

ITEM 8

PROPOSED FUNDING AGREEMENT WITH THE ILLAWARRA COMMUNITY HOUSING TRUST

This report recommends Council enter into a proposed funding agreement with the Illawarra Community Housing Trust (Housing Trust) for the provision of affordable housing in the Wollongong Local Government Area in accordance with the Council resolution of 9 December 2019 (Minute 332).

RECOMMENDATION

- 1 Council resolve to enter into a proposed funding agreement with the Illawarra Community Housing Trust.
- 2 Council authorise the General Manager to execute the agreement between Wollongong City Council and the Illawarra Community Housing Trust.

REPORT AUTHORISATIONS

Report of: Sue Savage, Manager Community Cultural + Economic Development
Authorised by: Kerry Hunt, Director Community Services - Creative and Innovative City

ATTACHMENTS

There are no attachments for this report.

BACKGROUND

On 9 December 2019, Council resolved to accept in principle the tender of the Housing Trust for the delivery of affordable housing in the sum of \$4,340,000 excluding GST. Council further resolved:

- (i) To delegate the power to finalise contract terms to the General Manager being terms consistent with the items identified in the T19/25 Invitation to Tender, and
- (ii) Following completion of the contract negotiation process, that Council be provided with a further report for its consideration prior to execution of any contract.

Following negotiations throughout 2020, the terms of the proposed funding agreement (Proposed Agreement) have now been settled between Council and the Housing Trust.

PROPOSAL

The Proposed Agreement identifies funding in the amount of \$4,340,000 (excluding GST) to cover the purchase of land, the design and construction of a minimum of 17 affordable housing dwellings, and the ongoing management of the affordable housing for a period of 25 years. The funds will be paid in two lump sum amounts.

The Proposed Agreement also contains financial reporting obligations.

The Proposed Agreement also establishes a Project Monitoring Group comprising of representatives from Council and the Housing Trust which will meet every four months until the construction and occupancy of the final affordable housing dwelling to monitor the performance of each party's respective obligations. Thereafter, the Housing Trust will provide Council with annual data in relation to the household composition of tenants in the affordable housing dwellings.

In order to protect Council against possible non-performance, a failure to expend funds in accordance with the terms of the Proposed Agreement and other risks, the Proposed Agreement contains a number of protective mechanisms including -

- Deadlines relating to the purchasing of land and commencement of construction
- The repayment of funds in the event of funding being expanded other than in accordance with the terms of the agreement
- The registration of a caveat over the land (until the construction and occupancy of the final affordable housing dwelling)
- The registration of a public positive covenant to the effect that the dwellings constructed under the terms of the Proposed Agreement will be used for affordable housing purposes only and be managed by an affordable housing provider

For the reasons set out above, it is recommended that Council resolve to enter into the proposed funding agreement.

CONSULTATION AND COMMUNICATION

General Manager

Office of Legal Counsel

Chief Financial Officer

Members of the Tender Assessment Panel

Housing Trust CEO and Legal Representative

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong 2028 Goal 5 “We have a healthy community in a liveable city”. It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2018-2022	Operational Plan 2020-21
Strategy	4 Year Action	Operational Plan Actions
5.3.1 Housing choice in the Wollongong Local Government Area is improved, taking into account population growth, community needs and affordability.	5.3.1.1 Prepare a Housing Study and Strategy incorporating affordable housing issues.	Deliver the Council Resolution for affordable housing (targeting of commonwealth funding).

SUSTAINABILITY IMPLICATIONS

The Illawarra Community Housing Trust is a registered Tier 1 Community Housing Provider under the National Regulatory System Community Housing. The Housing Trust has extensive experience in the development and management of affordable housing. Any operating surplus will be reinvested to secure additional housing stock.

RISK MANAGEMENT

The funding agreement has been prepared by Council’s Office of Legal Counsel and is the culmination of months of ongoing negotiation. The contract contains protective mechanisms, described in this report, which are designed to minimise Council’s exposure to legal or financial risk.

On this basis, the risk in accepting the recommendation of this report is considered low.

FINANCIAL IMPLICATIONS

The funding will be delivered from the identified budget of the Housing Affordability Program Restricted Asset.

CONCLUSION

The Proposed Agreement is the culmination of 12 months negotiation between Council and the Housing Trust. In executing the agreement, Council will be facilitating the delivery of affordable housing in the region in fulfilment of its obligation under the Memorandum of Understanding with the Commonwealth Government.