



Confidential Matter

BALACLAVA PRECINCT – MARLBOROUGH STREET AFFORDABLE HOUSING – PROJECT SUPPORT

The information contained in this Council report is considered to be Confidential Information in accordance with Section 77(2)(a) and Section 89(2) of the Local Government Act 1989 (as amended); as it relates to:

89(2)(d). Contractual matters.



**BALACLAVA PRECINCT – MARLBOROUGH STREET
AFFORDABLE HOUSING – PROJECT SUPPORT**

EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER, CUSTOMER AND CORPORATE SERVICES

PREPARED BY: ANTHONY SAVENKOV, SENIOR PROPERTY PROJECT MANAGER

1. PURPOSE

- 1.1 To seek approval to underwrite up to \$200,000 of the costs of design development for the potential community housing project at 46-58 Marlborough Street, Balaclava, as a means of stimulating progress on the project in the context of seed funding uncertainty.

2. EXECUTIVE SUMMARY

- 2.1 The State government recently announced the Social Housing Investment Planning 2017-2018 Grants for Local Government, (“Grant”). This announcement was at least partly in response to lobbying by City of Port Phillip.
- 2.2 The Grant provides up to \$200,000 to increase the supply of land available for social housing projects, and to encourage new and innovative working relationships between local government and community housing providers that will progress future projects.
- 2.3 Officers are working with Port Phillip Housing Association as trustee of the Port Phillip Housing Trust (“PPHA as Trustee”) to prepare a Grant proposal – to provide “seed” funding to advance the development of community housing at 46-58 Marlborough Street, Balaclava.
- 2.4 PPHA as Trustee is relying on City of Port Phillip securing \$200k of Grant funding, for PPHA as Trustee to progress design development, including preparing its development application. This “seed funding” is contemplated by the draft Heads of Agreement for the sale and redevelopment of the site. PPHA as Trustee has committed to matching this funding with up to \$200k of its own funds (“Own Funds”).
- 2.5 The closing date for Grant applications is 20 April 2018. The State government anticipates notifying successful applicants at the end of May 2018.
- 2.6 In the meantime, no substantial progress is being made by PPHA as Trustee in design development, as they are extremely reluctant to accrue consultant costs until there is security around seed funding.
- 2.7 This puts the target development program at high risk.



- 2.8 A solution to this impasse is City of Port Phillip to underwrite up to \$200,000 of PPHA as Trustee's Own Funds – guaranteeing to reimburse PPHA as Trustee the costs of design development consultancy costs, up to the maximum Grant amount, accrued until the time State government announces Grant application outcome, should the Grant application be unsuccessful.
- 2.9 As an alternative to full underwriting, PPHA may be agreeable to partial underwriting – say 50%, to a maximum of \$100,000 – though this would need to be tested through negotiation.

3. RECOMMENDATION

That Council:

- 3.1 Resolves to underwrite up to \$200,000 of the consultancy costs incurred by Port Phillip Housing Association as Trustee of the Port Phillip Housing Trust in advancing the community housing project at 46-58 Marlborough Street, Balaclava, up to the time the outcome of City of Port Phillip's application for a Social Housing Investment Planning Grant 2017-2018 is notified, and on the basis that that application is unsuccessful.
- 3.2 Authorises the Chief Executive Officer, or his delegate, to complete the negotiation and enter into such arrangement on Council's behalf, including affixing the Common Seal to any relevant documents, as required.

4. OFFICER DIRECT OR INDIRECT INTEREST

- 4.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

TRIM FILE NO: 20/17/01

ATTACHMENTS Nil