

Attachment D

**Copy of Summary of Submissions Made
Regarding Interim Plan – November 2022
Consultation**

Attachment D

Interim Distribution Plan – Summary of Submissions and Responses

(received during 2022 Public Exhibition and duplicated below)

Community submissions

Summary of key matter raised	Officer response
<u>Support for additional affordable housing providers</u> (raised in 2 submissions)	
<p>Two submissions expressed support for expanding the distribution of contributions to other affordable housing providers, so long as:</p> <ul style="list-style-type: none"> i) the provider(s) are genuine, not-for-profit affordable housing providers, and ii) it is controlled to ensure the continued viability of City West Housing, who are supported in the Pyrmont area. 	<p>Recommended CHPs that are identified to receive affordable housing funds in the City must be registered Tier 1 or Tier 2 community housing providers, assessed and regulated under a national code.</p> <p>The City acknowledges the concern that distributing the funds more widely may threaten the continued viability of projects City West has in the development pipeline. This matter will be further considered in the development of the final distribution plan, being prepared for Council consideration.</p> <p>Action: Consider impact on City West Housing further in the finalisation of the Distribution Plan.</p>

Community Housing Provider submissions

Summary of key matter raised	Officer response
City West Housing (CWH)	
<p>Highlights the need for certainty around future funds as the incumbent Recommended CHP to service its existing pipeline of over 500 dwellings in the City of Sydney local area, noting that the draft Interim Distribution Plan in its current form risks their delivery.</p> <p>Recommends that the proposed changes to distribution of funding should be phased in to ensure CWH's capacity to service:</p> <ul style="list-style-type: none"> • its established properties; • properties that have been committed to in the development pipeline; 	<p>The City recognises the importance of certainty for City West's current development pipeline and that City West will have undertaken future investment decisions based on an expected continuation of funds under current affordable housing programs.</p> <p>Funds levied under the current affordable housing programs are subject to market forces and already vary, sometimes greatly, year on year. The City's intention to move to a wider distribution of funds has also been highlighted since June 2022. Nevertheless, the City acknowledges the potential impact that a</p>

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<ul style="list-style-type: none"> • other properties in the development pipeline in the development application or pre-development application stage; and • the level of support and devices it has promised to deliver its residents and partner agencies. <p>CWH’s operating conditions, as stipulated in the Program, mean that annual operating surpluses are small. When combined with the high cost of land in the City of Sydney, and escalating cost of construction, City West Housing is heavily reliant on contribution funds in the short to medium term to fund existing affordable housing projects in the development pipeline.</p>	<p>change in distribution of funds may have on City West's ability to deliver affordable housing in their development pipeline.</p> <p>While the draft Interim Distribution Plan is recommended for adoption as it was publicly exhibited, it is noted that a final distribution plan will be prepared for the consideration of Council.</p> <p>Action: This impact on City West’s development pipeline will be further considered in the preparation of the final Distribution Plan.</p>
<p>To safeguard its ability to deliver its current development pipeline, City West requests existing funding arrangements under the current affordable housing programs be 'grandfathered' to avoid an inadvertent dilution of funds.</p>	<p>The City notes City West’s request to 'grandfather' existing funding arrangements.</p> <p>Action: This will be considered further in the finalisation of the Distribution Plan.</p>
<p>Recommends that funds should not be distributed to more than two CHPs at any one time.</p> <p>This considers the efficiencies that scale of operation can bring for not-for-profit CHPs, including:</p> <ul style="list-style-type: none"> • efficiencies in servicing properties; • efficiencies from larger portfolios, enabling the leveraging of rental surpluses from other properties own or managed in the same area and for gaining access to finance to further increase affordable housing in the local area; • effective relationship building and efficiencies for support service providers servicing tenants of the CHPs. 	<p>The City acknowledges that this issue needs further consideration.</p> <p>Action: Efficiencies from larger scale operations and the optimal number of CHPs will be considered further in the finalisation of the Distribution Plan.</p>
<p>The City should acknowledge the innate complexities and risk of undertaking medium density housing capital developments in high-cost inner-city markets when selecting additional CHPs to receive the contribution funds.</p> <p>Recommends that the City requires evidence of development expertise both in capital project delivery and on market site acquisition, as well</p>	<p>The three CHPs identified in the draft Interim Distribution Plan are all Tier 1 CHPs with demonstrated development capacity and experience.</p> <p>Notwithstanding the above, the City agrees that the selection of the right CHPs to receive contribution funds is critical to the successful delivery of affordable housing.</p>

Summary of key matter raised	Officer response
<p>as evidence of operations in this area when selecting CHPs to be considered for the distribution plan.</p>	<p>Action: Appropriate criteria to assess the experience and capabilities of CHPs will be given further consideration in the preparation of the final Distribution Plan.</p>
<p>Recommends more detail be provided in any future distribution plan, to give certainty around:</p> <ul style="list-style-type: none"> • where collected affordable housing funds will be held • how funds will be distributed to recommended providers • the frequency of release of funds, and • the calculation and distribution of interest. 	<p>The administrative detail of funds distribution is not required to be detailed in the distribution plan – this simply sets out apportionment of funds to receiving CHPs. This type of administrative information will instead form part of the City’s internal processes and where appropriate may form part of a funding agreement that is to be agree with identified CHPs prior to funds being issued.</p> <p>Action: Further work will be undertaken to establish the administrative processes that will support the distribution plan before it commences.</p>
<p>Bridge Housing</p>	
<p>Identifies Bridge Housing as the CHP with the largest social and affordable housing footprint in the City of Sydney LGA.</p> <p>They have a deep connection to the local community, with a head office in the LGA.</p> <p>Expresses the belief that chosen additional providers should be those with their operations based primarily in the LGA, so that they understand and are focussed on delivering outcomes for the local community.</p>	<p>Noted. The City recognises the experience, capabilities and established partnerships Bridge Housing has in the community housing sector and in providing affordable housing within the City of Sydney LGA.</p> <p>The City acknowledges that there needs to be careful consideration of any CHP that is recommended to received contribution funds.</p> <p>Action: Choice of CHP will be considered further in the finalisation of the Distribution Plan.</p>

Public Authority submissions

Summary of key matter raised	Officer response
NSW Department of Communities and Justice (DCJ)	
<p>Expresses concern around the proposed mechanics and practicalities of equal distribution of funds across three CHPs.</p> <p>Highlights that distributing funds across three CHPs will dilute the impact of the funds and delay delivery of affordable housing, as more time will be required for fund accumulation before a CHP can initiate an affordable housing project.</p> <p>The extremely high land values in the City in itself requires larger amounts to be provided to CHPs to support financially viable projects.</p> <p>Thought should be given to the administrative burden linked with the number of CHPs chosen and frequency of remittance of funds, together with the reporting requirements on how the money is quarantined, invested and spent which would be required from both Council and CHP.</p> <p>DCJ advises that the approach be considered for efficient delivery and value for money proposition.</p>	<p>The City notes DCJ's concerns around the optimal number of CHPs for the distribution of funds, both from the perspective of spreading the funding too thinly, with inevitable delays to affordable housing projects, and from the resourcing strain to both Council and CHP if too many providers are chosen to receive funding.</p> <p>Action: The optimal number of CHPs will be considered further in the finalisation of the Distribution Plan.</p>
<p>DCJ suggests Council might consider retaining a funding pool until such time as a sizeable amount has accumulated and then inviting CHPs to submit an EOI. DCJ considers that disbursing all accumulated funds to a single CHP through a competitive process would provide the best results in terms of affordable housing delivery within the City of Sydney boundary.</p>	<p>The City's preferred approach for the use of affordable housing contribution funds is to allocate them directly to a CHP. The benefits of this approach are to immediately move funds into the hands of the community housing sector who have the expertise to then purchase sites when they become available, without the need to wait for government to allocate them funding, and then develop them. It effectively allows CHPs to operate as a developer, without the challenges and uncertainties that may come from having to apply for grants on a case-by-case basis, allowing them to move forward with certainty.</p> <p>The City undertakes to do further work to determine the optimal number of CHPs funded at any one time.</p>

	<p>Action: The optimal number of CHPs will be considered further in the finalisation of the Distribution Plan.</p>
<p>DCJ acknowledges the significant achievements of their partnership with the City in jointly managing the planning and development of affordable housing in the LGA, particularly since 2015.</p> <p>The submissions notes there may be further opportunities for partnership in the future, including various tender programs run by DCJ and possible funding being explored through the Commonwealth Government’s Housing Australia Future Fund (HAFF).</p>	<p>The City considers it prudent to delay the finalisation of the distribution plan given the fast-evolving housing policy landscape. Opportunities may arise from the introduction of the HAFF or complementary incentive/funding schemes that may be announce as the new state government resolves its approach to addressing the housing crises.</p> <p>Action: These opportunities will be further explored in the finalisation of the Distribution Plan.</p>