

## ITEM 2

## PROPOSED FUNDING AGREEMENT WITH HEAD START HOMES (AFFORDABLE HOUSING PROGRAM)

An open tender process was undertaken between February and April 2023 for Round 3 of the Housing Affordability Tender to deliver affordable housing (rental or ownership) within Wollongong Local Government Area (LGA). Following this process, Council resolved to accept in principle the tender of Head Start Homes for the delivery of an affordable housing scheme.

This report recommends Council enter into a proposed funding agreement (proposed Agreement) with Head Start Homes for the provision of an affordable housing scheme in the Wollongong LGA in accordance with the Council Resolution of 31 July 2023 (Minute 841).

## RECOMMENDATION

- 1 Council resolves to enter into a proposed Agreement with Head Start Homes.
- 2 Council authorises the General Manager to execute the proposed Agreement between Wollongong City Council and Head Start Homes.

## REPORT AUTHORISATIONS

Report of: Sue Savage, Manager Community Culture + Engagement

Authorised by: Kerry Hunt, Director Community Services - Creative and Innovative City

## ATTACHMENTS

There are no attachments for this report.

## BACKGROUND

On 31 July 2023, Council resolved to accept in principle, the tender of Head Start Homes (a result of Round 3 of the Affordable Housing Tender process) for the delivery of an affordable housing scheme in the sum of \$5M (excluding GST). Council further resolved:

- To delegate the power to finalise contract terms to the General Manager, being terms consistent with the items identified in the T1000077 Invitation to Tender, and
- 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 2023, the terms of the proposed Agreement have now been agreed between Council and Head Start Homes.

## PROPOSAL

The proposed Agreement identifies funding in the amount of \$5M (excluding GST) to cover the delivery of an affordable housing scheme. The funds will be paid in stages.

The proposed Agreement also contains financial reporting obligations and provides Council with annual data in relation to the number of people assisted with the affordable housing scheme and their status.

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:

- The repayment of funds in the event of funding being expended other than in accordance with the terms of the proposed Agreement.
- Thresholds for staged release of funding.
- Target of households assisted and timeframes with which to achieve outcomes.

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

## CONSULTATION AND COMMUNICATION

- General Manager
- Office of Legal Counsel
- Chief Financial Officer
- Members of the Tender Assessment Panel
- Head Start Homes CEO and Legal Representative

## PLANNING AND POLICY IMPACT

This report contributes to the delivery of Our Wollongong Our Future 2032 Goal 4 *“We are a connected and engaged community”*. It specifically delivers on the following:

Community Strategic Plan 2032	Delivery Program 2022-2026
Strategy	Service
Deliver Round 3 of the Commonwealth funded Affordable Housing Grant Program	Community Programs

## SUSTAINABILITY IMPLICATIONS

Head Start Homes is an accredited not-for-profit, tax exempt Community Service Organisation. Head Start Homes is experienced in establishing home ownership programs in NSW, QLD and SA. The Wollongong Recycling Affordable Housing and Home Ownership Program (Round 3) provides an affordable rent-to-buy option.

## RISK MANAGEMENT

The proposed Agreement has been prepared by Council’s Office of Legal Counsel and is the culmination 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 in stages from the identified budget of the Housing Affordability Program Restricted Asset.

This process completes the allocation of external funds for the Affordable Housing program. Administration and project management resources have also been allocated to provide program development and contract management oversight.

## CONCLUSION

In executing the proposed 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.