

ITEM 3. AFFORDABLE HOUSING GRANT TO HAMMONDCARE**FILE NO: S124769****SUMMARY**

HammondCare plans to build a residential aged care home for 47 older people who are homeless, or at risk of homelessness, on land leased from St Johns Church at 118A Darlinghurst Road, Darlinghurst. This facility will cater for people who have complex clinical and high care needs.

The service will receive subsidies from the Australian Government under the Aged Care Act for its recurrent costs, but has not been successful in securing capital grants.

HammondCare is seeking the support of the City of Sydney towards the capital cost of this facility, estimated to be \$15 million.

HammondCare has secured a third of the estimated \$15 million capital cost of this facility and is actively fundraising for the remaining \$10 million required. It is seeking a grant from Council of 10 per cent towards the capital cost, being \$1.5 million.

A development application for the development has been lodged and is likely to be assessed by an external planning consultant.

The proposal meets the Affordable and Diverse Housing Fund Assessment and Eligibility Criteria (under consideration by Council) and is consistent with the fund objectives for subsidised housing and with merit.

It is recommended that a grant of \$1.5 million be provided to HammondCare for the capital costs of the new residential aged care facility at 118A Darlinghurst Road, Darlinghurst.

RECOMMENDATION

It is resolved that Council:

- (A) approve a grant of \$1.5 million to HammondCare for the development of a residential aged care facility at 118A Darlinghurst Road, Darlinghurst, subject to the following conditions:
- (i) if funding has not been secured for the whole of the project within 12 months of Council funding approval, Council reserves its right to withdraw the grant offer;
 - (ii) grant of development consent for the proposed development;
 - (ii) the grant funds are to be paid when a contract for construction has been awarded and works on-site have commenced;
 - (iii) if HammondCare does not complete the development of 118A Darlinghurst Road, Darlinghurst by 31 December 2020, the grant is to be repaid to the City; and

- (iii) if the use of the facility is changed from the provision of subsidised housing in the future, the grant will be repaid by HammondCare less building depreciation; and
- (B) note that grant funding of \$1.5 million has been included in the City's 2016/17 operating budget. When it occurs this expenditure will reduce the monies that have been set aside in the City's Affordable and Diverse Housing Fund, established as per Council's resolution of 29 June 2015 for the sale of the Harold Park affordable housing site.

ATTACHMENTS

Attachment A: Location Plan

Attachment B: Letter from HammondCare dated 23 March 2016

BACKGROUND

1. Homelessness is a significant problem in the inner Sydney region and, in February 2016, the City's survey recorded the highest number of rough sleepers since the survey started.
2. The 2015 Sydney Vulnerability Index also found that 15 per cent of people sleeping rough or in crisis services were over 55 years old. This is consistent with other studies that show that the number of older people experiencing homelessness in later life is growing significantly, and an increasing number are older women.
3. HammondCare has applied for a grant from the City for the development of subsidised housing in the form of a residential aged care facility to cater for people who are elderly and homeless or at risk of homelessness.
4. HammonCare has lodged a development application for the proposed development and this is likely to be assessed by an external planning consultant.
5. HammondCare, established in 1932, currently operates 10 residential care facilities across metropolitan Sydney ranging from independent living to high care facilities. It is considered to be financially capable of delivering the facility, having undertaken a development in Miranda in 2013 and Wahroonga in 2016.
6. HammondCare has secured a long term lease of land at 118A Darlinghurst Road, Darlinghurst, which is currently used as a car wash, from St John's Church to develop a facility to cater for those who are homeless or at risk of homelessness.
7. HammondCare has secured a third of the estimated \$15 million capital cost of the facility and is actively fundraising for the remaining \$10 million required. It is seeking to raise \$1.5 million, or 10 per cent of the capital cost, from Council as an affordable housing grant.
8. Funding of the recurrent costs of the service is subsidised by the Australian Government under the Aged Care Act.
9. Future residents of the facility will have income and assets below the relevant thresholds for support under the Aged Care Act. They will therefore make no contribution for their accommodation, although they will contribute from their pension entitlements for care services. This therefore qualifies as subsidised housing for the purposes of providing a grant under the assessment criteria for the City's Affordable and Diverse Housing Fund.
10. HammondCare will operate the facility as a residential care facility, but in the event that the use changes from affordable accommodation, has committed to refund the grant less applicable building depreciation.
11. The land is leased and the use is specified in the lease. This is considered sufficient to ensure the appropriate use, although provisions in the grant agreement will also specify the proposed use for subsidised housing.

12. HammondCare operates several facilities in Sydney and is one of the most experienced providers in delivering aged care services as its core business.
13. On 29 June 2015, Council resolved to endorse the sale of land at Harold Park for \$10.3 million and quarantine the money from the land sale in a dedicated affordable housing fund. On 26 October 2015, Council resolved to approve a grant to the Salvation Army in the amount of \$250,000 for an affordable housing development at 5-19 Mary Street, Surry Hills, which means that \$10.05 million plus interest remains available for further grants.
14. This report recommends that Council provide financial assistance to HammondCare by way of an affordable housing grant in the amount of \$1.5 million, subject to the following conditions secured by way of a grant agreement:
 - (a) if funding has not been secured for the whole of the project within 12 months of Council funding approval, Council reserves its right to withdraw the grant offer;
 - (b) grant of development consent to the proposed development
 - (c) the grant funds are to be paid when a contract for construction has been awarded and works on-site have commenced;
 - (d) if HammondCare does not complete the development of 118A Darlinghurst Road, Darlinghurst by 31 December 2020, the grant is to be repaid to the City; and
 - (e) if the use of the facility is changed from the provision of affordable accommodation in the future, the grant will be repaid by HammondCare less building depreciation.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

15. *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 grant is aligned with the following strategic direction and objectives:
 - (a) Direction 8 - Housing for a Diverse Population – the grant will support the provision of subsidised accommodation for those who are homeless or at risk of homelessness.

Risks

16. The proposed development is not fully funded as yet and can therefore not proceed until additional funds are raised. There is a risk that the development will not proceed, in which case the City's grant will not be paid.

Social / Cultural / Community

17. The proposed grant addresses the significant issue of homelessness within the City of Sydney Local Government Area and will provide long term supported accommodation and services for the elderly at risk of homelessness.

BUDGET IMPLICATIONS

18. Grant funding has been included in the 2016/17 operating budget. This expenditure of \$1.5 million will reduce the monies that are set aside in the City's Affordable and Diverse Housing Fund, established in accordance with Council's resolution of 29 June 2015. The monies that underpin the City's Affordable and Diverse Housing Fund were received in November 2015.

RELEVANT LEGISLATION

19. 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.

KIM WOODBURY

Chief Operating Officer

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