

**ITEM 11. PROPERTY MATTER – PROPOSED CONDITIONAL SALE LAND AT 11 GIBBONS STREET REDFERN FOR AFFORDABLE AND SOCIAL HOUSING**

**FILE NO: S094159**

**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. This target can't be delivered by the City alone and requires contributions from 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 housing. Initiatives implemented include: planning agreements, development agreements, rezoning, affordable housing levy programs, development on its own surplus land, establishing the Affordable and Diverse Housing Fund and by making direct financial contributions.

As a result, the Council will have directly, or indirectly, contributed to affordable housing projects which include: Bay Street, Glebe, Cowper Street, Glebe, Common Ground, Camperdown, Barangaroo South, South Sydney Hospital site, Harold Park, the Salvation Army and Hammond Care. These projects account for some 650 dwellings. Other projects under investigation include the Marian Street Depot site in Redfern and the Green Square to Ashmore Connector residual lands; both on the Council's own surplus land.

The City is currently constructing a new Southern Depot in Alexandria which will be completed in mid to late 2017. Current operations at the City's Marian Street Depot in Redfern will be relocated to the new depot soon after this date.

Council has previously resolved to sell the Marian Street Depot to enable redevelopment for affordable housing when the City's operations are relocated from the site.

The recently released NSW Government's Social and Affordable Housing Fund Phase 1 is a unique and long term opportunity for organisations to provide new services for the social and affordable housing sector for up to 25 years. On 2 May 2016, the NSW Government announced the nine shortlisted parties to develop proposals to tap into the Social and Affordable Housing Fund, which will deliver an additional 3,000 social and affordable homes in its first phase and slash waiting lists for vulnerable families.

The FutureLiving Consortium, comprising Mission Australia, Mission Australia Housing and Macquarie Corporate Holdings Pty Ltd, are one of the shortlisted parties to develop final proposals and will establish FutureLiving Community Housing Ltd ("FutureLiving") to submit a proposal for the Social and Affordable Housing Fund Phase 1 ("Project").

FutureLiving has been incorporated by guarantee with Mission Australia as sole member. FutureLiving is required to be registered as a Community Housing Provider (“CHP”) to meet the Project requirements and will be registered as a not for profit company with the Australian Charities and Not-for-profits Commission (“ACNC”). FutureLiving is currently applying for CHP and ACNC registration.

To submit final proposals FutureLiving needs to secure lands where the new affordable and social housing will be located.

It is recommended that Council approve a conditional sale of the Marian Street Depot (at 11 Gibbons Street, Redfern) to FutureLiving Community Housing Limited.

## RECOMMENDATION

It is resolved that:

- (A) Council note that eligibility to apply for the NSW Government’s Social and Affordable Housing Fund Phase 1 is for non-government organisations and does not apply to City West Housing;
- (B) Council approve the sale and transfer of 11 Gibbons Street, Redfern in delivery of long term affordable and social rental housing to FutureLiving Community Housing Limited having as its sole member Mission Australia subject to satisfaction of the following conditions:
  - (i) the NSW Government gives final approval and financial support to the proposed Affordable and Social Housing on the site under the Social and Affordable Housing Fund;
  - (ii) approximately 150 affordable and social housing dwellings will be built on the site;
  - (iii) a covenant is placed on the land title to restrict uses to Affordable and Social Housing; and
  - (iv) the proposed sale price as contained in confidential Attachment B to the subject report;
- (C) Council note the proposed subsidy for affordable and social housing as part of this sale, as contained in confidential Attachment B to the subject report; and
- (D) authority be delegated to the Chief Executive Officer to undertake any further negotiations and finalise the sale in accordance with the conditions contained within this report.

## ATTACHMENTS

**Attachment A:** Identification Plan

**Attachment B:** Financial Assessment (Confidential)

**(As Attachment B is confidential, it will be circulated separately from the Business 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.
2. The City has been investigating and implementing opportunities for promoting the development of affordable housing. Initiatives implemented include: planning agreements, development agreements, rezoning, affordable housing levy programs, development on its own surplus land, establishing the Affordable and Diverse Housing Fund and by making direct financial contributions.
3. As a result, the Council will have directly, or indirectly, contributed to affordable housing projects which include: Bay Street, Glebe, Cowper Street, Glebe, Common Ground, Camperdown, Barangaroo South, South Sydney Hospital site, Harold Park, the Salvation Army and Hammond Care. These projects account for some 650 dwellings. Other projects under investigation include the Marian Street Depot site in Redfern and the Green Square to Ashmore Connector; both on the Council's own surplus land.
4. Marian Street Depot is located at the intersection of Gibbon Street and Marian Street, Redfern. The City is currently constructing a new Southern Depot in Alexandra which will be completed in mid to late 2017. Current operations at the City's Marian Street Depot in Redfern will be relocated to the new depot soon after this date.
5. Council has previously resolved to sell the Marian Street Depot to enable redevelopment of the site for affordable housing when the City's operations are relocated from the site. Approximately 150 dwellings could be built in the site, subject to development approval.

**Social and Affordable Housing Fund (SAHF)**

6. The NSW Government launched Social and Affordable Housing Fund Phase 1 with an Industry Briefing in December 2015. Social and Affordable Housing Fund Phase 1 seeks proposals from entities and groups of entities interested in contributing to the delivery of access to 3,000 additional social and affordable homes in metropolitan and regional NSW, together with integrated support services.
7. The Social and Affordable Housing Fund Phase 1 is a key component of Future Directions for Social Housing in NSW and will assist to deliver a more diversified, flexible, innovative and contestable social housing system.
8. Social and Affordable Housing Fund Phase 1 projects will be supported by the investment proceeds of a dedicated fund (Social and Affordable Housing Fund NSW) established by Treasury NSW. The Government has contributed \$1.1 billion in seed capital to Social and Affordable Housing Fund NSW.
9. The Social and Affordable Housing Fund has been designed with support and input from Infrastructure Partnerships Australia (IPA) and the NSW Council of Social Services (NCOSS), who were signatories to a Memorandum of Understanding with the NSW Government in March 2015.
10. Social and Affordable Housing Fund Phase 1 will establish service agreements of up to 25 years that comprise access to accommodation, along with tenancy and asset management, coordinating access to social support programs and services and data collection.

11. Social and Affordable Housing Fund Phase 1 is being implemented by a dedicated project team established within the Department of Family and Community Services (FACS) with staff from FACS and Treasury NSW.
12. Social and Affordable Housing Fund Phase 1 has a two stage process:
  - (a) Expression of Interest (EOI), and
  - (b) A Request for Proposal.

#### **An invitation for Expression of Interest (EOI).**

13. The EOI process for the Social and Affordable Housing Fund Phase 1 commenced on 29 January 2016. Registration for an invitation to the EOI closed on 29 February 2016 and the closing date for submission of EOIs was 15 March 2016. The EOI process for Social and Affordable Housing Fund Phase 1 was completed in late April 2016. Shortlisted applicants were announced by the Minister for Social Housing on 2 May 2016.
14. The invitation for EOI sought submissions from consortia, including registered community housing providers, financiers, developers and other non-government organisations to contribute access to additional social and affordable housing and provide future tenants with the support services required to meet their needs.

#### **A Request for Proposal**

15. The Request for Proposal process for shortlisted applicants commenced in early May 2016 and contracts are expected to be awarded for successful proposals in November 2016.
16. The FutureLiving Consortium comprising Mission Australia Housing, Mission Australia and Macquarie Corporate Holdings Pty Ltd, are one of the shortlisted parties to develop final proposals. They propose to purchase the Marian Street Depot and develop the site for social and affordable housing, as part of their final proposal for the Social and Affordable Housing Fund Phase 1.

### **KEY IMPLICATIONS**

#### **Strategic Alignment - Sustainable Sydney 2030 Vision**

17. Sustainable Sydney 2030 is a vision for the sustainable development of 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. This report is aligned with the following SS2030 strategic directions and objectives:
  - (a) Direction 8 - Housing for a Diverse Population – the proposed sale and transfer of the City's property for development and management of social and affordable housing in perpetuity will contribute significantly to increasing the stock of rental housing.

### **BUDGET IMPLICATIONS**

18. The sale and transfer of this property is included in the Long Term Financial Plan.

**RELEVANT LEGISLATION**

19. Attachment B contains confidential commercial information which, if disclosed, would:
- (a) confer a commercial advantage on a person with whom City's is conducting (or proposes to conduct) business; and
  - (b) prejudice the commercial position of the person who supplied it.

**CRITICAL DATES / TIME FRAMES**

20. The terms and conditions of sale need to be agreed prior to the consortium lodging its proposal on 17 August 2016.
21. The announcement of the preferred proponent(s) is on 19 October.

**KIM WOODBURY**

Chief Operating Officer

Nicholas Male-Perkins, Development Manager