

ITEM 9. GRANTS AND SPONSORSHIP - ALLOCATION OF ONE AFFORDABLE AND DIVERSE HOUSING GRANT TO ST GEORGE COMMUNITY HOUSING**FILE NO: S117676****SUMMARY**

On 29 June 2015, Council resolved to endorse the sale of land at Harold Park and quarantine the money from the land sale in a dedicated affordable and diverse 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. On 16 May 2016, Council resolved to approve a grant to HammondCare in the amount of \$1.5 million for the development of a residential aged care facility at 118A Darlinghurst Road, Darlinghurst. Currently, there is approximately \$8,608,000 remaining in the fund for further grant allocation.

St George Community Housing Limited in partnership with Uniting (the services and advocacy arm of the Uniting Church NSW & ACT) is purchasing a confidential site in the local area and proposes to build up to 77 new studio apartments as affordable housing, subject to development approval.

Fifty-one studios are planned to be built through a "Youth Foyer" model and will house and support young people aged 18 to 24 years old who are at risk of homelessness.

Additionally, up to 26 further units are planned to be built on the same site to provide general affordable housing for low income working single people, such as key workers, who are eligible under the NSW Affordable Housing Guidelines.

The final yield of affordable housing dwellings is dependent on planning approval.

St George Community Housing Limited has requested \$3million in funding from the City to support the capital cost of this facility.

The proposal meets the Affordable and Diverse Housing Fund Assessment and Eligibility Criteria approved by Council on 16 May 2016 and is consistent with the fund's objectives for subsidised housing.

It is recommended that a grant of \$3million be provided to St George Community Housing Limited for the capital costs of the new Youth Foyer and general affordable housing dwellings at the confidential site in Chippendale (referred to in Confidential Attachment A to the subject report).

A development application for the development is yet to be lodged. If Council resolves to support the recommendation of a \$3million contribution, the corresponding development application will be assessed by an external planning consultant.

RECOMMENDATION

It is resolved that Council:

- (A) approve a grant of \$3million to St George Community Housing Limited for the development of a Youth Foyer and general affordable housing at the Chippendale site referred to in Confidential Attachment A to the subject report, subject to the following conditions:
- (i) if funding has not been secured for the whole of the project within 12 months of Council approval, Council reserves the right to withdraw the grant offer;
 - (ii) approval of development consent for the proposed development;
 - (iii) the grant funds are to be paid when a Construction Certificate has been awarded;
 - (iv) if St George Community Housing Limited does not complete the development referred to in Confidential Attachment A to the subject report by 31 December 2022, the City reserves the right to require the \$3million grant to be repaid;
 - (v) all dwellings supported though this grant will remain as affordable housing in perpetuity;
 - (vi) the City may require a caveat over the land title to protect the subsidised land use; and
 - (vii) if the use of the facility is changed from the provision of subsidised housing in the future, the grant will be repaid by St George Community Housing Limited less building depreciation.
- (B) note that the grant funding of \$3million is to be drawn from the City's Affordable and Diverse Housing Fund (when it occurs this expenditure will further 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); and
- (C) note that the Development Application lodged by St George Community Housing Limited for the proposal will be assessed by an external planning consultant.

ATTACHMENTS

Attachment A: Confidential Site Details

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

BACKGROUND

1. St George Community Housing Limited is a not-for-profit organisation and is recognised as a Tier 1 provider under the National Regulatory System for Community Housing. The organisation has over 30 years' experience as a community housing developer having housed 8,500 people in 4,400 properties across the Sydney metropolitan region.
2. In partnership with Uniting, St George Community Housing Limited is purchasing a confidential site in Chippendale and proposes to build up to 77 new studio apartments as affordable housing, subject to development approval. The location and details of the site are discussed in Confidential Attachment A to the subject report.
3. St George Community Housing Limited has applied for a \$3million grant from the City for the development of affordable housing in the two different forms, namely via a "Youth Foyer" model and further general affordable housing.
4. St George Community Housing Limited is yet to lodge a development application for the proposed development and when an application is made, assuming Council resolves to support the recommendation of a \$3million contribution, the development application would be assessed by an external planning consultant.

Youth Foyer Component

5. 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. Research conducted by the Department of Family & Community Services indicates a large number of people who become chronically homeless initially experience homelessness before the age of 18. Homeless young people who are not assisted at an early stage tend to remain homeless for longer periods.
6. Over the past three years the City has contributed \$1.4million per annum in funding to NSW Family and Community Services to contribute to the delivery of specialist homelessness services in the inner city including funding to LaunchPad Youth Community to provide service coordination and brokerage for young people. On 15 May 2017, Council resolved to allocate a further \$3.5million over three years to NSW Family and Community Services to conduct specialist homelessness services in the inner city. The LaunchPad service works to prevent homelessness and provides assertive outreach, intensive case management coordination, flexible funds and housing support.
7. Originating in France and operating in the UK, Canada, and more recently in Australia, the Youth Foyer model supports over 10,000 young people a year. Over the last five years, five Youth Foyers have opened in the Melbourne suburb of Broadmeadow and the Perth suburb of Leederville.
8. Youth Foyers aim to address youth unemployment and youth homelessness through an integrated approach to working with young people. Foyers typically offer secure and good quality accommodation for up to three years alongside programs designed to enhance job skills and living skills for young people aged 16-25.

9. Youth Foyers offer a holistic approach for young people looking to make a transition to independent living. At a minimum, Youth Foyers offer integrated access to affordable accommodation, training, personal development, mentoring and job searching facilities. Participation in a Foyer is based on a formal agreement as to how facilities and local community resources will be used and commitment to this agreement is a condition of continual residence in the Youth Foyer.
10. Youth Foyers are usually purpose-built buildings which offer a combination of crisis, transitional, and independent forms of accommodation. This consists of individual bed-sits and studio apartments, as well as one and two bedroom flats. Other spaces that Foyers require are staff office areas, counselling and meeting rooms, reception areas, training and group work spaces, drop-in space, and meal rooms. Foyers often also provide services and spaces that are available to the wider community. Youth Foyers vary in scale, varying anywhere from 35 to 210 beds per site and are ideally located close to education services, transport and shops.
11. The model proposed by St George Community Housing Limited will provide self-contained student style accommodation alongside wrap around services, with a focus on supporting residents to transition to independence through education and employment opportunities. The aim of the Youth Foyer is to provide support to young people aged 18 to 24 years old who are at risk of homelessness, by providing a community that empowers at risk young people to meet their goals through stable, affordable accommodation and support services to facilitate transitions to independent living.
12. Young people will live in the Youth Foyer for a period of around 18 to 24 months and during that time will be supported to manage health and wellbeing issues, identify education and training goals and commence a pathway to employment.
13. A key focus is supporting young people to transition to living independently, with sustained employment a fundamental component of making a sustainable transition. The success of the Youth Foyer depends on working in partnership with local health services, education providers, local employers, communities, local council and the NSW Government.
14. Uniting will provide the support framework to link residents to the services they need and assist in navigating education and training pathways. Uniting Youth Development Workers will work individually with residents to provide a tailored support response that empowers young people to work towards their goals. The approach builds the capabilities of young people to access resources, opportunities and to make positive decisions. Uniting will be on site 24 hours a day to ensure the Youth Foyer is a safe place to live and assist in building the resident community.

General Affordable Housing Component

15. The general affordable housing units will house single people who are eligible under the NSW Affordable Housing Guidelines. This includes people earning low and moderate incomes such as key workers.
16. All rents will be set in accordance with the NSW Affordable Housing Guidelines and charged at a discount to market to ensure it is affordable to the tenants.

17. The 26 units are currently proposed to be 20 square metres. Whilst technically allowable under the State Environmental Planning Policies, if approved, this would be a first in the local area. The DA process may require the individual floor space of each unit to be increased to 35 square meters resulting in a reduction of units to a minimum of 12. Alternatively, the residential amenity may be of sufficient quality to warrant support for the proposed size.
18. The proposal includes a separate entrance for the residents of the general affordable housing and the Youth Foyer dwellings.
19. The assessment panel for this application was comprised of Senior Manager Development and Strategy, Manager Central Sydney Planning, Manager Financial Plan and Reporting, Senior Planner, Social Planning Coordinator and A/Grants Coordinator.
20. **Overview of Affordable and Diverse Housing Fund**

Total fund value from the sale of land at Harold Park	\$10,358,000
Total committed to Salvation Army for affordable housing development at 5-19 Mary Street, Surry Hills	\$250,000
Total committed to HammondCare for the affordable housing development at 118A Darlinghurst Road, Darlinghurst	\$1,500,000
Total amount available for allocation	\$8,608,000
Total requested from St George Community Housing Limited	\$3,000,000
Total amount of cash funding recommended to St George Community Housing Limited	\$3,000,000
Amount remaining for subsequent allocation of the fund	\$5,608,000

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

21. *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

22. St George Community Housing Limited is yet to secure debt finance for the development and is therefore unable to proceed until this occurs. There is a risk that the development will not proceed, in which case the City's grant will not be paid.

Social / Cultural / Community

23. 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 young people at risk of homelessness and low to middle income earners.

BUDGET IMPLICATIONS

24. The commitment of \$3million will reduce the funds set aside in the City's Affordable and Diverse Housing Fund, established in accordance with Council's resolution of 29 June 2015. It is likely that the grant would be payable in 2018/19.
25. Of the \$10,358,000 underpinning the City's Affordable and Diverse Housing Fund set aside in November 2015, \$1.75million has already been committed and the adoption of this report's recommendation will leave \$5,608,000 in reserve for the funding of future applications.

RELEVANT LEGISLATION

26. 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.
27. Attachment A to the subject report contains confidential information which, if disclosed, would:
- (a) confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
28. 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.

ANN HOBAN

Director City Life

Jeremy Kelshaw, A/Manager Grants