

**ITEM 5. AFFORDABLE HOUSING GRANT – SALVATION ARMY****FILE NO: S124769****SUMMARY**

The Salvation Army is a non-profit organisation and is a major contributor to the community's welfare through its programs relating to homelessness, employment, food vouchers, refuges, counselling and aged care. The Salvation Army is proposing to develop 166 affordable and crisis housing units in Surry Hills on land that it owns or will acquire.

The cost of the development is estimated at around \$55 million (excluding land value). The Salvation Army has advised that they are able to fund the construction of the housing units and cover the operational costs, but has requested a grant from the City to help fund the design and planning processes required to bring the development to fruition.

The City is establishing an Affordable Housing Fund for the creation or funding of further affordable housing opportunities within the City of Sydney Local Government Area (LGA) using the proceeds from the sale of land at Harold Park to City West Housing for \$10.3 million. The aim of the fund is to enable and support projects that will increase the supply of affordable housing.

It is recommended that \$250,000 be provided to the Salvation Army as financial assistance for the cost of design and planning processes associated with the proposed development from the City's Affordable Housing Fund subject to conditions (as detailed in the proposed form of recommendation).

**RECOMMENDATION**

It is resolved that Council approve:

- (A) financial assistance of \$250,000 to the Salvation Army to assist in the development of affordable housing at 5-19 Mary Street, Surry Hills subject to the following conditions:
- (i) the funds are to be paid when the development application for 5-19 Mary Street, Surry Hills has been approved;
  - (ii) the funds will be used to pay costs of design and planning of the development;
  - (iii) if the Salvation Army does not complete the development of 5-19 Mary Street, Surry Hills, as approved by the City by 31 December 2020, the grant is to be repaid to the City; and
  - (iv) the completed affordable housing units are to be managed in accordance with the NSW Affordable Housing Guidelines; and
- (B) grant funding from Council's General Contingency budget from monies that will be set aside in the City's Affordable Housing Reserve, established as per the resolution for the sale of the Harold Park affordable housing site.

**ATTACHMENTS**

**Attachment A:** Location Plan

**Attachment B:** Letter from Salvation Army

**BACKGROUND**

1. The Salvation Army is a non-profit organisation and is a major contributor to the community's welfare through its programs relating to homelessness, employment, food vouchers, refuges, counselling and aged care.
2. The Salvation Army owns land at 5-19 Mary Street, Surry Hills. The Foster House men's accommodation is located on the land and provides crisis accommodation for up to 96 homeless men in dormitories and single rooms. Food, medical assistance education and financial counselling is also provided by the Salvation Army on the site.
3. The Salvation Army proposes to develop this and adjoining land for 48 crisis housing and 118 affordable housing units with ground level retail and commercial uses.
4. The Salvation Army has requested a grant from the City to assist the design and planning of the proposed development of affordable housing.
5. On 25 August 2014, Council resolved to reserve proceeds of the sale of the land at Harold Park for the creation or funding of further affordable housing opportunities within the City LGA.
6. On 29 June 2015, Council resolved to endorse the sale of the land at Harold Park for \$10.3m and quarantine the money from the land sale in a separate dedicated affordable housing reserve.
7. The City exchanged contracts with City West Housing for the sale of the Harold Park land on 25 September 2015 and will receive \$10.3 million upon settlement, which is expected on 6 November 2015.
8. The City proposes to provide \$250,000 in financial assistance to the Salvation Army for the design and planning of the proposed development to be provided from the Affordable Housing Reserve subject to the following conditions:
  - (i) the funds are to be paid when the development application for 5-19 Mary Street, Surry Hills has been approved;
  - (ii) the funds will be used to pay costs of design and planning of the development;
  - (iii) if the Salvation Army does not complete the development of 5-19 Mary Street, Surry Hills, as approved by the City by 31 December 2020, the grant is to be repaid to the City; and
  - (iv) the completed affordable housing units are to be managed in accordance with the NSW Affordable Housing Guidelines.

**KEY IMPLICATIONS****Strategic Alignment - Sustainable Sydney 2030**

9. *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. The proposed grant is aligned with Strategic Direction 8 - Housing for a Diverse Population.

10. Strategic Direction 8 establishes an ambitious target that by 2030, 7.5 per cent of all housing in the City LGA will be social housing provided by government and community providers and 7.5 per cent will be affordable housing delivered by not-for-profit or other providers.
11. The proposed development of 166 affordable and 48 crisis housing units by the Salvation Army at no cost to the City is a significant initiative that supports this target.

**Social / Cultural / Community**

12. The proposed development will provide crisis housing for the homeless and affordable housing to low income families in the City LGA, addressing the acute need for affordable accommodation when affordability and homelessness are growing problems.

**Economic**

13. While the City levies developers for affordable housing in some parts of the City LGA, levies alone will not fund adequate housing to meet the targets for affordable housing under Strategic Direction 8 of *Sustainable Sydney 2030*.
14. This proposal will provide significant additional funding for affordable housing within the City LGA, with the new building costs estimated to be over \$55 million.

**BUDGET IMPLICATIONS**

15. While the Affordable Housing Reserve will receive funds in early November from the settlement of land at Harold Park, no budget exists for this grant and the funds will therefore be drawn from Council's General Contingency and ultimately funded from the Reserve.

**RELEVANT LEGISLATION**

16. Section 356(1) of the Local Government Act states that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.
17. Clause 6.21 of the Sydney Local Environmental Plan 2012 requires buildings over 25 metres to be designed through a competitive design process.

**KIM WOODBURY**

Chief Operating Officer

Richard Clark, Manager Urban Renewal