

RELEVANT INFORMATION FOR COUNCIL

FILE: S124769 **DATE:** 13 May 2016
TO: Lord Mayor and Councillors
FROM: Kim Woodbury, Chief Operating Officer
THROUGH: Monica Barone, Chief Executive Officer
SUBJECT: Information Relevant To Item 8.2 – Affordable and Diverse Housing Fund
Criteria – At Council - 16 May 2016

Alternative Recommendation

It is resolved that Council:

- (A) note that the Objectives, Assessment and Eligibility Criteria and Conditions of Grant for the Affordable and Diverse Housing Fund, as shown in Attachment A to the subject report, form part of the protocols proposed to determine the management of the City's Affordable Housing Fund as required by the resolution of Council dated 29 June 2015;
- (B) approve an amendment to the name of the Affordable Housing Fund such that from the date of this resolution it will be known as the Affordable and Diverse Housing Fund;
- (C) note that the Affordable and Diverse Housing Fund contains a broader description of the type of housing and development that could obtain a grant from the Fund than was contemplated by the resolution of Council dated 29 June 2015;
- (D) endorse the Objectives, Assessment and Eligibility Criteria and Conditions of Grant for the Affordable and Diverse Housing Fund, as shown in Attachment A to the subject report;
- (E) note that any proposal to make a grant from the Affordable and Diverse Housing Fund will be the subject of a further report to Council; and
- (F) note that if a for profit entity is the proposed recipient of a grant from the Affordable and Diverse Housing Fund, the proposed grant will be advertised for at least 28 days prior to the proposed date of the grant in accordance with section 356(2) of the Local Government Act 1993.

Purpose

To clarify the matters that Council is resolving in relation to the Affordable and Diverse Housing Fund and to confirm that the proposed Objectives, Assessment and Eligibility Criteria and Conditions of Grant for the Affordable and Diverse Housing Fund have been issued to all NSW Community Housing Providers for comment and that one submission has been received.

Background

At its meeting on 29 June 2015, Council resolved that draft protocols determining the management of the City's Affordable Housing fund be presented to Council for approval as soon as possible. The report to the Cultural and Community Committee meeting on 9 May 2016 was prepared in response to this resolution. However, the report was not sufficiently clear in stating what decisions Council staff were requesting Council to make.

The above alternative recommendation is proposed to clearly show the decisions Council is making in relation to the Affordable and Diverse Housing Fund.

The Council report and proposed Objectives, Assessment and Eligibility Criteria and Conditions of Grant for the Affordable and Diverse Housing Fund have been issued to all NSW Community Housing Providers for comment. At the date of this memo, one submission has been received from the NSW Federation of Housing Associations representing registered community housing providers, and this is Attachment A. The submission is supportive of the Objectives, Assessment and Eligibility Criteria and Conditions of Grant for the Affordable and Diverse Housing Fund. However it recommends that only registered community housing providers be the recipients of grants. The City does not support this recommendation as it would exclude a wide range of not-for-profit providers, including the Salvation Army to which Council has resolved to grant \$250,000, and HammondCare which is the subject of a concurrent report to Council.

It is intended that the Objectives, Assessment and Eligibility Criteria and Conditions of Grant become part of the Grants and Sponsorship Policy when it is next updated before the end of 2016. Further submissions received from the community housing sector will be reported to Council with recommendations for any amendments to the Objectives, Assessment and Eligibility Criteria and Conditions of Grant at that time.

Kim Woodbury, Chief Operating Officer

Prepared by: Richard Clark, Manager City Renewal

TRIM Document Number: 2016/254582

Attachments:

Attachment A: Submission from NSW Federation of Housing Associations dated 11 May 2016

approved

P. M. Barone

Monica Barone, Chief Executive Officer

ATTACHMENT A

ATTACHMENT A

**SUBMISSION FROM NSW FEDERATION
OF HOUSING ASSOCIATIONS
DATED 11 MAY 2016**



11 May 2016

Richard Clark
Manager City Renewal
City Renewal

Dear Richard

Affordable and Diverse Housing Fund

The NSW Federation of Housing Associations (the Federation) welcomes the opportunity to provide feedback on behalf of its members to the City of Sydney's Affordable and Diverse Housing Fund. The Federation is pleased to see the City's support for increasing the supply of social and affordable rental housing made tangible through a grant mechanism.

The Federation's purpose is to support the development of a not-for-profit rental housing sector which compares favourably to any around the world, and which makes a difference to the lives of lower income and disadvantaged households across the state. The Federation seeks to ensure that community housing providers are active in all housing markets, providing a full range of housing products.

As you will appreciate the time allowed for responses was insufficient for the Federation to either properly consult with its members or provide detailed comment on this important initiative. That said we have circulated the report to our members operating both in the City of Sydney and in surrounding local government areas and have received comments which inform this response. In composing the response I have also been cognisant of relevant feedback we have made about the NSW government's social and affordable housing fund, the SAHF.

Overall the Federation considers the Fund's objectives and selection criteria achieve a reasonable balance between encouraging innovation and ensuring that there are clear expectations around the target groups and outcomes. The following features are particularly welcome i.e. that:

- this is a capital grant towards construction and / or land acquisition - this will ensure applications from a wide range of community housing providers are received and

ATTACHMENT A

allow the City the opportunity to compare and select different options for delivering affordable housing by contributing to the upfront costs associated with new supply

- layering with other subsidy is allowed. By combining subsidy and grant, better overall outcomes can be achieved. This is well evidenced by the results in the UK where most affordable housing built by housing associations draws on a mix of grant, planning contributions and cross subsidisation from other initiatives.
- It covers the full range of subsidised housing from crisis accommodation through to affordable rented homes and is not prescriptive about the tenure and accommodation mix that can be included in an application. This will allow applicants to respond to balance needs and funding availability and site characteristics
- It aims to encourage applications from a diversity of providers and does not presume that a registration tier should in itself preclude an application. In some cases community housing providers will choose to apply as a partnership. It would be useful to specify whether this is acceptable under 11b.
- Applications can be made at any point in time which will enable providers to respond as and when to appropriate opportunities arise. That said this will have implications for how the application process is managed, unless of course the fund is being routinely replenished

In terms of the detail the Federation recommends that only registered community housing providers should be grant recipients. This would not exclude other providers of community housing becoming part of a partnership led by a registered provider. Non registered providers are not under any obligation to provide accommodation or services to the standards that City of Sydney will surely require for what will be potentially a vulnerable client group. The national regulatory system will provide the Council with assurance that grant recipients are being regularly assessed for compliance with demanding performance standards.

While we support the intention to ensure any housing financed via the Fund is retained in perpetuity there may be occasions when it makes sense (due perhaps to changing demand), to either repurpose the property or sell and redevelop more appropriate accommodation. We recommend this condition should be modified to allow for alternative replacement units to be provided, within the Council boundaries if an evidenced proposal is made.

We appreciate that the City of Sydney is finalising its affordable housing strategy following responses to the Discussion paper issued last year. In this context we hope that the Fund is established as an ongoing basis to enable the delivery of that strategy.

ATTACHMENT A

In our submission to the City's Housing Issues Paper we recommended a number of other actions the City could take to maximise affordable housing delivery. We therefore hope that the Fund will work in tandem with a range of mechanisms including:

- contributions in the form of council land at nil or nominal cost
- Fast tracking development approval for affordable housing projects. This could occur by cutting red tape and streamlining approval processes for desirable developments.
- Allowing reductions in development fees
- Developing appropriate development standards for affordable housing, which ensure that CHPs can deliver accommodation that is tailored to the needs of their clients without the costs and risks associated with the full development approval process
- Providing a dedicated Council Officer to assist in the area of affordable housing development.

Finally, thank you again for the opportunity to make comments and the Federation looks forward to its implementation and would be pleased to contribute to its detailed design.

Please do contact me if you have any comments or questions to clarify.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Wendy Hayhurst', with a stylized flourish at the end.

Wendy Hayhurst
Chief Executive Officer