

Affordable and Diverse Housing - Opportunities for City Owned Land

File No: X099483

Summary

Providing affordable and diverse housing is a key focus of the City of Sydney's long-term Sustainable Sydney 2030 vision for a City for All. Increasing the supply of affordable rental housing contributes directly to building an adaptable, diverse and equitable city inclusive of all ages, gender and cultural background.

Over many years the City has been implementing opportunities to provide for promoting the development of affordable and diverse housing within the Local Government Area.

Housing targets are set by the NSW Government. Councils are required to prepare Local Housing Strategies that respond to these targets.

Sustainable Sydney 2030-2050 Continuing the Vision adopts the targets set by the local housing strategy for at least 156,000 private dwellings and 17,500 non-private dwellings by 2036 with 15 per cent to be social housing and affordable housing.

Delivering this housing is incumbent on all parties to contribute across the housing spectrum and supply chain, including local and state government, private developers and community housing providers.

As of 30 June 2022, there are 1,427 built affordable housing units in the local area, 641 dwellings in the development pipeline and a further 701 that we expect to be built in the future.

The City's expanded levy scheme, which has covered all of the local government area since July 2021, is expected to deliver a further 1,950 affordable dwellings.

If considered all together the built, pipeline, expected and projected Affordable housing dwellings will equal 4,719 Affordable rental dwellings and Affordable diverse dwellings to 2036. This equates to 39 per cent of the 12,000 Affordable dwellings target for 2036, or about 2.9 per cent of all forecast dwellings.

Up to 30 June 2022, the City's levy has enabled the collection of \$377.8 million under the various affordable housing programs operating across parts of the council area. About \$11 million has been collected in 2022/23.

The City supports the delivery of Affordable housing through the levies it collects, land discounts for community housing providers, its planning powers and grants to non-governmental organisations. To date we have provided \$24.2 million in discount land and almost \$10 million in grants.

The City has demonstrated its strong commitment to affordable housing in its capacity as a landowner. The City's ongoing review of its property portfolio tests the effectiveness and suitability of individual properties to meet the City's core service delivery objectives.

This report identifies four surplus properties with the potential to yield a minimum of 15 bedrooms from the sale of these properties at a significant discount from market and allocating the proceeds from sale to the City's Affordable and Diverse Housing Fund to deliver a further estimated 12 bedrooms through future grant projects for a total of 27 beds.

This report seeks Council's endorsement to the sale of City owned residential properties for affordable and/or diverse housing in perpetuity (not time limited) by:

- (a) conducting an Expression of Interest for suitable organisations to acquire the surplus residential properties at a substantial discount and manage in perpetuity (not time limited) as affordable and/or diverse housing, and
- (b) allocate the proceeds from each sale to the Affordable and Diverse Housing Fund to contribute to fund new projects.

Should the Expressions of Interest not be successful for all properties, it is proposed that the balance of the properties be sold to the general property market with the full amount of sale proceeds going to the Affordable and Diverse Housing Fund.

Recommendation

It is resolved that:

- (A) Council endorse conducting an Expression of Interest for suitable organisations to acquire one or more of the properties listed herein subject to the terms and conditions detailed in Confidential Attachment F to the subject report:
 - (i) 169 Victoria Street, Beaconsfield (Lot C DP 310434)
 - (ii) Units 7 and 8, "Springfield Palms", No. 12 Springfield Avenue, Potts Point (Lot 7 and 8 in Strata Plan 21921), and
 - (iii) 5-17 Norman Street Darlinghurst (Lot 1 in Deposited Plan 576799);
- (B) authority be delegated to the Chief Executive Officer to administer the Expression of Interest process in accordance with the principles set out in this report and Confidential Attachment F to the subject report;;
- (C) Council note that a further report will be brought to Council following evaluation of the Expression of Interest against the criteria in Confidential Attachment F to the subject report for endorsement of the final outcome.

Attachments

- Attachment A.** Wider Area Identification Plan
- Attachment B.** Identification Plan and Photos - 169 Victoria Street, Beaconsfield
- Attachment C.** Identification Plan and Photos - Units 7 and 8, "Springfield Palms", 12 Springfield Avenue, Potts Point
- Attachment D.** Identification Plan and Photos - 5-17 Norman Street Darlinghurst
- Attachment E.** 16 May 2016 - Resolution of Council - Affordable and Diverse Housing Fund Criteria
- Attachment F.** Commercial Considerations (Confidential)

Background

1. Affordable rental housing is critical social infrastructure necessary to support a diverse and well-functioning city as supported in Sustainable Sydney 2030 and Sustainable Sydney 203-2050 Continuing the Vision.
2. The City's Local Housing Strategy – Housing for All – adopted by Council in February 2020, establishes a 20-year vision for housing. It seeks to increase the diversity and number of homes available for low-income households and maintains the Sustainable Sydney 2030 social and affordable housing targets. Based on a private dwelling target of about 160,000 to 2036, an estimated 12,000 affordable rental dwellings are required to achieve the City's target.

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3. The City's ongoing review of its property portfolio aligns to the Council's resolution to identify and test the suitability of surplus or underutilised properties to be developed or utilised for affordable rental housing.
4. The City has identified four properties suitable for divestment into the affordable and diverse housing market. The properties are all within close proximity to transport and amenities.
5. A brief description of the properties and their capacity follows:

169 Victoria Street, Beaconsfield

6. A two-bedroom 1940 free standing brick and tile residence with a land area of 234 m2. There is no onsite carparking.
7. Attachment B Identification Plan and Photos - Beaconsfield.

Units 7 and 8, "Springfield Palms", No. 12 Springfield Avenue, Potts Point

8. Each strata title unit has 1 bedroom. Neither unit has carparking.
9. Unit 7 has an area of 41 m2 plus a balcony of 4.5m2 with an easterly aspect over Springfield Gardens. The property was refurbished in 2016 and is currently leased on a holdover basis with the current at \$500 per week.
10. Unit 8 has an area of 52sqm plus a 4sqm balcony, is vacant and requires refurbishment.
11. Attachment C Identification Plan and Photos - Potts Point.

5-17 Norman Street Darlinghurst

12. A row of seven semi-detached heritage listed terraces on a site 700 sqm with no-on site parking within proximity to Oxford Street and the City. The terraces are in need of refurbishment and have development potential. The property comprises a combined total of 11 beds:
 - (a) three two storey, two-bedroom terraces,
 - (b) three single level one-bedroom terraces, and

- (c) one single level two-bedroom terrace.
- 13. Attachment D Identification Plan and Photos Darlington.
- 14. The City's principal objective is to maximise the quantity stock for affordable and diverse housing through the divestment of these properties.
- 15. The City's proposes to undertake an Expression of Interest to sell the above properties at substantial discount to the market value to realise additional affordable and/or diverse housing within the Local Government Area. The proceeds from each sale to the Affordable and Diverse Housing Fund will contribute to funding for future Affordable and Diverse Housing projects via the City's grants program.
- 16. Should the Expressions of Interest not be successful for all properties, it is proposed that the balance of the properties be sold to the general property market with the full amount of sale proceeds going to the Affordable and Diverse Housing Fund.
- 17. A further report will be brought to Council to advise of recommendations following the undertaking of the Expression of Interest process.

Expression of Interest

- 18. The following organisations will be eligible to make applications:
 - (a) Applicants must operate within the Local Government Area or be able to demonstrate significant benefits for the area's residents, workers and/or visitors;
 - (b) Not-for-profit organisations;
 - (c) Registered providers of Community Housing; or
 - (d) Organisations that are part of a consortium that includes a Community Housing Provider
- 19. For-profit organisations, unincorporated community groups or individuals will not be eligible.
- 20. The proposed assessment criteria for the expression of interest are given below:
 - (a) Amount, nature of subsidised housing and any other uses being delivered
 - (b) Experience in the operation and management of the type of housing in compliance with relevant regulations
 - (c) Relevant capability in property refurbishment / development
 - (d) Financial capacity
 - (e) Evidence of diversity, inclusion and equity
 - (f) Proportion of the total project cost requested as City funding (including cash, value-in-kind and land)
 - (g) Proportion of total project cost funded by the applicant and other sources

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

21. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 10 - Housing for all - The proposal meets Objective 10.3 An increased supply of affordable housing supports diverse communities and the economy by delivering housing stock into the inner City directly through the physical asset and indirectly through the City's Affordable and Diverse Housing Fund.

Social / Cultural / Community

22. The divestment of these properties will contribute to the supply of affordable and/or diverse housing within the inner City.

Environmental

23. This proposal will not negatively impact on the City's environmental outcomes such as the targets in the City's Environmental Management Plan.

Economic

24. Increasing the diversity of housing in local communities supports those economies.

Financial Implications

25. Proceeds from the sale of these assets are to be reserved to the Affordable and Diverse Housing Fund. The amounts within this fund are set aside by Council for the purposes of contributing toward the delivery of future affordable and/or diverse housing projects.

Relevant Legislation

26. All the properties subject of this report are classified 'operational' under the Local Government Act 1993 (the Act) and as such there is no legislative impediment to Council endorsing the sale.
27. Under section 377 of the Act (which contains the general power of a council to delegate), a council may, by resolution, delegate certain functions, but not the function to sell land or other property.
28. Section 55(3)(d) of the Act provides that Council does not have to invite tenders before selling land.
29. The contract documentation will be prepared in accordance with the Conveyancing Act 1919.

30. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
31. Attachment F contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom City's is conducting (or proposes to conduct) business (Sec 10A (2) (c)), and
 - (b) prejudice the commercial position of the person who supplied it (Sec 10A (2) (d)(i)).
32. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.
33. Under section 377 of the Local Government Act 1993 as amended (which contains the general power of a council to delegate), a council may, by resolution, delegate certain functions, but not the function to sell or acquire land or other property.

Critical Dates / Time Frames

34. Subject to Council endorsement the Expression of Interest process will be open for at least 28 days.
35. A further report will be brought to Council in early 2024 to advise of recommendations following the undertaking of the Expression of Interest process.

Public Consultation

36. The City's extensive engagement with our community over many years has reinforced the City's leadership role in delivering affordable and diverse housing in the inner City and within close proximity to services and amenities.
37. There is no public consultation required for Council to endorse the disposal of these properties, however there will be extensive communications as part of the expression of interest process to ensure all potential eligible applicants are made aware.

KIM WOODBURY

Chief Operating Officer

Nicholas Male-Perkins, Commercial Manager, Development and Strategy