

ITEM 12

TENDER T1000036 - PROPOSED FUNDING AGREEMENT WITH HEAD START HOMES (AFFORDABLE HOUSING PROGRAM)

An open tender process was undertaken between November 2021 and May 2022 for Round 2 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 with Head Start Homes for the provision of an affordable housing scheme in the Wollongong LGA in accordance with the Council Resolution of 27 June 2022 (Minute 697).

RECOMMENDATION

- 1 Council resolve to enter into a proposed funding agreement with Head Start Homes.
- 2 Council authorise the General Manager to execute the agreement between Wollongong City Council and Head Start Homes.

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 27 June 2022, Council resolved to accept in principle the tender of Head Start Homes for the delivery of an affordable housing scheme in the sum of \$1,300,000 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 T1000036 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 2022, the terms of the proposed funding agreement (Proposed Agreement) have now been settled between Council and Head Start Homes.

PROPOSAL

The Proposed Agreement identifies funding in the amount of \$1,300,000 (excluding GST) to cover the delivery of an affordable housing scheme. The funds will be paid in one lump sum. The Proposed Agreement also contains financial reporting obligations and the provision to Council of 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 agreement.
- 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 funding 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 2028 Goal 5 “We have a healthy community in a liveable city”. It specifically delivers on the following:

Community Strategic Plan	Delivery Program	Operational Plan
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

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 Home Ownership Program (WRHOP) removes the need for a deposit and mortgage insurance.

RISK MANAGEMENT

The funding 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 from the identified budget of the Housing Affordability Program Restricted Asset. The balance of the program will be directed to a third round for which planning has already commenced.

CONCLUSION

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.