

Item 3.

Grants - Affordable and Diverse Housing Fund - Rainbow Lodge

File No: S117676

Summary

The City of Sydney's Affordable and Diverse Housing Fund aims to support an increase in the supply of affordable and diverse housing in the City of Sydney. The fund is part of our commitment to overcome financial barriers to affordable and diverse housing development.

The City of Sydney (the City) has received a grant application from the Judge Rainbow Memorial Fund Inc (Judge Rainbow). Judge Rainbow operates Rainbow Lodge at 22-26 Wigram Road, Glebe, a residential support program that assists men, in particular First Nations men, to transition back into the community following a period of incarceration. Judge Rainbow is a registered charity and registered community housing provider (Tier 3).

The grant application seeks a cash grant to support the construction of a new building at Rainbow Lodge that will increase capacity from 8 beds to 12 and increase storage and supporting facilities. Services provided at Rainbow Lodge include accommodation with wrap around supports including counselling, an Aboriginal Elder on-site to provide culturally appropriate support, along with peer support staff and group education.

Development consent for the project, including demolition of rear structures, additions, and use of the property as a transitional group home, was provided by the City of Sydney on 22 December 2025 (D/2025/1041) in its capacity as consent authority.

The total estimated cost of the Rainbow Lodge expansion project is \$1,050,000. Homes NSW has provided funding support of \$700,000. Judge Rainbow is seeking \$300,000 from the City of Sydney. The remaining costs will be covered by Judge Rainbow.

The applicant and the proposed project are generally consistent with the requirements for the Affordable and Diverse Housing Fund set out in the Grants and sponsorship program guidelines. Judge Rainbow is an eligible not for profit and community housing provider, the project is for the construction of additional affordable and diverse housing, and the City's contribution will not be for more than 30% of the total cost. Some requirements of the guidelines, including the imposition of a covenant on the land, cannot be met in the circumstances of this application.

The property at 22-26 Wigram Road, Glebe, is owned by the NSW Government. Judge Rainbow has operated Rainbow Lodge at this location since 1971. Homes NSW enter into funding agreements with Judge Rainbow for the operation of Rainbow Lodge. The City of Sydney has been advised that the next funding agreement is due to commence on 1 July 2026 for a term of 5 years, and Homes NSW has written to confirm its ongoing and long-term commitment to the use of the property by Judge Rainbow for supported housing purposes.

This report recommends Council approve a cash grant of \$300,000 to the Judge Rainbow Memorial Fund Inc from the Affordable and Diverse Housing Fund subject to conditions and noting the departure from some requirements of the guidelines.

Recommendation

It is resolved that:

- (A) Council approve a cash grant to Judge Rainbow Memorial Fund Inc for \$300,000 to support the construction of a new building at 22-26 Wigram Road, Glebe, for the purpose of increasing capacity of Rainbow Lodge supported housing program subject to the following conditions:
 - (i) approval of the cash grant will be withdrawn if the project substantially changes from the current proposal to increase capacity of the Rainbow Lodge supported housing program;
 - (ii) the grant funds will only be paid when evidence of a construction certificate for the project is issued; and
 - (iii) acquittal of the grant is to be provided by way of evidence of an occupation certificate for the project;
- (B) Council note that the grant amount is exclusive of GST;
- (C) Council note that a covenant on title will not be required as a condition of the grant, given the size of the cash grant, nature of the project, established nature of Rainbow Lodge at this location and commitment from Homes NSW to the ongoing and long-term use of the property for Rainbow Lodge; and
- (D) authority be delegated to the Chief Executive Officer to:
 - (i) finalise negotiations, execute and administer the grant agreement with the Judge Rainbow Memorial Fund Inc in accordance with this report; and
 - (ii) otherwise administer all matters relating to this grant.

Attachments

Attachment A. Support Letter from Homes NSW

Attachment B. Funding Support Letter from Homes NSW

Background

1. Judge Rainbow Memorial Fund Inc (Judge Rainbow) has operated the Rainbow Lodge residential housing program from 22 Wigram Road, Glebe since 1971. Judge Rainbow is an incorporation association, a registered charity with the Australian Charities and Not-For-Profit Commission, and a registered tier 3 community housing provider. They are also accredited under the Australian Service Excellence Standards for the delivery of specialist homelessness services.
2. Rainbow Lodge offers support to Aboriginal and Torres Strait Islander men as a priority. Whilst the organisation is not an Aboriginal Community Controlled Organisation (ACCO), Judge Rainbow has an independent board which has representation from Aboriginal and Torres Strait Islander people. In addition, Rainbow Lodge's Cultural practice and programs are led and co-designed by First Nations partners, lived experience Cultural Workers and an Elder.
3. Rainbow Lodge provides intensive trauma informed housing, food and support 24 hours a day, 7 days a week for 8 men at a time who are exiting prison. Residents at Rainbow Lodge are able to access services to deal with the impact of substance and alcohol addiction. Mental health services are provided on site alongside group education. Residents receive a case plan and can access aftercare support for a period of up to 2 years once they exit the service after 12 weeks.
4. Rainbow Lodge has identified roles for Aboriginal and Torres Strait Islander staff including peer workers and lived experience elders. Judge Rainbow also partners with Wiimpatja and Gamarada Universal Indigenous Resources, who co-designed the services offered. There is a focus on the provision of cultural programs and culturally appropriate service provision.
5. The organisation receives funding from philanthropic sources, donations and the NSW Government.
6. Judge Rainbow estimate that for every person admitted to Rainbow Lodge, 3 to 4 people are turned away due to a lack of capacity. In order to increase the capacity of their service, Judge Rainbow has sought funding for construction works that will increase capacity of at Rainbow Lodge by 4 beds and increase storage and supporting facilities. Development Consent for the works was provided on 22 December 2025 (D/2025/1041), including use of the property as a transitional group home with a maximum capacity of 12 residents at any one time.
7. The NSW Government owns the property at 22-26 Wigram Road, Glebe, where Rainbow Lodge is located. Homes NSW enter into funding agreements with Judge Rainbow for the operation of Rainbow Lodge. The City of Sydney has been advised that the next agreement is due to commence on 1 July 2026 for a term of 5 years, and Homes NSW has written to confirm its ongoing and long-term commitment to the property's use for supported housing purposes (Attachment A).
8. The total estimated cost of the Rainbow Lodge expansion project is \$1,050,000. Since providing the Funding Support Letter from Homes NSW (Attachment B), Judge Rainbow has provided evidence of receipt of Homes NSW funding of \$700,000 towards the project, and Judge Rainbow is seeking \$300,000 from the City of Sydney. The remaining costs will be covered by Judge Rainbow.

9. The City's Affordable and diverse housing fund provides grant funding to community housing providers, not-for-profit and for-profit organisations to overcome financial barriers to developing affordable and diverse housing.
10. The funding will support Judge Rainbow to construct a new building at the property that will increase the capacity of Rainbow Lodge from 8 beds to 12 and increase storage and supporting facilities. Over a year this will allow extra First Nations men to enter the service from prison with case management and housing support to get long term safe affordable housing. The average turnover of residents is 3 months, meaning the increase of 4 beds will allow additional housing for approximately 16 men per year.
11. The applicant and the proposed project are generally consistent with the requirements for the Affordable and diverse housing fund set out in the Grants and sponsorship program guidelines. Judge Rainbow is an incorporated association and community housing provider, the project is for the construction of additional affordable and diverse housing, and the City's contribution will not be for more than 30% of the total cost.
12. Whilst the Affordable and diverse housing fund typically requires a covenant on title to secure use of the land for subsidised housing as a condition of a cash grant, in this instance the property is owned by the NSW Government. Homes NSW is not willing to agree to a covenant on their land. Given the size of the cash grant, the nature of the project, the established operations of Rainbow Lodge at this location and written commitment from Homes NSW to the ongoing and long-term use of the property for Rainbow Lodge, the risk of proceeding without a covenant is considered to be within the City's risk appetite. It is noted that should the operations of Rainbow Lodge cease on the site there will be no way to recoup the financial assistance granted by the City from Homes NSW or the NSW Government.
13. The anticipated completion date for the project is around January 2027. Acquittal of the cash grant will be by way of evidence of an occupation certificate for the works.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

14. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This grant is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - An equitable and inclusive city - Future residents of the housing built by the Judge Rainbow would have an opportunity to access support and housing to assist them to reintegrate into the community.
 - (b) Direction 10 - Housing for all - The completed project would help to meet the strong demand for low-cost housing for Aboriginal people.
15. This request aligns with the funding priorities of the Affordable and diverse housing fund which seeks to maximise the amount of subsidised housing within the City of Sydney area, leverage additional funds from sources external to the City including charitable donations and grants from the state government, encourage a broad range of community housing providers to invest in and operate diverse housing locally, and achieve positive outcomes for our diverse communities through subsidised housing.

Risks

16. There are a number of risks with the recommended grant:
- (a) The property is not owned by the applicant, and the applicant does not have a registered interest in the property (e.g. a registered lease) or evidence of ongoing legal tenure. Instead, Homes NSW enter into funding agreements with Judge Rainbow for the operation of Rainbow Lodge, with the City being advised that the next agreement due to commence on 1 July 2026 for a term of 5 years. Whilst Rainbow Lodge has operated in this location for many years and Homes NSW has written to confirm its ongoing and long-term commitment to the use of the property by Judge Rainbow for supported housing purposes, this commitment is not legally binding or enforceable.
 - (b) The Affordable and diverse housing fund typically requires a covenant on title to secure use of the land for subsidised housing as a condition of a cash grant. The property that houses Rainbow Lodge is owned by the NSW Government and, whilst Homes NSW has written to confirm its ongoing and long-term commitment to the use of the property by Judge Rainbow for supported housing purposes, Homes NSW is not willing to agree to registration of a covenant. This means the future use of the land for subsidised housing is not legally secured and there is no capacity for the City to seek repayment from Homes NSW or the NSW Government should the use of the site as Rainbow Lodge cease in the future.
 - (c) The size of the City's grant, nature of the project (expansion of an existing service) and scale of the applicant organisation necessitates payment of the full cash grant on the commencement of construction, rather than progressive milestone payments or a portion on completion. In such circumstances there is a limited likelihood of obtaining repayment (e.g. if the applicant were to become insolvent or the project was delayed), which is reflected in the recommended conditions for the grant, and which does present a financial risk to the City.
17. Identified risks arising from the recommended grant are within the City's risk appetite, which states:
- (a) We make decisions that align with our corporate objectives, policies and strategies and are committed to conducting our activities in full compliance with applicable laws, regulations and relevant industry standards.
 - (b) We acknowledge that some financial risks may be necessary to achieve our goals, particularly when investing in new initiatives that align with our strategic objectives. We carefully evaluate financial options and risks and consider the potential impact on our financial position, cash flow, and overall stability.
 - (c) Our risk philosophy is centred around achieving a balance between innovation, community and user satisfaction and risk management, ensuring that we meet our strategic objectives to provide the levels of service that are both affordable and considered appropriate by the community.

Social / Cultural / Community

18. The grant would provide meaningful assistance to an organisation that provides a residential support program for men to transition back into the community following a period of incarceration, with a focus on healing from trauma.

19. The housing provided by Rainbow Lodge, the expansion of which would be supported by this grant, will ensure First Nations clients have access to cultural programs and specialist staff to support them to heal in a culturally appropriate way. This also allows for reconciliation through education for non-First Nations clients.

Financial Implications

20. Approval of the grant will reduce the Affordable and diverse housing fund internal cash restriction by \$300,000.
21. The funds for the recommendation set out in this report will be included in relevant financial year's budget.

Relevant Legislation

22. Section 356(1) of the Local Government Act 1993 states that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions. Public exhibition of this grant is not required because the funds are being paid to a not-for-profit organisation that is not operating for private gain.

EMMA RIGNEY

Executive Director City Life

Sam Wild, Manager Grants