

1.1 UNITS AT 8 FREDA STREET, HUGHESDALE

Responsible Director: Peter Panagakos

RECOMMENDATION

That Council:

- 1. Notes that the Lions Club of Oakleigh has provided notice to Council that the existing management agreement at 8 Freda Street Hughesdale will cease on 31 August 2018.*
- 2. Conducts a procurement process for the operation and management of the properties at 8 Freda Street Hughesdale and subsequent to the process appoints a preferred specialist not-for-profit management provider for a 3-5 year period.*
- 3. Authorises the Chief Executive Officer to sign the management agreement once the preferred management provider has been selected.*
- 4. Authorises officers to develop and implement a consultation process to advise existing tenants of 8 Freda Street Hughesdale of the process outlined in point 2, including providing confirmation of no change to tenancy agreements, prior to the commencement of the procurement process.*

INTRODUCTION

This report recommends that following the Lions Club of Oakleigh notice to cease the operation and management of the Council premises at 8 Freda Street, Hughesdale, from 31 August 2018, a procurement process commences with the view of selecting a preferred management provider.

The management provider will be a not-for-profit Community Housing provider or Housing Association. The appointed provider will operate and manage the premises from 1 September 2018 ("Property") (see Attachment 1).

BACKGROUND

The premises at 8 Freda Street, Hughesdale contains eight single storey, one-bedroom units, constructed in approximately 1969-1970, on Council land, by the former Oakleigh City Council. The units were set aside for housing for senior members of the community on a low income.

The Lions Club of Oakleigh ("Lions Club") has operated and managed the units for the last 30 years under various Management Agreements.

After meetings and communication with the Lions Club, the club has provided notice to Council that it intends to cease to operate and manage the premises on 31 August 2018. This notice provides adequate time and opportunity for Council to procure an alternative management provider such as another not-for-profit community Housing provider or Housing Association to operate and manage the premises from 1 September 2018. A not-for-profit community housing provider or housing association is the preferred style of organisation to manage these units, given the history of how the site has been managed, as well as their expertise and focus on managing and supporting residents in similar housing circumstances.

All 8 units are currently occupied under short term residential tenancy agreements. The tenants are low income senior members of the community.

DISCUSSION

As a result of the Lions Club providing notice to Council that the Management Agreement will come to an end, it is timely to commence a procurement process with a view to appointing a preferred management provider such as a not-for-profit Community Housing Provider or Housing Association to manage the day to day operations and responsibilities of the premises from 1 September 2018.

In addition to the consultation with existing residents to assure them of their tenure, and a continuation of the current arrangements, the steps included within the procurement process to appoint the preferred management provider will include the following:

- Development of an expression of interest document seeking not for profit Community Housing providers or Housing Associations to undertake tenancy management of the Freda Street units.
- A draft Management Agreement will be drafted and will be included with expression of interest documentation
- Target relevant/registered agencies (regulated by the Housing Registrar) to seek their interest
- Conduct site inspections/due diligence with Housing Association/Providers
- Evaluate proposals received
- Appoint a preferred management provider
- Implement a tenancy transition and communication plan with the Lions Club, Council and the preferred management provider

The process would be undertaken between May-August 2018 to ensure the preferred management provider is in place for 1 September 2018.

It is envisaged that the management agreement will have a tenure of between 3 and 5 years and can be periodically renewed accordingly. The proposed Management Agreement would include elements such as:

- The preferred management provider assuming operations and management of the existing tenants from 1 September 2018 to coincide with ending of the Lions Club Management Agreement
- Any vacancies that arise over the period of the agreement would be managed by the preferred management Provider
- The preferred management Provider to retain the tenants existing rental agreements
- The preferred management Provider to be responsible for maintenance, gardening and fit out of units when vacant
- Council will be responsible for Essential Safety Measures

SOCIAL IMPLICATIONS

The eight (8) units currently provide accommodation for senior members of the Community at an affordable rent. According to the Council to Homeless Persons, there is high demand across metropolitan Melbourne for a limited supply of affordable Housing stock, and the result is a steady increase in homelessness and high Housing demand.

Older people living on government benefits and pensions are identified as having particular and high level housing needs. This concurs with long waiting lists for older persons housing which are held by the Department of Housing in the Eastern Metropolitan Region.

This recommendation that Council undertake a procurement process to select a not-for-profit Community Housing provider or Housing Association to operate and manage the property continues to provide positive social outcomes for vulnerable older people.

CONSULTATION

Council will consult with the residents of the units regarding the change in management of the Property. It is not proposed to change the terms or conditions of the existing residents' tenancy agreements including the rental structure.

Through the process of review, there will be ongoing communication with aged and Community services and other relevant departments within Council.

FINANCIAL IMPLICATIONS

Under the existing Management Agreement, the Lions Club collects the rentals and any other money owed by the residents. It was also the responsibility of Lions Club to maintain the property, including undertaking repairs up to \$1,500 per item and Council would pay for repair works in excess of this. Lions Club would retain a management fee and the balance of funds were to be allocated for capital works. This is not proposed to change under the new management terms.

CONCLUSION

As the Lions Club of Oakleigh has provided notice that it no longer intends to manage the property from 31 August 2018, it is appropriate that a procurement process is undertaken according to the parameters set out in this report to select a not-for-profit Community Housing provider or Housing Association to operate and manage the properties.

Officers will consult with the existing residents prior to the procurement process commencing to reassure them that there are no proposed changes to the terms or conditions of their existing residents' tenancy agreements including the rental structure.

ATTACHMENT 1

