

**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