

ITEM 4. ACCOMMODATION GRANT PROGRAM 2016/17 - ALLOCATION OF JOYNTON AVENUE CREATIVE CENTRE**FILE NO: X003604****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 City-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 72 organisations in 48 buildings managed under the Program. Recipients of grants enter into leases or licences with the City for a fixed term.

The Joynton Avenue Creative Centre (the Centre), previously known as the Esme Cahill building, is a former nurses' quarters of South Sydney Hospital, Zetland. The building is an important part of the community facilities and infrastructure being developed by the City for Green Square, and is an integral and essential component of the planning and implementation of the renewal of the precinct.

The Centre has recently undergone significant construction works to transform it into a place for creative practice and endeavour. The Centre's new facilities include a gallery space suitable for an artist-run initiative; small artist studios; classroom space for creative practice classes; incubator office spaces for start-ups and creative enterprise; and two hire spaces, one indoor and one outdoor, available for hire by the community for creative, cultural, social and recreational use.

The City called for applications from organisations or individuals servicing the creative sector that were able to act as a Head Tenant to manage the Centre through the Accommodation Grant Program. The Head Tenant will be responsible for the day-to-day operational management of the Centre, sourcing of suitable creative tenants for each of the spaces via a competitive process, and developing a program of activity for the Centre that engages with the local community and the creative sector.

Applications opened on 4 October 2016 for a lease commencing once construction works are complete in 2017. Eleven applications were downloaded, with two applications received.

This report recommends that an Accommodation Grant for Head Tenant Joynton Avenue Creative Centre be awarded to 107 Projects Incorporated.

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 107 Projects Incorporated be provided with an Accommodation Grant for the Joynton Avenue Creative Centre at 100 per cent subsidy (valued at \$242,500 excluding GST per annum) for a three year period, commencing on the completion of construction works;
- (B) Council note that the market rental value is calculated with an annual increase of 3 per cent per annum and excludes GST;
- (C) upon review by the City, 107 Projects Incorporated be provided with a two year option based on assessment of the organisation meeting or exceeding agreed performance criteria, with any further subsidy to be reported back to Council prior to the option exercise period; and
- (D) authority be delegated to the Chief Executive Officer to negotiate, execute and administer agreements with 107 Projects Incorporated on terms consistent with this resolution and in accordance with the Grants and Sponsorship Policy.

ATTACHMENTS

Attachment A: List of applicants for the Joynton Avenue Creative Centre Head Tenant Operator.

BACKGROUND

1. The Accommodation Grant Program (the Program) presently makes available spaces for 72 organisations in 48 buildings.
2. The Joynton Avenue Creative Centre (the Centre) is located within the Green Square Town Centre at 3 Joynton Avenue, Zetland. The building has recently undergone significant construction works to transform it from former nurses' quarters for South Sydney Hospital, to a multi-purpose creative and community facility.
3. Community facilities in Green Square present an opportunity to provide cultural and creative learning options essential to the social and economic capital for the area. The City's vision for community and cultural facilities in Green Square includes the timely provision of multi-purpose facilities that are accessible, equitable, sustainable, vibrant, safe and inclusive.
4. City staff undertook significant research and operational modelling to identify the most effective way to operate and activate the Centre. This resulted in making the entire Centre and its facilities available to be managed by a singular Head Tenant and operate under the City's well-established Accommodation Grant Program.
5. The operational modelling identified the Program as the most effective way to operate the Centre in order to maximise community and cultural benefits and outcomes, collaboration and cooperation opportunities, support sector sustainability, and ensure operational efficiencies for the City.
6. The application process sought to identify a Head Tenant for the Centre that would:
 - (a) provide artists and creatives access to space at affordable rent;
 - (b) engage an Artist-Run Initiative to deliver a program in the gallery space;
 - (c) encourage provision of space for jewellers by sub-leasing nine individual jewellery benches for set periods of time;
 - (d) provide opportunities for the community to access classes and practise-based learning in arts, crafts and other creative practices;
 - (e) include a plan for securing community use of the outdoor and ground floor hire spaces;
 - (f) foster collaboration and engagement with the local community; and
 - (g) provide a feasible business model for the property's management.
7. The panel assessing the submitted grant applications was comprised of the Manager Culture and Creativity, Acting Cultural Projects Manager and Manager Customs House, with specialist advice from the City's Financial Planning and Reporting unit, Property unit and Legal Services unit.
8. Assessments were made against the Program's application selection criteria and alignment with the City's Creative City Cultural Policy and Action Plan 2014 – 2024.
9. All grants are recommended on the condition that any required approvals, permits and development consents are obtained by the applicant.

10. The terms and conditions of the lease agreement between the Head Tenant and the City sets out specific Key Performance Indicators (KPIs) and performance measures that the Head Tenant's activity will be measured against. The City will work with the Head Tenant to structure KPIs for other users of the Centre.
11. The City intends that the new tenant commence immediately upon the completion of the construction works, which is expected to occur mid to late 2017.

107 Projects

12. 107 Projects Incorporated (107 Projects) is a cultural organisation that operates at the intersection of artistic practice, sustainable community development and social enterprise. Operating since 2000, 107 Projects promotes, presents and produces a broad range of arts and community cultural development activities.
13. 107 Projects has been part of the Accommodation Grant Program since 2011, transforming a former car garage at 107 Redfern Street, Redfern into a successful multi-arts creative centre. From this space, the organisation manages exhibitions, performance spaces, artist studios, creative offices and creative hot desk hires. Their diverse operation includes producing an in-house program of events, community organised exhibitions, talks, meetings, presentations, and providing educational programs, seminars and opportunities for learning.
14. Over the course of seven years in the Program, 107 Projects has established itself as a leading force in driving community engagement programs. They have demonstrated their capacity to work with diverse local communities and the cultural sector to generate meaningful and high quality outcomes that have strong artistic merit, are socially responsible and community-focussed.
15. 107 Projects' application for Head Tenant of the Centre proposes to expand their proven model of management and community engagement to Green Square. Their application presented a strong vision for the Centre, including a considered operational plan and business model, and a sophisticated approach to programming and activation.
16. 107 Projects propose to provide artists and creatives with access to space at affordable rates; deliver a curated creative program with a focus on community and social programming; deliver community focused events and exhibitions; and provide workshops, classes and practice-based learning opportunities in diverse creative practices. Their model also includes a shared and balanced approach to the use of the outdoor and for-hire spaces.
17. Their application meets the outcomes of the Program and aligns with the strategic vision for the Centre to be a place for creative practice and endeavour for the local community and creative sector.
18. 107 Projects' application requires a 100 per cent subsidy for the three-year lease given the significant investment required by the organisation to establish the Centre, ensure it is operating at capacity, and to galvanise itself within the new Green Square precinct.

19. It is recommended that 107 Projects be awarded an Accommodation Grant for Joynton Avenue Creative Centre at the value of \$242,500 per annum (exclusive of GST) at 100 per cent subsidy for the first year, \$249,775 (exclusive of GST) at 100 per cent subsidy for the second year, and \$257,268 (exclusive of GST) at 100 per cent subsidy for the third year.
20. Tenants within the Accommodation Grant Program are required to pay all outgoings for their tenancy including power, water, garbage removal, public liability insurance and glass plate insurance, and maintenance and repair costs.
21. An option to extend for a further two years will be made available to the Head Tenant based on assessment against the agreed performance criteria. Should the option be exercised by the City, it is anticipated that the Centre will be operating at a capacity that may allow for decreasing level of rental subsidy for the following period. Any further request for subsidy will be reported back to Council prior to the option being exercised.

KEY IMPLICATIONS

Strategic Alignment - Sustainable Sydney 2030

22. 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.

Organisational Impact

23. The Head Tenant will be supported by City staff for an initial period of two years to ensure the Centre is properly established and operating at an optimal level over this time. Staff will develop and monitor suitable KPIs and oversee the contract with the operator in order to support full utilisation of the Centre. Staff will also support the delivery of programming and activation goals, be involved in the development and assessment of the operator's external application process for all lettable spaces, and provide mentoring and support as required.

Social / Cultural / Community

24. 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

25. The current market rental subsidy value of the Accommodation Grant Program is \$3.84 million in foregone revenue for the 2016/2017 financial year.
26. The grant value recommended in this report is \$242,500 per annum over a three year lease period, totalling \$749,543 (inclusive of annual increase of 3 per cent per annum and exclusive of GST).
27. \$242,500 of this will be reported in the first year of the lease, \$249,775 will be reported in the second year of the lease, and \$257,268 will be reported in the third year of the lease.
28. City Projects and Property have included a 100 per cent subsidy for the property with no expected income to the City in the 2017/18 operating budget.

RELEVANT LEGISLATION

29. 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 not-for-profit recipient.

CRITICAL DATES / TIME FRAMES

30. The intended start date for the tenants is mid to late 2017, pending completion of construction works.

PUBLIC CONSULTATION

31. The property was open for inspection by registration for three sessions on 18 October, 8 November and 10 November 2016. 28 organisations represented by 69 people registered to attend the property inspections.
32. Information about the Program (such as guidelines, eligibility criteria, information on the property 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, Creative Spaces website, Facebook and LinkedIn.

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