

Expression of interest - 744 George St, Haymarket (as Haymarket Library)

File No: S117676

Summary

The Accommodation Grant Program is one of 17 programs adopted as part of the City's Grants and Sponsorship Policy. The Program supports community, cultural, economic 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 not-for-profit organisations, and to for-profit organisations where they demonstrate a public benefit. Currently, there are 78 leases held by 69 organisations located across 52 City properties managed under the Program. Recipients of Accommodation Grants enter into leases or licences with the City for a fixed term of appropriate length, usually five years, subject to an annual performance review.

Applications opened on Tuesday 2 July 2019 to not-for-profit or for-profit organisations servicing the creative, community and/or economic sectors able to act as a Head Tenant for the City of Sydney's property at 744 George Street, Haymarket, via an expression of interest process. The City appointed an independent probity advisor to oversee the entire expression of interest process.

This property is formerly known as Haymarket Library and has been vacated due to the relocation of the building's library services to the new Darling Square library facility earlier this year. This is the first time this property has been made available in the Accommodation Grant Program.

The Head Tenant will be responsible for the day-to-day operational management of the building, fostering a creative / social hub for artists and/or the community as part of the overall tenancy mix of the property and be able to activate the ground floor space. Applicants responding to the Expression of Interest needed to demonstrate how they will meet one or more of the Accommodation Grant Program outcomes in their application.

The Expression of Interest process closed on Tuesday 27 August 2019. Thirteen applications were received and one applicant is recommended to occupy the premises under the Accommodation Grant Program.

This report seeks Council approval to endorse the preferred respondent from the expression of interest. Confidential matters are contained within Attachments A and B.

Recommendation

It is resolved that:

- (A) Council note the outcome of the Expression of Interest for the lease of 744 George Street, Haymarket (the Property);
- (B) Council approve Respondent 'U' as the preferred respondent to be provided with an Accommodation Grant to lease the Property for a three year period, with the option to renew for a further two years, as outlined in Confidential Attachment A, noting the recommended subsidy rates;
- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer relevant agreements with Respondent in accordance with the Grants and Sponsorship Policy, including an agreement for lease and accommodation grants lease conditional on the criteria outlined Confidential Attachment A;

Attachments

Attachment A. Expression of Interest Evaluation Summary (Confidential)

Attachment B. Application Summary (Confidential)

Background

History of 744 George St, Haymarket (formerly Haymarket Library)

1. 744 George Street, Haymarket is a three storey Victorian sandstone building in the Venetian Gothic style, designed by Mansfield Bros as a bank and constructed in 1875. It has been upgraded in 1914, 1925 and 1991/92, with a new lift being installed in 2012/13.
2. The building has heritage significance on a local level for its overall form and the presentation of its primary façades. The internal spaces have been modified, and little original fabric remains internally. The cedar staircase is original.
3. There is excellent public transport close by to the property with an existing Light Rail Stop outside the building on Hay Street and a Light Rail Stop on George Street near Campbell Street soon to open.
4. Although the building itself is not listed on the National Heritage List, it is within the Haymarket Special Area which is listed on the Register of the National Estate and within the Central Station/Haymarket Urban Conservation Area, which is listed on the National Trust Register. The building has had a variety of prior uses.
5. The whole building, including the interior and its principal room layout, is however listed as a heritage item on the planning instrument governing land use - Sydney Local Environment Plan 2012.
6. In October 2019, the City library functioning from the building moved to the newly built facilities at Darling Square making the old Haymarket Library building available for community use through the Accommodation Grants Program.

Accommodation grants program

7. Through the Accommodation Grant application process, community, cultural or economic organisations apply to occupy a specific City-owned property at a reduced rental rate. The City offers this grant in the form of a value-in-kind rental subsidy of up to 100% of the market rental rate.
8. The market rental value of the property is estimated to be \$603,000 per annum GST exclusive, in year 1. Applicants were encouraged to consider how the proposed operating model can become more sustainable over time and to reflect this in the subsidies requested.
9. The successful applicant will act as a Head Tenant over the three levels of the property. They will be responsible for the day-to-day operational management of the building, and sub-letting space within for aligned uses.
10. The Tenant will be responsible for Outgoings as per the Property Summary Table included in the Expression of Interest, further detailed in the Lease and in Confidential Attachment A.
11. A number of information documents were provided during the EOI process including details of the building, details of the tenant's responsibilities, a draft lease, previous Development Approval information, a current Heritage Conservation Plan, an older heritage impact assessment and a 2017 building condition report. The Grants and Sponsorships Policy and Grants and Sponsorship Guidelines were also provided.

12. An independent probity officer was engaged to oversee the whole Expression of Interest process to ensure transparency, and provide assurance to Councillors and the community of a fair and ethical selection process.
13. Applications were assessed against the following mandatory evaluation criteria:
 - Level of subsidy required against the market rent, and the applicant's ability to pay outgoings.
 - Corporate responsibility and professional practices
 - Quality and relevance of the application
 - Relevant experience and capabilities of the applicant
 - Meeting one or more Accommodation Grants Program outcomes:
 - Improved social wellbeing, reduced isolation and increased community and cultural participation
 - Increased services undertaken by community and cultural organisations that benefit of residents, workers and visitors, and contribute to the social, cultural, economic and environmental health of the city
 - Enhanced financial sustainability for local organisations including artists
 - Greater public participation in community, arts and creative projects
 - Greater sharing of knowledge and resources by new and emerging groups, increasing the capacity and viability of the business and community sectors
 - Active development of solutions to sector-wide issues and provision of direct services that benefit communities by newly established and start-up businesses and organisations.
14. 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 as appropriate.
15. All grants are recommended on the condition that any required approvals, permits and development consents are obtained by the applicant.

Applications

16. Thirteen applications were received from the following organisations:

- Australian Centre For Photography Limited
- Bobby Goldsmith Foundation
- Alison Jose for Circular Centre
- Haymarket Chamber of Commerce
- International Performing Writers Association
- Mental Health Association NSW Ltd
- Museum of Chinese in Australia Incorporated
- Outcome Life Pty Ltd
- Relief Hope agency Nation Development Services
- Sydney Community College Limited
- The Bower Re-use And Repair Centre Co-operative Limited
- University Of Sydney
- Vibewire Youth Services Inc

Key Implications

Strategic Alignment - Sustainable Sydney 2030

17. 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 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

18. 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.

Financial Implications

19. There are sufficient funds allocated for this grant as part of the Accommodation Grant Program included in the City's operational plan for 2019/20 financial year. Subsidy rates relating future financial years will be incorporated in future budgets proposed.
20. Budget implications are detailed in Confidential Attachment A.

Relevant Legislation

21. This Expression of Interest has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy and that an independent probity advisor has been involved for oversight of the process.
22. Attachments A and B contain confidential commercial information of the respondents and details of Council's evaluation which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it; and
23. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.
24. Section 356 of the Local Government Act 1993. Section 356 of the Local Government Act 1993 provides that a council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.
25. Section 356(3)(a) - (d) is satisfied for the purpose of providing grant funding to for profit organisations because:
 - (a) the funding is part of the Accommodation Grant Program;
 - (b) the details of these programs have been included in Council's operational plan for financial year 2019/20;
 - (c) the program's proposed budget does not exceed 5 per cent of Council's proposed income from ordinary rates for financial year 2019/20; and
 - (d) this program applies to a significant group of persons within the local government area.

Critical Dates and Public Consultation

26. The property was open for inspection by registration for three sessions on Thursday 18 July, Friday 19 July and Monday 22 July 2019. Approximately 60 organisations represented by 100 visitors registered to attend the property inspections.
27. The City promoted the Program via advertisements in the Sydney Morning Herald and Daily Telegraph on Thursday 4 July 2019.
28. During the Expression of Interest process, the advertisement was published in English, Korean, Chinese and Thai.

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