

ITEM 3. OXFORD STREET CREATIVE SPACES PROGRAM – REVISED LEASE COMMENCEMENT DATE AND CHANGE OF PREMISES FROM SHOP 17 FOLEY STREET TO SHOP 15 FOLEY STREET

FILE NO: S094174

SUMMARY

The Oxford Street Creative Spaces Program has been one of the most visible initiatives that the City has undertaken in the precinct in recent times.

Since the Program commenced, the creative tenants' spend on local goods and services is estimated at over \$2.4 million. An average of 170 people per quarter work from these spaces and they have attracted more than 80,000 new visitors to the area.

The Program meets two Council objectives:

- to activate Oxford Street (contribute to the revitalisation of the area by generating street level activity and support the diversification of the area's business mix); and
- to provide affordable work, exhibition and office space for the creative sector (supporting incubation and collaboration opportunities for creative practitioners, entrepreneurs and start up enterprises).

An Expression of Interest was undertaken in 2015 calling for artists, creative entrepreneurs and community cultural organisations to apply for office and retail premises. The Expression of Interest was specific to the use of five retail properties located at numbers 9, 11, 13, 17 and 19-21 Foley Street, and tenants for all properties were selected.

On 29 June 2015, Council resolved to approve the use of the abovementioned Foley Street properties at affordable rental rates, for a maximum three year term by the selected tenants commencing 1 January 2016.

A delay of the capital works program due to heritage issues has resulted in not achieving the lease commencement date of 1 January 2016 as per Council's resolution of 29 June 2015. The revised completion date for the capital works is now 30 November 2016, which permits lease commencement in mid-December 2016.

Whilst the retail premise located at 17 Foley Street was included in Council's resolution of 29 June 2015, its retail shopfront presence was limited due to the location of existing fire services resulting in a narrow shop corridor at the front of the premises.

A recent upgrade of the existing fire services has resulted in Shop 17 being unsuitable for retail use in its current form. As such, it is intended that the successful tenant for Shop 17 be offered the same affordable rental amount at Shop 15 Foley Street.

RECOMMENDATION

It is resolved that

- (A) Council note that due to the location of fire services at 17 Foley Street, this property is no longer suitable for use in the Oxford Street Creative Spaces Program;
- (B) Council approve the use of Shop 15 Foley Street in the Oxford Street Creative Spaces Program as per Council's resolution of 29 June 2015 and clauses (C) and (D);
- (C) Council approve a change in the commencement date of leases for the retail premises previously approved by Council's resolution of 29 June 2015 so that leases will commence on completion of capital works, with each lease term being for a maximum of three years; and
- (D) authority be delegated to the Chief Executive Officer to enter into lease/licence agreements for a maximum three year term with the successful tenants of shops 9, 11, 13, 15 and 19-21 Foley Street with a suitable commencement date following completion of the upgrade works.

ATTACHMENTS

Nil.

BACKGROUND

1. The Oxford Street Creative Spaces Program has been one of the most visible initiatives that the City has undertaken in the precinct in recent times.
2. The Program meets two Council objectives:
 - (a) to activate Oxford Street (contribute to the revitalisation of the area by generating street level activity and support the diversification of the area's business mix); and
 - (b) to provide affordable work, exhibition and office space for the creative sector (supporting incubation and collaboration opportunities for creative practitioners, entrepreneurs and start up enterprises).
3. Since the Program commenced, the creative tenants' spend on local goods and services is estimated at over \$2.4 million. An average of 170 people per quarter work from these spaces and they have attracted more than 80,000 new visitors to the area.
4. On 29 June 2015, Council resolved to approve the use of the five retail properties located at numbers, 9, 11, 13, 17 and 19-21 Foley Street at affordable rental rates, for a maximum three year term by the selected tenants commencing 1 January 2016.
5. An Expression of Interest was undertaken in 2015 calling for artists, creative entrepreneurs and community cultural organisations to apply for office and retail premises. The Expression of Interest included the use of five retail properties located at numbers 9, 11, 13, 17 and 19-21 Foley Street at the Council approved affordable rental rates.
6. As a result of the Expression of Interest, ten new creative enterprises have commenced in the office spaces at 66 Oxford Street including: a music management agency; two photography focused groups; a tech start-up for emerging creative business; a multidisciplinary creative workspace; a small video production business; a creative tech start-up connecting craftspeople and artisans with customers; a magazine focused on the shrinking print and design industry; a mentoring service for emerging designers; and a one-stop shop for people seeking assistance with their creative business. Another four organisations working across fashion, illustration and design and video production will commence in October 2016.
7. The Foley Street retail spaces will include three open studios – a group with a focus on sustainably designed and made fashion, a group making high end ceramic tableware and lighting fixtures in-store, and a self-taught cobbler with a focus on bespoke shoes and women's fashion. There will be two retail stores, one a curated art and design emporium and the other offering bespoke male artisan products and workspace for featured designers. Foley Street will also include a photography gallery holding regularly changing exhibitions and projects by local and visiting photographers.
8. The five retail properties located at numbers 9, 11, 13, 17 and 19-21 Foley Street are subject to a capital funded fitout and BCA upgrade works, which required Development Consent. Due to the heritage nature of these properties, the complexity of site approvals, and Development Consent, the capital works program was delayed.

9. The subsequent delay of the capital works program has resulted in not achieving the lease commencement date of 1 January 2016 in Council's resolution of 29 June 2015. The revised completion date for the capital works is 30 November 2016, which permits lease commencement to occur in mid-December 2016.
10. It is intended the lease term for all five retail properties will remain unchanged with agreements being for a maximum of three years.
11. The retail premises located at 15 Foley Street was specifically excluded from Council's resolution of 29 June 2015 as, at the time, it was occupied by a commercial car upholstery business, which has since been relocated to alternative premises in Huntley Street, Alexandria.
12. Whilst 17 Foley Street was included in Council's resolution of 29 June 2015, its retail shopfront presence was limited due to the location of existing fire services resulting in a narrow shop corridor at the front of the premises. A recent upgrade of the existing fire services has further resulted in Shop 17 becoming unsuitable for retail use. As such, it is intended that the successful tenant for Shop 17 be offered the same affordable rental amount for Shop 15 instead.

BUDGET IMPLICATIONS

13. The 2016/17 financial budget did not allow for any revenue for Foley Street due to the capital works impacting on the leasing of these shops. A nil income was assumed for the financial year. As a result, there is no impact on the 2016/17 financial budget.

RELEVANT LEGISLATION

14. Section 356 of the Local Government Act 1993.

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