

**ITEM 5. PROPOSED AFFORDABLE HOUSING DEVELOPMENTS AT GREEN
SQUARE TO ASHMORE CONNECTOR RESIDUE LANDS**

FILE NO: S118923

SUMMARY

Sustainable Sydney 2030 is the plan for the city to 2030 and beyond. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. Direction 8 – Housing for a Diverse Population, has a target of 7.5 per cent of total dwelling stock to be affordable (rental) housing and 7.5 per cent to be social housing. This target can't be delivered by the City of Sydney alone and requires contributions by the NSW Government, community housing providers and the private sector.

Based on a housing audit undertaken in June 2016 and recent development approvals, the committed pipeline of diverse housing comprises: affordable housing – 1,665; social housing – 9,834; boarding houses – 3,797; and student accommodation – 10,675.

The City of Sydney has been investigating and implementing opportunities for promoting the development of affordable and diverse housing. Initiatives implemented include planning agreements, development agreements, rezoning, affordable housing levy programs, development on City of Sydney-owned surplus land, establishing the Affordable and Diverse Housing Fund and direct financial contributions.

As a result, the City of Sydney will have directly, or indirectly, contributed to affordable and diverse housing projects which include:

- 68 Bay Street and 14 Cowper Street in Glebe;
- 895 Bourke Street, Waterloo;
- 74 Botany Road, Alexandria;
- Common Ground, Camperdown;
- South Sydney Hospital site, Harold Park;
- the Salvation Army, Surry Hills; and
- Hammond Care, Darlinghurst.

These projects account for some 800 dwellings. Other projects being considered include the Marion Street Depot site in Redfern and the Green Square to Ashmore Connector; both situated on the City of Sydney's own residue land.

The Green Square to Ashmore Connector road is integral to the future development of the Green Square Town Centre. The proposed road will improve local access for pedestrians, cyclists, buses and other vehicular traffic. A concept design for the road has now been completed, which is funded in the 10 year capital works budget.

After allowing for the needs of the above public infrastructure, a substantial amount of land remains available for other purposes (residue land). The City of Sydney has examined the suitability of this land for the development of affordable rental housing for key workers, including teachers, police, nurses and cleaners.

In 2015, the City of Sydney commissioned a master plan for the section of the Green Square to Ashmore Connector road between Botany Road and O’Riordan Street, which contains a substantial amount of residue land (8,935 square metres) that is owned by the City of Sydney. These lands are presently vacant and are classified as operational under the *Local Government Act 1993*.

The master plan estimated that a potential 300 dwellings could be provided on the residue lands, together with commercial uses in the ground floor. This includes 200 dwellings on the northern section of land (6,683 square metres) and 100 dwellings on the southern section (2,252 square metres).

On 25 July 2016, Council resolved to:

- “(A) approve the draft master plan for affordable housing, on the Green Square to Ashmore Connector (Botany Road to O’Riordan Street) residue lands, for the purpose of market testing;
- (B) approve the commencement of market testing with Community Housing Providers as contemplated above, and report back to Council later in 2016; and
- (C) note the estimated subsidy for affordable housing, as contained in confidential Attachment E to the subject report.”

Northern section

Discussions to test the market have been held with City West Housing regarding the proposed redevelopment of the northern section of residue land at 338 Botany Road Alexandria, for approximately 200 affordable housing dwellings plus ground floor commercial space.

City West Housing has been set up by the NSW Government to specifically provide affordable housing within the City of Sydney local government area using developer contributions levies mandated by the City of Sydney. City West Housing agreed to purchase the northern section for \$18.0 million dollars, which will contain a legal obligation (Caveat) on the land title to ensure that the land is used in perpetuity for affordable housing.

The proposed sale price offered by the City represents a significant reduction when compared to both the value of the site and housing land values in the Alexandria area. This sale price is in line with the indicative amount approved by Council in July 2016 at \$85,000 per affordable housing dwelling. The subsidised land sale reflects the City of Sydney’s commitment to deliver affordable housing in Green Square and achieve the affordable housing targets contained in *Sustainable Sydney 2030*.

The City of Sydney is satisfied that the City West Housing proposal represents a good outcome regarding the future development of the site for affordable housing. City West Housing has completed a number of significant affordable housing developments in the area including a 100 unit development at Portman Street in the Green Square Town Centre.

City West Housing has confirmed and demonstrated to the City of Sydney that it has the capacity to deliver this project without impacting on its ability to complete other projects within the City of Sydney local government area, such as Botany Road, Waterloo, Bourke Street, Waterloo and Harold Park. Their proposed project timing accords with the delivery of the Green Square to Ashmore Connector to achieve an integrated and good quality development.

Southern section

Market testing has proceeded to identify a viable option for the southern section to deliver approximately 100 additional affordable dwellings plus ground floor commercial space.

In May 2017, the City of Sydney sought expressions of interest via letter to all Tier 1 and 2 community housing providers to partner in an affordable housing development on the southern section of residue lands of the Green Square to Ashmore Connector road at 338 Botany Road, Alexandria. The letter indicated an approximate \$85,000 price per affordable housing dwelling. The proposed sale price offered by the City represents a significant reduction when compared to both the value of the site and housing land values in the Alexandria area. It reflects the City of Sydney's commitment to deliver affordable housing in Green Square.

The City of Sydney has received interest from the following community housing providers to deliver affordable housing on the southern section of land:

1. Link Housing;
2. Evolve Housing;
3. St George Community Housing;
4. BlueCHP Limited;
5. Hume Community Housing;
6. CHL Housing Limited; and
7. Common Equity NSW.

The City of Sydney intends to undertake a further negotiation and evaluation assessment with each of the community housing providers to determine the most suitable organisation to provide affordable housing development on the southern section of the residue lands at 338 Botany Road, Alexandria.

Each community housing provider will need to demonstrate their financial capacity and available resources to purchase the land, and design and develop the site within the next three years. Similar to the sale arrangement for the northern section, the City of Sydney will place a legal obligation (Caveat) on the land title to ensure that the site is used in perpetuity for affordable housing.

A report back to Council will be provided once a preferred partner can be recommended.

RECOMMENDATION

It is resolved that:

- (A) Council endorse the sale of the northern section of the residue lands of the Green Square to Ashmore Connector (Botany Road and O'Riordan Street) to City West Housing Pty Limited at 338 Botany Road, Alexandria (Part Lot 101 in DP 569709) for a fee of \$18.0 million, with the sale being subject to the placement of a restriction on the title to the land to ensure that the site is used in perpetuity for affordable housing;
- (B) authority be delegated to the Chief Executive Officer to finalise contract negotiations and execute all relevant documentation relating to the sale of the land identified in clause (A), including the implementation of measures to ensure this land is used in perpetuity for affordable housing;
- (C) City staff undertake further negotiations and evaluation of interested community housing providers to partner with the City of Sydney to provide an affordable housing development on the southern section of the residue lands of the Green Square to Ashmore Connector (Botany Road and O'Riordan Street) at 338 Botany Road, Alexandria (Part Lot 101 in DP 569709);
- (D) a further report be submitted to Council to sell the southern section of residue lands of the Green Square to Ashmore Connector (Botany Road and O'Riordan Street) to a preferred community housing provider to provide an affordable housing development at 338 Botany Road, Alexandria (Part Lot 101 in DP 569709) once negotiations and evaluation is complete; and
- (E) Council note the proposed sale prices offered by the City represents significant reductions when compared to both the value of the site and housing land values in the Alexandria area.

ATTACHMENTS

Attachment A: Location Plan

Attachment B: Northern Residue Lands Architectural Character

Attachment C: Southern Residue Lands Architectural Character

Attachment D: Submission from City West Housing to purchase the northern section of residue lands for affordable housing

BACKGROUND

1. *Sustainable Sydney 2030* Direction 8 – Housing for a Diverse Population, has a target of 7.5 per cent of total dwelling stock to be affordable (rental) housing and 7.5 per cent to be social housing.
2. Across the City of Sydney local government area, the existing stock as at April 2016 and the committed pipeline of diverse housing comprises: affordable housing – 1,319, social housing – 9,800, boarding houses – 3,390 and student accommodation – 11,951.
3. The City of Sydney has been investigating and implementing opportunities for promoting the development of affordable and diverse housing. Initiatives implemented include: planning agreements, development agreements, rezoning, affordable housing levy programs, development on City of Sydney-owned surplus land, establishing the Affordable and Diverse Housing Fund and direct financial contributions.
4. As a result, the City of Sydney will have directly, or indirectly, contributed to affordable and diverse housing projects which include:
 - (a) 68 Bay Street and 14 Cowper Street in Glebe;
 - (b) 895 Bourke Street, Waterloo;
 - (c) 74 Botany Road, Alexandria;
 - (d) Common Ground, Camperdown;
 - (e) South Sydney Hospital site, Harold Park;
 - (f) the Salvation Army, Surry Hills; and
 - (g) Hammond Care, Darlinghurst.
5. These projects account for some 800 dwellings. Other projects being considered include the Marion Street Depot site in Redfern and the Green Square to Ashmore Connector; both situated on the City of Sydney's own residue land.

Green Square to Ashmore Connector

6. In accordance with the *Sydney Development Control Plan*, the City of Sydney is proposing to develop the Green Square to Ashmore Connector between Geddes Avenue in the Green Square Town Centre (currently under construction) to Bowden Street, from Botany Road to Bourke Road, Alexandria.
7. The proposed new road is a key transport initiative to link the Green Square Town Centre with the broader Green Square Urban Renewal Area and improve local access for pedestrians, cyclists, buses and other vehicular traffic.
8. The road corridor will be 400 metres long by 20 metres wide. A concept design has now been completed and the City of Sydney is seeking to obtain a project approval by late 2017 and achieve project completion by 2020.

9. After allowing for the specific needs of the Green Square to Ashmore Connector, the City of Sydney will retain substantial residue land (between Botany Road and O'Riordan Street) which provides an opportunity for renewal. These lands are currently vacant and their future use is not identified in any City of Sydney strategy or policy.
10. An amendment to the *Sydney Local Environmental Plan 2012*, in March 2015, rezoned the residue land to B7 (Business Park) and also amended permissible uses to include affordable housing. Private and market residential development is not permitted.

Green Square to Ashmore Connector Master Plan

11. In 2015, the City of Sydney commissioned *MAKO architecture* to prepare a master plan to investigate affordable housing on the residue lands located between Botany Road and O'Riordan Street. This covers two sites with 6,683 square metres of land on the northern side of the road corridor and 2,252 square metres of residue lands on the southern side.
12. The master plan identified that under current planning provisions, up to 300 dwellings (200 northern side / 100 southern side) could be provided on these sites. Commercial or similar uses would be provided on the ground floor to achieve activation of the street and area.
13. On 25 July 2016, Council approved a master plan for affordable housing on the residue lands located between Botany Road and Bowden Street, for the purpose of market testing with community housing providers.

Northern Section

14. The City of Sydney has held discussions with *City West Housing* to redevelop the northern section of the residue lands for affordable housing. City West Housing has agreed to purchase this land and the City of Sydney will place a legal obligation on title to ensure that the land is used in perpetuity for affordable housing.
15. The proposed reduced land sale price represents a significant financial commitment by the City of Sydney to achieve affordable housing in the Green Square area. City West Housing has committed to undertaking a design excellence process to provide design quality to achieve high amenity for future residents.

Southern Section

16. For the southern section, the City of Sydney has requested interest from all Tier 1 and 2 community housing providers to partner in an approximate 100 unit affordable housing development. Similar to the northern section, a legal obligation (Caveat) will be placed on title to ensure the site is used for affordable housing in perpetuity.
17. The City of Sydney has received interest from the following community housing providers to deliver the southern section of land for affordable housing:
 - (a) BlueCHP Limited;
 - (b) CHL Housing Limited;
 - (c) Common Equity NSW;

- (d) Evolve Housing;
 - (e) Hume Community Housing;
 - (f) Link Housing; and
 - (g) St George Community Housing.
18. The City of Sydney will undertake further negotiations and an evaluation assessment to determine the most suitable community housing provider to deliver the affordable housing development.
19. A report to Council will be prepared to seek approval to sell the land to a preferred community housing provider to provide an affordable housing development on the southern section of the residue lands of the Green Square to Ashmore Connector (Botany Road to O'Riordan Street) when these negotiations are complete.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

20. *Sustainable Sydney 2030* is a vision for the sustainable development of the city of Sydney to 2030 and beyond. It includes 10 strategic directions to guide the future planning and development of the city, as well as 10 targets against which to measure progress. This report is aligned with the following *Sustainable Sydney 2030* strategic directions and objectives:
- (a) Direction 4 - A City of Sydney for Walking and Cycling – the City of Sydney aims to achieve an affordable housing development well located to existing and future services at the Green Square Town Centre and railway station.
 - (b) Direction 5 - A Lively and Engaging City of Sydney Centre and Direction 6 - Vibrant Local Communities and Economies – activation will be provided with additional residents and ground floor commercial uses at each site.
 - (c) Direction 8 - Housing for a Diverse Population – the City of Sydney is seeking to provide affordable housing for a diverse population on low incomes.
 - (d) Direction 9 - Sustainable Development, Renewal and Design – the proposed affordable housing development will achieve the sustainable renewal of the residue lands created by the Green Square to Ashmore Connector.
 - (e) Direction 10 - Implementation through Effective Governance and Partnerships – the City of Sydney is seeking to work with community housing providers to provide an affordable housing development in close proximity to the Green Square Town Centre.

Organisational Impact

21. There is limited impact on service, staffing and facilities with the proposed affordable development housing on these lands. Coordination with the construction of the Green Square to Ashmore Connector road will be undertaken within the existing City of Sydney staff resources.

Social / Cultural / Community

22. The project provides an opportunity to provide housing for a diverse range of residents and specific community groups including workers who enable our global city to function.

BUDGET IMPLICATIONS

23. The cost and construction of the Green Square to Ashmore Connector road is funded within the 10 year capital works budget.
24. The sale of the lands to City West Housing will generate an immediate revenue, providing funding for current and proposed Green Square projects.
25. It is proposed that the proceeds from the sale of the residual lands be placed into General Reserves to cover part of the cost in acquiring these properties.

RELEVANT LEGISLATION

26. All the properties subject of this report are classified 'operational' under the *Local Government Act 1993* (the Act) and as such there is no legislative impediment to Council endorsing the sale.
27. Under section 377 of the Act (which contains the general power of a council to delegate), a council may, by resolution, delegate certain functions, but not the function to sell land or other property.
28. Section 55(3)(d) of the Act provides that Council does not have to invite tenders before selling land. *Council can choose not to sell by tender or auction.*
29. The contract documentation will be prepared in accordance with the *Conveyancing Act 1919*.

CRITICAL DATES / TIME FRAMES

30. Key time frames are provided below:
- (a) sale transaction of northern residue lands – end October 2017;
 - (b) report to Council on preferred community housing provider for southern residue lands – October 2017;
 - (c) construction commences of affordable housing – 2018; and
 - (d) occupation of affordable housing buildings – 2020.

PUBLIC CONSULTATION

31. Previous consultation has occurred with the public exhibition of the Planning Proposal and Development Control Plan covering this part of the local government area, which indicated the City of Sydney's future intentions to provide an option to develop the residue lands for affordable housing. The report to Council (dated 25 July 2016) provided further insight with regard to the City of Sydney's planning vision for the residue lands located on the Green Square to Ashmore Connector between Botany Road and O'Riordan Street.

32. The disposal of property does not require public consultation in the form of exhibition or notification.

KIM WOODBURY

Chief Operating Officer

David White, Senior Development Planner