it was also assessed as delivering the best overall value for money relative to the other two Respondents.



## Key components of the Project

The Project comprises the design and construction of social, affordable, specialist disability accommodation and market rental dwellings at sites in South Yarra, Prahran Hampton East and Port Melbourne, including associated community facilities and commercial opportunities. The Project also includes management services for the 40-year Operational Phase, including tenancy management, community engagement and asset management services, and the collection of rents from tenants.

## Project Scope

Project Co will deliver 1,370 dwellings across the four sites, as shown in Table 3 below.

**Table 3 – Dwellings**

Site	Social	Affordable	Market Rental	SDA	Total
South Yarra	273	53	178	18	522
Prahran	86	15	47	7	155
Hampton East	170	32	69	14	285
Port Melbourne	130	82	179	17	408
<b>Total Dwellings</b>	<b>659</b>	<b>182</b>	<b>473</b>	<b>56</b>	<b>1370</b>

In delivering the Project, Project Co must comply with a range of project requirements including:

- all buildings that contain social housing dwellings or affordable housing dwellings must:
  - comply with the Livable Housing Design Guidelines (LHDG), Fourth Edition, 2017, Livable Housing Australia – Silver level; and
  - achieve a minimum Nationwide House Energy Rating Scheme (NatHERS) average rating of at least 7 stars per building, with no individual dwelling achieving less than 6 stars;
- Better Apartments Design Standards (BADS);
- Relevant planning provision requirements;
- Homes Victoria specific requirements for cladding, assessable dwellings and building services;
- Relevant codes and laws including disability requirements;
- achieve Green Building Council of Australia (GBCA) certified 5 (five) Star Green Star rating; and
- be designed and constructed with a design life of no less than 50 years.

The tables below summarise the scope to be delivered at each site.

**Table 4 – South Yarra site scope**

South Yarra	
Homes	<ul style="list-style-type: none"> <li>• 522 dwellings (273 social, 53 affordable, 178 market and 18 SDA dwellings)</li> </ul>



	<ul style="list-style-type: none"> <li>• Varying heights scaling from 4-12 storey buildings (with additional concealed mezzanine level for parking)</li> </ul>
Carparking	<ul style="list-style-type: none"> <li>• Sleeved carparking</li> </ul>
ESD	<ul style="list-style-type: none"> <li>• Solar panels, 5 Star Green Star and 7 Star NatHERS rating</li> </ul>
Urban Realm & community	<ul style="list-style-type: none"> <li>• Over 13,000 sqm public open space, including play space.</li> <li>• Inclusion of community room</li> <li>• Co-working space</li> <li>• Small retail space</li> <li>• Site office for Community Housing Provider</li> <li>• Commercial space</li> </ul>

**Table 5 – Prahran site scope**

<b>Prahran</b>	
Homes	<ul style="list-style-type: none"> <li>• 155 dwellings (86 social, 15 affordable, 47 market and 7 SDA dwellings)</li> <li>• The buildings vary in height between 1 and 9 stories</li> </ul>
Carparking	<ul style="list-style-type: none"> <li>• Concealed basement car parking with entry off Essex Street</li> </ul>
ESD	<ul style="list-style-type: none"> <li>• Solar panels, 5 Star Green Star and 7 Star NatHERS rating; all dwellings designed to be cross-ventilated.</li> </ul>
Urban Realm & community	<ul style="list-style-type: none"> <li>• 2000sqm green space within the site, taking advantage of deep-soil planting opportunities</li> <li>• Integrated café and office tenancy spaces, fronting the central open space</li> <li>• Site office for Community Housing Provider</li> <li>• 22m wide open space in the centre of the site</li> </ul>

**Table 6 – Hampton East site scope**

<b>Hampton East</b>	
Homes	<ul style="list-style-type: none"> <li>• 285 dwellings (170 social, 32 affordable, 69 market and 14 SDA dwellings)</li> <li>• Consists of low-rise buildings and townhouses. Buildings vary in height between 1 to 4 stories.</li> </ul>
Carparking	<ul style="list-style-type: none"> <li>• Sleeved parking</li> </ul>
ESD	<ul style="list-style-type: none"> <li>• Solar panels, 5 Star Green Star and 7 Star NatHERS rating</li> </ul>
Urban Realm & community	<ul style="list-style-type: none"> <li>• Over 5500 metres of public open space</li> <li>• Over 3000 sqm communal open space for residents (provided on podiums)</li> <li>• Site office for Community Housing Provider</li> <li>• Multi-purpose indoor community space</li> <li>• Northern park with community playground and café</li> <li>• Key site east-west and north-south links</li> </ul>

**Table 7 – Port Melbourne site scope**

<b>Port Melbourne</b>	
Homes	<ul style="list-style-type: none"> <li>• 408 dwellings (130 social, 82 affordable and 179 market and 17 SDA dwellings)</li> <li>• Buildings vary in high between 1 to 11 stories (with an additional internal concealed Mezzanine parking level for building 1)</li> </ul>
Carparking	<ul style="list-style-type: none"> <li>• Sleeved parking</li> </ul>
ESD	<ul style="list-style-type: none"> <li>• Solar panels, 5 Star Green Star and 7 Star NatHERS rating</li> </ul>
Urban Realm & community	<ul style="list-style-type: none"> <li>• Bay views across housing types</li> <li>• Multipurpose community room</li> <li>• Various social enterprise initiatives</li> <li>• Site office for Community Housing Provider</li> <li>• Central publicly accessible civic park with playground, yarning circle and pergola and a northern park</li> </ul>

## Services

Project Co will be responsible for managing the sites over the Operating Phase. This includes:

- Provision of asset management and maintenance services covering planned and cyclical maintenance, responsive and vacancy maintenance, disability modification repairs and lifecycle replacement to the serviced areas which include the buildings, grounds and surrounds.
- Tenancy management services for all social housing in accordance with the Victorian Housing Registrar’s Performance Standards, including managing the allocations of properties.
- Residential lease management in accordance with the Residential Tenancies Act, including tenants’ rights, collecting rent, inspections, repairs, vacancies, complaints and appeals and reporting
- Community building and engagement services, including fostering integration, place-making and social landlord initiatives
- Facilitating tenant transition from their existing accommodation including returning renters.

Social housing dwellings will be allocated to tenants from the Victorian Housing Register, with at least 75% to be allocated to tenants from the Priority Access categories of the register inclusive of returning renters. Returning renters will be eligible to receive the same rental conditions that apply to public housing residents.

Affordable housing dwellings will be targeted at households that meet the income eligibility using the income ranges as determined in accordance with the Specification of Income Ranges under the Planning and Environment Act 1987 (Vic) and that meet the requisite criteria. Rent will be set at least 10 per cent below the applicable market rental cost, with the additional protection of rent cap set at 30 per cent of a median income. Security of tenure is also afforded, with lease tenures of 3 years with extension options.

## Government Policy Requirements

The key project outcomes in relation to the Victorian Government’s Local Jobs First Policy and Social Procurement Framework including Homes Victoria’s social procurement objectives are summarised below.

**Table 8 – Government Policy Outcomes**

Government Policy Outcome	RFP minimum requirement	Contracted outcome	Exceeded or Met requirement
Local content – Development Activities	91.00%	91.0005%	Exceeded
Local content – for fixtures, fittings and equipment (FFE)	80.00%	80.0128%	Exceeded
Local content – Services	80.00%	100.00%	Exceeded
Major Project Skills Guarantee (MPSG)	10.00%	10.00%	Met
Inclusive employment opportunities for Priority cohorts <sup>1</sup> –			
1. Development Phase	5.00%	5.00%	Met
2. Operational Phase	5.00%	14.4%	Exceeded
Opportunities to buy from Victorian social enterprises, Aboriginal businesses, and Victorian disability enterprises –			
1. Development Phase	2.50%	4.18%	Exceeded
2. Operational Phase	5.00%	6.50%	Exceeded
Women’s Equality and Safety – 50% board participation at the Project Co level	By Year 20	From Year 1	Exceeded
Building Equality Policy - various policy requirements <sup>2</sup>	As per policy	As per policy	Met

1. Priority cohorts include social housing tenants, Victorian Aboriginal people, Victorian with disabilities and asylum seekers and refugees.

2. <https://www.vic.gov.au/building-equality-policy>

## Value Creation and Capture

The value creation and capture of economic, social and environmental benefit was a core focus throughout the Project’s procurement. As a result, an extensive range of value creation and capture initiatives will be delivered as summarised below.

**Table 9 – Value Creation and Capture features**

Value creation/capture initiative or feature	Description
<b>Rental value capture</b>	The Project captures the value of rental revenue streams which are a significant source of funding to the Project. Project Co will receive these revenue streams throughout the operating term, which reduces Homes

<b>Value creation/capture initiative or feature</b>	<b>Description</b>
	Victoria required contribution to the project in terms of Quarterly Service Payments.
<b>Targeted Housing</b>	<p>Project Co's solution includes 56 Specialist Disability Accommodation dwellings (approximately double the project's target).</p> <p>Additionally, a significant proportion of the social housing dwellings will be catered for and managed by WPI and ACHVL.</p>
<b>Future housing growth</b>	Net investment proceeds received by the community housing providers will be reinvested into new housing in Victoria, fostering long-term continual growth in social and affordable housing.
<b>Commercial opportunities</b>	<p>Commercial opportunities which activate the sites, deliver value and provide services for the benefit of the community are also a feature of the Project.</p> <p>This includes various social enterprises at Port Melbourne, an integrated café and tenancy space in Prahran, and a café and commercial space in South Yarra.</p>
<b>Environmentally sustainable design</b>	<p>The project incorporates the following measures to achieve long term sustainability and improved tenant outcomes:</p> <ul style="list-style-type: none"> <li>• Minimum 7-star average NatHERS rating and 5 Star Green Star</li> <li>• Solar panels integrated into a local energy network so tenants can share in the benefit of solar generated power</li> <li>• An all-electric development, with no gas supply will create the opportunity to utilise zero fossil fuels</li> <li>• Integrated water management to reduce water usage, encourage rainwater collection and reuse and improve the quality of water run-off.</li> <li>• 5% of parking bays to be provided with Electric Vehicles (EV) charging capability (with 100% of parking bays being future-proofed for EV charging capability).</li> </ul>
<b>Community building activities</b>	<p>Creation of diverse and inclusive communities by providing a broad range of support services to renters and also by activating the broader community.</p> <p>This includes activities such as holding community events, festivals and markets and undertaking various community projects.</p>

Value creation/capture initiative or feature	Description
<b>Employment and economic growth</b>	The Project will increase employment, creating new jobs including apprenticeships, traineeships and cadetships. The proposal exceeds the State’s minimum Local Jobs First Policy and Social Procurement requirements.
<b>Social Capital</b>	In accordance with Government’s Social Procurement Framework, the Project will deliver additional social value above and beyond the value of the Project.

## Public Interest Considerations

At various stages throughout the development of the Project, Homes Victoria made an assessment of the extent to which the Project was in the public interest. The analysis was undertaken in accordance with the Partnerships Victoria guidance on how to evaluate whether a project meets the public interest.

The assessment was made against the following criteria:

- Effectiveness
- Accountability and transparency
- Affected individuals and communities
- Equity
- Public access
- Consumer rights
- Security

The public interest assessment concluded that, on balance, the public interest was being protected. Please see a summary at Appendix A – Public Interest Test.

## Contract Milestones

Key contract Milestones are set out below.

**Table 10 – Key Milestones**

Activity	Dates			
<b>Contract Close</b>	26 October 2023			
<b>Financial Close</b>	8 November 2023			
<b>Technical Acceptance</b>	South Yarra	Prahran	Hampton East	Port Melbourne
	6 October 2026	14 September 2026	6 August 2026	22 October 2026
<b>Commercial Acceptance</b>	South Yarra	Prahran	Hampton East	Port Melbourne
	21 October 2026	2 October 2026	21 August 2026	11 November 2026
<b>Contract expiry</b>	11 November 2066			

## Part two: Financial Outcome

### Value For Money

#### Overview

The Partnerships Victoria framework seeks to identify and implement the most efficient form of infrastructure and service delivery. The concept of value for money goes beyond the selection of the cheapest solution, focusing on the true value of each delivery option. This involves an in-depth analysis of each proposal received from the private sector and comparison against a Homes Victoria-managed delivery option. The analysis considers quantifiable elements (for example, items that can be quantified in monetary terms or as a quantity of volume or throughput) as well as qualitative considerations.

#### Public Sector Comparator

The Public Sector Comparator (PSC) is an estimate of the hypothetical, risk-adjusted, whole-of-life cost of the Project if delivered by Homes Victoria. The PSC is developed in accordance with the output specification and risk allocation proposed for the public private partnership and is based on the most likely and efficient form of conventional (that is, non-public private partnership) delivery by Homes Victoria.

The PSC is expressed in terms of the net present cost to Homes Victoria, calculated using a discounted cash flow method and taking full account of the costs and risks that would arise through conventional delivery by Homes Victoria. The PSC includes costs of the design and construction of the dwellings, lifecycle, facilities management and tenancy management costs, and revenues (including rents) arising during the 40-year Operating Phase of the Project.

The PSC was prepared under the National PPP Guidelines for Economic Infrastructure as rents received from tenants are a material source of revenue in the Project and Project Co bears market risks including demand, rental rates, impact of success of integration strategies, and long-term cost risk to meet market expectations. The State delivery model assumed delivery through a Government Business Enterprise (Homes Victoria) partnered with a Social Enterprise (Community Housing Agency).

**Table 11 – Public Sector Comparator**

Description	Value
Dwellings	1,421
Capital and Finance costs	\$1,019m
Operating and lifecycle costs	\$291m
Rental revenues	(\$471m)
Competitive neutrality	-
Transferred risk	\$62m
<b>Total net present cost of PSC (excluding retained risk)</b>	<b>\$901m</b>

1. All numbers are expressed in net present values as at November 2023.

2. Discount rates of 6.93% (capital contribution at Commercial Acceptance) and 6.99% (Service Payments) were used for calculating the net present cost values. These rates were determined in

accordance with the National PPP Policy and Guidelines, taking into consideration the social and economic infrastructure characteristics of the Project.

3. Based on first Ground Lease Model project outcomes, no adjustments for competitive neutrality resulting from state taxes were included in the PSC for the Project. The PSC includes transferred risk estimates but excludes Homes Victoria retained risk estimates.

## Net Present Cost of Building Communities Proposal

The quantitative value for money assessment for the Project is demonstrated by the estimated savings between the PSC and the contracted cost. As shown below, a saving of \$295 million in NPC terms has been achieved from the procurement. Given that Project Co's proposal results in 51 dwellings less than the PSC, the total savings have been converted to cost per dwelling. Based on a cost per dwelling approach, Project Co's proposal achieves a 30% saving relative to the public sector comparator.

A large part of the savings was driven by the market innovation in the designs leading to a more competitive construction price than the PSC. This coupled with lower operating expenses and competitive market rental revenues enabled offsetting of the service payment costs. The commercial structure also attracted a range of tax and other benefits that further improved this position.

**Table 12 – Value for Money Comparison PSC vs Project Co delivery**

Description	PSC	Building Communities
Dwellings	1,421	1,370
Net present cost of Service Payments	\$750m	\$445m
Net present cost of Homes Victoria's capital contribution <sup>^</sup>	\$151m	\$160m
Total net present cost	\$901m	\$606m
Savings (total)	\$295m (33%)	
Total net present cost per dwelling	\$633,849	\$442,085
Savings (per dwelling)	(30%)	

1. All non-percentile numbers are expressed in net present values as at November 2023.

2. For Project Co, discount rates of 6.31% (capital contribution during Development Phase) and 6.99% (Service Payments) were used for calculating the net present cost values. This approach was adopted given the social and economic infrastructure characteristics of the Project in accordance with the National PPP Policy and Guidelines.

<sup>^</sup> The Homes Victoria capital contribution is \$180m in nominal dollars.

## Other Costs

- Homes Victoria has or will meet a range of costs including:
  - Tenant relocation costs
  - Site demolition costs
  - Tender process transaction costs including the project team and project advisers
  - Contract management costs of administering the Project Deed and associated documents
  - Costs pertaining to retained risks.

## Homes Victoria Payments

### Capital Contribution

Homes Victoria will make a \$180 million capital contribution towards the Project. This contribution may only be used to fund the payment of construction costs and will be drawn progressively during the Development Phase as works are completed and independently certified.

### Quarterly Service Payments

The payment mechanism for the Project is based on Quarterly Service Payments (QSP) to be made by Homes Victoria over the Operating Phase. These payments commence from Commercial Acceptance of the first site and increase following Commercial Acceptance of each subsequent site. Payments are subject to reduction/abatement where services are not provided to the required standards.

The formula for calculating the QSP is detailed in Schedule 3 of the Project Deed. The main components of the QSP are:

- A capital component that does not escalate in value over the Operational Phase.
- A lifecycle component that relates to Project Co's asset refurbishment and replacement costs. The real value of this component is indexed by CPI over the Operational Phase.

Abatements to the QSP may be made each quarter during the Operational Phase based on Project Co's performance. In addition, various one-off abatements may be levied upon commencement of operations where certain Development Phase requirements have not been met.

The performance regime is structured to incentivise Project Co to design, construct and maintain assets that comply with Homes Victoria's requirements, and to deliver high quality tenancy management and related services. The regime encompasses:

- Abatements – reduction to the QSP where social housing occupancy falls below a set threshold, for poor performance in completing Urgent Repairs, for poor Tenant Satisfaction survey results or for Reporting Failures.
- Asset Management Failures – reduction in the QSP where Asset Management Failures occur (such as a material non-compliance with the Asset Management Plan). This includes withholding of funds until the issue is rectified as well as an abatement element.
- Government Requirements Adjustments – adjustments where the contractually agreed targets for government and social procurement are not achieved.

### Quantum of net payments

Table 13 provides further details on the quantum of QSPs.



**Table 13 – Disclosure of Nominal flows**

Cost of contracted proposal, excluding Homes Victoria's capital contribution (net present cost) as at 8-Nov-2023	Discount rate used to arrive at net present cost	Total cost of contracted proposal, excluding Homes Victoria's capital contribution (nominal)	First full year payment (nominal)**
\$445m	6.99%	\$1,559m	\$41.9m

\*\* Non-indexing component only, excludes lifecycle. The annual payment is \$41.9m per annum for the first twelve years of operations, stepping down to \$28.9 million thereafter. The average annual payment for lifecycle is \$3m in real dollars as at November 2023.

## Financial Liability Treatment

Homes Victoria will accrue a financial liability on its balance sheet which is less than the value of the associated housing assets of the Project. This financial liability will be progressively recognised in line with the costs incurred by Project Co during construction for the related assets, representing Homes Victoria's obligation to make future payments to Project Co for the financing, design and construction of the assets.

The financial liability for the Project is outlined below. The reported figure represents the peak financial liability Homes Victoria will incur based on the Financial Close Financial Model. This peak occurs following the end of the Development Phase (at Commercial Acceptance of the last site).

The financial liability has been calculated under current accounting practice in accordance with AASB 1059 Service Concession Arrangements.

**Table 14 – Disclosure of financial liability**

Peak Financial liability (nominal)	Expected year peak financial liability	Implied interest rate in lease liability
\$489m	FY27	7.33%

## Bid Cost Reimbursement

Homes Victoria made a contribution of \$3.3 million (including GST) to each unsuccessful Respondent for verifiable and reasonable external costs incurred in preparing their Proposals. Reimbursement of a proportion of bid costs is consistent with the Partnerships Victoria Requirements, enabling maximisation of competition by incentivising stronger market responses and attracting better quality Proposals.

Homes Victoria retains the intellectual property contained in each unsuccessful Respondent's Proposal.

## Part three: Key Commercial Features

### Parties to contract

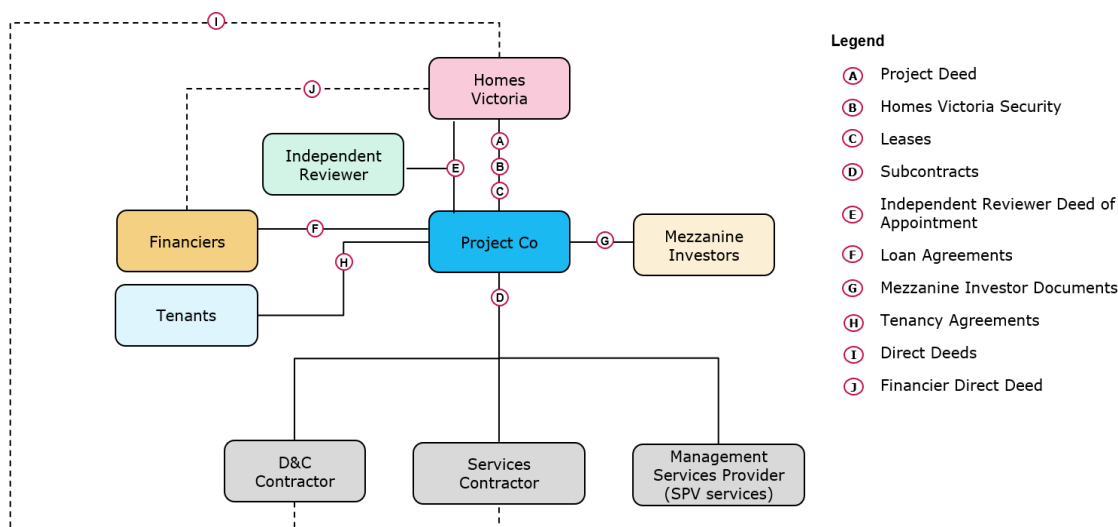
Homes Victoria has contracted with Project Co to deliver the Project. The relevant parties under the contractual arrangements are as set out below.

**Table 15 – Contract Parties**

<b>Role</b>	<b>Entity</b>
<b>State Parties</b>	
Homes Victoria	Homes Victoria is a signatory to the Project Deed and other relevant ancillary Project Documents.
<b>Key Private Sector Parties</b>	
Project Co	<p>Project Co is Building Even Better Communities Limited (Building Communities) and is a registered housing agency under the Housing Act 1983 (Vic).</p> <p>Project Co is the counterparty to the Project Deed and is the primary contracting entity with Homes Victoria.</p> <p>Project Co in turn has entered into a range of contracts with other parties to facilitate delivery of the Project.</p>
D&C Contractor	Project Co has engaged Icon SI (Aust) Pty Ltd as the D&C Contractor to design and construct the works.
Services Contractor	<p>Project Co has appointed CHVL to manage all dwellings, including providing tenancy, community engagement and asset management services.</p> <p>CHVL will in-turn subcontract to WPI and ACHVL to deliver services to targeted cohorts.</p>
Mezzanine Investors	<p>CHVL, WPI, ACHVL, Tetris Capital Partnership, Invesis Cooperation U.A and Abrdn are the underlying investors for the Project.</p> <p>These parties through various vehicles have entered into a partnership that will on-loan funds borrowed or raised to Project Co. This is known as the mezzanine loan funding.</p>
Financiers	Housing Australia, the Australia and New Zealand Banking Group Limited (ANZ) and Sumitomo Mitsui Banking Corporation (SMBC) have committed to provide the senior debt financing required for the Project.
Independent Reviewer	North Projects Pty Ltd has been jointly appointed by Homes Victoria and Project Co to oversee the design and construction of the Project in accordance with the Independent Reviewer Deed of Appointment.

## Contractual Relationships

The relationship between Homes Victoria, Project Co and other related parties is detailed in the Project Deed and associated documents. The figure below sets out a high-level overview of the commercial structure.



## Risk allocation

The risk allocation in the Project Deed allocates risks to the party best able to manage them in order to achieve best value for money for Homes Victoria. This results in various risks being:

- retained by Homes Victoria
- transferred to Project Co; or
- shared between the parties.

The Project Deed is based on the Partnership Victoria Standard Form Deed (Social Infrastructure) and the recently released Harmonised PPP Project Deed (Social Infrastructure) adjusted for project-specific factors including the rental revenues in the Project. Project Co generally bears the risk of design, construction, finance, operations and maintenance subject to the terms of the Project Documents.

Table 16 provides a high-level outline of the risk allocation for the Project. Where a risk is allocated to more than one party, those parties may not share that allocation equally. All risks are dealt with in detail in the Project Deed and associated documents.

**Table 16– Risk allocation summary**

Risk Category	Description	Homes Victoria	Project Co
<b>Land Acquisition and Planning</b>			
Obtaining planning approvals	Risk that necessary planning approvals are not granted before commencement of construction.	✓ (Homes Victoria bears risk of the responsible authority not determining a planning application post 12 weeks, costs associated with any direction to Project Co to comply with an Unacceptable Condition and costs associated with planning appeals that Homes Victoria requires Project Co to pursue or defend, as applicable)	✓ (Project Co is responsible for obtaining all planning approvals, subject to Homes Victoria bearing the risk of delays in application assessment and subject to the processes leading to partial termination or costs associated with an alternative proposal if the planning process cannot proceed as anticipated)
Planning compliance	Risk of satisfying all requirements of all necessary Approvals.		✓
<b>Site</b>			
Ground conditions and contamination	<p>The risk of any site conditions (latent or otherwise) in or on any of the Sites, including the risk that unanticipated adverse ground conditions are discovered during construction which cause construction costs to increase and/or cause delays.</p> <p>Risk that the Site is contaminated, or environmental liabilities arise requiring expense to remediate.</p>	<p>✓ (Only where:</p> <ul style="list-style-type: none"> <li>• A Contamination Notice or Homes Victoria direction to remediate Contamination in, on, over or under the Project Area (otherwise not required by Project Co);</li> <li>• Project Co is required to remediate Contamination outside of the Project Area to meet the requirements of an Approval and they have disturbed or interfered with the Contamination and such contamination was not otherwise caused or contributed by Project Co; or</li> <li>• remediation is required to comply with s 39(1) of the EP Act.</li> </ul>	<p>✓ (All other risks)</p>

Risk Category	Description	Homes Victoria	Project Co
Discovery of Artefacts	Risk that the discovery of any Artefacts delay the works or result in additional costs.		✓
Native Title Claim and Heritage Claim	Risk that the site is the subject of a Native Title Claim and Heritage Claim.	✓ (For suspension, cessation or material change in the way in which the Development Activities are carried out in connection with a Native Title Claim and Heritage Claim)	✓ (All other risks)
<b>Design, Construction and Commissioning</b>			
Management and resourcing	Risks in relation to the management and general administration of the Project.		✓
Design	Risk that the design development process cannot be completed on time or to budget, or that the design is incapable of delivering the output specification.		✓
Construction	Risk that construction cannot be completed on time or to budget.		✓
Defects risk	Risk that defects are discovered after construction is completed.		✓
Fitness for purpose (at completion)	Risk that the works are not fit for purpose or otherwise do not meet the contractual requirements.		✓
Homes Victoria initiated modifications	Risk that Homes Victoria changes the design, construction, commissioning requirements or specifications.	✓	
Safety conditions	All risks in relation to the safety, maintenance and security of the Sites.		✓
Industrial Relations	Risk of industrial action in respect of the Project	✓ (for actions at or in the direct vicinity of the Project Area and which directly result from an act or omission of Homes Victoria).	✓

Risk Category	Description	Homes Victoria	Project Co
Pandemic	Risk of: <ul style="list-style-type: none"> <li>• additional cost or delay resulting from a new pandemic direction after Contract Close;</li> <li>• closure of a Subcontractor's plant or factory located within Australia or a Key Plant and Equipment Manufacturing Country;</li> <li>• delay in the supply of Key Plant and Equipment as a result of Australian quarantine restrictions or an international border; and</li> <li>• a closure of the Development Phase Area as a result of a pandemic</li> </ul>	✓ (For Pandemic Change in Law and Pandemic Compensation Events that occurs after the date that is 6 Months after Financial Close)  ✓  ✓ (During the Development Phase)  ✓ (During the Development Phase)	✓  (All other risks)
Utility Risk	All risk associated with undertaking Utility works.	✓ (only for a project specific regime)	✓ (All other risks)
<b>Operations Phase</b>			
Fitness for purpose (during the Operating Phase)	Risk that the dwellings and facilities are not fit for purpose.		✓
Occupancy – General	Occupancy risk of all dwellings (subject to applicable waitlists and policies).		✓ (Including the risk that if a proportion of Market Rental Dwellings are vacant for an agreed period, Homes Victoria may require Project Co to sublease the dwellings to Social Housing Tenants for up to 12 months. A similar regime at Project Co's discretion for SDA Dwellings, should they be vacant for longer than an agreed period)

Risk Category	Description	Homes Victoria	Project Co
Rental revenue risks – Social and Affordable Dwellings	Risks in relation to the rate and collection of rents from Social and Affordable Housing tenants.	✓ (Homes Victoria specifies the rental caps under the Project Deed)	✓ (All other risks)
Rental revenue risk - Market Rental Dwellings	Risks in relation to the rate and collection of rents from Market Rental Dwellings.		✓
Rental revenue risk – Specialist Disability Accommodation	Risks in relation to the rate and collection of rents from SDA Dwellings.		✓
Dwelling operations and maintenance (including asset replacement)	All risks associated with managing the dwellings including meeting the Regulator’s Performance Standards, and maintenance and asset replacement to achieve the end of term condition.		✓
Changes in service levels	Changes in services levels impacting the operations, maintenance and lifecycle of all dwellings: <ul style="list-style-type: none"> <li>• within parameters specified in the Project Deed and in relevant acts such Housing Act; and</li> <li>• modifications to service levels and service plans outside the agreed parameters.</li> </ul>	✓	✓
Excess Earnings Share	Risk/opportunity that net cashflows will be higher than anticipated due to higher rent escalation or other factors.	✓ (Subject to an agreed sharing regime)	✓
Market Risk	Risk of changes in revenue or expected returns as a result of: <ul style="list-style-type: none"> <li>• General economic downturn;</li> <li>• Competition in the vicinity;</li> <li>• Inflation; and</li> <li>• Demographic change.</li> </ul>		✓
Residual life and end of term handover	Satisfying the residual design life requirements for the assets at the end of the Operational Phase.		✓

Risk Category	Description	Homes Victoria	Project Co
Market value of assets	Residual value risk of the portfolio of assets at the end of the term.	✓	
<b>Changes in law or policy</b>			
Changes in Commonwealth Rent Assistance	Risk that a change in legislation regarding Commonwealth Rent Assistance will affect Project Co revenues.	✓ (Homes Victoria bears risk where change has a material adverse effect on Project Co's revenue)	✓
Changes in Law and Policy (general)	Risk that a change in legislation, or mandatory policy, applying generally, which requires a change to the Works or Services (other than Commonwealth Rent Assistance).	✓ Homes Victoria bears the risk of general change in law or policy after the date of the Project Deed, subject to an agreed regime; and the imposition of a cladding rectification levy in respect of the Works under, and in accordance with, the Building Act 1993 (Vic)	✓ (During the Development Phase and during the Operations Phase except where Homes Victoria bears risk)
Changes in law (project-specific)	Risk that a change in legislation, or mandatory policy, applies exclusively to the Project.	✓ Homes Victoria bears the risk of Project Specific Change in Law and a Change in Performance Standard	
Insurance risk	Risk that insurance cannot be obtained or that premiums increase significantly.	✓ (Only should CSO insurance is not available for use)	✓ (All other risks)
<b>Force majeure</b>			
Force majeure	Risk of a defined 'force majeure' event affecting construction or the provision of the services.	✓ (Homes Victoria may need to continue to make payments to service senior debt and for uninsurable risks that cause damage)	✓
<b>Finance and Tax risks</b>			
Base Interest rate risk	Risk of movements in base interest rates: <ul style="list-style-type: none"> <li>• prior to Financial Close;</li> <li>• from Financial Close to the to the first re-finance date; and</li> <li>• from the first re-finance date.</li> </ul>	<p>✓</p> <p>✓</p>	<p>✓</p>
Refinancing	Risk/opportunity of: <ul style="list-style-type: none"> <li>• Refinancing Loss; and</li> <li>• Refinancing Gains.</li> </ul>	✓	<p>✓</p> <p>✓</p>



Risk Category	Description	Homes Victoria	Project Co
Tax risk - federal	Risk of changes in income tax, GST or the law relating to taxes generally.		✓
Tax risk - State	Risk of changes in land tax, stamp duty or the law relating to taxes generally.		✓

## Departures from Standard Project Deed

The Project Deed is based on the Partnerships Victoria Standard Form Deed (Social Infrastructure) and the recently released Harmonised PPP Project Deed (Social Infrastructure), adjusted to reflect housing-specific matters. This includes establishing a contractual regime related to planning approvals, matters related to rent revenues and tenant rights, and recognition of the regulatory regime which applies to the Victorian community housing sector.

Key agreed departures are summarised in the following table, including project specific regimes and negotiated outcomes.

**Table 17– Summary of Departures from the Standard Project Deed**

Topic	Summary
<b>Project Specific Regimes</b>	
Planning	Incorporates provisions which require Project Co to obtain the relevant planning approvals for the Project.  Time and cost relief is provided in certain circumstances such as where the responsible authority fails to provide a timely response to a planning application, where unacceptable conditions are imposed, or in relation to appeals.
Demolition	Incorporation of provisions requiring Homes Victoria to complete demolition of the existing housing at the sites by a certain date.
Domestic Building Contracts Act	Incorporates provisions which clarify the operation of the <i>Domestic Building Contracts Act 1995</i> (Vic) in relation to the Project documents.
Ground Lease	Rather than a licence, Homes Victoria will grant Project Co a lease of each site prior to commencement of the works at that site until the Expiry Date.
Requirements for social housing, affordable housing and market rental dwellings	Incorporates provisions which set out the requirements for the social housing, affordable housing and market rental dwellings, including: <ul style="list-style-type: none"> <li>the target groups for tenants of social and affordable housing dwellings</li> <li>the maximum rents which may be charged for social and affordable housing dwellings</li> <li>requirements for the terms of residential tenancy agreements, and</li> <li>compliance with the Performance Standards under the <i>Housing Act 1983</i> (Vic).</li> </ul> Incorporates a regime to govern the maintenance of all dwellings including 5 yearly inspections of market rental dwellings (including

Topic	Summary
	<p>specialist disability accommodation) to assess whether those dwellings meet the required condition.</p> <p>If a proportion of the market rental dwellings are vacant for longer than an agreed period, Homes Victoria may require Project Co to sublease the vacant dwellings to social housing tenants for no longer than 12 months.</p> <p>A similar regime applies for SDA dwellings, should they be vacant for an agreed period, however this is at Project Co's election.</p>
Defects in social and affordable dwellings	Provides for defects in social and affordable dwellings to be treated as asset management failures, including retention by Homes Victoria of the estimated cost of rectification until Project Co has remedied the relevant failure.
Term & Development Phase Finance Amount	<p>Specifies a fixed operating term of 40 years from the latest of the original Dates for Commercial Acceptance (subject to the optionality below).</p> <p>In the case of a change compensation event (CCE) that causes delay to Commercial Acceptance, HV retains the option to extend the term rather than making a payment, if it prefers. This option will be exercised at the time of the CCE.</p>
Compensation on termination	Incorporates specific provisions to include the consideration of rent revenues in the termination calculations and provides a regime for partial termination of a site.
Housing Australia Investment Mandate and concessional debt	<p>Incorporates provisions that the novation of Project Co's debt rights and liabilities with respect to Housing Australia may only occur in accordance with its Investment Mandate (and associated consent).</p> <p>Upon a refinancing, Project Co must present Homes Victoria with at least one option for refinancing involving concessional debt where it is reasonably available.</p>
Homes Victoria Capital Contribution	Incorporates provisions which address the payment of Homes Victoria's capital contribution to the construction of the Project, including conditions precedent to payment and a right for Homes Victoria to recover any unpaid contribution in the event of termination.
CitiPower	Incorporates a project specific regime with respect to utilities required to be undertaken by CitiPower.
Excess Earning	Incorporation of an excess earning sharing regime to apply when net cashflows are higher than anticipated due to higher rent escalation or other factors.
Disability Modifications	Incorporates provisions in relation to disability modifications to social dwellings requiring Project Co to take reasonable steps to obtain funding from other sources before discussing with Homes Victoria.
MAE Change in Law	Incorporates provisions which address certain material changes in Commonwealth rent assistance legislation which have a material adverse effect on the performance of the Project, including for good faith negotiations and a force majeure termination event where agreement cannot be reached.
Partial Termination	Homes Victoria has the ability (subject to certain provisions) to terminate a Project Area or the Project in whole, in the case of

Topic	Summary
	default termination, force majeure, termination for convenience and termination for major loss.
Building Act 1993 (Vic) levies	Incorporates provisions for compensation to Project Co for cladding rectification levies (noting the project is exempt from the cladding rectification levy as falls under the Big Housing Build)
Changes in Mandatory Requirements	Amongst others provides for relief if: <ul style="list-style-type: none"> <li>• a general change in law or policy after the date of the Project Deed subject to an agreed regime; and</li> <li>• an insurance which is provided by the Victorian Managed Insurance Authority pursuant to its community service organisations' insurance program ceases to be available to Project Co</li> </ul>
Subcontracting restrictions	Incorporates additional requirements and restrictions on subcontracting with related parties of the Mezzanine Investors due to excess earning rights that Homes Victoria has.
Liquidated damages	Incorporates provisions which require Project Co to pay Homes Victoria liquidated damages for late completion as existing tenants have a right to return to the sites.
Share capital dealings	Incorporates amendments to reflect the nature of Project Co as a company limited by guarantee.
Failure to maintain registration	Provides for a default termination event if the Services Contractor fails to obtain or maintain registration as a registered housing agency under the Housing Act.
Services Contractor Bond	Incorporates requirement for a performance bond from the Services Contractor, which Homes Victoria may require Project Co to call upon in certain circumstances.
<b>Other Departures from Standard Project Deed</b>	
Mezzanine Funding	Provisions relating to equity and equity investors have been updated to reflect that the equity for the Project will be contributed by way of the mezzanine funding.

## General Obligations of Project Co

The full detail of Project Co's obligations is contained in the Project Deed and associated documents. The key obligations of Project Co over the course of the Project are summarised below.

- Project Co must design and construct the dwellings and surrounding area in accordance with the Project Deed.
- Project Co is responsible at its own cost and expense for the design of the Project and obtaining all necessary Planning permits for each Project Area.
- Project Co must achieve Commercial Acceptance of each Project Area by the applicable Date for Commercial Acceptance or otherwise be liable to Homes Victoria for liquidated damages
- Project Co must finance, or procure financing of, the Development Activities and otherwise carry out the Project Activities
- Project Co, on and from the Date of Commercial Acceptance, warrants that the assets are Fit for Purpose and comply with the requirements of the Project Deed, all applicable laws and all applicable standards.

- During the Operational Phase, Project Co must provide Tenancy Management Services, Community Engagement Services and Asset Management Services.
- Project Co is required to provide certain plans, programs, protocols, policies, procedures, strategies, reports and notifications to Homes Victoria. Project Co is also required to undertake performance reporting, performance reviews and audits.
- Project Co must at all times carry out the Project activities in accordance with the specified environmental requirements.
- Project Co must obtain and maintain certain insurances for the Project activities.
- Project Co must undertake all necessary tasks to ensure that the Project assets are handed back to Homes Victoria on expiry of the Operational Phase in the required condition and in accordance with the end of term requirements set out in the Project Deed.

## General obligations of Homes Victoria

Under the Project Deed, Homes Victoria's obligations include the following:

- providing Project Co with the necessary access to allow it to perform its obligations
- undertaking the Demolition works at each Project Area. Demolition works must be completed prior to Demolition works completion date for the relevant Project Area
- reviewing and commenting on planning and design documentation and other material that will be submitted by Project Co in accordance with the Project Deed
- determination of the achievement of Commercial Acceptance of each Project Area, and
- payment of the Homes Victoria capital contribution and the QSP, subject to any abatement that may apply if Services are not delivered to the required performance standard.

## Changes in cost to Homes Victoria

### Change in Law and policy

Homes Victoria bears the risk of cost increases or savings arising from certain changes in law and changes in policy that occur after Contract Close.

This includes but is not limited to Homes Victoria bearing the risk of a general change in law and policy which requires Project Co to undertake capital improvements and to the extent Project Co is not able to pass through the costs to tenants or otherwise in accordance with an agreed regime, commencing:

- For Changes in Policy from the date of the Project Deed
- For General Changes in Law (Development Phase) six months post Contract Close
- For General Changes in Law (Operational Phase) commencing from Commercial Acceptance.

## Relief events

Subject to certain conditions, Project Co may be entitled to performance relief under the Project Deed and to payment by Homes Victoria of certain additional costs and expenses incurred by it as a result of the events outlined in the table below.

**Table 18– Relief Events**

Risk Category	Description
Homes Victoria will provide Project Co with an extension of time and costs during the Development Phase for:	<ul style="list-style-type: none"> <li>• A breach by Homes Victoria of a Project Document</li> <li>• Certain acts or omissions of Homes Victoria or any or Homes Victoria Associate when acting in connection with the Project</li> <li>• Certain proximate interface works</li> <li>• Cessation or suspension of the construction activities or a material change to the way they are carried out because of a direction, order or requirement of the law in connection with a heritage claim or native title claim</li> <li>• Industrial action which occurs in the direct vicinity of a Project Area and is caused by Homes Victoria or a Homes Victoria Associate when acting in connection with the Project (subject to certain exclusions)</li> <li>• If Homes Victoria directs the suspension of the construction activities (subject to certain exclusions)</li> <li>• In certain circumstances, the exercise of Homes Victoria right of step-in</li> <li>• New legislation, a change in law and directions, closure of a Development Phase Area, subcontractor plant closure and key plant and equipment supply delay relating to a pandemic in certain circumstances</li> <li>• Any other event expressly stated to be a compensable extension event.</li> </ul>
Homes Victoria will provide Project Co with an extension of time (but not costs) during the Development Phase for:	<ul style="list-style-type: none"> <li>• A failure by a responsible authority to respond to a planning permit application within the prescribed time</li> <li>• Any other event expressly stated to be an extension event.</li> </ul>
Homes Victoria will provide Project Co with relief from performance and costs during the Operational Phase for:	<ul style="list-style-type: none"> <li>• A breach by Homes Victoria of a Project document</li> <li>• A fraudulent, reckless, unlawful or malicious act or omission of Homes Victoria or Homes Victoria Associate when acting in connection with the Project</li> <li>• Cessation or suspension of the services or a material change to the way they are carried out because of a direction, order or requirement of the law in connection with a heritage claim or native title claim</li> <li>• Industrial action which occurs in the direct vicinity of a Project Area and is caused by Homes Victoria or a</li> </ul>

Risk Category	Description
	<p>Homes Victoria Associate when acting in connection with the Project (subject to certain exclusions)</p> <ul style="list-style-type: none"> <li>• Certain proximate interface works</li> <li>• New legislation, a change in law and directions or a subcontractor plant closure relating to a pandemic in certain circumstances</li> <li>• Any other event expressly stated to be a compensable intervening event.</li> </ul>
<p>Homes Victoria will provide Project Co with relief from performance (but not costs) during the Operational Phase for:</p>	<ul style="list-style-type: none"> <li>• If Homes Victoria directs the suspension of the services (subject to certain exclusions)</li> <li>• In certain circumstances, the exercise of Homes Victoria’s right to step-in</li> <li>• a negligent act or omission of Homes Victoria or its associates in connection with the Project</li> <li>• Any other event expressly stated to be an intervening event.</li> </ul>
<p>Homes Victoria will provide Project Co with relief from performance, an extension of time and certain costs for:</p>	<ul style="list-style-type: none"> <li>• Earthquake, natural disaster, bushfire, landslide, seismic activity, tsunami or mudslide, and fire, explosion or flood caused by those events</li> <li>• Severe winds</li> <li>• A 100-year flood event</li> <li>• Certain risks that are uninsurable from contract close.</li> <li>• In certain circumstances, utility interruptions</li> <li>• Suspension of activities due to the occurrence of a force majeure event</li> <li>• The exercise of Homes Victoria’s to step in due to the occurrence of a force majeure event.</li> </ul>

## Modification and Augmentations

The Project Deed contains the following mechanisms for effecting changes to the scope of the Project.

### Modifications

Homes Victoria may, at its sole discretion, request Project Co to implement changes to the Project assets and services, provided that Project Co provides a value for money offer to implement the change and Homes Victoria adequately compensates Project Co in accordance with the Project Deed. This regime captures minor modifications and other changes to the Project scope but excludes augmentations.

## Augmentations

This regime captures substantial changes to the Project requirements and activities which Homes Victoria considers is likely to cost in excess of an agreed amount, and which Homes Victoria determines should be delivered pursuant to the augmentation process. This process entails up front agreement of the process for the tendering and implementation of the augmentation, including fees and margins payable and returns subject to an agreed cap.

## Default and Termination Regime

### Default

A default by Project Co under the contractual arrangements will entitle Homes Victoria to various remedies. Where a default has occurred, Homes Victoria will, in most circumstances, be required to give Project Co an opportunity to cure the default. If the default is not cured by Project Co within the required cure period, it will escalate to a major default.

The Project Deed also elevates a number of events to immediately be classified within the major default category (for example a failure to achieve commercial acceptance by the required date or a failure to maintain the required insurances).

In respect of major defaults, Project Co is required to provide a cure program to be reviewed and agreed by Homes Victoria.

Where Project Co fails to cure the major default in accordance with the agreed cure program (if the major default is capable of cure) or to comply with the reasonable requirements of Homes Victoria (if the major default is not capable of cure), this will generally, subject to financier cure rights, give rise to Homes Victoria's right to terminate the Project Deed.

Certain events of default are so severe that they are not subject to a cure regime. These events give rise to a Homes Victoria's termination right immediately upon their occurrence (for example the insolvency of Project Co or abandonment).

### Step-in

In addition to triggering termination rights (or potential termination rights), major default events and default termination events may trigger additional Homes Victoria rights and remedies including the right to step-in to remedy the situation (that is, the right to assume control and management of the Project).

The circumstances where the step-in rights for Homes Victoria, as specified in the Project Deed, can be triggered include when:

- a major default has occurred, and Project Co is not complying with its obligations with respect to the major default
- a default termination event has occurred
- an emergency occurs
- a cure notice has been issued by a key subcontractor or
- a law entitles Homes Victoria to a statutory right of step-in.

The default-related step-in right is subject to any step-in rights the financiers may have. During any step-in associated with a default or which is otherwise caused by



Project Co, the QSP will be abated to the extent that the Services are not being provided.

## Termination

Where the Project Deed is terminated in whole or in part before the natural expiry of the intended 40-year Operational Phase, Project Co may be entitled to a termination payment. The Project Deed may be terminated in whole or in part as a result of the following:

- the occurrence of a default termination event
- a force majeure termination event
- voluntary termination by Homes Victoria
- certain planning termination events

The basis for the calculation of the termination payment will be determined by the reason for the termination as summarised below.

**Table 19 – Termination Payments**

Event	Trigger	Termination Payment
Default Termination event	Homes Victoria may terminate the Project Deed if a default termination event occurs (including where a major default has not been remedied in accordance with the Project Deed).	The Project's fair market value determined by retendering or an independent expert (where there is no liquid market, or where Homes Victoria elects not to conduct a retender).
Termination for convenience	Homes Victoria may at any time, for reasons of its own choosing, unilaterally elect to terminate the Project Deed for convenience with notice.	The outstanding senior debt as at the termination date and other reasonable costs, including a return to the mezzanine loan investors.
Termination for force majeure event	Either party may terminate for a force majeure termination event, subject to limitations.	The outstanding senior debt as at the termination date plus other costs.
Planning Termination event	Either party may terminate the affected Project Area if the parties are unable to agree an alternate proposal in relation to planning after the occurrence of certain planning related events.	Direct third-party costs incurred by Project Co in respect of the Project Area up to the date of partial termination (subject to a cap in relation to D&C Contractor costs) and financing break costs.

## Finance and Security Arrangements

Project Co is responsible for the provision of finance for the Project through its funding structure. This comprises of mezzanine loan funding from the mezzanine investors and



debt financing from Housing Australia in the form of a long-term sustainability bond facility and debt financing from commercial lenders, ANZ and SMBC.

Housing Australia is also providing a secondary facility via the National Housing Infrastructure Fund (NHIF) for specific works.

Debt will need be refinanced at regular intervals over the Project term. Homes Victoria will not share in any refinancing losses but will be entitled to 50 per cent of the benefit of any other refinancing gain, after allowing Project Co to recoup any prior refinancing losses.

Homes Victoria takes security over all of Project Co's assets as security for performance of Project Co's obligations. Under the Finance Direct Deed, Homes Victoria obtains first priority for out-of-pocket amounts (e.g. on step-in) and amounts payable to it on termination.

## **Homes Victoria Rights at Expiry of Contract**

The Project Deed requires Project Co to hand back the Project assets (including all dwellings) at the expiry of the Operational Phase (or on earlier termination) for nil consideration in a pre-defined state known as the handover condition.

To ensure that the assets are able to meet the handover condition at the end of the Project, commencing two years prior to expiry of the Operational Phase, an independent expert will be appointed to undertake reviews to ensure that lifecycle and maintenance works are completed so that the assets will meet the relevant handover condition.

If the remaining QSPs are equal or less than 120% of the estimated cost of delivering the works to meet the handover condition, Project Co must elect to provide additional bonding or allow Homes Victoria to deposit a portion of the remaining QSPs into an escrow account.

Project Co must also cooperate with Homes Victoria in relation to the transition of all tenants at the Expiry Date. Project Co must ensure that the term of any residential tenancy agreement with respect to any affordable and market rental dwelling must be at customary market terms and that the term should not exceed the date that is 12 months after the Expiry Date.

## **Audit and Inspection Rights of Homes Victoria**

The Project Deed includes contractual audit and inspection rights for Homes Victoria, any Homes Victoria Associate, the Independent Reviewer and other person directly authorised by Homes Victoria, including to:

- inspect, observe, or test any part of the Project assets or the Project activities
- examine and make copies of the accounts and other records, reports and all documents reasonably requested of Project Co or any of its key subcontractors in connection with the Project, and
- disclose information in connection with the Project to satisfy the disclosure requirements of the Victorian Auditor-General or to satisfy the requirements of Parliamentary accountability.

## Appendix A – Public Interest Test

Protecting the public interest		
Public interest element	Standard	Assessment
<p><b>Effectiveness</b></p> <p>Is the project effective in meeting government objectives?</p>	<p><i>Identify any minimum government standards (in quality or quantity etc.) to be met for each output/service delivery requirement identified above, whether a legislative or policy requirement.</i></p> <p>The Ground Lease Model Project (<b>the Project</b>) aligns with the following government policies and standards, in particular, the policies and standards set for in the Big Housing Build (BHB) Program and as relevant by Homes Victoria (HV):</p> <p><b>Quality Standards:</b></p> <ul style="list-style-type: none"> <li>BHB Program and broader government requirements for the construction and service delivery elements are included in the Project Scope and Delivery Requirements (PSDR).</li> </ul> <p><b>Quantity Standards:</b></p> <ul style="list-style-type: none"> <li>The key objective under the BHB Program is a minimum 10% uplift in social housing addition to the replacement of the existing number of properties on each site.</li> <li>The Program also encompasses an Affordable Housing Rental Scheme (AHRS), in which eligible income earners will be offered an affordable rental property for at least three years.</li> </ul> <p><b>Government Policy Requirements:</b></p> <ul style="list-style-type: none"> <li>Local Jobs First Requirements (Department of Jobs, Precincts and Regions)</li> <li>Social Procurement Requirements (Department of</li> </ul>	<p><i>Which of the output/service delivery requirements identified in the previous column are met by the project?</i></p> <ul style="list-style-type: none"> <li>The Project will deliver more than the minimum 10% social uplift targeted to the 502 existing dwellings across its four sites – South Yarra, Prahran, Hampton East and Port Melbourne, alongside affordable and market rental dwellings. In total 1,370 dwellings will be delivered across the sites.</li> <li>In addition to the BHB Program objectives, the project delivers on the Homes Victoria core objects under the Housing Act 1983 to ensure that every person in Victoria has adequate and appropriate housing at a price within his or her means by encouraging the provision of well-maintained public housing of suitable quality and location; and encouraging the participation of non-profit bodies in the provision of well maintained, affordable rental housing of suitable quality and locations. Through the alignment with the AHRS, the Project is also able to promote security and variety of tenure for affordable housing leases.</li> <li>The Project involves partnering with private parties including a developer and non-for-profit registered housing sector participants, the latter who will be responsible for the provision of housing and ancillary asset management service. These parties will function collectively in consortium headed by an entity 'Project Co', who enters</li> </ul>

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Public interest element	Standard	Assessment
	<p>Treasury and Finance - DTF and HV)</p> <p><b>Legislative Requirements:</b></p> <p>The Housing Act 1983 provides the legislative framework for social housing delivery in Victoria. Section 6 of the Housing Act outlines the objects (as applicable) are to:</p> <p>(a) to ensure that every person in Victoria has adequate and appropriate housing at a price within his or her means by encouraging—</p> <p>i) the provision of well-maintained public housing of suitable quality and location;</p> <p>ia) the participation of non-profit bodies in the provision of well maintained, affordable rental housing of suitable quality and locations.</p> <p>b) to expand and develop the role of the public sector in the provision of housing;</p> <p>(c) to promote cost effectiveness in the provision of housing;</p> <p>(d) to promote the integration of public and private housing;</p> <p>(e) to provide in the public sector a variety of housing types in various locations;</p> <p>(f) to promote security and variety of tenure</p> <p><i>Consider government's output/service delivery requirements in similar projects delivered previously, either under public procurement or another PPP; and</i></p> <ul style="list-style-type: none"> <li>• This Project follows the successful close of the first GLM project in 2021, which was for the delivery of c.1,100 social, affordable and market</li> </ul>	<p>into contractual arrangements (Project Deed) with Homes Victoria. Under this:</p> <ul style="list-style-type: none"> <li>○ Service delivery requirements are ensured through the service specification which will form part of the contractual obligations of Project Co. This includes the promotion of integration activities across social, affordable and market rental tenants. These requirements where applicable are subject to an abatement regime, to drive performance.</li> <li>○ Adherence to both government policy and legislative requirements is a condition of tender. Monitoring Project Co's performance and compliance against the requirements will be carried out in accordance with the Project Deed.</li> </ul>

Protecting the public interest		
Public interest element	Standard	Assessment
	<p>rental dwellings in Prahran, Flemington and Brighton.</p> <ul style="list-style-type: none"> <li>• Delivery and service requirements have been developed in consideration of the outcomes achieved in the first GLM project, amended as required to incorporate lessons learnt or project specific aspects.</li> </ul>	
<p><b>Accountability and transparency</b></p> <p>Do the partnership arrangements ensure that:</p> <p>the community can be well-informed about the obligations of government and the private sector partner; and</p> <p>they can be overseen by the Auditor-General?</p>	<p><i>Identify government’s current policy on disclosure and transparency during both the bidding and negotiation stages, and after contract signing</i></p> <p>The Project complies with Victorian Government accountability and transparency policies and obligations including:</p> <ul style="list-style-type: none"> <li>• Freedom of Information Act 1982 (Vic);</li> <li>• Victorian Government Purchasing Board Probity Policies;</li> <li>• Best Practice Probity Advice Guidelines;</li> <li>• Audit Act 1994 (Vic); and</li> <li>• The monitoring role of the Victorian Housing Registrar in relation to performance standards for social housing managed by a Registered Housing Agency.</li> </ul>	<ul style="list-style-type: none"> <li>• The community will be well informed of the obligations of both Government and Project Co, through several mechanisms, including:                             <ul style="list-style-type: none"> <li>○ Community consultative sessions were held during bidding and will continue to be held in accordance with the Clause 52.20 consultation requirements, to ensure the community can be well-informed about the Project. Surrounding neighbours will also get relevant notifications on the Project through community update flyers;</li> <li>○ the Homes Victoria website has been established as a central point of contact for information dissemination on Homes Victoria projects including this Project;</li> <li>○ details of the relevant contracts, subject to commercial-in-confidence considerations, are published in accordance with Victorian Government and Partnership Victoria (PV) guidelines;</li> <li>○ Project Co will be required to report on the Project’s performance. This would also be captured in Homes Victoria’s annual reporting obligations;</li> </ul> </li> </ul>

Protecting the public interest		
Public interest element	Standard	Assessment
		<ul style="list-style-type: none"> <li>○ the Freedom of Information Act applying to the Project;</li> <li>○ the Auditor-General will have access to project information in accordance with the Audit Act;</li> <li>○ Victorian Government Purchasing Board Policies were applied to the tender process; and</li> <li>○ complaints handling processes must be established by the registered housing sector participants that are compliant to Victorian Housing Registrar requirements.</li> </ul> <ul style="list-style-type: none"> <li>● In addition, an independent probity adviser and probity auditor were appointed to overseeing the procurement process to ensure the process is fair and transparent. The probity adviser and auditor have provided relevant signoffs (in accordance with PV guidelines) at appropriate junctures of the procurement process.</li> </ul>
<p><b>Affected individuals and communities</b></p> <p>Have those affected been able to contribute effectively at the planning stages, and are their rights protected through fair appeals processes and other conflict resolution mechanisms?</p>	<p><i>Identify those individuals/sectors in the community who will be affected by the project; and how they will be affected.</i></p> <p><b>Primary stakeholders and affected individuals of this project include:</b></p> <ul style="list-style-type: none"> <li>● Public housing residents</li> </ul> <p>Public housing residents of the existing sites have been required to relocate to alternative housing for the redevelopment to proceed. They each have the right to return once construction of their new housing is complete. They are the most impacted stakeholder group.</p>	<p><i>Which of the identified individuals/sectors have had some form of involvement in the process? What was their level of involvement? Does it meet the identified legal and policy standards?</i></p> <ul style="list-style-type: none"> <li>● The project has sought the active involvement of key stakeholders and taken a considered approach to stakeholder engagement and communication. Community engagement outcomes were incorporated into the RFP documents for the bidders to have regard to in developing their design and service solution. Post contract award, community</li> </ul>

Protecting the public interest		
Public interest element	Standard	Assessment
	<ul style="list-style-type: none"> <li>Local Government councils Stonnington, Bayside and Port Phillip Councils are the local government authorities for the respective sites in the program. They are stakeholders due to their role through the planning process.</li> <li>Relevant Ministers The Minister for Housing and the Treasurer are key stakeholders for this project in terms of approvals. Planning consent is also expected to be sought from the Minister for Planning.</li> </ul> <p><b>Secondary stakeholders who are affected by this project include:</b></p> <ul style="list-style-type: none"> <li>Advocacy and Legal Rights groups Groups such as the Victorian Public Tenants Association (VPTA) and the Federation of Community Legal Centres (FCLC) are actively engaged in the processes and outcomes of this project as tenant advocates.</li> <li>Local service providers Local service providers will be impacted through the development of increased density housing in their local service catchment. They may also be impacted during the period of construction.</li> <li>Neighbours of redevelopment sites and local community Surrounding residents who live in proximity to the redevelopment sites may also be impacted by the increased densification and construction.</li> </ul> <p><b>Other relevant mechanisms</b></p>	<p>consultations will also be undertaken prior the submission of the relevant planning applications.</p> <ul style="list-style-type: none"> <li>Public housing tenants have been involved in the process through regular communication and updates from the Relocations team through Community Update flyers and onsite engagement events.</li> <li>Council officers from the relevant councils have been actively engaged prior RFP stage to ensure the RFP has incorporated their feedback and in the development of guidelines (further detailed below). This engagement has continued post the RFP submissions, with council feedback and consideration, required for the planning applications.</li> <li>The Minister for Housing and Treasurer are regularly briefed in accordance with the project governance structure.</li> </ul> <p><b>Planning</b></p> <ul style="list-style-type: none"> <li>Because the Project is in part funded through the BHB, it is anticipated that planning consent will be sought utilising Planning Scheme Amendment VC190 and clause 52.20, where applicable.</li> <li>The Project Team has developed guidelines for each site in consultation with relevant local councils and Department of Transport and Planning. Input from the Office of the Victorian Government Architect (OVGA) was also incorporated. The guidelines outline expectations for developments seeking planning consent from the Minister of Planning utilising Planning Scheme Amendment VC190 and clause 52.20.</li> </ul>



**Protecting the public interest**

Public interest element	Standard	Assessment
	<ul style="list-style-type: none"> <li>• The Local Jobs First Policy (including the Victorian Industry Participation Policy (VIIP) and Major Projects Skills Guarantee (MPSG)) and Social Procurement Policy; Building Equality Policy (BEP);</li> <li>• Environmental, OH&amp;S and other assessments of the Project Area; and</li> <li>• Charter of Human Rights and Responsibilities Act 2006 (Vic).</li> </ul>	<p><b>Contract/Legal Obligations</b></p> <ul style="list-style-type: none"> <li>• Tenants who have been relocated from the sites have a guaranteed right to return to their site, if they so wish, once construction is complete. Returning residents will be eligible to receive the same rental conditions that apply to public housing residents (i.e to pay no more than 25% of income).</li> <li>• Social housing tenants at the four sites will have a guarantee of service quality through Homes Victoria’s agreement with Project Co, a, who will be required to maintain the standard of the properties it manages, through a performance-based services contract. Under this agreement, social housing tenants will receive best practice tenancy management services while benefiting from the same tenancy rights as other public housing tenants in Victoria.</li> <li>• The above service quality has also been extended to cover affordable housing tenants.</li> </ul>

<p><b>Equity</b></p> <p>Are there adequate arrangements to ensure that disadvantaged groups can effectively use the infrastructure or access the related service?</p>	<p><i>Identify disadvantaged groups who will use the infrastructure or access the related service and how they will be using it.</i></p> <p><i>Identify any specific rights of the groups identified:</i></p> <ul style="list-style-type: none"> <li>• <i>at law (e.g. anti-discrimination laws);</i></li> <li>• <i>under government policies; and/or</i></li> <li>• <i>from standards agreed to in previous projects.</i></li> </ul> <p>The Project must comply with all relevant government laws and policies including: <i>Housing Act 1983;</i></p>	<p><i>Which of the ‘usage’ rights (of a legal or policy nature) identified in the previous column are met by the project?</i></p> <ul style="list-style-type: none"> <li>• Contractual provisions include the required safeguards to ensure that Project Co complies with all applicable laws, which include common law and the principles of equity.</li> <li>• The Charter of Human Rights and Responsibilities enables housing tenants to protect their rights to privacy, cultural practices, life and protection from inhumane treatment.</li> <li>• The usage rights of the disadvantaged groups identified,</li> </ul>
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Protecting the public interest		
Public interest element	Standard	Assessment
	<p><i>Disability Act 2006</i> and the <i>Commonwealth Disability Discrimination Act 1992 (DDA)</i>;</p> <p><i>Racial Discrimination Act 1975</i> (Cth);</p> <p><i>Sex Discrimination Act 1974</i> (Cth);</p> <p><i>Equal Opportunities Act 1995</i> (Cth);</p> <p><i>Residential Tenancies Act 1997</i> (Vic); and</p> <p><i>Charter of Human Rights and Responsibilities 2006</i> (Vic).</p> <ul style="list-style-type: none"> <li>Disadvantaged groups that will have access to the housing infrastructure and services delivered through this project include social housing residents and applicants in the priority access category who                             <ul style="list-style-type: none"> <li>are homeless and receiving support</li> <li>Are escaping or have escaped family violence</li> <li>With a disability or significant support needs</li> <li>With special housing needs.</li> </ul> </li> <li>The Project also targets the following social procurement requirement; (i) the employment of priority cohorts and (ii) a minimum level of social enterprise spend and (iii) Women’s Equality and Safety initiatives.</li> <li>Under local jobs first policy, the employment of trainees, cadets and apprentices are an essential requirement for major projects.</li> </ul>	<p>is guaranteed as Project Co is obligated under the contracts to tenant all social housing properties with social housing tenants from Victorian Housing Register (VHR), with up to 75% of dwellings being tenanted by Priority Access cohorts after housing all eligible returning tenants.</p> <ul style="list-style-type: none"> <li>Particular access needs for the physically impaired or disabled will be equitably considered through the provision of 56 SDA compliant dwellings. Further modifications to apartments may also be made under the project agreement.</li> <li>Mechanisms to ensure that disadvantaged groups/priority jobseeker cohorts can effectively access the employment opportunities created through the project have been implemented through the requirement for Project Co to create and sustain jobs from priority cohorts across the term of the project and also undertake a minimum social enterprise spend.</li> <li>Project Co must also comply with the Major Project Skills Guarantee and attribute at least 10% of labour hours to employment for trainees, cadets and apprentices.</li> <li>Project Co must also comply compliance with the recently introduced Building Equality Policy for female employment to create training and employment opportunities for women in the construction industry.</li> <li>Project Co’s board must also have at least 50% female representation.</li> </ul>
<b>Public access</b>	<p><i>Identify what kind of public access is required, i.e. when the</i></p>	<p><i>Which of the identified access requirements are met by the</i></p>

<b>Protecting the public interest</b>		
<b>Public interest element</b>	<b>Standard</b>	<b>Assessment</b>
Are there safeguards that ensure ongoing public access to essential infrastructure?	<p><i>public needs access to the infrastructure and to which parts.</i></p> <p><i>Are there any legal or policy access requirements?</i></p> <ul style="list-style-type: none"> <li>• All required and statutory public access will be provided, where it is safe to do so.</li> <li>• Housing delivered through this project is premised on the retention of public land owned by Homes Victoria.</li> <li>• Existing residents of public housing and waitlist applicants will have access to social housing delivered through the project.</li> <li>• The affordable housing delivered through the project would be in line with the AHRS, which targets low- and moderate-income earners.</li> <li>• The market rental housing delivered is accessible to the public at market rents.</li> <li>• Appropriate contractual arrangements will be in place.</li> </ul>	<p><i>project, (i.e. those of a legal or policy nature, or otherwise identified as being required by the public under the project)?</i></p> <ul style="list-style-type: none"> <li>• Housing delivered through this project is built on public land owned by Homes Victoria. The ground lease arrangement to Project Co allows the use of the land for the contracted building design, construction and services over the project term. At the end of the lease the assets built on the land will be returned in full ownership to Homes Victoria increasing the asset base of the public housing portfolio and retaining the land in whole for intergenerational benefit.</li> <li>• The provision of accessible and inviting public open space is a Project Requirement of the design solution that will need to be met by Project Co.</li> </ul>
<p><b>Consumer rights</b></p> <p>Does the project provide sufficient safeguards for service recipients, particularly those for whom government has a high level of duty of care, and/or the most vulnerable?</p>	<p><i>Identify:</i></p> <p><i>those recipients to whom government owes a high level of duty of care (either at law, under government policy or simply as appropriate); and those who are most vulnerable</i></p> <ul style="list-style-type: none"> <li>• Public housing tenants are considered a vulnerable cohort, particularly those from the priority access category. As the end users or clients they are the service recipients that are owed a high level of duty of care by Homes Victoria.</li> <li>• Private housing tenants are the consumers of the market rental/affordable build to rent housing product. Whilst not as immediate as public housing tenants, Homes Victoria’s has</li> </ul>	<p><i>Which of the special needs and rights identified in the previous column are met by the project?</i></p> <p>The Project will provide sufficient safeguards for service recipients by:</p> <ul style="list-style-type: none"> <li>• Social housing tenants of the new sites will benefit from specialised services provided by the registered housing providers under the regulation of the Victorian Housing Registrar and in accordance with the performance-based service contract. The performance requirements have also been extended to the affordable housing tenants.</li> <li>• Under the project there may be enhanced support services available for vulnerable clients under the social landlord</li> </ul>

Protecting the public interest		
Public interest element	Standard	Assessment
	<p>consideration to the affordable housing cohorts through AHRS alignment. Government also more broadly is responsible for safeguarding private tenant housing rights and landlord services under the Residential Tenancies Act.</p> <ul style="list-style-type: none"> <li>Charter of Human Rights and Responsibilities 2006 (Vic)</li> </ul>	<p>approach to housing which is embedded in the project objectives</p> <ul style="list-style-type: none"> <li>Requiring in the contract that Project Co comply with all laws including any relevant housing legislation.</li> <li>Homes Victoria step-in rights.</li> </ul> <p><i>What are the deficiencies i.e. which of the identified needs or rights are not provided for or protected throughout the project and what are the consequences? Can they be addressed (e.g. through contractual or regulatory means)?</i></p> <ul style="list-style-type: none"> <li>Renters who have been relocated from the existing housing sites are currently classified as tenants of Public Housing with Homes Victoria functioning as their landlord. Upon their return to the redeveloped sites renters who choose to return will be managed by a registered community housing provider(s), who are overseen by the Victorian regulatory framework. Provisions within the contractual framework with Project Co will ensure that the Public Housing conditions (through alignment with the Community Housing Placement Program, see below) are upheld for the returning renters</li> <li>Alignment with the Community Housing Placement Program will contribute to ensuring that:             <ul style="list-style-type: none"> <li>Public housing renters who return to the new sites to have their rent calculation limited to 25 per cent of their household income.</li> <li>Public housing renters who return to the new sites to</li> </ul> </li> </ul>

Protecting the public interest		
Public interest element	Standard	Assessment
		experience no reduction in their security of tenure.
<p><b>Security</b></p> <p>Does the project provide assurance that community health and safety will be secured?</p>	<p><i>Identify all public health and safety standards that government is required to meet:</i></p> <ul style="list-style-type: none"> <li>○ <i>at law (e.g. health and safety legislation);</i></li> <li>○ <i>under government policy; or</i></li> <li>○ <i>from government’s political accountability to the public.</i></li> </ul> <ul style="list-style-type: none"> <li>• Government is required to meet specific health and safety standards for public procurement construction including:                             <ul style="list-style-type: none"> <li>○ Occupational Health and Safety</li> <li>○ Industrial Relations</li> <li>○ The Building Act 1993</li> </ul> </li> <li>• The health and safety of the community is secured throughout the project lifecycle                             <ul style="list-style-type: none"> <li>○ During demolitions</li> <li>○ During planning/pre construction work</li> <li>○ During construction</li> <li>○ Throughout the operating period</li> </ul> </li> <li>• State owes a duty of care to the public.</li> </ul>	<p><i>Which of the health and safety standards identified does the project meet?</i></p> <ul style="list-style-type: none"> <li>• The project complies with all the required health and safety standards identified.</li> </ul> <p><i>How is each identified standard satisfied?</i></p> <ul style="list-style-type: none"> <li>• Under contract, Project Co must carry out and must procure that the works are carried out:                             <ul style="list-style-type: none"> <li>○ safely and in a manner that does not put the health and safety of employees or any other persons at risk; and</li> <li>○ in a manner that protects property.</li> </ul> </li> </ul> <p><b>Design and Construction</b></p> <ul style="list-style-type: none"> <li>• Management plans and reporting requirements have been incorporated in the contract, encompassing health and safety performance monitoring.</li> <li>• Building design must ensure fire safety systems services are designed to protect the dwellings, and their residents and visitors in the case of fire.</li> <li>• The Project Requirements has also prescribed various combustible products that Project Co must not install into any external wall of a building unless Project Co has obtained a determination of the Building Appeals Board that the installation of that product complies with the Building Act and associated regulations.</li> <li>• Crime Prevention through Environmental Design (CPTED) is also a key design principle to be used by Project Co. The goal of</li> </ul>

Protecting the public interest		
Public interest element	Standard	Assessment
		<p>CPTED is to design the environment where it reduces opportunities for crime through the natural and built environment.</p> <p><b>Operational</b></p> <ul style="list-style-type: none"> <li>• The facilities and assets are be maintained and serviced in accordance with OHS regulations and Essential Safety Measures Reporting to be undertaken as required by the <i>Building Regulations 2018 (Vic)</i> and compliance certificates;</li> <li>• Gardens structures, amenity and equipment must meet health and safety standards.</li> <li>• Project Co is to implement an electronic security management system to ensure the health and safety of tenants on the sites. The electronic systems will provide real time data for Project Co to act upon.</li> </ul>



Protecting the public interest		
Public interest element	Standard	Assessment
<p><b>Privacy</b></p> <p>Does the project provide adequate protection of users’ rights to privacy?</p>	<p><i>Identify the users’ rights to privacy (whether at law or otherwise).</i></p> <ul style="list-style-type: none"> <li>• Privacy and Data Protection Act 2014 (Vic)</li> <li>• Charter of Human Rights and Responsibilities Act 2006 (Vic.).</li> <li>• Victorian Planning Scheme Provisions</li> <li>• Building Regulations 2018</li> </ul>	<p><i>Which of the rights identified in the previous column are protected under the project?</i></p> <ul style="list-style-type: none"> <li>• Project Co must agree to, and ensure that all Subcontracts contain terms which require the relevant Subcontractor to, be bound by the Information Privacy Principles and any applicable code of practice defined in, and approved under, the <i>Privacy and Data Protection Act 2014</i> (Vic)</li> <li>• Project Co must ensure that tenants’ rights to privacy are protected under the Charter of Human Rights. However, actions and decisions made during the program could impact the rights of relocated tenants. Under s13 of the Charter which pertains to "the right of a person not to have his or her privacy, family, home or correspondence unlawfully or arbitrarily interfered with". However, where possible and with great effort Homes Victoria is ensuring these rights are protected and views the temporary relocation of residents for redevelopment purposes, is not arbitrary, given their eventual right to return.</li> </ul>

## Appendix B – Evaluation Criteria

<b>Evaluation Criteria</b>
Criterion A1: Scope, quality design and amenity
Criterion A2: Delivery approach, capacity and certainty
Criterion B: Services
Criterion C1: Commercial
Criterion C2: Financial
Criterion D: Government Policy Requirements
Criterion E: Value and Risk Proposition