

**ITEM 10. PROPERTY MATTER – OPTION FOR AFFORDABLE HOUSING ON
RESIDUE LANDS ON THE FUTURE GREEN SQUARE TO ASHMORE
CONNECTOR**

FILE NO: S118923.006

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% of total dwelling stock to be affordable (rental) housing and 7.5% to be social housing. This target can't be delivered by the City alone and requires contributions by the NSW Government, Community Housing Providers and the private sector.

Across the LGA, 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.

The City 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-owned surplus land, establishing the Affordable and Diverse Housing Fund and by making direct financial contributions.

As a result, the City 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's own surplus land.

The Green Square to Ashmore Connector project is an integral component of the development of the Green Square Town Centre and has two key infrastructure objectives:

- (a) to enable flood management, specifically through the construction of the Green Square Trunk Drain (this is currently under construction); and
- (b) to provide a connection for pedestrians, cyclists, buses and other vehicular traffic from the Green Square Town Centre to Ashmore and beyond to the west.

The City concept designs have been completed and the cost of the construction of this road has been funded within 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 has examined the suitability of this land for the development of affordable rental housing for key workers, including teachers, police, nurses and cleaners.

A draft master plan has been prepared for the section of the Green Square to Ashmore Connector between Botany Road and O’Riordan Street, being the section with a substantial amount of residue land. The draft master plan demonstrates that an estimated 300 dwellings may be achievable for affordable housing, together with commercial uses in the ground floor.

It is recommended that the City undertake market testing with Community Housing Providers to:

- (a) validate the viability of the master plan and the enclosed courtyard design concept which evolved in response to the Apartment Design Guide 2015; and
- (b) assess likely interest and staging capacity of the affordable housing sector.

RECOMMENDATION

It is resolved that Council:

- (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.

ATTACHMENTS

Attachment A: Green Square to Ashmore Connector Master Plan Area 2016/324289-01

Attachment B: Draft Master Plan Ground and Upper Floor Plans 2016/350325-03

Attachment C: Green Square to Ashmore Connector Affordable Housing Aerial Perspective 2016/338140-04

Attachment D: Green Square to Ashmore Connector Street View 2016/338140-03

Attachment E: Financial Implications (Confidential)

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

BACKGROUND

1. Sustainable Sydney 2030 Direction 8 – Housing for a Diverse Population has a target of 7.5% of total dwelling stock to be affordable (rental) housing and 7.5% to be social housing.
2. Across the LGA, 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 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-owned surplus land, establishing the Affordable and Diverse Housing Fund and by making direct financial contributions.
4. As a result, the City 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's own surplus land.
5. After allowing for the specific needs of the Green Square to Ashmore Connector road and drainage infrastructure, the City will retain substantial residue land (between Botany Road and O'Riordan Street) which provides an opportunity for redevelopment.
6. An amendment to the Sydney Local Environmental Plan 2012 (Sydney LEP), in March 2015, rezoned the residue land B7 (Business Park) and also amended permissible uses to include affordable housing. Private residential development is not permitted.
7. A draft master plan has been prepared to test the potential for affordable housing, on the residue land, particularly in light of the constraints of the new Apartment Design Guide 2015 with regard to noise and air pollution.
8. The trunk drain from Green Square to Alexandra Canal is under construction by the City and Sydney Water. Construction of the new street (between Botany Road and O'Riordan Street) is presently scheduled to commence by the City in late 2018 and be completed in early 2020.

Master Plan

9. The Green Square to Ashmore Connector road is an extension of Geddes Avenue (currently under construction within the Green Square town centre) from Botany Road to Bourke Road. A draft master plan has been prepared for the section of the Green Square to Ashmore Connector between Botany Road and O'Riordan Street, the section with a substantial amount of residue land. The objectives of the draft master plan are to:

- (a) test the viability of affordable housing and other permitted uses;
 - (b) optimise utilisation of floor space and maximise affordable housing on the site;
 - (c) develop the access, servicing, staging and subdivision strategy;
 - (d) inform infrastructure requirements and a land divestment strategy; and
 - (e) inform the valuation of the land for divestment purposes.
10. Attachments A, B, C and D provide a summary of the draft master plan. The zoning of the land is B7 (Business Park). Permitted uses include offices, business, serviced apartments and affordable housing. Some of the issues and solutions provided by the master plan are detailed below. However, these may not be the only or preferred solution for affordable housing outcomes and therefore market testing of the master plan with community housing providers is advisable before offering the land for sale.
 11. The implementation of the master plan will consolidate the residue land into three land parcels for development: a northern development parcel, a southern development parcel and the Green Square to Ashmore Connector road reservation (Attachment A). Design testing indicates that an estimated 300 apartments may be achievable on the development parcels, subject to complying with the Sydney Development Control Plan 2012 apartment mix and sizes.
 12. The NSW Department of Planning's Apartment Design Guide was introduced on 1 July 2015. The guidelines require natural ventilation of units without exposing the residents to noise and pollution generated by high traffic volumes on adjoining arterial roads. This has resulted in an affordable housing scheme featuring enclosed internal courtyards.
 13. The Apartment Design Guide constraints also reduced the ability to make use of all of the floor space available under the Sydney LEP 2012, including that from the future road reservation. Only 76% of the available floor space is utilised if the land is developed for affordable housing, as indicated in Table 1 below.

Table 1

AREAS in square metres	Land Area (sq.m)	Affordable Housing Option (GFA)	Commercial Option (GFA)
Northern Parcel	6,683		
Ground Floor Business		1,067	1,067
Affordable Housing		20,002	0
Commercial		0	27,533
Sub-total		21,069	28,600
Southern Parcel	2,252		
Ground Floor Business		449	449
Affordable Housing		8,195	0
Commercial		0	9,856
Sub-total		8,644	10,305
Total Area	8,935	29,713	38,905

(Note: Ground floor business use is a Sydney DCP 2012 requirement for street activation)

14. Attachment B depicts the mandatory ground floor business use spaces and typical upper floor plans for the affordable housing apartments. It also describes how the ground level vehicular access and servicing is achieved by introducing a new two-way local lane, to the north of the northern parcel, between Botany Road and O'Riordan Street.
15. The ground floor parking, behind the street front business uses, responds to the need to contain the cost of affordable housing by obviating the need for full basement excavation and consequent extra site remediation costs. The amount of car parking provided is minimal and is limited to that necessary to support the viability of the ground floor business uses and the needs of a small proportion of key worker residents whose employment circumstances require personal transport (eg, shift work).
16. In order to optimise the use of available floor space, a Stage 1 DA (deemed DCP) and Stage 2 DA will need to be submitted for approval for all of the consolidated land prior to the subdivision of the land for sale. Once the land is subdivided, floor space can only be utilised according to the approved Stage 1 DA or the Sydney LEP 2012 as amended.
17. The master plan infrastructure includes the new Green Square to Ashmore Connector road, a new lane along the northern boundary of the northern parcel, and utility services to both land parcels. The laneway is expected to be delivered by the developers of the northern parcel in one or two stages.
18. The construction of the new connector road is included in the 10 year capital works program. The current program for delivery of the road by the City is for completion to be achieved by early 2020.

KEY IMPLICATIONS

Strategic Alignment

19. The Sustainable Sydney 2030 Direction 8 – Housing for a Diverse Population. This sets a target of 7.5% of total dwelling stock to be affordable (rental) housing and 7.5% to be social housing.

FINANCIAL IMPLICATIONS

20. The financial implications of selling the Green Square to Ashmore Connector residue land for affordable housing is described in confidential Attachment E.

RELEVANT LEGISLATION

21. Section 10A(2)(d)(i) and (ii) of the Local Government Act 1993. Attachment E contains confidential commercial and financial information 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.

22. Section 10A(2)(c) of the Local Government Act 1993. 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.

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