

ITEM 18 TENDER T1000077 - AFFORDABLE HOUSING (ROUND 3)

This report recommends acceptance of a tender for provision of affordable housing services in accordance with the requirements of the *Local Government Act* 1993 and the Local Government (General) Regulation 2021 and with the Council resolution of 10 December 2018, Minute 178 and the subsequent resolution of 19 July 2021, Minute 556.

A total of three tenders were received for Round 3. This report recommends Council accept the tender submitted by Head Start Homes Limited trading as Head Start Homes.

RECOMMENDATION

- 1 In accordance with clause 178(1)(a) of the Local Government (General) Regulation 2021, Council accepts in principle the tender of Head Start Homes Limited trading as Head Start Homes for the delivery of an Affordable Home Ownership – Scheme, in the sum of \$5,000,000 excluding GST.
- 2 Council delegate to the General Manager the authority to finalise and execute the contract and any other documentation required to give effect to this resolution.
- 3 Council be provided with a further report on completion of the contract finalisation process for Council's consideration prior to execution of any contract.
- 4 Council grant authority for the use of the Common Seal of Council on the contract and any other documentation, should it be required, to give effect to this resolution.

REPORT AUTHORISATIONS

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

ATTACHMENTS

- 1 Tender T1000077 - Affordable Housing (Round 3) - Councillor Committee Recommendations

BACKGROUND

In June 2012, Council received a Commonwealth grant under the 'Building Better Regional Cities' program of \$13.9M for the West Dapto Urban Release Project. Council entered into a funding agreement to use this funding for:

1. Upgrading sections of Shone Avenue and West Dapto Road (\$4.M) which has been completed.
2. Reallocating \$9.2M to assist low to moderate income earners in purchasing a home in West Dapto, known as the West Dapto Home Deposit Assistance Program.

On 22 July 2013, Council resolved to exhibit the proposed West Dapto Home Deposit Assistance Program, as it provided financial assistance for private gain. The proposed program was exhibited from 25 July to 22 August 2013, and two submissions were received. On 9 September 2013, Council resolved that -

- The West Dapto Home Deposit Assistance Program be included as an amendment to Council's Annual Plan 2013-14, subject to a successful notification being made to the ACCC.
- The Financial Assistance Policy be amended to include a specific Program for the West Dapto Home Deposit Assistance Program, subject to a successful notification being made to the ACCC.
- Quarterly reports be provided to Council for the term of the West Dapto Home Deposit Assistance Program.
- Council writes to the appropriate new Federal Ministers requesting that the Federal Government match or increase the previous Government's allocation as a way to stimulate the housing market in the Illawarra and help bolster the local economy.

For a number of years, the funds were effectively not available, with the scheme's parameters impractical due to the rising cost of land and housing and the Government unwilling to adjust them. In October 2017, a Memorandum of Understanding (MOU) was entered into between the Commonwealth and Council to utilise the financial benefit gained under the program, to continue to facilitate the delivery

of affordable housing in the region. The MOU states the funds are to be used to 'continue to facilitate the delivery of affordable housing in the region'. With applied interest to these funds the \$9.2M continued to grow to over \$10.4M, which was held in a reserve account.

Following a review of options as to how funds should be used, Council's resolution of 10 December 2018 (Minute 178) outlined a range of options including the balance of the Commonwealth grant being committed to two delivery areas, of equal sums being; 3a an expression of interest process whereby not-for-profit organisations are requested to provide affordable housing schemes for consideration of funding and, 3b an affordable home-ownership scheme for low to moderate income earner leveraging Council owned land in West Dapto. An extract from the resolution is as follows:

3. That the balance of the Commonwealth grant be committed to two delivery areas of equal sums being affordable housing schemes for consideration of funding:
 - a. an expression of interest process whereby not-for-profit organisations are requested to provide
 - b. an affordable home-ownership scheme for low to moderate income earners.
4. That the delivery areas in 3a and 3b be limited to schemes delivering homes in the Wollongong LGA.
 - a. That schemes exhibiting innovation and new ways of delivering services are encouraged.
 - b. That schemes targeting, but not limited to, single women aged over 50 are encouraged.
 - c. That schemes constructed so as to return an income stream such that they can be continued or expanded beyond the initial funding, are encouraged.
5. That the delivery area in 3b be a scheme that combines the Commonwealth grant with Council owned land in the West Dapto land release area to provide new housing.
 - a. That the new housing described above be designed as energy efficient and sustainable high-quality residences.
 - b. That mechanisms for home ownership include but not be limited to joint ownership models and rent to buy options.
 - c. That the scheme at 3b include a component for returning an income stream such that it can be continued or expanded beyond the initial funding.
 - d. That the University of Wollongong be approached as a potential partner to develop the design of energy efficient and sustainable housing.

PREVIOUS TENDER (ROUND1)

Part 3a status

Following an expression of interest and subsequent tender process for not-for-profit organisations to provide affordable housing schemes, Council, on 9 December 2019, awarded a tender to the value of \$4.34M to the Illawarra Community Housing Trust Ltd (trading as Housing Trust) to deliver Part 3a of the above resolution. A funding agreement was entered into via Council resolution 7 December 2020 for the delivery of affordable housing. Agreement included the provision of 17 affordable dwellings spread over two separate sites. Council is awaiting finalisation of DA processes with the Housing Trust in order to progress delivery of Round 1 funding, as per below.

The property at No 6-8 Dudley Street, Wollongong, currently has Development Consent [DA-2020/1458/B], issued in March 2023, for construction of a six storey residential flat building comprising 27 units with basement level car parking which are a mix of private, social and affordable rental housing. Eight affordable housing units will be provided on this site.

The property at 225-227 Princes Highway, Dapto, has Development Consent [DA-2022/386] for multi-dwelling housing for affordable rental housing in the form of nine multi-dwelling houses.

On 19 July 2021 (Minute 556) a report presented a modified recommendation to Council for the allocation of the balance of the total pool of funds value. An extract from the resolution is as follows:

Council resolved to combine the balance of the Commonwealth grant to deliver a scheme in the Wollongong Local Government Area via a competitive process, with priority for the southern suburbs of Wollongong. Schemes will be assessed on their ability to -

- a. Target those in greatest need of housing security
- b. Demonstrate innovation including in building design and new ways of delivering services, including secure and affordable rental and/or pathways to home ownership for low to moderate income earners.
- c. Return an income stream such that they can be continued or expanded beyond the initial funding.
- d. Incorporate housing options designed as energy efficient and sustainable.
- e. Any decision of awarding funds under the competitive process be by a report to Council, and a committee of Councillors be formed with delegation to provide recommendations on applications received in the competitive process.

PREVIOUS TENDER (ROUND 2)

Following an expression of interest and subsequent tender process for not-for-profit organisations to provide affordable housing schemes, Council, on 27 June 2022, awarded a tender to the value of \$1.3M to Head Start Homes Pty Ltd (trading as Head Start Homes) to deliver the resolution from 19 July 2021 (Minute 556), above.

A funding agreement was entered into via Council resolution 28 November 2022 for the delivery of a Pathways to Home Ownership program. The funding was issued in January 2023 and Head Start Home has commenced and is progressing the project.

CURRENT TENDER (ROUND 3)

Invitations to tender were invited by an open expression of interest method on 15 February 2023 and tender submission closed on 10am, Wednesday, 26 April 2023. From this process three tenders were received by the final close of tenders and all tenders have been reviewed and assessed by the Tender Assessment Panel constituted in accordance with Council's Procurement Policies and Procedures.

Councillor Committee

As a result of part (e) of Council's resolution of 19 July 2021 (Minute 556). Governance sought nominations from Councillors and a committee of Councillors was formed.

The Councillor Committee was made up of three Councillors including Cr David Brown, Cr Linda Campbell and Cr Dom Figliomeni.

The Tender Assessment Panel presented to the nominated Councillor Committee in a meeting. The recommendations of the Councillor Committee are attached.

Tender submissions were required to meet the following criteria:

MANDATORY CRITERIA (Criteria that must be satisfied for a tender to be evaluated)

Referees	Provision of satisfactory references from referees for previous projects of similar size and scope
Financial capacity	Tenderers will provide information required by an independent financial assessment provider engaged by Council. Council will review and determine whether such financial assessment is acceptable to Council and demonstrates the tenderer's financial capacity to deliver the proposal.
Provision of Rental Housing AND/OR Pathways to home ownership for low to moderate income earners	<p>a) Tenderer must hold Registration as a not-for-profit Community Housing Provider with the NRSCH</p> <p>AND/OR</p> <p>b) Be an appropriately licensed provider, either -</p> <ul style="list-style-type: none"> i. Finance – appropriate registration ii. Builder – appropriate registration
Demonstrated satisfactory prior experience	<p>Proven or relevant experience in the delivery of the proposal/submission outcomes and that proposal/submission outcomes seek to deliver affordable housing products and services</p> <p>Details of any previous funding awarded and the status of the current projects.</p>
Delivery within Wollongong LGA	Proposal must be delivered within the Wollongong Local Government Area

ASSESSABLE CRITERIA AND WEIGHTINGS	WEIGHTING
Provision of Affordable Housing options	15 %
Demonstrated Innovation	15 %
Location Priority	5 %
Impact, including quantum, ease of access and timeframes	15 %
Target demographic	5 %
Leverage of funding	10 %
Timeframe for delivery of proposal	10 %
Financial viability/Business case	10 %
Appropriate Governance Structures	5 %
Demonstrated strengthening of local economic capacity	10 %

Submissions were reviewed and assessed by a Tender Assessment Panel in accordance with Council's Procurement Policies and Procedures, comprising representatives of Community Cultural and Economic Development and Property and Recreation Divisions with support of Governance and Information team.

The Tender Assessment Panel evaluated all tenders in accordance with the assessment criteria (above) as set out in the formal tender documents.

The Tender Assessment Panel utilised a weighted scoring method for the evaluation of tenders which allocates a numerical score out of five in relation to the level of compliance offered by the tenders to each of the assessment criteria as specified in the tender documentation. The method then takes into account pre-determined weightings for each of the assessment criteria which provides for a total score out of five to be calculated for each tender. The tender with the highest total score is considered to be the tender that best meets the requirements of the tender documentation in providing best value to Council.

The following table summarises the results of the Tender Assessment Panel and the ranking of tenders.

TENDERER	RANKING
Head Start Homes	1
Southern Cross Housing	2
Housing Trust	3

PROPOSAL

It is proposed that Council award Head Start Homes \$5M to deliver the Affordable Housing and Home Ownership program for Low to Moderate Income Earners in accordance with the scope of works and technical specifications developed for the project.

The recommended tenderer has satisfied the Tender Assessment Panel that it is capable of undertaking the works to Council's standards and in accordance with the technical specification. This recommendation was presented to the nominated Councillor Committee.

An acceptable financial capability evaluation has been received in relation to the recommended tenderer.

Referees nominated by the recommended tenderer have been contacted by the Tender Assessment Panel and expressed satisfaction with the standard of work and methods of operation undertaken on their behalf.

CONSULTATION AND COMMUNICATION

1. Members of the Tender Assessment Panel
2. Members of the nominated Councillor Committee (presentations on 17 July 2023)
3. Procurement and Supply Manager Governance + Customer Service
4. Manager Governance + Customer Service.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of 'Our Wollongong Our Future 2023' goal "We have a healthy community in a liveable city". It specifically delivers on the following:

Community Strategic Plan	Delivery Program 2022-2026	Operational Plan 2021-22
Strategy	4 Year Action	Operational Plan Actions
5.8 Housing choice in the Wollongong Local Government Area is improved, taking into account population growth, community needs and affordability	<p>5.8 Finalise the development of the Housing Strategy and commence implementation on initial priorities</p> <p>5.8 Deliver the Council resolution for Affordable Housing (targeting of Commonwealth Funding) via competitive process</p>	Deliver Council's resolution for affordable housing (targeting of commonwealth funding)

SUSTAINABILITY IMPLICATIONS

This proposal incorporates sustainability goals and has demonstrated commitment to sustainability and energy efficient practices.

RISK MANAGEMENT

The risk in accepting the recommendation of this report is considered low on the basis that the tender process has fully complied with Council's Procurement Policies and Procedures and the Local Government Act 1993.

The Memorandum of Understanding between Council and the Commonwealth requires Council to use reasonable endeavours to continue to facilitate the delivery of affordable housing in the region.

The proposal contained within this report conforms with this requirement.

FINANCIAL IMPLICATIONS

A financial assessment has been undertaken from an independent external agency and reviewed internally by Council staff. The recommendations and risk mitigation in the report are considered satisfactory and align with Council processes regarding Council procurement contracts which seek to minimise risk and ensure key deliverables are met.

The balance of funds are held as restricted cash and while not compelled to, Council has applied interest to these funds. After the award of \$5M of funding, relating to this tender, it is recommended any balance of be utilised for ongoing administration to ensure the three projects who have been awarded funding are adequately managed.

CONCLUSION

Council endorses the recommendations of this report and those of the Councillor Committee.

ATTACHMENT: TENDER T1000077 AFFORDABLE HOUSING (ROUND 3)

RECOMMENDATION

- 1 The Councillor Committee concur with the recommendations of the Tender Assessment Panel listed in the report to award the grant funding to Head Start Homes.

REPORT AUTHORISATIONS

Report of: Todd Hopwood, Manager Governance and Customer Service

Authorised by: Brian Jenkins, Director Corporate Services (Acting)

ATTACHMENTS

There are no attachments for this report.

COUNCILLOR COMMITTEE BACKGROUND

On 19 July 2021 (Minute 556) Council adopted a resolution in relation to the allocation of the balance of the total pool of Housing Grant funds.

Council resolved to combine the balance of the Commonwealth grant to deliver a scheme in the Wollongong Local Government Area via a competitive process, with priority for the southern suburbs of Wollongong. Schemes will be assessed on their ability to -

- a. Target those in greatest need of housing security*
- b. Demonstrate innovation including in building design and new ways of delivering services, including secure and affordable rental and/or pathways to home ownership for low to moderate income earners*
- c. Return an income stream such that they can be continued or expanded beyond the initial funding*
- d. Incorporate housing options designed as energy efficient and sustainable*
- e. Any decision of awarding funds under the competitive process be by a report to Council, and a committee of Councillors be formed with delegation to provide recommendations on applications received in the competitive process.*

As a result of part (e) above, Council's Manager Governance and Customer Service sought nominations from Councillors and a committee of Councillors was formed. The Councillor Committee was made up of three Councillors; Councillor David Brown, Councillor Linda Campbell and Councillor Dom Figliomeni.

On 27 June 2022 Council resolved to award a portion of the remaining grant funding to one provider, which left a further balance available for a third round of grant applications. On that date, Council resolved in-part as follows:

- 4. Council commence another competitive process (Round 3) for the balance of Affordable Housing Program funds, using the same criteria, process and Councillor Committee as this round.*

COUNCILLOR COMMITTEE

In accordance with the resolution of 27 June 2022, the Councillor Committee comprising Councillor David Brown, Councillor Linda Campbell and Councillor Dom Figliomeni was reconstituted.

The Tender Assessment Panel presented submissions and associated information to the nominated Councillor Committee on 6 June 2023 for consideration in accordance with the tender criteria.

CONCLUSION

The Councillor Committee, after independent assessment, concurs with the recommendations of the Tender Assessment Panel and recommend Council accept the tender submitted by Head Start Homes Limited, trading as Head Start Homes.