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P&S - Fiona  
Line 18, Ref. 5707, 11a  
↑  
Ordered  
To arrive at 1.30pm

NSW DEPARTMENT OF HOUSING



Sue Holliday  
Director General  
Department of Planning  
GPO Box 3927  
SYDNEY 2001

Dear Ms Holliday

**Re: Deed of Further Variation**

The transfer of the Affordable Housing Service from the Department of Planning to the NSW Land and Housing Corporation on the 1 July 2002 requires a variation to the varied Funding Agreement between the Rental Bond Board, the NSW Department of Planning and the NSW Department of Housing.

The Deed of Further Variation recognises that the NSW Land and Housing Corporation assumed operational responsibility for the Affordable Housing Service on the 1st July 2002. Consequently it is no longer necessary for you, the Director General, Department of Planning, to be party to the Varied Funding Agreement. This requires the enclosed Deed of Further Variation to be signed by the above parties.

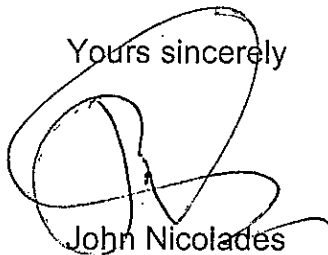
The Deed of Further Variation was drafted by the Department of Fair Trading in close consultation with the Centre for Affordable Housing and the Department of Housing's Legal Services Branch. The Director-General, Department of Housing has signed the documents, we require your signature before they can be returned to the Director-General Department of Fair Trading for his signature. Upon execution one copy of the Deed of Further Variation will be sent to each party for its records.

I would appreciate it if you would please sign the three copies of the Deed of Further Variation where indicated, and return them to:

John Nicolades  
Director  
Centre for Affordable Housing  
Department of Housing  
223-239 Liverpool Rd  
Ashfield NSW 2131

Please do not hesitate to contact me on 8753-8180, if your Department requires further information.

Yours sincerely

A handwritten signature in black ink, appearing to be 'John Nicolades', written over the typed name.

John Nicolades  
Director  
Centre for Affordable Housing

12.02.03

This **Deed of Further Variation** is made the                      day of                      2002

**PARTIES**

**BETWEEN THE RENTAL BOND BOARD**, a statutory body incorporated under the Landlord and Tenant (Rental Bonds) Act, 1977 for and on behalf of the Crown in right of the State of New South Wales of Level 20, 227 Elizabeth Street, Sydney in the State of New South Wales ("the Board")

**AND DIRECTOR-GENERAL, DEPARTMENT OF PLANNING** (formerly Department of Urban Affairs and Planning) of Level 6 Henry Deane Building 20 Lee Street Sydney in the State of New South Wales

**AND NEW SOUTH WALES LAND AND HOUSING CORPORATION**, a body constituted by section 6 of the Housing Act, 2001 of Level 5 223-239 Liverpool Road Ashfield in the State of New South Wales ("the Corporation")

**RECITALS:**

- A The Board and the Director-General, Department of Urban Affairs and Planning entered into a Funding Agreement on 26 March, 1999 (hereinafter referred to as the "Funding Agreement") wherein the Board agreed to provide funding to the Director General, Department of Urban Affairs and Planning for affordable housing purposes as outlined in its submission to the Board.
- B On 11 September 2000, the Board, the Director-General, Department of Urban Affairs and Planning and the Corporation entered into a Deed of Variation (the "Variation Deed") to permit the Director-General, Department of Urban Affairs and Planning to more effectively carry out the obligations contained in the Funding Agreement. By the Variation Deed the Corporation became a party to the Funding Agreement.
- C On 1 July, 2002, the Affordable Housing Advisory Service of the Department of Planning was transferred to the Corporation with any associated funding under the Funding Agreement as varied by the Variation Deed ("the Varied Funding Agreement").
- D The parties agree that it is no longer necessary that the Director-General, Department of Planning be a party to the Varied Funding Agreement.
- E This Deed of Further Variation reflects the above changes and effects consequential arrangements between the Board and the Corporation.

## OPERATIVE PART

### Director-General, Department of Planning no longer a party

1. From 1 July 2002, subject to the other provisions of this Deed of Further Variation, the Corporation shall have the powers and rights and perform the duties of the Director-General, Department of Planning under the Varied Funding Agreement, as if:
  - (a) only the Board and the Corporation had entered into it on that date; and
  - (b) those powers, rights and duties were expressed to be those of the Corporation.

### Funding Agreement

2. The Funding Agreement is hereby varied with effect from 1 July 2002 as follows:

- |              |   |
|--------------|---|
| Clause 2.4:  | Delete "the purpose of loans" and insert instead "purposes which may include loans".  |
| Clause 4:    | Delete "48" and insert "51".  |
| Clause 4A.1: | Delete  |
| Clause 4A.2  | Delete  |
| Clause 5.2:  | Add the following sentence to the existing sentence. "The Parties acknowledge that the Affordable Housing Advisory Service may use the Board loan funds relating to the first output in Schedule 1 to this Agreement for purposes including capital grants in accordance with Schedule 1 to this Agreement. |
| Clause 8.2   | Delete  |
| Clause 8.3   | Re-number as 8.2  |
| Clause 9.1   | Substitute "Director-General, Department of Housing" for "Director-General, Department of Urban Affairs and Planning" wherever appearing.   |
| Clause 9.2   | Substitute "Director-General, Department of Housing" for "Director-General, Department of Urban Affairs and Planning" wherever appearing.   |

Clause 9.4 Delete "of the Corporation, the Director-General, Department of Urban Affairs and Planning" and insert "the Corporation"; delete "or the Corporation"; change "office of Department of Urban Affairs and Planning" to "office of the Corporation".

Schedule 1: Schedule 1 to this Deed of Further Variation is substituted for Schedule 1 to the Varied Funding Agreement.

Certain rights and liabilities preserved

3. The Director-General, Department of Planning shall continue to be liable pursuant to clauses 4A.2 and 6.1 in respect of liabilities accruing before that date.

SIGNED SEALED and DELIVERED )  
By **DAVID BRIAN O'CONNOR** )  
Chairperson, Rental Bond Board )  
pursuant to section 32 of the )  
Landlord and Tenant (Rental Bonds) )  
Act, 1977, for and on behalf of the )  
Crown in right of the New South Wales )  
but not so as to incur personal liability )  
before me: )

.....

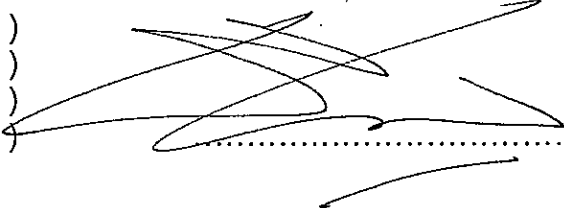
.....  
Witness

SIGNED SEALED and DELIVERED )  
By **SUE HOLLIDAY** )  
Director-General Department of )  
Planning before me: )

.....

.....  
Witness

SIGNED SEALED and DELIVERED )  
By **ANDREW CAPPIE-WOOD** )  
for and behalf of the New South Wales )  
Land and Housing Corporation )  
before me: )

  
.....

*A. Lorello*  
.....  
Witness

**SCHEDULE 1  
PROJECT DETAILS**

**PROJECT NAME:**

Affordable Housing initiatives

**PROJECT PURPOSE:**

Funds will be used to implement demonstration delivery models, expand an existing successful delivery model, establish and operate an Affordable Housing Advisory Service, and provide seed funds for project feasibility and start up of new projects.

**PROJECT OUTPUTS:**

Funds provided by the Board will:

Output	Estimated Expenditure	Estimated Timeframe
<ul style="list-style-type: none"> <li>Develop new demonstration delivery models for the provision of targeted affordable private rental housing (20 units)</li> </ul>	\$6.4 million	Completion within 24 months of the release of the initial payment for each delivery model (see Schedule 2).
<ul style="list-style-type: none"> <li>Expand an existing successful delivery model for affordable private rental through providing for purchase of a site for development capable of delivering 10 units.</li> </ul>	\$1.4 million	Purchase of land completed within 12 months of release of funds.
<ul style="list-style-type: none"> <li>Continuing operation of the Affordable Housing Advisory Service</li> </ul>	\$1.4 million	To be established in the Department of Housing from 1 July 2002.
<ul style="list-style-type: none"> <li>Provide seed funding to initiate project feasibility for any new projects or potential models identified through the Service</li> </ul>	\$.8 million	All funds to be expended within 24 months of release. Completion of funded projects will depend on the nature of projects identified

## **DETAILED PROJECT DESCRIPTION**

### **1. Demonstration Delivery Models**

RBB funds will be used as capital grants, and where feasible as loans, to provide a one off subsidy or only partial subsidy and will continue to deliver affordable housing stock over time. Models will leverage funds and resources from the private sector, not for profit, local government and state government agencies. Where possible models will provide a return on the initial establishment cost for the reinvestment in additional projects. Approximately \$6.4 million dollars will be committed to establish new demonstration delivery models with a delivery target of 20 units with potential capacity for further units from any recouped initial costs.

The \$6.4 million dollars for demonstration projects require specific models to be approved by Treasury prior to the release of funds. Testing of models will involve risk assessment and detailed costings this may affect the number of units provided. As Treasury endorses specific models further details in respect of the units to be delivered and the delivery process will be appended to this schedule and will form part of the Funding Agreement (as amended).

### **2. Expansion of existing successful delivery model**

Expand an existing successful model for the delivery of affordable rental accommodation. Approximately \$1.4 million dollars will be committed to provide for administration and operating costs and to enable City West Housing Company to purchase land in Sydney South with capacity for a target of 10 Units. Private sector funds raised through proposed inclusionary zoning provisions in the Green Square Local Environmental Plan will meet construction costs.

### **3. Establishment and operation of an Affordable Housing Advisory Service**

Resource the non-profit, local government, and for-profit sectors through the establishment of an Affordable Housing Service. Approximately \$1.4 million dollars would be committed to the establishment and operation of the Service over the four years. The Service would be established to initiate and manage demonstration projects including implementing demonstration models. The Service will administer the seed and demonstration model funding. The Service will employ experts in planning, project delivery and financing and will provide advice and training for the profit, non-profit and local government sectors to increase their capacity to produce affordable rental housing over time.



#### **4. Seed funding**

Approximately \$800,000 would be made available to initiate project feasibility investigations or provide start up capital for any projects or potential models identified through the work of the service.

#### **PROJECT REPORTING**

Six monthly reporting will be provided by the Corporation/OCH to the Rental Bond Board in accord with Appendix A.