

### 3 Penrith Affordable Housing Project

**Compiled by:** Teresa Luk-Leung, Social Planning Co-ordinator

**Authorised by:** Erich Weller, Community and Cultural Development Manager

<b>Outcome</b>	<i>We are healthy and share strong community spirit</i>
<b>Strategy</b>	<i>Encourage social connections and promote inclusion in our community</i>
<b>Service Activity</b>	<i>Develop effective responses to the social impacts of growth, redevelopment and change</i>

#### Executive Summary

Council has identified the importance of the affordability of housing in contributing to a diverse and sustainable community. This includes both housing for purchase as well as for rental. To support the delivery of affordable housing Council has required major new urban release areas to have a range of dwellings, including smaller dwellings on compact lots and more recently apartments. These smaller dwellings are more likely to be affordable for first home buyers.

Council is also facilitating the delivery of additional long term affordable rental housing stock in the City through contributions to Council by major new urban release area developers under voluntary planning agreements.

At the Policy Review Committee (PRC) of 3 December 2012, Council endorsed entering into an agreement with Housing NSW (Centre for Affordable Housing) to facilitate the delivery of long term affordable rental housing in the City utilising the contributions from these urban release area developers. Housing NSW has since become an agency of the NSW Department of Family and Community Services.

By 2013, Council had collected approximately \$1.13 million of contributions for the provision of long term affordable rental housing for very low and low income households. In July of the same year, the Department of Family and Community Services - Housing commenced a select tender process for the Penrith Affordable Housing Project.

Wentworth Community Housing (WCH), a regional not-for-profit community housing provider based in Penrith, won the tender. The Penrith Affordable Housing Project will deliver 24 long term affordable rental and social housing dwellings through Council's contribution of \$1.13 million which was matched by the State Government, WCH's own borrowings and reserves, and Federal National Rental Affordability Scheme (NRAS) funds. Council's interest only relates to this Stage 1 project. With some of the available funds WCH purchased a block of land from the NSW Land and Housing Corporation at 11-15 Phillip Street, St Marys for this project.

After further negotiation with the NSW Department of Family and Community Services – Housing, WCH was able to obtain additional capital funding and add a second stage to the project. The second stage will deliver 25 affordable rental and social housing dwellings. All the units will be owned and managed by Wentworth Community Housing.

The development application for the project (Stage 1 and 2) was approved in late May 2015 by the Sydney West Joint Regional Planning Panel. The Penrith Affordable Housing Project (Stage 1) is expected to be completed by July 2016.

To enable the transfer of Council's affordable housing contributions to the NSW Department of Family and Community Services – Housing a Deed of Agreement has been finalised with input from Council's Senior Legal Officer and the Department.

The report recommends that the information contained in the report on the Penrith Affordable Housing Project be received; and that Council authorise the General Manager to execute the Deed of Agreement between Council and the NSW Department of Family and Community Services (Housing Agency) as provided in Attachment 1 to this report.

## Background

Council has identified the importance of the affordability of housing in contributing to a diverse and sustainable community. This includes both housing for purchase as well as for rental. Council acknowledges that the Federal and State Governments have principal responsibility for the delivery of sustainable affordable rental housing outcomes. However Council can play a facilitation role and exercise leverage through collaboration and working with other levels of government to achieve affordable housing outcomes for the City.

In June 2005, Council adopted the "Sustainability Blueprint for Urban Release Areas". The Blueprint is a policy document and a guide for Council, developers and relevant stakeholders involved in the planning and development of new urban release areas within the City of Penrith. The Blueprint states that "a minimum of 3% of all residential allotments to be provided for the purpose of affordable housing." Alternatively, an appropriate monetary contribution to provide affordable housing units elsewhere within the City of Penrith is possible. This policy can only be progressed through negotiated voluntary planning agreements between Council and major new urban release area developers.

This benchmark of 3% was adapted from the NSW Government requirement that Lend Lease allocate 3% of lots developed at the St Marys Urban Release Area (Ropes Crossing Jordan Springs and the Central Precinct) for affordable housing.

Council successfully negotiated monetary contributions for long term affordable rental housing for very low and low income households as part of voluntary planning agreements with the developers of Glenmore Park Stage 2, Urban Growth (the Caddens release), and the University of Western Sydney (the South Werrington Urban Village). By 2013 Council had collected \$1.13 million in contributions and Table 1 below summarises these contributions.

**Table 1**

<b>New Urban Areas</b>	<b>Landowners/Developers</b>	<b>Amount of Contributions</b>	<b>Amount of Contributions received</b>
Glenmore Park Stage 2	Multiple Landowners	\$1,000,000	\$528,000
Caddens	UrbanGrowth	\$337,000	\$337,000
South Werrington Urban Village	University of Western Sydney	\$250,000	\$265,000
<b>Total</b>		<b>\$1,587,000.00</b>	<b>\$1,130,000.00</b>

**Note:** The original agreed contributions are indexed up to the date on which the contributions are paid.

Council also signed a Memorandum of Understanding (MOU) with the then NSW Department of Housing in June 2005. The Memorandum identified a number of priority projects and matters that the two organisations agreed to focus on. One of these matters is affordable rental housing and the MOU makes specific reference to Council and the Department working together to “retain and develop new affordable housing opportunities”. The MOU makes reference to the support the Centre for Affordable Housing can provide to Council in identifying and developing affordable housing opportunities.

At Council’s Policy Review Committee meeting on 3 December 2012 Council endorsed entering into an agreement with Housing NSW (Centre for Affordable Housing) to facilitate the delivery of long term affordable rental housing in Penrith City. Housing NSW has since become an agency of the NSW Department of Family and Community Services.

The Centre for Affordable Housing was a business unit of Housing NSW whose key role was to assist local government, community housing providers and other non-government organisations, and the private sector to deliver affordable housing in NSW. By working with the Centre, Council has been able to access the expert advice, assistance and professional support which have been crucial to the successful delivery of the Penrith Affordable Housing Project. This collaboration has also minimised the administrative, legal and tender process tasks Council would have needed to undertake if it did not have the Centre’s involvement in the Penrith Affordable Housing Project.

The functions of Housing NSW and the Centre have been absorbed into the NSW Department of Family and Community Services - Housing.

### **Penrith Affordable Housing Project**

By mid 2013 Council had collected \$1.13 million in affordable housing contributions from the new urban area developments listed in Table 1 above. At the same time, the NSW Department of Family and Community Services (FACS) advised Council that it would also contribute \$1.13 million to the Penrith Affordable Housing Project.

In July 2013, FACS conducted a tender for the Penrith Affordable Housing Project. In late 2013, Council was notified that Wentworth Community Housing (WCH), a regional not-for-profit community housing provider based in Penrith won the tender for the Penrith Affordable Housing Project. WCH was also successful in its application for Federal National Rental Affordability Scheme (NRAS) funding for 24 dwellings. The tender requires WCH to deliver 24 long term affordable rental and social housing dwellings. This is Stage 1 of the project and Council’s interest only relates to this stage.

With some of the available funds WCH purchased a block of land from the NSW Land and Housing Corporation at 11-15 Phillip Street, St Marys for this project. At the same time as negotiating the purchase of the property WCH were also able to successfully apply for further NSW Government capital contributions to the project, and with further equity and borrowings by WCH, a second stage of the project was agreed between WCH and FACS.

Two stages of the project are summarised in Table 2 below.

**Table 2**

	<b>1 Bedroom</b>	<b>2 Bedrooms</b>	<b>Total Units</b>	<b>Source of Funding</b>
Stage 1	8 units – 3 social housing and 5 affordable housing units	16 units – 1 social housing and 15 affordable housing units	24	Penrith Council Affordable Housing Contribution; NSW government capital contribution; NRAS funding and WCH’s own equity and debt.

	<b>1 Bedroom</b>	<b>2 Bedrooms</b>	<b>Total Units</b>	<b>Source of Funding</b>
Stage 2	10 units – 2 social housing and 8 affordable housing units	15 units- 9 social housing and 6 affordable housing units	25	NSW government capital contribution and WCH's own equity and debt.

The development application for Stage 1 and Stage 2 of the project was approved by the Sydney West Joint Regional Planning Panel in late May 2015. The Penrith Affordable Housing Project (Stage 1) is expected to be completed by July 2016. All 49 units will be owned and managed by Wentworth Community Housing.

### **Next Steps**

To enable the payment of Council's \$1.13 million affordable housing contribution to the NSW Department of Family and Community Services for the project, a Deed of Agreement has been finalised with input from Council's Senior Legal Officer and FACS. Council's \$1.13 million funds will be managed by FACS as part of the contract and funding package with WCH for the delivery of the Penrith Affordable Housing Project (Stage 1) in St Marys.

Council's Senior Legal Officer is satisfied with the terms and conditions included in the Deed of Agreement. The agreement will protect the interests of Council and ensure that the 24 units of affordable rental housing will be made available in perpetuity for low and very low income households in Penrith City.

After the signing of the Deed of Agreement, discussions will be held with the NSW Department of Family and Community Services and Wentworth Community Housing to issue a joint press release for the project. Correspondence will also be forwarded to the NSW Department of Family and Community Services – Housing, and the Federal Department of Social Services thanking them for their financial contribution and support of the Penrith Affordable Housing Project, as well as to the developers who made affordable housing contributions to the project.

### **Conclusion**

The collaboration between Council and the NSW Department of Family and Community Services – Housing plus the financial contributions from both the Federal and State Governments has enabled Council to successfully advance its affordable housing agenda. It has provided Council an excellent opportunity to access the NSW Family and Community Services – Housing's development expertise and the funding leverage from both the State and Federal Governments to maximise the number of long term affordable rental housing units for low and very low income households that will be delivered through the Penrith Affordable Housing Project.

### **RECOMMENDATION**

That:

1. The information contained in the report on Penrith Affordable Housing Project be received.
2. Council authorise the General Manager to execute the Deed of Agreement between Council and the NSW Department of Family and Community Services (Housing Agency) as provided in Attachment 1 to this report.

**ATTACHMENTS/APPENDICES**

1. Deed of Agreement between Penrith City Council and Department of Family Services (Housing Agency)	11 Pages	Attachments Included
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