

Affordable Housing Expression of Interest - City Owned Property - 49 Cope Street, Redfern

File No: X110057

Summary

Providing affordable and diverse housing is a key focus of Sustainable Sydney 2030-2050 Continuing the Vision. Increasing the supply of affordable rental housing and diverse housing contributes directly to building an adaptable, diverse and equitable city inclusive of all ages, genders and cultural backgrounds.

The City's Local Housing Strategy - Housing for All:

- (a) recognises a growing proportion of older people in our community which is estimated to increase by 16,000 plus residents by 2036;
- (b) acknowledges that seniors housing and aged care facilities are generally a market driven product and the City has encouraged housing for older people, through grants;
- (c) acknowledges the need for housing older people at risk of being homeless with actions to increase housing diversity, universally designed dwellings, co-operative housing models and supported housing to assist people to age in place; and
- (d) provides that the City will work with Aboriginal and Torres Strait Islander communities, housing providers, the NSW Government and others to ensure development in Redfern, Waterloo and other areas in the city provide culturally appropriate affordable and social housing for Aboriginal and Torres Strait Islander peoples to prevent their displacement from the area.

The City's strategic response to the National Agreement on Closing the Gap strategy is incorporated in the City's Community Strategic Plan which was adopted by Council in June 2022.

The City of Sydney and other levels of government support a strong and sustainable Aboriginal and Torres Strait Islander community-controlled sector providing high quality services to meet the needs of Aboriginal and Torres Strait Islander people in the local area.

This report details two opportunities that will contribute to Closing the Gap actions with regard to healthcare and housing at a local level through the transfer of an approximately 2,165 square metre City owned property at 49 Cope Street, Redfern for Aboriginal aged care within Redfern.

The City's property fronts both Cope and Renwick Streets and is predominantly utilised as a 55-space public carpark occupying approximately 1,925 square metres adjoining Wyanga Aboriginal Aged Care Program Incorporated at 35 Cope Street, who currently licence in holdover a 240 square metre portion of the City's land fronting Renwick Street.

The City proposes to conduct a public expression of interest for the redevelopment of the underdeveloped portion of the City owned property at 49 Cope Street, Redfern into a not-for-profit residential aged care facility to serve the local community.

The selected proponent will additionally be required to develop and transfer in stratum back to the City's ownership a 55-space commercial public below ground carpark.

It is proposed the City's land will be subdivided to create a future development lot and a separate portion of approximately 240 square metres; the latter to be transferred to Wyanga Aboriginal Aged Care Program Incorporated, a not for profit Aboriginal and Torres Strait Islander organisation in support of their role in providing individually tailored and culturally appropriate aged care services to the local community.

Consistent with the City's land sales for affordable and diverse housing, the conditions of sale will require a covenant to be registered on title preserving the City's contribution to affordable and diverse housing.

Recommendation

It is resolved that:

- (A) Council note the proposals for the City owned property at 49 Cope Street, Redfern (also known as 98-106 Renwick Street, Redfern) to meet the objectives within the City's Community Strategic Plan for affordable and diverse housing and the City's Reconciliation Action Plan for Closing the Gap;
- (B) Council note 49 Cope Street, Redfern (also known as 98-106 Renwick Street, Redfern) is to be subdivided into two separate torrens title lots as follows:
 - (i) Future Lot A of approximately 240 square metres, subject to survey, and
 - (ii) Future Lot B of approximately 1,925 square metres, subject to survey;
- (C) Council in principle support the transfer for \$1 of Future Lot A to Wyanga Aboriginal Aged Care Program Incorporated INC3437869 to be consolidated with their owner-occupied property at 35 Cope Street, Redfern;
- (D) Council endorse conducting an Expression of Interest, as detailed in the subject report for entry into a heads of agreement, development deed and land transfer arrangement over Future Lot B to identify suitable entities to deliver a minimum 50-person not for profit residential aged care facility and a below ground 55 space commercial public carpark;
- (E) Council support in principle the proposed transfer of Future Lot B at \$1 and the proposed acquisition by the City of the stratum lot containing the below ground 55 space commercial public carpark at \$1;
- (F) authority be delegated to the Chief Executive Officer to administer the Expression of Interest process in accordance with the principles set out in the subject report; and
- (G) Council note that a further report will be brought to Council following evaluation of the Expression of Interest against the criteria as detailed in the subject report for endorsement of the final outcome.

Attachments

Attachment A. Identification Plans

Attachment B. Photos

Background

1. Affordable 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.
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 to meet our strategic objectives.

City's Property - 49 Cope Street (also known as 98-106 Renwick Street), Redfern (Property)

4. The Property is approximately 2,165 square metres with a frontage to Cope Street of 30.48 metres and Renwick Street of 37.96 metres.
5. The Property comprises Lots 41 and 42 in Deposited Plan 1099220, Lots 7, 8, 9, 38 and 39 in Deposited Plan 84898 and Lot 10 Deposited Plan 1128780.
6. Current uses of the Property are:
 - (a) a portion of approximately 240 square metres is leased to Wyanga Aboriginal Aged Care Program Incorporated, comprising an outdoor garden and workshop with access to Renwick Street, and adjoining the property owned by Wyanga Aboriginal Aged Care Program Incorporated at 35 Cope Street; and
 - (b) an open bitumen sealed public carpark of 55 spaces including five disabled spaces and one carshare space constructed on the balance of the site of approximately 1,925 square metres accessed from Renwick Street and exiting to Cope Street.
7. The Property is zoned B4 Mixed Use and has a base Floor Space Ratio (FSR) of 2:1 and maximum building height of 15 metres with total potential gross floor area (GFA) of 4,344.12 square metres.
8. The Housing State Environmental Planning Policy (Housing SEPP) has applied to the site from the end of December 2023 and provides incentives for the delivery of either in-fill affordable housing and/or seniors housing.
9. The proposed use of part of the Property for public carparking and seniors housing is consistent with the current zoning.
10. In 2019, the site was publicly identified as a demonstration site in the City's Alternative Ideas Housing competition. Over 1,055 participants registered for the competition, and 231 submissions were received. Seven submissions were shortlisted, and participants were paid a stipend to develop their proposals. Four shortlisted teams developed a concept proposal for the redevelopment of the Cope Street carpark site as a mixed-use development. The proposal was not developed beyond a concept proposal.

11. In May 2020, the City received a proposal from Bridge Housing to acquire this Property and several other City owned properties to redevelop for affordable rental housing in perpetuity.
12. In April 2023, the City received a proposal from HammondCare to acquire and redevelop the Property for an aged care facility with below ground parking.
13. All proposals did not proceed further.

Proposal

14. The City recognises the Property is underutilised and presents an opportunity to meet critical needs within the local community and continue to deliver on the City's objectives for increasing the supply of affordable and diverse housing and Closing the Gap.
15. It is proposed that the Property will be subdivided to create a future development lot and a separate portion of approximately 240 square metres (subject to survey); the latter to be transferred to Wyanga Aboriginal Aged Care Program Incorporated, a not for profit Aboriginal and Torres Strait Islander organisation in support of their role in providing individually tailored and culturally appropriate aged care services to the local community.
16. The City proposes to conduct a public expression of interest for the future development lot for the redevelopment and operation of a not-for-profit residential aged care facility to serve the local (Redfern) community.
17. The public expression of interest will also require that the successful applicant develop and transfer in stratum back to the City's ownership a 55-space paid public below ground carpark.
18. A further report will be brought back to Council to advise on the recommendations following the undertaking of the Expressions of Interest.
19. Consistent with the City's land sales for affordable and diverse housing, the conditions of sale will require a covenant to be registered on title of both the Wyanga Lot (Future Lot A) and the Development Lot (Future Lot B) preserving the City's contribution to not for profit aged care serving the local community in perpetuity.

Expression of Interest Objectives

20. The Expression of Interest (EOI) will aim to achieve the following outcomes:
 - (a) A new not for profit residential aged care facility to provide services to the local community with:
 - (i) a minimum 50 affordable / at cost residential aged care places serving the local community; with
 - (ii) Local Aboriginal and Torres Strait Islander residents and staff to be a key part of operations.

- (b) Access to a below ground commercial public car park to be retained on site with:
 - (i) a minimum 55 parking spaces integrated within the future development; and
 - (ii) the transfer of a stratum lot back to the City (at \$1) to own and operate as a commercial public car park.
- (c) Design, construction, and operation of facilities to be delivered by or in partnership with local Aboriginal controlled community organisations or Aboriginal providers.

Expression of Interest Eligibility Criteria

- 21. To be eligible to participate in the EOI an applicant must:
 - (a) Be or partner with local Aboriginal Controlled Community Organisation/s or Aboriginal provider/s, and
 - (b) Be a registered not-for-profit organisation, and
 - (c) Be a registered provider of residential aged care.
- 22. For-profit organisations, unincorporated community groups or individuals will not be eligible.
- 23. It is envisaged that applicants will partner with other entities in responding to the Expression of Interest.

Expression of Interest Evaluation Criteria

- 24. The proposed assessment criteria for the expression of interest will include Mandatory (including Financial) and Qualitative elements.:
- 25. Mandatory criteria to include but not limited to:
 - (a) Applicant meets all eligibility criteria;
 - (b) Required infrastructure is delivered (50 place residential aged care + 55 space below ground car park) and the stratum lot is transferred to the City for \$1;
 - (c) Acceptance of covenant on title – affordable residential aged care in perpetuity.
Financial capacity to undertake and sustain the project.
- 26. Qualitative criteria to include: :
 - (a) Experience in the planning, design, and construction of high quality not-for-profit residential aged care facilities
 - (b) Experience in the management and operation of high quality not-for-profit residential aged care facilities.

- (c) Employment outcomes for the local Aboriginal and Torres Strait Islander community in the planning, design and construction of the facilities.
- (d) Employment outcomes for the local Aboriginal and Torres Strait Islander community in the operations and management of the facility and services.
- (e) Ability to engage and work with the local community in a meaningful way.
- (f) Financial capacity to deliver the facilities – where funding is required to be sourced applicants must demonstrate experience in securing funding
- (g) Compliance with all Licensing/Regulatory Requirements including Insurances.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

27. 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 5 - A city for walking, cycling and public transport - retention of the carpark will ensure there is equitable access to constrained supply and support high street businesses.
 - (b) Direction 6 - An equitable and inclusive city - the opportunity for an aged care facility and transfer of land to Wyanga Aboriginal Aged Care Program Incorporated aims to strengthen partnerships and relationships with Aboriginal and Torres Strait Islander peoples and prioritise their cultural, social, environmental, spiritual and economic aspirations.
 - (c) Direction 7 - Resilient and diverse communities - The proposal will support a strong culture of community within The City of Sydney and other levels of government and support a strong and sustainable Aboriginal and Torres Strait Islander community-controlled sector providing high quality services to meet the needs of Aboriginal and Torres Strait Islander people in the local area meets.
 - (d) Direction 10 - Housing for all - The proposal meets Objective 10.1 Collaboration and Advocacy - Increasing the supply of non-private dwellings for aged care is critical to managing the potential path to homelessness.

Organisational Impact

28. There is minimal organisational impact in conducting the Expression of Interest.

Risks

29. The proposal for the delivery and management of a minimum 50 place residential aged care facility and 55 space commercial public carpark presents risks. The Expression of Interest will support development of the City's risk management in the next phase.

Social / Cultural / Community

30. The proposals will have a positive beneficial impact in supporting the City's efforts to address the housing crisis and support the local Aboriginal community.

31. The retention of public carparking within close proximity to the retail centre of Redfern supports local retailers and commercial businesses and the local and wider area community.

Environmental

32. The City will require consideration and adoption of environmental management principles including sustainable approach in design, construction and operational management.

Economic

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

Financial Implications

34. The City's financial records will recognise the discount on disposal from full market value of \$22.75 million, to reflect the City's contribution to affordable and diverse housing following subdivision of the Property as follows:
 - (a) \$2.520 million for the 240 square metres portion (subject to survey) to be transferred by the City to Wyanga Aboriginal Aged Care Program Incorporated, and
 - (b) \$20.230 million for the 1,925 square metres portion (subject to survey) to be transferred to the successful proponent.
35. The property is not identified in the 10-year financial plan for divestment.
36. The City will receive a freehold stratum lot within which is contained a two level commercial public carpark for 55 vehicles including four disabled car spaces.
37. The City's financial records will recognise the new asset.

Relevant Legislation

38. The City's Property is classified 'operational' under the Local Government Act 1993 (the Act) and as such there is no legislative impediment to Council endorsing the sale.
39. 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.
40. Section 8A of the Act provides guiding principles for councils. Sections 8A(1)(g) and (h) state that councils should work with others to secure appropriate services for local community needs and that councils should act fairly, ethically and without bias in the interests of the local community.
41. Section 55(3)(d) of the Act provides that Council, does not have to invite tenders before selling land.

42. The contract documentation will be prepared in accordance with the Conveyancing Act 1919.

Critical Dates / Time Frames

43. The new supply of diverse housing such as aged care into the market is a priority.
44. It is proposed that the expression of interest will commence in October 2024 for a period of 10 weeks.

Options

45. Council could decide not to proceed with this opportunity and retain the public at-grade carpark on the site. This option is not recommended as it does not represent the most efficient use of land to contribute to the achievement of Council's strategic aims.
46. Council could decide not to retain the carpark and sell the Property at market with the funds being allocated to the Affordable and Diverse Housing Fund. This would not deliver the same quantity of new stock in the same timeframe and would not support the City's objective to facilitate parking within proximity to retail centres.

Public Consultation

47. 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 proximity to services and amenities.
48. The community will have an opportunity to comment on the proposed development as part of the planning process.
49. There is no public consultation required for Council to endorse the disposal of the property.

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