

7 December 2020

At the conclusion of the Corporate, Finance, Properties and
Tenders Committee

Cultural and Community Committee

Agenda

1. **Disclosures of Interest**

Healthy Communities Sub-Committee

2. **Affordable and Diverse Housing Fund - Wesley Mission RJ Williams Redevelopment**

Disclaimer, Terms and Guidelines for Speakers at Council Committees

As part of our democratic process, the City invites members of the community to speak directly to Councillors during Committee meetings about items on the agenda.

Webcast

In accordance with the *City of Sydney Code of Meeting Practice*, Committee meetings are recorded and webcast live on the City of Sydney website at www.cityofsydney.nsw.gov.au.

Members of the public attending a council or committee meeting may have their image, voice and personal information (including name and address) recorded, publicly broadcast and archived for up to 12 months.

Consent

By attending a council or committee meeting, members of the public consent to this use of their image, voice and personal information.

Disclaimer

Statements made by individuals at a council or committee meeting, and which may be contained in a live stream or recording of the meeting are those of the individuals making them, and not of the City. To be clear, unless set out in a resolution of council, the City does not endorse or support such statements.

The City does not accept any liability for statements made or actions taken by individuals during a Council or Committee meeting that may be contrary to law, including discriminatory, defamatory or offensive comments. Such statements or actions are not protected by privilege and may be the subject of legal proceedings and potential liability, for which the City takes no responsibility.

Guidelines

To enable the Committee to hear a wide range of views and concerns within the limited time available, we encourage people interested in speaking at Committee to:

1. Register to speak by calling Secretariat on 9265 9702 or emailing secretariat@cityofsydney.nsw.gov.au before 10.00am on the day of the meeting.
2. Check the recommendation in the Committee report before speaking, as it may address your concerns so that you just need to indicate your support for the recommendation.
3. Note that there is a three minute time limit for each speaker (with a warning bell at two minutes) and prepare your presentation to cover your major points within that time.
4. Avoid repeating what previous speakers have said and focus on issues and information that the Committee may not already know.
5. If there is a large number of people interested in the same item as you, try to nominate three representatives to speak on your behalf and to indicate how many people they are representing.

Committee meetings can continue until very late, particularly when there is a long agenda and a large number of speakers. This impacts on speakers who have to wait until very late, as well as City staff and Councillors who are required to remain focused and alert until very late. At the start of each Committee meeting, the Committee Chair may reorder agenda items so that those items with speakers can be dealt with first.

Committee reports are available at www.cityofsydney.nsw.gov.au

Item 1.

Disclosures of Interest

Pursuant to the provisions of the City of Sydney Code of Meeting Practice and the City of Sydney Code of Conduct, Councillors are required to disclose pecuniary interests in any matter on the agenda for this meeting.

Councillors are also required to disclose any non-pecuniary interests in any matter on the agenda for this meeting.

This will include receipt of reportable political donations over the previous four years.

In both cases, the nature of the interest must be disclosed.

Item 2.**Affordable and Diverse Housing Fund - Wesley Mission RJ Williams Redevelopment****File No: S117676****Summary**

The Affordable and Diverse Housing Fund ('Fund') was established with \$10,350,000 from the sale of land at Harold Park in 2015. To date, six grants and some further operational expenditure have been approved and committed from the Fund totalling \$7,010,000. Currently \$3,340,000 remains unallocated.

The City has received a grant application from Wesley Mission, a Tier 2 Community Housing provider, to support the redevelopment of an existing and currently vacant building to create 74 new dwellings under the Affordable Housing State Environmental Planning Policy. Located at 274-276 Glebe Point Road, Glebe, and known as the RJ Williams building, it has been derelict for some time and Wesley Mission propose affordable rental housing with target groups to include women aged over 55 who are at risk of homelessness or are experiencing homelessness, families impacted by domestic or family violence, and key worker housing. Wesley Mission has been granted development consent for the project which includes nine four-bedroom units suitable for families as well as studio units with plans to cater for 100 to 121 residents at a time (including children).

The unique proposal aligns with the criteria of the Affordable and Diverse Housing Fund and the City's Social Sustainability Policy. It is recommended for support.

Recommendation

It is resolved that:

- (A) Council approve a \$3,000,000 (excluding GST) cash grant to Wesley Community Services Limited to support the redevelopment of the RJ Williams building located at 274-276 Glebe Point Road, Glebe for the purposes of affordable housing as outlined in Attachment A to the subject report subject to the following conditions:
 - (i) Council reserves the right to withdraw the grant offer:
 - (a) if the project changes from the current proposal for subsidised accommodation and supporting facilities consistent with the development outlined in Attachment A to the subject report; or
 - (b) if Wesley Community Services Limited are not able to demonstrate that funding is available to the agreed value of the project within 18 months of Council approval of this grant;
 - (ii) the grant funds are only to be paid when all of the following are satisfied:
 - (a) no sooner than 1 July 2021; and
 - (b) when a Construction Certificate for the project has been issued; and
 - (c) when Wesley Community Services Limited have demonstrated that funding is available to the agreed value of the project, either in the form of other grants or partnerships, or through Wesley Mission Services Limited cash reserves; and
 - (d) when the applicant has provided a suitable Plan of Management for the purposes of providing best practice affordable rental housing for the types of tenants proposed in the application as well as engaging local Aboriginal and Torres Strait Islander communities to ensure equitable access to the affordable housing to be provided;
 - (iii) the City reserves the right to require the \$3,000,000 grant to be repaid in full indexed annually by CPI if:
 - (a) Wesley Community Services Limited does not complete the development by 31 December 2025; or
 - (b) the project changes from the current proposal for subsidised accommodation and supporting facilities as outlined in Attachment A to the subject report;

- (iv) the property supported though this grant will remain as subsidised accommodation and supporting facilities as outlined in Attachment A to the subject report in perpetuity to fulfil the aims of the Affordable and Diverse Housing Fund, unless Council exercises a right under paragraph (i) or (iii) above;
 - (v) the City will require a covenant to be registered on the land title to protect the land use referred to in paragraph (iv) unless the grant funds are repaid in accordance with paragraph (iii); and
- (B) authority be delegated to the Chief Executive Officer to finalise negotiations, execute and administer a grant agreement with Wesley Community Services Limited relating to the project described and on the terms described in clause (A).

Attachments

Attachment A. Wesley Mission RJ Williams Redevelopment

Background

1. On 29 June 2015, Council resolved to endorse the sale of land at Harold Park and reserve the money from the land sale for a dedicated affordable and diverse housing fund. Since then, Council has resolved to support multiple initiatives from the Fund:
 - (a) On 26 October 2015, Council resolved to approve a \$250,000 grant to the Salvation Army for design and planning costs for an affordable housing development at 5-19 Mary Street, Surry Hills. This grant was ceased, as the project did not progress. No money was paid.
 - (b) On 16 May 2016, Council resolved to approve a \$1,500,000 grant to HammondCare for the development of an affordable housing aged care facility at 118A Darlinghurst Road, Darlinghurst. This grant has been paid.
 - (c) On 26 June 2017, Council resolved to approve a \$3,000,000 grant to SGCH Portfolio Limited, a subsidiary of St George Community Housing Limited for the development of 51 Youth Foyer units and up to 25 general affordable housing dwellings in Chippendale. This grant remains allocated and is payable when the project receives an Occupation Certificate.
 - (d) On 11 February 2019, Council resolved to undertake the Affordable Housing Ideas Challenge, with the approval of a \$350,000 operational expenditure budget, with funds to be sourced from the Affordable and Diverse Housing Fund. This funding has been expended.
 - (e) On 17 February 2020, Council resolved to approve two grants totalling \$1,150,000:
 - (i) \$1,000,000 was awarded to Wesley Mission for the Wesley Edward Eager Centre redevelopment. This grant remains allocated and yet to be paid; and
 - (ii) \$150,000 was approved for St George Community Housing Limited for their initiative to increase opportunities for Aboriginal and Torres Strait Islander persons to access affordable housing. This grant has been paid.
 - (f) On 9 March 2020, Council resolved to approved two grants totalling \$1,010,000:
 - (i) \$1,000,000 was awarded to UTS for the Indigenous Residential College. This grant remains allocated and yet to be paid; and
 - (ii) \$10,000 was awarded to Housing All Australians for their Housing All Australians economic study. This grant has been paid.
2. On 9 March 2020, Council also resolved to contribute an extra \$10,000,000 to the Fund in value through the future discounted sale or leasing of surplus City land and/or cash. None of the additional value/cash has been committed.
3. If this recommendation totalling \$3,000,000 currently being considered by Council is adopted, \$340,000 will remain in the Fund for further allocations .

Wesley Mission's Proposal

4. The City has received a grant application from Wesley Mission, a Tier 2 Community Housing provider, to support the redevelopment of the RJ Williams building located at 274-276 Glebe Point Road, Glebe.
5. The application meets the criteria of the Affordable and Diverse Housing Fund. The development application for the project was approved by the Local Planning Panel on 1 July 2020.
6. In accordance with its development consent, Wesley Mission will create 74 new dwellings under the Affordable Housing State Environmental Planning Policy and activate a vacant building once used as an aged care facility. The building is currently unable to be used for accommodation without refurbishment.
7. The redevelopment will provide affordable rental housing for target groups including women aged over 55 who are at risk of homelessness or are experiencing homelessness, families impacted by domestic or family violence, and key workers.
8. The key features of Wesley Mission's proposal include:
 - (a) 74 dwellings with a mix of nine four-bedroom units, 64 studio apartments and one unit for an onsite caretaker with plans to cater for 100 to 121 residents at a time (including children). All units feature internal bathrooms, two units have accessible bathrooms, 80% of units have balconies, and 40% have internal laundries.
 - (b) Communal facilities include a meeting room, reception and lobby area, kitchen, dining and living area, lounge/multipurpose rooms, rooftop garden, rooftop terrace with BBQ facility, and a courtyard with lounge area. Support and counselling services will also be available on-site.
9. Eligibility to access affordable housing will be assessed based on an income criteria. The resident mix will comprise:
 - (a) those working in the local community who currently cannot afford housing in the City of Sydney Local Government Area;
 - (b) those living in the local community who are experiencing housing stress and would benefit from affordable housing;
 - (c) older people who would like to remain living in their community or need to be close to local infrastructure, such as hospitals; and
 - (d) those studying at local educational institutions.
10. Wesley Mission will prioritise eligible clients based on vulnerabilities such as:
 - (a) women and children who have experienced domestic or family violence;
 - (b) older women (aged over 55) who are at risk or experiencing homelessness; and
 - (c) key workers on low incomes.

11. Wesley Mission estimate the project will cost \$11,600,000. If Council approves this grant of \$3,000,000 Wesley Mission will seek funding of \$8,600,000 from additional funding partners, fundraising activities, and Wesley Mission cash reserves.
12. The City is requesting further information from Wesley Mission to demonstrate that sufficient funding for the project has been made available prior to payment of the grant. This could include evidence of additional grants or partnerships, or the provision of signed Financial Statements to ensure the organisation has the financial capacity to undertake this development through using its own funds.
13. The City is also requesting further information from Wesley Mission to ensure the services and affordable housing offered to vulnerable communities fleeing domestic violence are conducted safely and best practice in nature through the provision of a Plan of Management. A further Plan of Management is also requested to ensure effective engagement with the local Aboriginal and Torres Strait Islander community to ensure equitable access to the affordable housing opportunity.

Key Implications

Strategic Alignment - Sustainable Sydney 2030

14. 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 directions and objectives:
 - (a) Direction 8 - Housing for a Diverse Population - This proposal aligns with the City's position on affordable housing, homelessness and social sustainability, as set out in A City For All, the social sustainability strategy, as well as Housing for All, the City's housing strategy.

Risks

15. Risks for the City in association with this investment have been addressed by setting the proposed conditions in the recommendations. If this grant is awarded, the applicant will be required to enter into an agreement governing the grant on terms satisfactory to the City.

Social / Cultural / Community

16. A City For All is the social sustainability vision for a socially just and resilient Sydney. These grant recommendations are aligned with the following strategic directions and objectives:
 - (a) Inclusive growth and opportunities:
 - (i) Prevent homelessness and reduce rough sleeping through leading and participating in innovative approaches to addressing homelessness.
 - (ii) Increase supply of housing that is universally designed for people of all ages and abilities.
 - (iii) Provide improved access to facilities, programs and services for people on
 - (iv) Enable community led solutions to local social issues.

- (b) Connect City - diverse, cohesive communities
 - (i) Improve community safety through collaboration with government and nongovernment organisations to deliver improved services, programs and initiatives.

Financial Implications

- 17. Of the \$10,350,000 allocated to the City's Affordable and Diverse Housing Fund, \$7,010,000 has already been committed leaving \$3,340,000 unallocated.
- 18. Should this recommendation be adopted of \$3,000,000, \$340,000 will remain in the Fund for future applications and subsidised land sales.
- 19. The funds for the recommendation set out in this report will be included in 2021/22 financial year's budget.

Relevant Legislation

- 20. 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

Jeremy Kelshaw, Manager Grants

Attachment A

**Wesley Mission RJ Williams
Redevelopment**



Applicant details

Legal name of the organisation

Wesley Community Services Limited

Trading name

Wesley Mission

Type of organisation

Incorporated not-for-profit

National Registry System for Community Housing registered community housing provider?

Yes

National Registry System for Community Housing status?

Tier 2

ABN

42 164 655 145

Postal address

PO BOX A5555
Sydney South NSW 1235

Contact for application

Contact name

Ms Catherine King

Position

General Counsel and Company Secretary

Contact number

0417 506 604

Contact email address

catherine.king@wesleymission.org.au

Project details and City of Sydney support

Project name

Affordable housing in Glebe

Project address

RJ Williams
274-276 Glebe Point Road
Glebe NSW 2037

Project status

Planning (DA approved)

Project start date (estimated)

1.11.2019

Project completion date (estimated)

31.7.2022



Additional information for Affordable and Diverse Housing Fund

Brief project description

Wesley Mission is proposing the adaptive re-use of an existing building, RJ Williams in Glebe, to create 74 new dwellings under the Affordable Housing State Environmental Planning Policy. The building is currently unable to be used for accommodation without refurbishment. The newly created dwellings will be used as affordable housing. 1 unit would be utilised for the caretaker. The main focus of the project is housing for women aged over 55 who are at risk of homelessness or are experiencing homelessness, families impacted by domestic or family violence, and key worker housing.

Detailed project description

The redevelopment of RJ Williams will create 74 dwellings that will be used as affordable housing (subsidised rental accommodation for people on very low, low or moderate incomes, managed in line with the NSW Affordable Housing Guidelines). The configuration will be:

Quantity	Bedroom configuration	Internal bathroom	Internal laundry	Target group
5	4 bedrooms	2	Yes	Families
4	4 bedrooms	1 (accessible)	Yes	Families
9	Studio with double bed	1	Yes	Singles or couples
3	Studio with double bed	1 (accessible)	Yes	Singles or couples
8	Studio	1	Yes	Singles
20	Studio (able to interconnect to neighbouring studio)	1		Singles
24	Studio	1		Singles

80% of dwellings will have a balcony and 40% will have an internal laundry. A unit for the site manager will also be included.

The building will be refurbished in a manner that is sympathetic to the architectural and aesthetic heritage of the Glebe community.

The refurbished building will also include communal facilities:

- Meeting room
- Reception and lobby area
- Kitchen
- Dining and living area
- 4 laundries
- 3 lounge/multipurpose rooms
- Rooftop garden
- Rooftop terrace with BBQ facility
- Courtyard with lounge area.

The design of the dwellings and the on-site facilities, together with planned community engagement strategies and programs, intentionally fosters inclusion and connections between the residents and also links the residents into the broader Glebe and City of Sydney community.

The 74 dwellings created at Wesley Mission's RJ Williams site in Glebe will provide housing for 100 to 121 residents at a time (including children).

Resident eligibility to access affordable housing will be assessed based on income criteria. The resident mix will comprise:

- Those working in the local community who currently cannot afford housing in the City of Sydney Local Government Area
- Those living in the local community who are experiencing housing stress and would benefit from affordable housing



Additional information for Affordable and Diverse Housing Fund

- Older people who would like to remain living in their community or need to be close to local infrastructure, such as hospitals
- Those studying at local educational institutions.

Wesley Mission will prioritise eligible clients based on vulnerabilities such as:

- Women and children who have experienced domestic or family violence
- Older women (aged over 55) who are at risk or experiencing homelessness
- Key workers on low incomes.

The property will be managed through Wesley Community Housing, which is a Tier 2 Community Housing provider. Wesley Community Housing will manage:

- Vacancies
- Application process
- Dwelling allocation
- Rental agreements
- Rent setting
- Rent collection
- Planned and responsive maintenance
- Refurbishment.

An onsite manager will reside at the property and work as a Wesley Mission employee. During the initial implementation a temporary additional resource will be engaged to support the dwelling allocation process.

Number of dwellings constructed as a result of the project

74

Number of dwellings demolished as a result of the project

0

Need and opportunity for the project, including market gaps and evidence of community support

Wesley Mission supports an average of 9,388 people each month in the City of Sydney Local Government Area. Our local programs include a Specialist Homelessness Service, Wesley Edward Eagar Centre crisis accommodation in Surry Hills, financial and gambling counselling services in the city, Lifeline crisis telephone counselling in the city, and emergency relief provision in the city. Through our experience supporting those most in need in the City of Sydney, Wesley Mission has identified a need for additional affordable housing in the community. This gap is evidenced by:

- **Affordable housing need:** The median weekly rent price for units in the City of Sydney is \$530 (NSW Department of Family and Community Services - Rent and Sales Report, December 2018). 33.3% of residents earn a very low income of < \$649 per week and 27.5% of households are in housing stress, where rent payments are 30% or more of household income (Australian Bureau of Statistics - Census of Population and Housing, 2016).
- **Growing homelessness amongst older women:** Between 2011 and 2016 women aged between 64 and 74 experienced a large 51.1% increase in homelessness (Australian Housing and Urban Research Institute, 2018). In 2018, 13% of people seeking crisis accommodation at Wesley Mission's Edward Eagar Lodge were aged over 55. Homelessness Australia has reported that the number of women over 50 who are couch-surfing or sleeping in their cars has almost doubled in the past 4 years.
- **Housing instability:** In 2011, 59.8% of City of Sydney residents were renting. By 2016 this had increased to 62.2%. 15.5% of dwellings are group households, which is nearly 4 times the rate compared with the rest of the state (Australian Bureau of Statistics - Census of Population and Housing, 2016).
- **Lack of affordable housing options:** The expected wait time for the CS01 Inner City Zone for all social housing property types is 5 to 10 years. There are 980 general and 437 priority approved applicants on the wait list (NSW Department of Family and Community Services Guide to Waiting Times for Social Housing, June 2018). A boarding house on Glebe Point Road, Glebe has recently been sold and is undergoing refurbishment with the aim of charging higher rents.



Additional information for Affordable and Diverse Housing Fund

Wesley Mission's project aligns with the City of Sydney's Affordable Rental Housing Strategy (2009-2014) and its commitment that "by 2030, of all housing in the LGA, 7.5% will be social housing and 7.5% will be affordable housing delivered by non-for-profit or other providers".

Wesley Mission has been working with Left Field Communications to develop and implement a Strategic Community Engagement Plan. The plan addresses key issues of stakeholder interest through thorough analysis and consultation, and forms an action plan.

Brief project timeline

Phase	Timing
Service Agreement executed	November 2020
Detailed design	November 2020 to May 2021
Construction Certificate	May 2021
Tender	April 2021 to June 2021
Construction	July 2021 to July 2022
Property handed over to Wesley Community Housing	July 2022

Estimate total cash amount requested from City of Sydney Council

\$3,000,000

Use for the funding

Design and construction

Project stage when funding is requested

Development Consent issued

Total development cost of project including financial expenses

\$11,600,000

The cost breakdown is:

Item	Budgeted cost (excl GST)	Details
Construction costs	\$7,410,481	As per Quantity Surveyor Report by MCG Quantity Surveyors dated 2 September 2020.
Development fee	\$1,000,000	Estimated cost for development management including detailed design, procurement and project management
Internal fit out (loose furniture, beds and mattresses, bedside tables, coffee table and kettles, fridges, heaters etc)	\$2,448,470	Estimate only for internal business case purposes Estimate will be validated following detailed design
Total	\$11,600,000	

The Quantity Surveyor Report is based on the stamped architectural drawings and consent conditions as per the approved Development Application (D/2019/1470) dated 1 July 2020.

Total construction cost of project

Construction costs are estimated at \$7,410,481, as per the Quantity Surveyor Report dated 2 September 2020. Final costs are subject to final Prime Cost items and provisional allowances, further geotechnical investigation, contract conditions, structural and services documentation, and potential variations to the proposed fixtures and finishes.



Additional information for Affordable and Diverse Housing Fund

How project is being funded

Wesley Mission has undertaken detailed project feasibilities and is in the process of finalising the detailed funding plan for a total project budget of \$11,600,000. The funding plan is as follows:

\$3,000,000 subject to approval	City of Sydney Council Grant
\$8,600,000	Wesley Mission (cash reserves and/or debt financing, minus any third-party contribution secured).

Details

Project costs have been refined since the initial \$14m cost estimate through further detailed modelling and are now estimated at \$11,600,000. These remain subject to further detailed feasibility modelling.

Wesley Mission has sufficient cash reserves to fund the balance of the project after Council's \$3m grant contribution (if approved). As Trifalga is likely to contribute design and construction services and procure third party services at a discount over the project timeline, the value of its contribution will not be certain up front. For this reason, Wesley Mission is modelling project feasibility based on funding the full balance of the project costs (i.e. not taking into account any contributions from Trifalga). Board approval has been secured for this approach.

Applying for or received any other grants or donations for the project

Yes

Details

1. To date, Trifalga has assisted Wesley Mission with the high-level design and planning for the site on a pro-bono basis and has procured consultant services for the project either pro bono or at discounted rates. Trifalga continues to remain committed to assisting with the remainder of the refurbishment project. A construction services agreement is being prepared, under which Trifalga will provide construction services (development services, design management, contract administration and project management) at pro bono or discounted rates. Trifalga has also communicated its intention to continue to help in procuring building and consultant services at discounted rates. Donations from individuals secured through Trifalga's networks are also being discussed.
2. Wesley Mission is in discussions with NHFIC around securing financing for the project, either by way of a construction loan or term debt. As Wesley Mission has sufficient cash reserves to fund the \$8.6m balance of the \$11.6m construction costs (assuming our application for \$3m grant funding is successful), our preference is for a term loan as this process with NHFIC is more straightforward. Discussions with NHFIC are progressing and financing terms will depend on the type of loan secured. If the grant is approved by Council, we will come back to Council with any further requirements involving NHFIC in relation to Council's interest in the land.
3. Wesley Mission will also be working to identify other community partners or donors that can contribute to the financial costs associated with this project.

Additional information

Wesley Mission is committed to providing homes in line with our vision that 'every life matters'. Two current projects demonstrating this commitment are:

1. Wesley Edward Eagar Centre redevelopment

Our crisis accommodation in Surry Hills is undergoing a major site upgrade to improve privacy, promote dignity and strengthen holistic care. City of Sydney Council granted the Development Application (D/2019/778) on 16 October 2019. Crisis accommodation will move from congregate care (shared bathrooms and dining) to studio units with ensuites. The redeveloped site will include space for a community café, reception, and counselling rooms. The site currently has 76-beds and the redevelopment will yield 40 studio units. Wesley Mission will maintain its level of accommodation in the city through other sites.



Additional information for Affordable and Diverse Housing Fund

Wesley Mission has engaged Scott Carver Pty Ltd as architect, Rider Levitt Bucknell for costs estimation, EPM Projects Pty Ltd as development and construction manager and Left Field Communications for community consultation.

The redevelopment is currently underway:



2. Intensive Therapeutic Care program

Wesley Mission has recently finished redeveloping two homes to be used for ten children and young people with significant disabilities who are living in Out of Home Care in hospital settings. Currently unable to live with their families, the children and young people will be able to call these sites their permanent home. The buildings were opened in August 2020 and the transition of the children and young people is being arranged with the hospital. The homes have been intentionally designed with disability access principles and to allow for flexible and meaningful use of space. Under the management of Wesley Property, each home has been renovated to support young people with disability such as brain injury, cerebral palsy, vision or hearing impairment and is equipped for wheelchair users. Each bedroom will be tailored to meet the tastes of each young person.

