

## **Alternative Housing (Sustainable Sydney 2050) Ideas Challenge**

**File No: X022267**

### **Summary**

On 10 December 2018, Council resolved to explore new and innovative ways of delivering alternative and affordable housing.

The aim of the Alternative Housing (Sustainable Sydney 2050) Ideas Challenge (the Ideas Challenge) is to prioritise development models that could be replicated across the local government area and beyond, to enable a broader range of affordable housing options to be considered and delivered.

The focus of the Ideas Challenge will be on new strategies to provide alternative and affordable housing options that will support and inform the development of the City's future Community Strategic Plan and Housing Policy under Sustainable Sydney 2050.

This report seeks Council endorsement of the participant selection process and the Ideas Challenge (as outlined) and approval of the recommended budget allocation.

## Recommendation

It is resolved that:

- (A) Council endorse the establishment, operation, public notification and public exhibition of an Alternative Housing (Sustainable Sydney 2050) Ideas Challenge;
- (B) Council endorse the development of a brief that will call for the submission of ideas for innovative models (models) based on the following principles:
  - (i) the model must demonstrate innovation in at least two of the following areas: planning, design, ownership type, tenancy type, management (including sharing of facilities), construction, urban land supply and/or financing;
  - (ii) the model must result in housing that is either demonstrably cheaper to market, where the relative purchase or rental affordability is secured in perpetuity, or it must be affordable housing, as defined by the City;
  - (iii) where applicable, the model must demonstrate economic, social and environmental sustainability principles, with a focus on economic viability;
  - (iv) where the model relates to a physical development or redevelopment, the model must have a high level of residential amenity that would be generally acceptable to the community;
  - (v) where the model proposes the use of City owned land, models which retain public ownership in perpetuity, such as through land trusts or long-term leases, will be preferred;
  - (vi) the model must be scalable, replicable and self-sustaining; and
  - (vii) where the model relates to a physical development or redevelopment, models that work for small sites and/or include a mix of residential and non-residential uses will be considered;
- (C) Council will, through an Expression of Interest process open to all interested parties, select up to six applicants and pay each selected applicant \$20,000 (excluding GST) for their idea/proposal. The payment is intended to be an honorarium for the selected applicants to further develop and prepare their proposals for the Ideas Challenge as part of Sustainable Sydney 2050 community consultation;
- (D) authority be delegated to the Chief Executive Officer to:
  - (i) develop the Alternative Housing (Sustainable Sydney 2050) Ideas Challenge brief in accordance with the principles described at (B);
  - (ii) run and publicise the Alternative Housing (Sustainable Sydney 2050) Ideas Challenge Expression of Interest;

- (iii) select a jury to recommend up to six suitable proposals from the Alternative Housing (Sustainable Sydney 2050) Ideas Challenge Expression of Interest;
  - (iv) select up to six applicants based on the jury's recommendations and arrange payment of \$20,000 (excluding GST) to each selected applicant; and
  - (v) negotiate, execute and administer any agreements required to facilitate the Ideas Challenge; and
- (E) Council approve the allocation of up to \$350,000 (excluding GST) from the 2018/19 General Contingency Fund, to be sourced from the Affordable and Diverse Housing Fund, for the purpose of executing the above program within the 2019 Calendar Year.

**Attachments**

- Attachment A.** 10 December 2018 Resolution of Council - Alternative Affordable Housing Demonstration Projects
- Attachment B.** 29 October 2018 Resolution of Council - More Affordable Housing in our City
- Attachment C.** Definition of Terms

## Background

1. The City of Sydney recognises the need for continued leadership on the issue of housing affordability with access to alternative and affordable housing being an essential component of a diverse, cohesive, and economically successful global city.
2. Sustainable Sydney 2030 set social housing targets of 7.5 per cent and affordable rental housing targets of 7.5 per cent as a proportion of the City's total housing supply.
3. The City has been delivering and facilitating affordable housing through levies, amended planning controls, divestment of property to affordable housing providers, and an Affordable and Diverse Housing Fund for new projects.
4. On 10 December 2018, Council resolved to request the Chief Executive Officer to:
  - (a) research ways that the City can support seed projects for alternative affordable housing demonstration projects that demonstrate alternative models for financing, designing, building and managing housing that is affordable and environmentally and socially sustainable;
  - (b) investigate opportunities to pilot affordable and alternative affordable housing demonstration projects using alternative procurement strategies on a range of smaller sites, while retaining the land in the City's long-term ownership;
  - (c) scope an ideas competition or call for expressions of interest for innovative schemes for such housing projects; and
  - (d) prioritise models that could be replicated across the local government area, and beyond, to enable a broader range of affordable housing procurement strategies.
5. A number of affordable housing discussions were held with a range of academic and industry experts. The purpose of the discussions has been to explore ways to develop innovative strategies to promote alternative and affordable housing. The following suggestions resulted from the discussions:
  - (a) the need for alternative financial, management and design models;
  - (b) maintaining ownership of public assets;
  - (c) consideration of different paths of access to land, including community land trusts and company title etc.;
  - (d) reframing housing as shelter and the proposition of different affordable housing concepts from the market-dominated norms;
  - (e) consideration of future residents, their amenity, support services, tenant management and continued affordability; and
  - (f) the City of Sydney to be a laboratory for alternative housing models that can be replicated across wider local government areas and beyond.
6. A number of highly successful international alternative housing models were tabled as catalysts for what may be possible or have the potential to be successful in the City of Sydney.

**Alternative Housing (Sustainable Sydney 2050) Ideas Challenge**

7. This report seeks Council endorsement for the development of a brief for the Alternative Housing (Sustainable Sydney 2050) Ideas Challenge. The proposed objective of the brief is to elicit ideas to increase the diversity of housing in the Local Government Area and increase the supply of affordable housing. Ideas will be used in Sustainable Sydney 2050.
8. The brief is to align with the City's Housing for a Diverse Population objectives under Sustainable Sydney 2030, and Council's resolution of October 2018 (Attachment B):
  - (a) Council, will as a part of the development of the Sustainable Sydney 2050 plan, continue to tackle housing affordability as a core principle; and
  - (b) Council request that, through this process, the Chief Executive Officer investigate projects to deliver new affordable housing models and identify opportunities for affordable housing projects on Council-owned land.
9. The objective is to seek entries describing innovative ideas for proposed models that aligns with the following principles:
  - (a) the model must demonstrate innovation in at least two of the following areas: planning, design, ownership type, tenancy type, management (including sharing of facilities), construction, urban land supply and/or financing;
  - (b) the model must result in housing that is either demonstrably cheaper to market, where the relative purchase or rental affordability is secured in perpetuity, or it must be affordable housing, as defined by the City;
  - (c) where applicable, the model must demonstrate economic, social and environmental sustainability principles, with a focus on economic viability;
  - (d) where the model relates to a physical development or redevelopment, the model must have a high level of residential amenity that would be generally acceptable to the community;
  - (e) where the model proposes the use of City owned land, models which retain public ownership in perpetuity, such as through land trusts or long-term leases, will be preferred;
  - (f) the model must be scalable, replicable and self-sustaining; and
  - (g) where the model relates to a physical development or redevelopment, models that work for small sites and/or include a mix of residential and non-residential uses are considered.
10. Entries that provide a site specific design can either use a site of their own selection (for example a privately owned property) or any site owned by the City.
11. The brief will be publicised, and open to all interested parties with new and innovative ideas for proposed models that contribute to the delivery of alternative and affordable housing outcomes, including but not limited to, individuals, groups, parties, organisations, co-operatives, not-for-profit entities, non-government organisations, companies and partnerships.

12. The Ideas Challenge will offer up to six proponent(s) an honorarium of \$20,000 excluding GST for their innovative ideas to be further developed and used by the City.
13. The developed idea(s) will be exhibited as part of the Sustainable Sydney 2050 consultation.
14. An independent jury with expertise in planning, design, construction and financing will be formed.
15. The jury will recommend to the Chief Executive Officer up to six suitable proposals from the Alternative Housing (Sustainable Sydney 2050) Ideas Challenge Expression of Interest.
16. If any of these ideas are considered worthy of execution, this will be returned to Council for their consideration.

### **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 plan is aligned with the following strategic directions and objectives:
  - (a) Direction 1 - A Globally Competitive and Innovative City -
    - The Resilient Sydney Strategy and the City for All: Social Sustainability Policy and Action Plan both identify more affordable housing as a key priority in building a diverse, cohesive, and economically successful global city.
    - Housing affordability was identified as a high priority by the City for All: Social Sustainability Policy and Action Plan and Sustainable Sydney 2030. It is the intention of the Ideas Challenge to elicit new and innovative solutions to housing affordability.
  - (b) Direction 8 - Housing for a Diverse Population -
    - The Ideas Challenge (if successful) will result in new strategies to provide alternative affordable housing, beyond the traditional categories of social, community, and market housing.
    - If models put forward under the Ideas Challenge are scalable and replicable they will contribute to the supply of housing to meet the current and future need of the community and aid the City in achieving affordable housing outcomes under Sustainable Sydney 2030.
    - The Ideas Challenge will support the delivery of innovative affordable housing solutions in the local government area and beyond.
  - (c) Direction 9 - Sustainable Development, Renewal and Design -
    - All proposed models put forward in the Ideas Challenge will be required to meet economic, social and environmental sustainability principles.

- High-performance architecture and design efficiencies that reduce ongoing costs and contribute to affordability of housing stock will be a key objective of the Ideas Challenge brief.
- (d) Direction 10 - Implementation through Effective Governance and Partnerships -
- Partnering with Proponents to provide innovative and new ideas for the delivery of alternative and affordable housing will improve outcomes for the community.

**Risks**

18. The Ideas Challenge may not deliver any innovative or useful ideas.

**Social / Cultural / Community**

19. The Ideas Challenge (if successful) will result in providing the community with new alternative affordable housing options, beyond the traditional categories of social, community, and market housing.

**Economic**

20. Identification of new and innovative models of delivering affordable housing may reduce reliance on traditional development models.
21. New alternative and affordable housing models may facilitate wider access to sector market share.

**Budget Implications**

22. The costs, comprising the provision of legal services, external consultancies, preliminary due diligence, communications, resourcing and monetary payments required to undertake the Affordable Housing Ideas Challenge is up to \$350,000 excluding GST.
23. An allocation from the 2018/19 General Contingency Fund, sourced from the Affordable and Diverse Housing Fund is sought.
24. The required budget will be incorporated into the 2019/20 Operational Budget and Long Term Financial Plan.

**Relevant Legislation**

25. Under section 377 of the Local Government Act 1993(1), Council may, by resolution, delegate to the general manager or any other person or body (not including another employee of the council) any of the functions of the council under this or any other Act.

**Critical Dates / Time Frames**

26. It is proposed that the Alternative Housing (Sustainable Sydney 2050) Ideas Challenge and exhibition will be undertaken during 2019.

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