

ITEM 5. ACCOMMODATION GRANT PROGRAM – ANNUAL PERFORMANCE REVIEW AND LEASE RENEWALS**FILE NO: S117676****SUMMARY**

The Accommodation Grant Program (the Program) is one of 15 programs adopted as part of the City's Grants and Sponsorship Policy. The Program supports community, cultural and sustainability focused organisations by providing accommodation in Council-owned buildings within the community property portfolio at nil or below market rent.

Accommodation Grant recipients are organisations that provide services that meet the needs identified in *Sustainable Sydney 2030* and the City's strategic plans and policies. In this way, the City and the community act collaboratively to bring to life the City of Villages. Demand for properties remains strong, with more than 300 organisations currently listed on a notification list for future properties.

Currently, there are 71 leases held by 67 organisations located across 44 City properties managed under the Program. These tenancies were approved by Council as Accommodation Grants. Recipients of Accommodation Grants enter into leases or licences with the City for a fixed term of appropriate length, usually three years, subject to annual review.

Each year, the City coordinates the annual performance review with the Accommodation Grant recipients (tenants) to review their performance against the criteria in their lease or licence agreements. A rating system was used to evaluate the information received and to assess the performance of the organisations against the criteria set in return for subsidised accommodation. All tenants that were in a property for six months or more in the current assessment period (i.e. the 2015 calendar year) were requested to complete an annual performance review. This report outlines the outcomes of the annual performance review and provides recommendations for leases due for renewal.

For the 2015 assessment period, 72 tenants were requested to complete an annual performance review. This included four tenants that vacated their properties in 2015. There were three tenants that were not requested to complete an annual performance review as they have not held an Accommodation Grant lease/licence for a period of more than six months during the assessment period. All tenants that met the performance criteria and conditions of the lease/licence are recommended for renewal where appropriate. In approving the renewal of a lease, Council approves a grant which is a subsidy on rent based on the market valuation of the property.

Of the 71 current leases/licences, 58 are due for renewal in 2016. Of the 58 leases, 43 are recommended for renewal for a period of up to five years and one tenant is rated B and recommended to be placed on a one year lease until June 2017. The other 14 leases due for renewal in 2016 are held by childcare centres. It is recommended that the leases for the 14 childcare providers are extended for a period of up to five years in line with other renewals in this report and to provide security to tenants. It is recommended that the 14 grants be reviewed after the first two years of the five year lease period to allow the City to undertake a review of leasing arrangements and update terms and conditions.

There are 13 tenants holding leases/licences that are not due for renewal and will continue on their current lease arrangements. Leases for these 13 tenants do not expire in 2016, but between January 2017 and June 2019. It is proposed that all lease/licence renewals be brought to Council for approval in line with the annual performance review reporting cycle. Any lease that expires prior to the annual report going to Council will holdover on a month to month basis.

There are 43 leases/licence renewals recommended in this report, which are recommended for a period of up to five years based on the outcomes of a recent Accommodation Grant Program review. This report includes an explanation of this change, which covers benefits such as providing greater stability for tenants, and reduced costs, time and resources required by both parties.

Renewal subsidy levels are based on the current market value of the subject properties. In January/February 2016, all spaces accommodating tenants due for lease/licence renewal before 31 December 2016 were reviewed and valuations provided for the properties managed under the Accommodation Grant Program. With the exception of community classified or Crown land, all facilities were valued for highest opportunity use. The valuer also used movements in the market and recent redevelopments of areas within the City of Sydney Local Government Area (LGA) to evaluate market rentals. As a result, grant values and subsidy levels for some tenants have now changed to accommodate this variance. This report outlines changes to both the grant value and percentage of subsidy for those receiving less than 100 per cent subsidy to ensure that tenants are not subject to changes in rental rates beyond the annual three per cent rental increase in accordance with the City's fixed increase percentage.

One organisation has not met the performance criteria and conditions of their lease/licence and has been rated B. Walla Mulla Family and Community Support has been rated B due to circumstances outlined in confidential Attachment B. It is proposed that Walla Mulla Family and Community Support will holdover on a month to month basis on their current leasing arrangements.

This report includes recommendations for changes to rental subsidy for two tenants based on the outcomes of the annual review that are outside of the standard renewal process.

This report also notes properties that have been vacated.

All figures in this report and its attachments are exclusive of GST.

RECOMMENDATION

It is resolved that:

- (A) Council approve the renewal of the 43 Accommodation Grant leases/licences and grants for tenants listed in the table below clause (B), which hold leases/licences that expire in 2016 and have met the performance criteria of their Accommodation Grant, for a period of up to five years to 30 June 2021;
- (B) Council approve the subsidy level and grant value of the 43 tenants listed in the table below, with annual increase of three per cent in grant value and rent to be paid for the financial years 2017/18, 2018/19, 2019/20 and 2020/21 in accordance with the City's minimal fixed increase percentage:

Organisation	Property Address	Subsidy 2016/17	Grant Value 2016/17	Rent to be paid Year 1
107 Projects Inc	107 Redfern St, Redfern	100%	\$84,130	\$0
Asian Australian Artists Assoc	Corporation Building, 181-187 Hay Street Haymarket	94%	\$120,485	\$7,515
Australian Guild of Screen Composers	Rex Centre, 50-58 Macleay Street Elizabeth Bay	100%	\$2,100	\$0
Australian Screen Editors Inc	Rex Centre, 50-58 Macleay Street Elizabeth Bay	100%	\$2,100	\$0
Beehive Industries Co-op	137 Palmer Street Darlinghurst (Palmer Street Holding), 137 Palmer Street Darlinghurst	80%	\$183,850	\$46,050
Big Fag Press	Jubilee – Viaducts, 6 Chapman Road Annandale	18%	\$1,377.00	\$6,014
Darlinghurst Theatre Company *Refer to clause (I)	Eternity Playhouse, 249 Palmer Street Darlinghurst	70%	\$93,320	\$39,994
Dept. of Ageing Disability & Home Care (Alleena Home Care)	Alexandria Aged Health Centre, 12a Dadley Street Alexandria	66%	\$21,299	\$11,171
Eastern Respite and Recreation	Rosebery Community Centre, 78 Harcourt Parade Rosebery	100%	\$32,271	\$0
First Draft Inc	Depot - Riley Street, 13-17 Riley Street Woolloomooloo	87%	\$83,463	\$12,537
Gay & Lesbian Rights Lobby	Glebe Community Centre - Benledi House, 186-194 Glebe Point Road Glebe	79%	\$16,165	\$4,266
Geoff Holmes T/as Glebe Music Project	Jubilee – Viaducts, 6 Chapman Road Annandale	100%	\$7,527	\$0
Glebe District Hockey Club Inc	Jubilee – Viaducts, 6 Chapman Road Annandale	100%	\$7,305	\$0
Glebe Junior Australian Football Club	Jubilee – Viaducts, 6 Chapman Road Annandale	100%	\$7,220	\$0

Organisation	Property Address	Subsidy 2016/17	Grant Value 2016/17	Rent to be paid Year 1
Inner City Legal Centre Limited	Kings Cross Neighbourhood Service Centre & Library, 50-52 Darlinghurst Rd, Kings Cross	100%	\$47,000	\$0
Inner Sydney Regional Council for Social Development	Waterloo Library, 770 Elizabeth street Waterloo	90%	\$44,004	\$4,996
Jessie Street National Women's Library	Ultimo Community Centre - Harris Street, 40 William Henry Street (bounded by Harris & Bulwara) Ultimo	87%	\$56,872	\$8,128
Kings Cross Community and Information Centre	Rex Centre, 50-58 Macleay Street Elizabeth Bay	100%	\$33,000	\$0
Mandala Community Counselling Services Inc	Ultimo Community Centre - Harris Street, 40 William Henry Street (bounded by Harris & Bulwara) Ultimo	100%	\$16,000	\$0
Music Australia (previously Music Council of Australia)	Erskineville Town Hall, 104 Erskineville Road Erskineville	45%	\$7,655	\$10,020.00
Neighbour Connections Inc	Glebe Community Centre - St Helens Community centre, 184 Glebe Point Road Glebe	100%	\$14,266	\$0
PACT Centre for Emerging Artists *Refer to clause (F)	107-125 Railway Parade (SES on same site) Erskineville, 107-125 Railway Parade (SES on same site) Erskineville	100%	\$83,000	\$0
Physical Disability Council	Glebe Community Centre - St Helens Community centre, 186 Glebe Point Road Glebe	15%	\$1,602	\$9,102
Pride History	Glebe Community Centre - Benledi House, 186-194 Glebe Point Road Glebe	100%	\$16,093	\$0

Organisation	Property Address	Subsidy 2016/17	Grant Value 2016/17	Rent to be paid Year 1
Pymont Ultimo Glebe Mens Shed	Jubilee – Viaducts, 6 Chapman Road Annandale	79%	\$12,755	\$2,920
Radio Eastern Sydney Co-op	Paddington Town Hall, 247 Oxford Street Paddington	83%	\$23,693	\$4,827
Radio For the Print-handicapped of NSW	Glebe Community Centre - St Helens Community centre, 185 Glebe Point Road Glebe	61%	\$22,139	\$14,149
Readymade Works Incorp	Ultimo Child Care Centre, 247-257 Bulwara Road Ultimo	80%	\$28,966	\$7,255
Redfern Legal Centre	Redfern Town Hall, 73 Pitt Street Redfern	100%	\$160,000	\$0
South East Neighbourhood Centre	Beaconsfield Community Centre, 169 Victoria Street Beaconsfield	100%	\$27,908	\$0
South Sydney Community Aid Co-op	Alexandria Town Hall, 73 Garden Street Alexandria	100%	\$30,467	\$0
Sydney Local Health District known as Glebe Early Childhood Centre	Glebe Town Hall, 161 St Johns Road Glebe	100%	\$44,100	\$0
The Bower Re-use & Repair Centre Co	107 Redfern St, Redfern	100%	\$16,000	\$0.00
The Roman Catholic Church for The Archdiocese of Sydney	Phillip Park Community & Children's Centre, 2-10 Yurong Parkway Sydney	90%	\$29,657	\$3,343
The Sydney Children's Hospital Network	Reginald Murphy Activity Club, 19 Greenknowe Street Elizabeth Bay	100%	\$32,290	\$0
The University of Sydney (occupied by Glebe Community Development)	Glebe Town Hall, 160 St Johns Road Glebe	100%	\$59,400	\$0

Organisation	Property Address	Subsidy 2016/17	Grant Value 2016/17	Rent to be paid Year 1
The Women's Library Inc	Newtown Library & women's Centre & Brown St Community Hall, 8-10 Brown Street Newtown	100%	\$41,000	\$0
Tom Bass Sculpture Studio School	Erskineville Art's Centre, 1a Clara Street Erskineville	91%	\$50,978	\$4,864
Tribal Warrior Assoc Inc	107 Redfern St, Redfern	100%	\$27,939	\$0
Vibewire Youth Services	Ultimo Community Centre - Harris Street, 40 William Henry Street (bounded by Harris & Bulwara) Ultimo	92%	\$91,756	\$7,829
Weave Youth Family	South Sydney Youth Centre, Waterloo Oval Elizabeth & Allen Streets Waterloo	100%	\$59,000	\$0
Women In Film and Television Inc	Rex Centre, 50-58 Macleay Street Elizabeth Bay	100%	\$2,100	\$0
Wrap with Love	Huntley St Industrial Complex, 4/4 Huntley St, Alexandria	100%	\$12,700	\$0

- (C) Council approve the extension of the 14 Accommodation Grants held by childcare centres for a five year period up to 30 June 2021 noting the City will review grants and update terms and conditions after the first two years;
- (D) Council approve the subsidy level and grant value of the 14 childcare centres based on 2016 valuations listed in the table below, with annual increase of three per cent in grant value and rent to be paid for the financial year 2017/18 in accordance with the City's minimal fixed increase percentage:

Organisation	Property Address	Subsidy 2016/17	Grant Value 2016/17	Rent to be paid Year 1
James Cahill Preschools	James Cahill Pre-School, 1-7 Ragan Street Waterloo	100%	\$100,800	\$0
John J Carrol Pres School	John J Carroll Pre-School, 2-14 Phelps Street Surry Hills	95%	\$80,200	\$3,800
KU Childrens Services	Ultimo Child Care Centre, 247-257 Bulwara Road Ultimo	100%	\$227,500	\$0

Organisation	Property Address	Subsidy 2016/17	Grant Value 2016/17	Rent to be paid Year 1
KU Childrens Services - Lance Preschool	Lance Pre-School and Child Care Centre, 37 High Street Millers Point	92%	\$151,844	\$13,906
KU Children's Services Rushcutters Bay Lease	Rushcutters Bay Childcare Centre, Rushcutters Bay Park Waratah Street Rushcutters Bay Park	94%	\$112,399	\$7,601
KU Philip Park Children's Centre	Phillip Park Community & Children's Centre, 2-10 Yurong Parkway Sydney	93%	\$205,537	\$15,463
Lois Barker Child Care	Lois Barker Child Care Centre, 232 (102 Wellington) Pitt street Waterloo	100%	\$110,997	\$0
Maybanke Preschool	Maybanke Pre-School, 99 Harris Street Pymont	100%	\$52,500	\$0
Rosebery Child Care Inc	Rosebery Child Care Centre, 1 Harcourt Parade Rosebery	100%	\$130,000	\$0
SDN Childrens Services - Pymont early childhood education centre	Pymont Community Centre, 79a (entry off Mount Street) John Street Pymont	100%	\$150,000	\$0
SDN Childrens Services - Surry Hills Early Childhood education centre	Surry Hills Child Care Centre, 443 Riley Street Surry Hills	100%	\$225,000	\$0
Sunbeam kindergarten	Sunbeam Kindergarten, 8 Lynne Street Alexandria	100%	\$74,000	\$0
Surry Hills Neighbourhood Centre	Surry Hills Community & Child Care Centre & Library, 405 Crown Street Surry Hills	100%	\$120,000	\$0
UTS Childcare Inc	McKee Street Child Care Centre, 2-10 and 1-15 (on 2 blocks) Mary Ann and McKee Streets Ultimo	93%	\$205,015	\$14,585

- (E) Council note that Walla Mulla Family and Community Support, incorporating Walla Mulla Children's Services, has been rated B and will holdover on a month to month basis on their current leasing arrangements for the reasons outlined in confidential Attachment B to the subject report;

- (F) Council note that all lease/licence renewals will be brought to Council for approval in line with the annual performance review report. Leases/licences expiring prior to the annual performance review report going to Council will holdover on a month to month basis;
- (G) Council approve a 100 per cent rental subsidy valued at \$83,000 for PACT Centre for Emerging Artists at 107-125 Railway Parade, Erskineville for the period 1 July 2016 to 30 June 2017 with an annual increase of three per cent per annum excluding GST;
- (H) Council approve the extension of Kil.n.it's Accommodation Grant Program lease for the Glebe Nurses Quarters Creative Studios for year two (1 July 2016 – 30 June 2017) of its current two year grant and lease at a 100 per cent subsidy valued at \$58,380 per annum;
- (I) Council approve the following rental subsidy for Darlinghurst Theatre Company's Accommodation Grant Program lease at the Eternity Playhouse, Darlinghurst:
- (i) 70 per cent subsidy for the period 1 July 2016 to 30 June 2017, valued at \$93,320 per annum;
 - (ii) 67 per cent subsidy for the period 1 July 2017 to 30 June 2018, valued at \$92,000 per annum;
 - (iii) 64 per cent subsidy for the period 1 July 2018 to 30 June 2019, valued at \$90,517 per annum;
 - (iv) 60 per cent subsidy for the period 1 July 2019 to 30 June 2020, valued at \$87,405 per annum; and
 - (v) 55 per cent subsidy for the period 1 July 2020 to 30 June 2021, valued at \$82,525 per annum; and
- (J) authority be delegated to the Chief Executive Officer to negotiate, execute and administer agreements with any organisation approved for an Accommodation Grant on terms consistent with this resolution and in accordance with the Grants and Sponsorship Policy.

ATTACHMENTS

Attachment A: Accommodation Grant Recipients List, including 2015 Annual Performance Review Outcomes

Attachment B: Walla Mulla Family and Community Support (Confidential)

(As Attachment B is confidential, it will be circulated separately from the agenda paper to Councillors and relevant senior staff only.)

BACKGROUND

1. The Accommodation Grant Program (the Program) presently makes available spaces for 67 organisations in 44 buildings. The total cost of the Program in revenue foregone for the 2015/16 financial is \$3.1 million. Based on the valuations for 2016, the total value of the Program in 2016/17 based on current tenants will be \$3.2 million.
2. The terms and conditions of the agreement between each Program tenant and the City are detailed in a lease or licence, which also sets out specific Key Performance Criteria and performance measures. At the time of renewal, the following options exist: continuation; improvement; termination; or a variation to the existing lease or licence terms.

2015 Annual Performance Review

3. The annual performance review of Accommodation Grant recipients was undertaken between December 2015 and April 2016 and is based on the 2015 calendar year. 72 grant recipients were requested to undertake this year's annual performance review. Three grant recipients did not undertake the self-assessment and are not included in this report. These tenants did not complete a self-assessment as they have not held an Accommodation Grant for a year.
4. Accommodation Grant recipients used the online grants management system SmartyGrants to write and submit their self-assessments and these submissions were assessed by a specialist panel of City staff. Ratings were agreed upon during an assessment panel meeting.
5. A rating system was used to evaluate the information received and to assess the performance of the organisations against the criteria set in return for subsidised accommodation:
 - A - meeting or exceeding performance criteria;
 - A/B - meeting the majority of performance criteria;
 - B - not meeting performance criteria, on notice (one year to improve performance); or
 - C - not meeting expectations after one year, leases to be terminated.
6. 71 of the 72 eligible tenants have met their performance criteria and have been rated 'A' or 'A/B' (see Attachment A). This includes Tribal Warrior and Glebe Music Project that were rated 'B' and placed on notice to improve their performance in 2015. These organisations have worked with the City over the past 12 months to improve their performance in delivering services to our community. These organisations currently hold a lease/licence until 30 June 2016 and are included in the recommended renewals in this report.
7. Walla Mulla has been rated B as part of this year's annual review. This organisation has been rated B for the reasons outlined in confidential Attachment B.

8. It is noted that City staff will continue to work closely with the two tenants rated A/B, Vibewire and Tribal Warrior, over the next 12 months. City staff have noted that there are a number of issues that must be addressed with these tenants such as increasing communication, establishing expectations around reporting and outdated performance criteria. Tenants and City staff will continue to work together to ensure that performance criteria are achieved.

Changes in Rental Subsidy

9. In January/February 2016, Colliers International was engaged to value the rental of all facilities/spaces not recently valued for the renewal of leases/licenses. With the exception of childcare centres, community classified or Crown land, all facilities were valued for highest and best use. The valuer used movements in the market and recent redevelopments of areas within the City LGA to evaluate market rentals.
10. Some variances in market rental for 2016 are quite significant (in both increases and decreases). In the case where tenants receive a rental subsidy less than 100 per cent, City staff have met with tenants to discuss their current financial situation and ability to pay rent. All Accommodation Grant tenancy rental rates are currently subject to three per cent annual rental increases to reflect the City's minimal fixed increase percentage. After consideration, no tenants, other than the tenants identified below, are recommended for a rental change outside of the three per cent increase in accordance with the City's fixed increase percentage.
11. It is therefore included in the recommendation that:
 - (a) for tenants receiving a rental subsidy of 100 per cent, Council note and approve the new grant value; and
 - (b) for tenants receiving a rental subsidy of less than 100 per cent, Council approve the rental subsidy recommended.
12. Specific grant values and rental subsidy rates are outlined in clause (B) of the recommendation in this report.

Lease Term – Five Years

13. In the June 2013 performance review and lease renewal report to Council, it was noted that the City would be undertaking an internal review of the Accommodation Grant Program as part of the City's commitment to ongoing improvement. This review has been in progress and has included a review of internal Program processes. A key consideration in this report was the lengthening of lease terms. City staff have considered this option and reviewed the benefits and implications of extending the lease period. It was decided that the longer five year lease term was beneficial for the City as well as providing greater stability for tenants. Most notably, the change would reduce costs, time and resources required by both parties.

Rental subsidy for PACT Theatre

14. PACT Centre for Emerging Artists was established in 1964 and is one of the oldest continuously running performing arts companies in Australia. They are an important component of the city's cultural life providing a centre for emerging artists producing interdisciplinary and experimental performance. The organisation develops and presents new work from local emerging artists; provides residencies and scholarships; facilitates forums for cross-disciplinary and critical discussion; and operates space hire for independent performance-makers.
15. PACT has been a tenant under the Accommodation Grant Program since 1987 at 107 Railway Parade, Erskineville. The organisation currently receives an Accommodation Grant valued at \$70,667 on a 91 per cent subsidy, meaning they pay \$7,009 in rent per annum.
16. In May 2016, PACT was advised that they were not successful in their application for funding from the Australia Council for the period 2017-2020, after receiving continual funding over the last 30 years. This reduction in funding represents 40 per cent of their total income and presents a challenge for the organisation for the coming years.
17. City staff have met with PACT board and staff who have demonstrated sound management and board oversight in consideration of how to adjust their operations to manage this unforeseen reduction in federal funding. They have indicated they have sufficient funding and reserves to enable them to continue through 2016 and are developing contingency for 2017 and beyond.
18. It is proposed that PACT be provided with a 100 per cent rental subsidy until 30 June 2021 to provide them with a steady level of venue support during this time, while they develop new income streams. The lease will be negotiated with PACT to the value of \$ 83,000 for the financial year 2016/17 with an annual increase of three per cent per annum and excludes GST.

Extension of Year 2 option and an increase in rental subsidy for Kil.n.it at the Glebe Nurses Quarters Creative Studios

19. Kil.n.it is a not-for-profit organisation that emerged as a response to the increasing popularity of ceramics and limited access to well-equipped ceramic studios in the City LGA. The organisation has been part of the Accommodation Grant Program since July 2015, initially occupying the Glebe Nurses Quarters Creative Studios (Nurses Quarters) at 184 Glebe Point Road, Glebe and more recently expanding in to the Glebe Town Hall workshop space (also within the Accommodation Grant Program) which is located in the basement of Glebe Town Hall.
20. Kil.n.it provide affordable creative work space for a diverse mix of ceramic artists of varied skill and career levels; provide affordable access to professional ceramic production equipment; administer workshops and educational programs; undertake site visits for the broader community; and manage a live/work apartment as an affordable residency program for visiting intrastate, interstate and international artists.

21. On 29 June 2015, following an Expression of Interest process, Council approved Kil.n.it to be provided with an Accommodation Grant Program lease at the Nurses Quarters on a 100 per cent subsidy in the first year at a value of \$56,680 per annum, and a 75 per cent subsidy in the second year at a value of \$43,785 per annum (with year two pending annual review and approval by the City).
22. During their first eleven months at the Nurses Quarters, Kil.n.it has met or are on track to meet or exceed all of their performance criteria. Within their first six months at the Nurses Quarters, the level of demand for their education programs lead them to expanding into an additional Accommodation Grant Program space, the Glebe Town Hall workshop space in early 2016.
23. Taking on the Glebe Town Hall workshop space has resulted in increased costs to fit out and purchase the required equipment including an extra kiln and an increase in staffing costs. Kil.n.it has also invested in undertaking a number of cosmetic improvements to the Nurses Quarters that have made the area more inviting to the public, and helped the public engage with the resident artists and the ceramic arts practice.
24. Kil.n.it are still in the early stages of delivering on their business model and have found that their projected budgets have had to be amended somewhat in order to operate. By extending the 100 per cent subsidy period for one more year, we will support the organisation to develop the sustainability of their business model.
25. It is recommended that the City extend Kil.n.it's Accommodation Grant Program lease for the Nurses Quarters for year two (1 July 2016 – 30 June 2017) at a 100 per cent rental subsidy valued at \$58,380 per annum.

Rental subsidy for Darlinghurst Theatre Company

26. Darlinghurst Theatre Company are Accommodation Grant Program tenants at the Eternity Playhouse, Darlinghurst. In late 2013, they relocated to the Eternity Playhouse following a decade of accommodation at the Reginald Murphy Centre, Elizabeth Bay.
27. Over the past two and a half years at the Eternity Playhouse, this organisation's subsidy has been scaled, initially from a 100 per cent subsidy, provided to give the organisation time to earn an income following the transfer, to their current rental subsidy which is 70 per cent.
28. City staff recommend that Darlinghurst Theatre Company be offered a five year lease at the Eternity Playhouse, Darlinghurst which will continue to be scaled as follows:
 - (a) 70 per cent subsidy for the period 1 July 2016 to 30 June 2017, valued at \$93,320 per annum;
 - (b) 67 per cent subsidy for the period 1 July 2017 to 30 June 2018, valued at \$92,000 per annum;
 - (c) 64 per cent subsidy for the period 1 July 2018 to 30 June 2019, valued at \$90,517 per annum;
 - (d) 60 per cent subsidy for the period 1 July 2019 to 30 June 2020, valued at \$87,405 per annum; and

- (e) 55 per cent subsidy for the period 1 July 2020 to 30 June 2021, valued at \$82,525 per annum.

Lease Renewals and Tenants on Hold Over

29. 43 leases / licences are recommended for renewal for a period of up to five years to take them up to 30 June 2021. Excluding the childcare centres, there are 13 tenants holding leases/licences that are not due for renewal in 2016. These lease/licence renewals will be brought into line with the annual performance review reporting cycle. Any leases that expire prior to the annual report going to Council will holdover on a month to month basis to bring them into alignment.

Tenants Vacating Properties and Upcoming Properties

30. The Festivalists Limited vacated a space at Erskineville Town Hall and left the Accommodation Grant Program in April 2016 due to the organisation winding up its operation. This space will be used by the City's library team to hold a 'pop-up library' while the Newtown branch is closed for building works. The future use of this space is under review.
31. KU Frances Newton Kindergarten vacated a property at 222 Palmer Street, Darlinghurst and ceased operation in December 2015. As reported to Council in December 2013, there are capital works planned for this area, including construction of a 60-place childcare centre with playground and a pocket park for the local community.
32. Rinse Out (also known as Underbelly Arts) vacated a space on William Street, Darlinghurst and left the Program in January 2016. The Accommodation Grant Program working party are undertaking investigations for the best possible use of the space, either offered through the Program again or potentially utilising the space as a venue for hire.
33. Metro Screen vacated a space at Paddington Town Hall and left the Accommodation Grant Program in December 2015 due to the organisation winding up its operation. This space will remain in the Program and be offered through an Expression of Interest process for a short term lease until 31 January 2018, whilst a review of the use of the building is being undertaken.
34. The Program will be seeking Expressions of Interest for the space at Paddington Town Hall in July this year for new leases to commence in late 2016. Interested organisations will be asked to complete online applications, which will be assessed by the City's internal assessors and recommended to Council for approval. Information regarding this space and the application process will be available in July and reported through a CEO update.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

35. *Sustainable Sydney 2030* is a vision for the sustainable development of the city to 2030 and beyond. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. The Accommodation Grant Program is aligned with the following strategic directions and objectives:
- (a) Direction 6 - Vibrant Local Communities and Economies – the provision of accommodation to a varied group of community and cultural organisations contributes to the diverse range of services and support that the City provides for our community. The diversity of these groups contributes to the vibrancy of the city's villages and the communities within them.
 - (b) Direction 7 - A Cultural and Creative City – approximately one third of the Accommodation Grant tenants are cultural/arts organisations. These organisations support cultural development through the support of artists, and the delivery of culturally stimulating activities that engage our communities.

Social / Cultural / Community

36. The contribution of the community and cultural organisations that are part of the Program to support the development, coordination and management of the many services and activities available to our community is invaluable. In this way, the City and the community act collaboratively to bring to life the City of Villages.

BUDGET IMPLICATIONS

37. Based on the current list of Accommodation Grant recipients, the total grant value of the Accommodation Grant Program in the 2015/16 financial year is \$3.1 million in revenue foregone.
38. Based on the current list of Accommodation Grant recipients, the total grant value of the program is \$3.2 million in revenue foregone for the 2016/17 financial year.

RELEVANT LEGISLATION

39. Section 356 of the Local Government Act 1993.
40. Attachment B contains confidential information which, if disclosed, would prejudice the commercial position of the person who supplied it.
41. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the commercial position of the person to which the confidential attachment relates.

CRITICAL DATES / TIME FRAMES

42. Accommodation Grant tenants noted in this report as requiring lease/licence renewals hold leases/licences expiring 30 June 2016. New leases/licences are therefore required to ensure tenants can remain in their properties as outlined above.

PUBLIC CONSULTATION

43. City staff liaise with Accommodation Grant tenants throughout the year, and as part of the annual performance review process. In addition, specific meetings have been held with organisations that have been rated 'B' and 'A/B', and with tenants currently subject to new lease arrangements.

ANN HOBAN

Director City Life

Jemma Watson, Grants Program Coordinator