

ITEM 2. ACCOMMODATION GRANT PROGRAM 2016/17 – ALLOCATION OF TENANCY 1, 247 OXFORD STREET PADDINGTON**FILE NO: S117676****SUMMARY**

The Accommodation Grant Program (the Program) is one of 16 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 Grants are provided to organisations that provide services that meet the needs identified in Sustainable Sydney 2030, and the City's strategic plans and policies. Grants are available to non-profit organisations, and to for-profit organisations where they demonstrate a public benefit. Currently, there are 70 organisations in 47 buildings managed under the Program. Recipients of grants enter into leases or licences with the City for a fixed term.

The City called for applications for Tenancy 1, 247 Oxford Street, Paddington on 27 June 2016. The lease advertised is for the period 1 November 2016 to 31 January 2018.

The premises is part of Paddington Town Hall and was formerly occupied by Metro Screen which, after losing its core funding, has vacated the premises.

This multi-faceted space is being made available for short-term use by a cultural or creative organisation or project. The space retains purpose-built features amenable to screen production, including a green screen studio that was one of the only affordable facilities in the Sydney Metropolitan Region. Given the existing infrastructure, preference was given to projects that have a film, video, writing for film production, festivals and/or events focus, or organisations working in these areas.

The premises is to be managed by a single organisation. Applications were accepted that proposed one of two models: sole use of property by the applying organisation; or the applying organisation directly managing multiple entities that would activate and share the premises.

10 eligible applications were received. Cobbstar Productions Pty Ltd is recommended to occupy the property under the Program, and another organisation also found to be eligible, Wurhu Darhuy Foundation, is recommended to occupy the space in the event that Cobbstar Productions Pty Ltd is unable to avail the grant.

All figures in this report and its attachments are exclusive of GST. All market rental value in this report is calculated with an annual increase of 3 per cent per annum and excludes GST.

RECOMMENDATION

It is resolved that:

- (A) Council approve the following Accommodation Grant Program recommendation pertaining to Tenancy 1, 247 Oxford Street, Paddington:

Organisation	Market Rental Value	Recommended Grant Amount and Subsidy	Conditions
Cobstar Productions Pty Ltd	\$78,000 per annum	\$67,600 per annum on an 87 per cent subsidy for the term of 1 year and 3 months and ending 31 January 2018.	<ul style="list-style-type: none"> - Applicant to work with Culture and Creativity to identify community partners that could access and share the space; - Applicant to provide a plan of management; and - Applicant to provide revised profit and loss details.

- (B) Council approve the following Accommodation Grant Program eligibility recommendation in the event that Cobstar Productions Pty Ltd is unable to avail the grant:

Organisation	Market Rental Value	Recommended Grant Amount and Subsidy	Conditions
Wurhu Darhuy Foundation Limited	\$78,000 per annum	\$67,600 per annum on an 87 per cent subsidy for the term of 1 year and 3 months and ending 31 January 2018.	Grant only to be awarded if Cobstar Productions Pty Ltd is unable to avail grant.

- (C) 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: 2016/17 Accommodation Grant Program Recommended Organisation for Tenancy 1, 247 Oxford Street

Attachment B: 2016/17 Accommodation Grant Program List of Applications Not Recommended for Tenancy 1, 247 Oxford Street

BACKGROUND

1. The Accommodation Grant Program (the Program) presently makes available spaces for 70 organisations in 47 buildings. The total cost of the Program in revenue forgone for 2015/16 was \$3.1 million.
2. In assessing the grant applications, the assessment panel included the Creative City Cultural Policy and Action Plan in their considerations and recommendations, and sought to identify an organisation working in the film or creative industries and which:
 - (a) could make use of the green screen;
 - (b) is a sector focused organisation with considerable expertise; and
 - (c) presented sound management and financial plans for the delivery of the proposed project.
3. The Accommodation Grant Program is open to for-profit entities. The recommended applicant in this report is for-profit organisation Cobbstar Productions Pty Ltd.
4. The assessment process included advice and recommendations from key stakeholders on the assessment panel, depending upon the nature of each submission. The integrity of the proposed budget, project plan, contributions and partnerships are assessed, scored and ranked against defined criteria. Once recommended applications are approved by Council, a lease or licence is prepared, which includes performance criteria that must be adhered to and acquitted against.
5. The panel assessing the submitted applications was comprised of the Manager Culture and Creativity, Acting Cultural Projects Manager and Strategy Advisor - Culture with specialist advice from the Community Engagement Co-ordinator and Strategy Advisor - Live Music & Performance.
6. The panel considered the applicant's ability to pay rent when determining the level of subsidy per year. As part of the application process, applicants provide details of the level of rent they can afford to pay and the subsidy level they wish to receive. The panel considers this information and how the organisation ranked against the Program criteria.
7. All grants are recommended on the condition that any required approvals, permits and development consents are obtained by the applicant.
8. The terms and conditions of the agreement between the tenant and the City are detailed in each lease or licence, which sets out specific Key Performance Indicators and performance measures for each tenant.
9. The Accommodation Grant Program is highly competitive. Applications that are not recommended did not score as highly against the assessment criteria as the recommended organisation.
10. The intended start date for the new tenant is 1 November 2016 and the lease will end on 31 January 2018.

Tenancy 1, 247 Oxford Street, Paddington

11. Cobbstar Productions Pty Ltd is a for-profit company producing film, television and web entertainment. The applicant has requested to use of Tenancy 1, 247 Oxford Street, Paddington to develop a multiplatform film, entertainment and creative hub that is able to take advantage of the unique production space the property provides.
12. By consolidating the location of its various projects, Cobbstar Productions Pty Ltd propose to interlink the stakeholders involved, hold creative writing workshops and provide desk and office space for emerging writers and film makers.
13. Whilst Cobbstar Productions Pty Ltd is a for-profit entity, their proposed activation of Tenancy 1, 247 Oxford Street, Paddington is expected to break-even at the recommended subsidy level of 87 per cent. At the beginning of the tenancy, two of their projects will be in start-up mode and two others are low budget productions supported by in-kind film hire and post production companies. The tenancy will enable Cobbstar Productions Pty Ltd to expand the services and facilities they offer to up and coming artists working in web production and film.
14. The assessment panel concluded that the project proposed aligned with both the Program's requirements and the needs of the organisation. The applicant demonstrated excellent partnerships, links and support from Screen NSW, the LGBTIQ community, wider film sector and the neighbouring Chauvel Cinema, as evidence of their suitable application.
15. The assessment panel concluded the organisation presented suitable models towards:
 - (a) activating and hiring out the green screen including affordable rates for community groups;
 - (b) advertising and marketing the project to the film and creative communities;
 - (c) managing the facility on a day-to-day basis including WHS requirements and noise mitigation strategies given the residential location of the space; and
 - (d) an exit strategy given the limited term of the opportunity.
16. The assessment panel further concluded the grant to include the following conditions:
 - (a) applicant to work with City Culture and Creativity to identify community partners that could access and share the space;
 - (b) applicant to provide a plan of management; and
 - (c) applicant to provide revised profit and loss details.
17. It is recommended that Cobbstar Productions Pty Ltd be awarded an Accommodation Grant for Tenancy 1, 247 Oxford Street, Paddington for a maximum of 15 months (strictly ending 31 January 2018) at the value of \$10,400 per annum on an 87 per cent rental subsidy.

KEY IMPLICATIONS

Strategic Alignment – Sustainable Sydney 2030

18. *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. This 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 Program 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

19. 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

20. Based on the current budget of the Accommodation Grant Program, the total grant value of the Program is \$3.9 million in revenue forgone for the 2016/17 financial year.
21. The total grant value recommended in this report is \$84,500 given the recommendation is for a 15 month lease. \$45,067 of this will be reported in the 2016/17 financial year and the remaining \$39,433 (plus CPI) will be reported in the 2017/18 financial year.
22. City Projects and Property budgeted for a 100 per cent subsidy for the property with no expected income to the City.
23. With the lease commencing on 1 November 2016, the City will receive an income of \$6,933 across for 2016/17.

RELEVANT LEGISLATION

24. Section 356 of the Local Government Act 1993. The requirements of section 356(3) of the Local Government Act 1993 have been satisfied in respect of the proposed for-profit recipient.

CRITICAL DATES / TIME FRAMES

25. The intended start date for new tenants is 1 November 2016 and the lease end date is strictly 31 January 2018.

PUBLIC CONSULTATION

26. The property was open for inspection by registration for five sessions over the two days of 5 July 2016 and 14 July 2016. 51 organisations represented by 106 people registered to attend the property inspections.
27. Information about the Program (such as guidelines, eligibility criteria, information on the properties and sample applications) was made available on the City's website. The City extensively promoted the Program via a Campaign Monitor email, inclusion on the Creative Spaces and Artshub websites, and further advertisements via Artshub, Creative Foyer, Facebook and LinkedIn.

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Director City Life

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