

# Housing and Affordability Advisory Committee

## Statement on Council's resolution opposing the establishment of an Affordable Housing Fund

At its meeting on 25 June 2019, Council considered C0619(2) Item 1: Adoption of Operational Plan and Budget 2019/20, Fees and Charges 2019/20, Long-Term Financial Plan 2019-29 and Delivery Program 2018.

During Council's discussion of C0619(2) Item 1, an amendment was put that called for the establishment of an Affordable Housing Fund.

This amendment is produced below:

### Affordable Housing

#### THAT:

1. Council note that as of May 2019 it has received \$130,466 net income from its affordable housing stock after expenditure on maintenance, Strata fees, management costs etc., and that;
2. Council establish an affordable housing fund, reserve or trust fund in the next Operational Plan period, incorporating these funds and all future income from its affordable housing stock and any developers' contributions dedicated to affordable housing in the future;
3. The Delivery Program 2018-22 and Operational Plan 2019/20 be amended to include a key initiative and 2019/20 action for the establishment of this fund, reserve or trust fund, its governance arrangements, and a proposed plan of works; and
4. Implementation of a Boarding Houses policy and strategy, in accordance with Council's unanimous resolution of 22 May 2018, be incorporated as a "Key Action" for 2019/20 for the Strategic Planning Team.

#### Motion Lost

**For Motion:** Crs Da Cruz, Hesse, Kiat, Lockie, Porteous, Stamolis and Steer

**Against Motion:** Crs Byrne, Drury, Iskandar, Macri, McKenna OAM, Passas, Raciti and York

As indicated above, this amendment was lost with seven councillors voting for the amendment and eight members voting against it.

Members of Housing and Affordability Advisory Committee (HAAC) discussed the rejection of this amendment at its meeting on 1 July 2019 and unanimously resolved to inform Council about their disappointment at this important amendment being voted down.

At a previous meeting on 8 April 2019, HAAC members endorsed the following motion:

*HAAC members note that Council continues to lack an Affordable Housing Reserve Fund to hold surplus rent or monetary contributions received from developers in accordance with affordable housing provisions under the Environmental Planning and Assessment Act 1979.*

*Members believe that failure to establish such a fund to pay for ongoing maintenance and affordable housing projects is contrary to the spirit of the Affordable Housing Policy. Members also believe that Council would be legally obligated to quarantine any future monetary*

*contributions from developers for expenditure on additional affordable housing. HAAC seeks clarification on how this important matter can be appropriately addressed by Council.*

While the mover of the amendment (Cr Kiat) spoke briefly in favour of the amendment, there was no further discussion among Councillors on the amendment prior to it being voted on. Diverting funds generated by the Affordable Rental Housing Program to non-affordable housing purposes e.g. reducing Council's debt, would be both inappropriate and very short-sighted.

It should be pointed out that other councils that have acquired affordable housing portfolios ensure that rent revenue is exclusively reserved for affordable housing purposes. Councils like City of Sydney, City of Canada Bay Council and Randwick City Council are all committed to ensuring that rent revenue generated by their affordable rental housing programs is dedicated exclusively to the maintenance, management, and growth of their affordable rental housing portfolios.

This is not the case with the Inner West Council. While costs associated with our affordable housing properties e.g. Strata fees, day-to-day maintenance, management fees etc., are paid out of rents received by Link Housing in keeping with the existing Management Agreement, surplus rent is not quarantined exclusively for cyclical maintenance and the expansion of the affordable rental housing portfolio. Rather it is being transferred to Properties, Major Building Projects and Facilities thus denying the possibility of accumulated surplus rent being spent on expanding Council's portfolio in partnership with Community Housing Providers into the future.

Such a situation is demonstrably inconsistent with Council's adopted *Affordable Housing Policy* and Council's Affordable Rental Housing Program which is designed to lessen the displacement of key workers from the local community.

As well, it is inconsistent with the need to address the alarming gap between housing need and social and affordable housing supply as clearly shown in Council's recent draft *Local Housing Strategy*. This draft strategy estimates that 571 social and affordable dwellings are needed every year to meet all housing needs to 2036. This gap cannot be bridged by existing affordable housing programs and strategies, hence the crucial need to utilise rental funds generated by Council's affordable housing portfolio.

Quarantining surplus rent in a reserve fund would help to demonstrate Council's genuine commitment to the provision of affordable housing in the Inner West. HAAC members therefore urge Council to reconsider and support the establishment of an Affordable Housing Fund in the near future.

David Collins-White  
Chairperson  
Housing and Affordability Advisory Committee

*31 July 2019*