

Grants and Sponsorship - Affordable and Diverse Housing Fund - Metropolitan Local Aboriginal Land Council

File No: X105028.013

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 has received a grant proposal from the Metropolitan Local Aboriginal Land Council to support the development of housing on a site that they own at 36-38 George Street, Redfern. The funding will enable the Metropolitan Local Aboriginal Land Council to demolish the existing building and build between 6 and 10 units for its members. Their priority is to provide housing for their members who are Aboriginal elders, aged 55 years and over, who live independently and do not need residential aged care.

The Metropolitan Local Aboriginal Land Council is an incorporated body constituted under the Aboriginal Land Rights Act. They are also a registered charity with the Australian Charities and Not-For-Profits Commission. They own a small portfolio of housing which they manage for their members. They are currently working towards achieving registration as a community housing provider.

The grant is recommended to be issued in 3 stages. The first stage is to support the preparation of a development application. The second stage is to support the construction of the housing and is subject to development application approval, registration of the Metropolitan Local Aboriginal Land Council as a community housing provider and confirmation of funding to complete the construction. The final stage is related to project completion and tied to security on title for the use of the housing by Metropolitan Local Aboriginal Land Council members.

There is strong demand from Aboriginal community members for affordable housing for elders delivered by an Aboriginal controlled organisation in the inner city. When this demand is not met it can result in elders relocating away from their community to more affordable areas, housing stress, dislocation, sub-standard housing and overcrowding.

The City of Sydney has been working with the Metropolitan Local Aboriginal Land Council to identify how best to support the ambition of Metropolitan Local Aboriginal Land Council to deliver housing for members of the Metropolitan Local Aboriginal Land Council, initially focussed on members who are elders.

Preliminary advice on the applicable planning controls indicate that the building could be demolished and replaced with a housing complex of an estimated 6 to 9 2-bedroom units or 9 to 10 one-bedroom units at a total estimated cost of \$7.5M.

The proposal is broadly consistent with the Grants and Sponsorship Policy and Guidelines with the exception of the proportion of funding. The guidelines state a 30% cap on funding, however, this grant recommends a total of 40% towards project costs. The recommendation to approve the grant is consistent with the Lord Mayoral Minute about Supporting More Affordable and Diverse Housing from 23 June 2025. Under the Minute, the Council resolved to review the criteria related to the Fund's cap and noted that while the review is underway, applications should be considered flexibly even if they exceed existing caps.

This report recommends Council approve a grant of \$3 million to the Metropolitan Local Aboriginal Land Council from the Affordable and Diverse Housing Fund as detailed in Confidential Attachment B to the subject report, subject to conditions.

Recommendation

It is resolved that:

- (A) Council approve a cash grant to Metropolitan Local Aboriginal Land Council for \$3 million to support the preparation of a development application and construction to develop 36-38 George Street, Redfern for residential accommodation for members of the Metropolitan Local Aboriginal Land Council as determined by the Metropolitan Local Aboriginal Land Council;
- (B) Council note the request from Metropolitan Local Aboriginal Land Council is at Attachment A to the subject report and financial details are at Confidential Attachment B to the subject report;
- (C) Council note that the grant may be withdrawn if the project materially changes from the current proposal as outlined in Attachment A to the subject report, or if a development application is not lodged within 12 months; and
- (D) authority be delegated to the Chief Executive Officer to:
 - (i) finalise negotiations, execute and administer the grant agreement with the Metropolitan Local Aboriginal Land Council in accordance with clauses (A) and (B); and
 - (ii) otherwise administer all matters relating to this grant.

Attachments

- Attachment A.** Request from Metropolitan Local Aboriginal Land Council for Funding from the Affordable and Diverse Housing Fund
- Attachment B.** Funding Details (Confidential)

Background

1. The Metropolitan Local Aboriginal Land Council is a registered charity with the Australian Charities and Not-For-Profits Commission. They own a small portfolio of housing which they manage for their members. They are currently working towards achieving registration as a community housing provider.
2. Metropolitan Local Aboriginal Land Council has sought funding to demolish the existing building at 36-38 George Street, Redfern and to build between 6 and 10 units for their members, their initial priority is to provide housing for elders. Housing for Aboriginal elders is for Aboriginal community members aged 55 years and over.
3. Under the Aboriginal Land Rights Act 1983 an adult Aboriginal person can apply to become a member of a Local Aboriginal Land Council for an area where they live or have an association with. It is possible to be a member of more than one Local Aboriginal Land Council but only to vote with one Council.
4. To date, the Metropolitan Local Aboriginal Land Council have not undertaken a residential development project.
5. The Metropolitan Local Aboriginal Land Council owns the property and land at 36-38 George Street, Redfern.
6. The site is zoned MU1 mixed use and 'residential accommodation' is permitted. It has a floor space ratio of 1.5:1 and maximum building heights of 15m and 12m (3 to 4 storeys). It is not a heritage item but is within a heritage conservation area.
7. 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.
8. The funding would support Metropolitan Local Aboriginal Land Council to engage professional services and construct housing for their members. The proposal would increase the supply of self-determined Aboriginal housing in the local area, increasing the diversity of housing available to Aboriginal community members.
9. The proposal is generally consistent with the eligibility criteria and conditions of the Affordable and Diverse Housing Fund subject to conditions and except for the portion the grant will provide towards the total project cost will exceed the 30% cap. Despite the grant providing for 40% of the estimated total project cost it is consistent with the Council resolution of the Lord Mayors Minute about Supporting More Affordable and Diverse Housing from 23 June 2025. The Council resolved to review the criteria related to the Fund's cap and noted that while the review is underway, applications should be considered flexibly even if they exceed existing caps.
10. The proposed grant has been structured to enable funding in stages linked to milestones. The first stage of funding is to support the preparation of a development application. The second stage of funding supports the steps to the construction of the housing and will become available if the development application is approved. The third stage is linked to project completion.

11. The provision of the total amount of funding is recommended subject to conditions that secure the affordable and diverse housing and use of the funds including:
 - (a) registration of the Metropolitan Local Aboriginal Land Council as a community housing provider; and
 - (b) registration of a covenant on the title securing the use for housing members of the Metropolitan Local Aboriginal Land Council in perpetuity.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

12. 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 MLALC would have an opportunity to remain in an area of cultural significance to them. Without it they may be forced to relocate to more affordable areas outside the inner city.
 - (b) Direction 7 - Resilient and diverse communities - Supporting an Aboriginal Controlled Organisation to deliver a residential housing project builds capacity and diversifies the range of organisations in the local area who can deliver housing to meet the needs of a more diverse range of people.
 - (c) Direction 10 - Housing for all - The completed project would help to meet the strong demand for low-cost housing for Aboriginal people, it would also increase the availability of housing for Aboriginal community members that is delivered by Aboriginal Controlled Organisations.
13. The first of the 6 guiding principles refers to the City's commitment to authentically strengthen relationships and Aboriginal and Torres Strait Islander peoples and helping to build self-determining communities.
14. The provision of funding from the Affordable and Diverse Housing Fund would put this principle into practice. While funding was previously provided to a mainstream community housing provider for an identified role to work with the Aboriginal and Torres Strait Islander community, no funding has been provided to an Aboriginal community controlled organisation from the Affordable and Diverse Housing Fund.

Strategic Alignment – Stretch Reconciliation Action Plan 2025-2028

15. The City of Sydney Stretch Reconciliation Action Plan refers to a vision for reconciliation: "is a future where our strong, trusted relationships with self-determining Aboriginal and Torres Strait Islander communities enable greater equity, opportunity and understanding in the community".
16. The provision of financial assistance to support a self-identified aspiration of an Aboriginal controlled organisation to deliver housing to their own community members is consistent with this vision.

Risks

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.
18. Metropolitan Local Aboriginal Land Council have not, to date, delivered a residential construction project. To mitigate the risks associated with a lack of development experience, the grant has been structured to source professional services, including a project manager to oversee the project. There are also measures integrated into the project to build the capacity of Metropolitan Local Aboriginal Land Council staff during the project.
19. Metropolitan Local Aboriginal Land Council may not achieve registration as a community housing provider or under the Local Scheme for Aboriginal community housing providers. The City understands Metropolitan Local Aboriginal Land Council have begun the process of registering as a community housing provider. To mitigate this risk the City could consider providing support, if required, to support this task.
20. The development application may not be approved. Planning staff at the City have considered the applicable planning controls at the site. Preliminary advice indicates that the proposed development type is permissible. The engagement of appropriately qualified professionals to prepare the development application mitigates the risk of the application not securing development approval.
21. To avoid any perceived conflict of interest related to the City of Sydney providing funding to support the preparation of development application that it assesses, the development application will be managed in accordance with the Council-related Development Applications Policy.

Social / Cultural / Community

22. Providing meaningful assistance to an Aboriginal community-controlled organisation to fulfill their self-identified aspiration to provide housing to their own community members is consistent with the principles of self-determination which provide for choice, participation and control.
23. Gaining experience in engaging professional services to deliver a housing project builds capacity. A project of this size is an appropriate initial project. It lays the foundations for more ambitious larger scale projects in the future.

24. There is an identified gap in the availability of low-cost accommodation for Aboriginal people, including elders in the local area and housing delivered and managed by an Aboriginal community-controlled organisation.
25. Aboriginal housing which prioritises elders fulfills an important role between generalist housing and residential aged care. There is an identified shortage of this type of accommodation in the local area.

Financial Implications

26. Approval of the grant will reduce the Affordable and diverse housing fund internal cash restriction by \$3 million.
27. The funds for the recommendation set out in this report will be included in relevant financial year's budget.

Relevant Legislation

28. Section 356(1) of the Local Government Act 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 sponsorship is not required because the funds are being paid to a not-for-profit organisation that is not operating for private gain.
29. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
30. Attachment B contains confidential commercial information which, if disclosed, would prejudice the commercial position of the person who supplied it.
31. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

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