

**ITEM 13. EXPRESSION OF INTEREST - PREFERRED COMMUNITY HOUSING
PROVIDER FOR THE SOUTHERN RESIDUE LANDS AT 338
BOTANY ROAD, ALEXANDRIA**

FILE NO: S118923

EXPRESSION OF INTEREST NO: EO917

SUMMARY

This report provides an assessment of the evaluation undertaken to recommend a preferred community housing provider to deliver an affordable and/or social housing development with ground floor commercial uses to achieve activation on the Southern Residue Lands at 338 Botany Road, Alexandria.

In June 2017, Council endorsed a report to deliver additional affordable and/or social housing in the Green Square area for two projects at a significant price reduction of \$5 million to market value of the two sites, based on the current B7 Zoning.

The first project is for City West Housing to deliver affordable housing for residue lands on the north side of the future Green Square to Ashmore Connector. Council endorsed the sale of land at a significant reduction to City West Housing for approximately 200 units of affordable housing. Contracts are currently being finalised for this sale of land for \$18.0 million and delivery of the affordable housing.

The second project was to negotiate with other community housing providers to provide affordable and/or social housing on the southern side of the future Green Square to Ashmore Connector. This land has been assessed to have capacity for 95 or more units. A further report was to be submitted to Council to gain approval to sell this land at a significant reduction to market value to the preferred community housing provider. Seven community housing providers had registered an initial interest in participating in these negotiations.

In August 2017, the City of Sydney issued an Expression of Interest to the seven interested community housing providers. Two community housing providers lodged a detailed response by the due date. These submissions have been evaluated and a preferred community housing provider identified in Attachment B.

The preferred submission has been assessed as having satisfied the key selection criteria. They have been assessed as being financially viable and with the necessary capability and expertise. The preferred community housing provider has demonstrated that they have funding in place to purchase the land, and to build and operate the affordable/social housing on the site.

This report recommends that Council accept the Expression of Interest response from Proponent B for the provision of an affordable/social housing development and ground floor commercial uses on the southern section of the residue lands at 338 Botany Road, Alexandria.

RECOMMENDATION

It is resolved that:

- (A) Council approve the Expression of Interest response from Proponent B as identified in Attachment B to the subject report to purchase land and provide an affordable/social housing development with commercial uses to achieve ground floor activation on the southern section of the residue lands at 338 Botany Road, Alexandria (Part Lot 101 in DP 569709). The sale will be subject to the placement of a restriction on the title to the land to ensure that the site is used in perpetuity for affordable/social housing;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contract of sale for a price of \$8.08 million and other agreements relating to the provision of affordable/social housing on the southern section of the residue lands at 338 Botany Road, Alexandria (Part Lot 101 in DP 569709); and
- (C) Council note that the proposed sale prices of the two (2) sites on the residue lands at 338 Botany Road, Alexandria (Part Lot 101 in DP 569709) represents a \$5 million discount on the market value as assessed in 2016.

ATTACHMENTS

Attachment A: Resolution of Council dated 26 June 2017

Attachment B: Evaluation Summary (Confidential)

(As Attachment B is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only)

BACKGROUND

1. The City is committed to achieving the sustainable urban renewal of land within the Green Square area to provide an opportunity for affordable and/or housing and ground floor commercial uses, supported by a high quality public domain.
2. The residue lands generated by the Green Square to Ashmore Connector provide the City with an opportunity to achieve a key objective in Sustainable Sydney 2030 related to the provision of affordable housing.
3. In July 2016, Council endorsed a master plan which identified land adjacent to the proposed Green Square to Ashmore Connector, between O’Riordan Street and Botany Road, could potentially deliver 300 affordable housing dwellings, with approximately 200 dwellings to be provided on the northern section of the residue lands and approximately 100 dwellings to be provided on the southern section of the residue lands.
4. At its meeting of 26 June 2017, the Council endorsed the following recommendations in relations to the southern section of the residue lands:

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);

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.

5. In early May 2017, all Tier 1 and 2 community housing providers had been invited to register their interest in the purchasing the site and providing affordable housing. Seven (7) community housing providers had registered their interest in participating in the next stage of negotiations.
6. In July 2017, the City held interviews with the interested seven community housing providers to discuss the project and respond to any enquiries. Subsequently, a formal Expression of Interest was issued which detailed the City’s objectives and conditions, with regard to affordable and/or social housing on this land. This included the draft contract of sale and development deed.

INVITATION TO SUBMIT AN EXPRESSION OF INTEREST RESPONSE

7. On 30 August 2017, an Expression of Interest (EOI) titled “Affordable Housing and/or Social Housing Project Site Acquisition and Development The Southern Residue Lands at 338 Botany Road, Alexandria” was issued to the following seven interested community housing providers:

(a) Blue CHP

(b) Common Equity

- (c) Community Housing Limited
 - (d) Evolve Housing
 - (e) Hume Community Housing
 - (f) Link Housing
 - (g) St George Community Housing
8. The EOI was issued via TenderLink on Thursday 30 August 2017 until Friday 29 September 2017.

EXPRESSION OF INTEREST SUBMISSIONS

9. Two community housing providers provided a response to the EOI:
- Evolve Housing
 - St George Community Housing
10. No late submissions were received.

EXPRESSION OF INTEREST EVALUATION

11. All members of the Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
12. The relative ranking of proponents as determined from the total weighted score is provided in the Confidential Proponent Evaluation Summary – Attachment B.
13. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) experience delivering affordable and/or social housing developments on high density and complex sites;
 - (b) proposed operating model for affordable and/or social housing: including target group(s), proposed rentals, dwelling types and number; and proposed commercial strategy;
 - (c) demonstrated capacity to deliver and implement proposed Affordable and/or Social Housing development by end of 2020, or shortly thereafter;
 - (d) demonstrated design quality on previous projects and strategy to achieve design excellence and an ecologically sustainable outcome;
 - (e) capability of the project team, including previous partners, consultants and contractors used;
 - (f) demonstrated financial capability of the organisation and proposed funding model for this project;
 - (g) delivery of a minimum of 80 affordable and/or social housing dwellings;

- (h) commitment to install the infrastructure to enable the connection to the Green Square Town Centre water reuse system from the street; and
- (i) insurances, environmental and work health and safety.

FINANCIAL IMPLICATIONS

- 14. The City has negotiated to sell the land for \$8.08 million to Proponent B to develop the Southern Residue Lands for affordable/social housing with ground floor commercial uses to achieve activation, subject to Council approval.
- 15. The City has offered the land for sale at a significant reduction when compared to both the value of the site and housing land values in the Alexandria area.

RELEVANT LEGISLATION

- 16. The EOI evaluation has been conducted in accordance with the *Local Government Act 1993*, the *Local Government (General) Regulation 2005* and the City's Contracts Policy.
- 17. Attachment B contains confidential commercial information of the Proponent and details of Council's EOI evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
- 18. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

CRITICAL DATES / TIME FRAMES

- 19. The key dates are provided below in the following table:

Milestone	Date
<ul style="list-style-type: none">Nominated community housing provider	late 2017
<ul style="list-style-type: none">Contract execution and payment of 5 per cent deposit by preferred community housing provider	
<ul style="list-style-type: none">Lodgement and assessment of Development Application (Stage 1 and 2) with competition design	2018 – 2019
<ul style="list-style-type: none">Construction of affordable and/or social housing development	mid 2019 – late 2020
<ul style="list-style-type: none">Connection to the Green Square Town Centre water reuse system	
<ul style="list-style-type: none">Opening of affordable and/or social housing	late 2020

PUBLIC CONSULTATION

20. There has been no formal public consultation undertaken on this project. At the time of the Council resolution dated 26 June 2017, there were a number of press articles on the project.

KIM WOODBURY
Chief Operating Officer

David White, Senior Development Planner