

Item 2.

Grants and Sponsorship – Accommodation Grants Program - Cultural and Creative Sector - Grant Recommendations and Lease Renewals 2022

File No: X079173.001

Summary

The Accommodation Grant Program is one of 17 programs adopted as part of the City's current Grants and Sponsorship Policy. The Program supports organisations that benefit our communities and align to the strategic outcomes of Sustainable Sydney 2030-2050 Continuing the Vision. It provides organisations with facilities in City-owned buildings within the community property portfolio at nil or below market rent.

Accommodation grants are available to not-for-profit organisations, and to for-profit organisations that can demonstrate a public benefit. Through this program the City recognises the need to support creative, green, social enterprise and technology business start-ups that provide innovative products, services and processes, or contribute to the cultural, environmental, social and economic development of the city.

Currently, there are 70 leases or licences held by 63 organisations located across 50 City properties managed under the Program. Recipients of Accommodation grants enter into leases or licenses with the City for a five-year lease term and can apply for up to 100 per cent rental subsidy. Recipients are subject to an annual performance review.

An expression of interest process commenced on 28 March 2022, for not-for-profit and for-profit organisations servicing the cultural and creative sectors to tenant two properties located at Level 3, 101-115 William St, Darlinghurst and Suite 2, Ground Floor, Ultimo Community Centre, 40 William Henry Street, Ultimo.

Of the 70 current leases and licences, a lease for Antenna Documentary Institute Limited (formally Screen Culture Association Inc) located at Benledi House, 186-194 Glebe Point Rd, Glebe is due for renewal on 6 August 2022 and a licence for Brand X Productions Incorporated (Brand X), East Sydney Community Arts Centre, 225-245 Palmer Street, Darlinghurst is due for renewal on 26 July 2022. Antenna Documentary Institute and Brand X are recommended for renewal for up to five years in this report. Lease/licence subsidy levels are based on the current market rental value of the property.

This report seeks Council approval to enter into leases with the preferred applicants from the expression of interest process and approval for the lease and licence renewal recommendations.

Recommendation

It is resolved that:

- (A) Council approve the provision of an Accommodation Grant to WE ARE WARRIORS PTY LTD for Suite 2, Ground Floor, Ultimo Community Centre, 40 William Henry Street, Ultimo to lease the property for a five-year period from September 2022 to October 2027, with the option to renew, on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent Payable
Year 1 2022-23	\$147,000	100%	\$147,000	\$0
Year 2 2023-24	\$151,410	100%	\$151,410	\$0
Year 3 2024-25	\$155,952	100%	\$155,952	\$0
Year 4 2025-26	\$160,630	100%	\$160,630	\$0
Year 5 2026-27	\$165,449	100%	\$165,449	\$0

- (B) Council approve the provision of an Accommodation Grant to Darlinghurst Theatre Limited for Suite 3.02 and Suite 3.03, Level 3, 101 – 115 William Street Darlinghurst to lease the property for a five-year period from September 2022 to October 2027 on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent payable
Year 1 2022-23	\$108,000	94%	\$101,520	\$6,480
Year 2 2023-24	\$111,240	90%	\$100,116	\$11,124
Year 3 2024-25	\$114,577	85%	\$97,390	\$17,187

Year 4 2025-26	\$118,014	80%	\$94,411	\$23,603
Year 5 2026-27	\$121,554	75%	\$91,166	\$30,389

- (C) Council approve the provision of an Accommodation Grant to Digital Storytellers Limited for Suite 3.01, Level 3, 101 – 115 William Street Darlinghurst to lease the property for a five-year period from September 2022 to October 2027 on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent payable
Year 1 2022-23	\$95,000	94%	\$89,300	\$5,700
Year 2 2023-24	\$97,850	90%	\$88,065	\$9,785
Year 3 2024-25	\$100,786	85%	\$85,668	\$15,118
Year 4 2025-26	\$103,810	80%	\$83,048	\$20,762
Year 5 2026-27	\$106,193	75%	\$80,193	\$26,731

- (D) Council approve the renewal of the Accommodation Grant lease for tenant Antenna Documentary Institute Limited at Benledi House, 186-194 Glebe Point Road, Glebe who holds a lease expiring on 6 August 2022 and who has met the Key Performance Criteria of their Accommodation Grant, for a period of up to five years, to 6 August 2027 on the following rental subsidy:

	Market Rental Value	Grant Subsidy	Grant Amount	Rent payable
Year 1 2022-23	\$16,000	100%	\$16,000	\$0
Year 2 2023-24	\$16,480	100%	\$16,480	\$0

Year 3 2024-25	\$16,974	90%	\$15,276	\$1,698
Year 4 2025-26	\$17,483	90%	\$15,735	\$1,748
Year 5 2026-27	\$18,008	85%	\$15,307	\$2,701

- (E) Council approve the renewal of the Accommodation Grant licence for tenant Brand X Productions Incorporated at the East Sydney Community Arts Centre, 225-245 Palmer Street, Darlinghurst who is currently on a holdover provision following licence expiration on 26 July 2022, and who has met the Key Performance Criteria of their Accommodation Grant, for a period of five years ending 5 September 2027 on the following rental subsidy:

	Market Rental Value	Grant Subsidy	Grant Amount	Rent payable
Year 1 2022-23	\$87,000	88%	\$76,567	\$10,433
Year 2 2023-24	\$89,610	88%	\$78,864	\$10,746
Year 3 2024-25	\$92,298	84%	\$77,530	\$14,758
Year 4 2025-26	\$95,067	80%	\$76,065	\$19,002
Year 5 2026-27	\$97,919	76%	\$74,433	\$23,486

- (F) authority be delegated to the Chief Executive Officer to correct minor errors to the matters set out in this report, noting that the identity of the recipient will not change, and a CEO Update will be provided to Council advising of any changes made in accordance with this resolution; and
- (G) authority be delegated to the Chief Executive Officer to negotiate, execute and administer relevant agreements on terms consistent with this resolution and in accordance with the Grants and Sponsorship Policy.

Attachments

- Attachment A.** Recommended Applicant - William Street Creative Hub
- Attachment B.** Applicants Not Recommended - William Street Creative Hub
- Attachment C.** Recommended Applicant - Suite 2, Ultimo Community Centre
- Attachment D.** Applicants Not Recommended - Suite 2, Ultimo Community Centre

Background

1. The City's Accommodation Grant Program supports organisations that benefit our communities and align to the strategic outcomes of Sustainable Sydney 2030-2050 Continuing the Vision. It provides organisations with facilities in City-owned buildings within the community property portfolio at nil or below market rent.
2. The Accommodation Grants Program (the Program) presently makes available 70 spaces for 63 organisations in 50 City properties. As City properties become available the City seeks applications from for profit and not for profit organisations interested in occupying a City-owned property at a reduced rental rate.
3. On 28 March 2022, the City commenced an expression of interest process for two properties. The first property is located at Level 3, 101-115 William Street Darlinghurst (also referred to as William Street Creative Hub) and the second property is located at Suite 2, Ground Floor, Ultimo Community Centre, 40 William Henry Street, Ultimo.
4. Level 3, 101-115 William Street consists of three suites and applicants were asked to indicate their preference for the following:
 - (a) Option 1 - leasing the whole floor - Suites 3.01, 3.02 and 3.03;
 - (b) Option 2 - leasing Suite 3.01 on its own; or
 - (c) Option 3 - leasing Suites 3.02 and 3.03.
5. Information about this grant program was made available on the City's website. The City actively promoted the program through LinkedIn, ArtsHub and Koori Mail. Email campaigns were utilised to target interested parties who have expressed an interest in the City's Grants and Sponsorship and Creative Space programs.
6. Virtual tours were available online for the duration of the Expression of Interest process and received 186 views for William Street Darlinghurst and 118 views for Ultimo Community Centre.
7. Two online information sessions were held on Monday 4 April 2022 and Wednesday 20 April 2022 with 62 attendees in total.
8. Applications closed at 5pm on 2 May 2022, seven eligible applications were received for the Ultimo Community Centre tenancy, and six eligible applications were received for the William Street Creative Hub tenancy.
9. The assessment panel consisted of City staff from City Properties, Strategy and Urban Analytics and Creative City. Specialist assessment was provided by the Indigenous Leadership and Engagement team.
10. Applications were assessed against the following mandatory evaluation criteria:
 - (a) the relevance of the proposal to meet the needs of artists and the cultural and creative sector in Sydney;
 - (b) viability of the proposed model to maximise utilisation of the space;
 - (c) capacity and capability of the organisation to manage the lease;

- (d) whether the proposed use is permissible under the planning controls; and
 - (e) alignment with the Accommodation Grant Program and City of Sydney's strategic priorities, and the City of Sydney's grants policy and ethics framework.
11. All grants are recommended on the condition that any required approvals, permits and development consents are obtained by the applicant.
 12. This report recommends that Council approve the subsidy level and grant value of the tenants listed with annual increases of three percent in grant value and rent to be paid for the financial years 2022/23, 2023/24, 2024/25, 2025/26 and 2026/27 in accordance with the City's minimal fixed increase percentage.
 13. This report also recommends that Council approve a three per cent fixed rent increase in alignment with the three percent market value increase on commencement of any holdover and any anniversary of the commencement of the holdover period.
 14. The City will require entry into an agreement on acceptable terms as part of the grant, which may include payment of a bond as part of the lease or licence agreement.

Level 3, 101 - 115 William Street Darlinghurst

15. Level 3, 101 - 115 William Street Darlinghurst contains two open-plan office suites (Suites 3.01 and 3.02) with polished cement floors and a small office (Suite 3.03). It is located within a block of buildings that includes a mix of spaces for cultural and commercial use known as the William Street Creative Hub.
16. The following organisations are the recommended applicants for this property:

Darlinghurst Theatre Company

17. Darlinghurst Theatre Limited (DTC) applied for a subsidised five-year lease of Suites 3.02, and 3.03 Level 3, 101 - 115 William Street Darlinghurst under the Accommodation Grants Program and are recommended to tenant Suites 3.02 and 3.03.
18. DTC is the resident company of Eternity Playhouse, Burton Street Darlinghurst, with a lease under the Accommodation Grant program. They have a 30-year legacy of producing and presenting theatre in Sydney and supporting the development of professional Australian artists at all levels of their careers.
19. DTC's proposed use of this William Street property is to establish a new administrative and creative headquarters for 13 full-time and part-time staff. In addition, they will offer six workspaces for a cohort of independent creative artists collaborating as lead artists on DTC projects and undertaking their own creative work.
20. The small office (3.03) will operate as a shared meeting room and creative development space, available for DTC, lead artists and other independent theatre companies. DTC will allow other tenants to access this space as a meeting room. As an established organisation they are well positioned to manage this shared facility and establish a cooperative relationship with other tenants on the floor.
21. DTC are experiencing growth and can no longer effectively operate their administrative function from their existing tenancy at Eternity Playhouse. Their previous office space

is now used as a dressing room for performers. Since 2019, DTC has leased a short-term commercial office space in Darlinghurst but are without security of tenure as the property is slated for redevelopment.

22. There was strong support for the vision of this proposal from a number of independent theatre companies, directors and artists. The space, which will be used by lead artists while they are developing independent productions, will help increase local content in both the Eternity Playhouse and other Sydney stages, and bring vitality to the small theatre precinct of East Sydney.

Digital Storytellers Limited

23. Digital Storytellers Limited (Digital Storytellers) applied for a subsidised five-year lease of Suites 3.01, 3.02, and 3.03 Level 3, 101 - 115 William Street Darlinghurst under the Accommodation Grants program and are recommended for Suite 3.01.
24. Digital Storytellers is the current occupant of Suite 3.01, Level 3, 101 - 115 William Street, Darlinghurst under a Short Term Empty Property (STEP) licence that expired 30 September 2021 and is on holdover.
25. Digital Storytellers is a social enterprise that produce digital content to create social impact. They offer graphic design, film production, animation, scribing and strategic consultation to corporate and community clients, and maintain a strong interest in developing the community of storytellers in their networks.
26. The Digital Storytellers proposal for the Accommodation Grants program is a collaboration with two small cultural organisations - Word Travels and Head On Foundation. Further information on these organisations is as follows:
 - (i) Word Travels represents spoken word artists, poets, hip hop artists, storytellers and monologists. They produce the Australian Poetry Slam, Story Week, Australian Poetry Slam Youth, Multilingual Poetry Slam, and School Programs.
 - (ii) Head On Foundation is a not-for-profit organisation dedicated to promoting the work of photographers at all stages of their career. They produce the annual Head On Photo Festival and Head On Photo Awards.
27. This opportunity will provide Digital Storytellers and their collaborators with the security of tenure to meet their goals to establish a strong working community of impact storytellers.

Suite 2, Ground Floor, Ultimo Community Centre, 40 William Henry Street, Ultimo

28. Suite 2, Ultimo Community Centre, 40 William Henry Street, Ultimo is a large, open plan, street level space with a separate entry facing Harris Street.
29. This property was previously leased through the Accommodation Grant Program to Vibewire Youth Services who left the Program on 31 March 2021, when the organisation transitioned to a business model that no longer required this space. Since 1 April 2021, the property has been leased to Good Vibes Co-op through the Short Term Empty Property program. Good Vibes Co-op have submitted notice to vacate in August 2022.

30. The following organisation is the recommended applicant for this property:

WE ARE WARRIORS PTY LTD

31. WE ARE WARRIORS PTY LTD (WAW) applied for a subsidised five-year lease of Suite 2, Ultimo Community Centre, 525 Harris St, Ultimo under the Accommodation Grants program.
32. WAW is an Indigenous owned and operated social enterprise. The company established a 'profit for purpose' platform dedicated to celebrating Blak excellence and empowering Indigenous youth.
33. This property will become the headquarters for WAW operations and they will pilot a new model of creative workspace and collective creative development for Indigenous creatives and organisations. WAW will also provide photography space, studio and a writing room at affordable rates, space for long-term and medium-term creative tenants, and hot desks for short term use.
34. Merchandise will be sold from a shopfront supporting WAW income to sustain the business and provide Indigenous employment and pathways for young people. The street frontage allows ease of access to assist WAW in growing its visibility and community.
35. Offering the maximum support through the rental subsidy allows WAW to establish and test its model with limited risk to this new company which is supporting Indigenous youth.

Lease renewals

Antenna Documentary Institute Limited, Suite 2, Benledi House, 186-194 Glebe Point Rd, Glebe

36. Antenna Documentary Institute Limited (formally Screen Culture Association Inc) is a not-for-profit organisation that produces Australia's International Documentary Film Festival, Antenna. This festival is held annually in Sydney over five days in October.
37. Antenna Documentary Institute (ADI) have occupied Suite 2, Benledi House, 186-194 Glebe Point Road, Glebe since 2015 as an office to run the administration for Antenna Film Festival.
38. ADI at Benledi House is on a current lease due for expiration on 6 August 2022.
39. ADI were rated A - meeting or exceeding performance criteria in the latest annual performance review of Accommodation Grant recipients based on the 2021 calendar year, which was reported to Council on 27 June 2022.
40. ADI have consistently met the agreed performance criteria during their lease, so it is recommended that they be provided with a further five-year lease on the recommended rental subsidy.

Brand X, East Sydney Community Arts Centre, 225-245 Palmer Street, Darlinghurst.

41. Brand X Productions Incorporated (Brand X) is a not-for-profit cultural organisation that makes space available to Sydney's performing, recording and visual arts communities to practice their craft. Operating since 2005, Brand X's primary concern is to activate space and provide resources and programs for the small to medium arts sector which are most at need.
42. Brand X have occupied the East Sydney Community and Arts Centre at 225-245 Palmer Street, Darlinghurst from 2011-2014, prior to the Centre's renovations, and from mid-2017 after successfully reapplying for an Accommodation Grant following the renovations.
43. Brand X's lease at the East Sydney Community and Arts Centre is currently on a holdover provision following licence expiration on 26 July 2022.
44. Brand X were rated A - meeting or exceeding performance criteria in the latest annual performance review of Accommodation Grant recipients based on the 2021 calendar year, which was reported to Council on 27 June 2022.
45. Given Brand X have consistently met the agreed performance criteria during their lease, it is recommended that they be provided with a further five-year lease on the recommended rental subsidy.

Key Implications**Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision**

46. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. 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 - An equitable and inclusive city - Everyone feels welcome and can afford to live here if they choose. Everyone can participate, prosper and reach their full potential in a city that is fair and just.
 - (b) Direction 7 - Resilient and diverse communities - Our city and its public places and infrastructure can withstand impacts from a changing climate and emergency situations. We work with communities, businesses and other organisations to strengthen connections and networks, to prepare our city and be able to recover from most situations.
 - (c) Direction 8 - A thriving cultural and creative life - We are proud of our city. We are all able to participate in, contribute to and benefit from its cultural life.
 - (d) Direction 9 - A transformed and innovative economy - Our city maintains its position locally, nationally and globally as a destination for business, investment and talent. Innovation is central to the economy and transformation has occurred across all industries. Wealth and benefits are shared equitably.

Social / Cultural / Community

47. 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

48. There are sufficient funds allocated for this support as part of the Accommodation Grant Program included in the City's operational budget for the 2022/23 financial year. Subsidy rates relating to future financial years will be incorporated in future budgets.

Relevant Legislation

49. This Expression of Interest has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2021 and the City's Procurement and Contract Management Policy and an independent probity advisor has been involved for oversight of the process.
50. 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.
51. 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 2022/23;
 - (c) the program's proposed budget does not exceed 5 per cent of Council's proposed income from ordinary rates for financial year 2022/2023; and
 - (d) this program applies to a significant group of persons within the local government area.

Critical Dates / Time Frames

52. Establishing these new leases is required as soon as possible to minimise vacancy and ensure security for these cultural tenants. The Ultimo tenancy will become vacant in August due to the short term tenant vacating the property. The Brand X license and Antenna Documentary Institute lease have been on holdover since late July and early August, respectively.

EMMA RIGNEY

Director City Life

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