

Grants and Sponsorship - Accommodation Grant Program – Annual Performance Review and Lease Renewals 2023 and Grant of Licence to Scarred Trees Ministries

File No: S117676

Summary

The Accommodation Grant Program (the Program) supports community, cultural, economic and sustainability focused organisations by providing accommodation in City owned buildings within the property portfolio at nil or below market rent.

Accommodation Grant recipients are organisations that provide services that meet the needs identified in Sustainable Sydney 2030–2050 Continuing the Vision and the City's strategic plans and policies. Demand for properties remains strong, with more than 690 organisations currently on a notification list for future properties.

For the 2022 calendar year annual review, there were 73 leases held by 66 organisations located across 51 City properties managed under the Program. These tenancies were approved by Council as Accommodation Grants. Recipients of Accommodation Grants enter into leases or licences with the City for a fixed term, usually five years, and are subject to an annual performance review. There are a number of organisations that hold multiple leases through this grant program.

Each year, the City coordinates the annual performance review with the Accommodation Grant recipients (lease holders) to review their performance against the criteria in their lease or licence agreements. A rating system is used to evaluate the information received and assess the performance of the organisations against the criteria set, in return for subsidised accommodation. This report outlines the outcomes of the annual performance review for the 2022 calendar year.

For the 2022 assessment period, 73 lease holders were in the Accommodation Grants program and 68 were requested to complete an annual performance review. Three lease holders were not required to complete a review as they had not been in the Program for a full 12 months and will submit a review next year. Two lease holders were not required to complete a review as they vacated their tenancy and left the Program in 2022.

This report is recommending Council note the continuation of the 68 lease holders who were reviewed, have met their performance criteria and will be continuing in the Program.

Of the 68 lease holders who completed annual performance reviews and are being recommended to continue in the Program, there are five lease holders that have leases which are due to expire and require new leases to be issued.

This report includes a recommendation to approve:

- new leases at the current rental subsidy for Junction Neighbourhood Centre Incorporated at Suites 1,2 and 3 at St Helens Community Centre, 184 Glebe Point Road, Glebe from 1 July 2023 to 30 June 2026 and Goodstart Early Learning Limited at 277-279 Bourke Street, Darlinghurst, 7 Chapman Road, Annandale and 4 Huntley Street, Alexandria from 1 July 2023 to 30 June 2028.
- the new lease and increased rental subsidy for Milk Crate Theatre at Office 3 Alexandria Town Hall, 73 Garden Street, Alexandria from 1 July 2023 to 30 June 2028.

An ad-hoc grant to Larissa Minnecon representing Scarred Trees Ministries to licence Office 1 (including adjoining reception area), Ground Floor, Glebe Town Hall, 160 St John's Road, Glebe NSW 2037 for a term of 12 months in accordance with section 356 of the Local Government Act 1993.

This report also notes properties that have been vacated.

All figures in this report and its attachments are exclusive of GST.

Recommendation

It is resolved that:

- (A) Council note the continuation of the current Accommodation Grant leases and licences for the 68 lease holders that have satisfactorily completed their annual performance review for the 2022 calendar year and are continuing in the Program;
- (B) Council note that Darlinghurst Theatre Company at Creative Spaces – Suites 3.02 and 3.03, Level 3, 101-115 William St, Darlinghurst, Digital Storytellers Limited at Creative Spaces – Suite 3.01, Level 3, 101-115 William St, Darlinghurst, and We Are Warriors at Suite 2, Ultimo Community Centre, 525 Harris Street, Ultimo were not required to complete an annual performance review and are continuing in the Program;
- (C) Council approve the new lease for the Junction Neighbourhood Centre Incorporated for suites 1,2 and 3 at St Helens Community Centre, 184 Glebe Point Road, Glebe from 1 July 2023 to 30 June 2026 on the following rental subsidy:

Year	Market Rental Value	Grant Subsidy (Rounded)	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$40,685	65%	\$26,304	\$14,381
Year 2 1 July 2024 - 30 June 2025	\$41,906	65%	\$27,094	\$14,812
Year 3 1 July 2025 – 30 June 2026	\$43,163	65%	\$27,906	\$15,256

- (D) Council approve the new lease for the Goodstart Early Learning Limited for 277-279 Bourke Street Darlinghurst from 1 July 2023 to 30 June 2028 on the following rental subsidy:

Year	Market Rental Value	Grant Subsidy	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$298,673	0%	\$0.00	\$298,673
Year 2 1 July 2024 - 30 June 2025	\$307,633.19	0%	\$0.00	\$307,633.19
Year 3 1 July 2025 – 30 June 2026	316,862.19	0%	\$0.00	316,862.19
Year 4 1 July 2026 – 30 June 2027	\$326,368.05	0%	\$0.00	\$326,368.05
Year 5 1 July 2027 – 30 June 2028	\$336,159.09	0%	\$0.00	\$336,159.09

- (E) Council approve the new lease for the Goodstart Early Learning Limited for 7 Chapman Road Annandale from 1 July 2023 to 30 June 2028 on the following rental subsidy:

Year	Market Rental Value	Grant Subsidy	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$336,724	0%	\$0.00	\$336,724
Year 2 1 July 2024 - 30 June 2025	\$346,825.72	0%	\$0.00	\$346,825.72
Year 3 1 July 2025 – 30 June 2026	\$357,230.49	0%	\$0.00	\$357,230.49
Year 4 1 July 2026 – 30 June 2027	\$367,947.41	0%	\$0.00	\$367,947.41
Year 5 1 July 2027 – 30 June 2028	378,985.83	0%	\$0.00	378,985.83

- (F) Council approve the new lease for the Goodstart Early Learning Limited for 4 Huntley Street Alexandria from 1 July 2023 to 30 June 2028 on the following rental subsidy:

Year	Market Rental Value	Grant Subsidy	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$332,304	0%	\$0.00	\$332,304
Year 2 1 July 2024 - 30 June 2025	\$342,273.12	0%	\$0.00	\$342,273.12
Year 3 1 July 2025 – 30 June 2026	\$352,541.31	0%	\$0.00	\$352,541.31
Year 4 1 July 2026 – 30 June 2027	\$363,117.55	0%	\$0.00	\$363,117.55
Year 5 1 July 2027 – 30 June 2028	\$374,011.08	0%	\$0.00	\$374,011.08

- (G) Council approve the new lease and increased rental subsidy for Milk Crate Theatre for Office 3 Alexandria Town Hall, 73 Garden Street, Alexandria from 1 July 2023 to 30 June 2028 on the following rental subsidy:

Year	Market Rental Value	Grant Subsidy	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$24,950	79%	\$19,711	\$5,240
Year 2 1 July 2024 - 30 June 2025	\$25,699	79%	\$20,302	\$5,397
Year 3 1 July 2025 – 30 June 2026	\$26,469	79%	\$20,911	\$5,559
Year 4 1 July 2026 – 30 June 2027	\$27,264	79%	\$21,538	\$5,725
Year 5 1 July 2027 – 30 June 2028	\$28,081	79%	\$22,184	\$5,897

- (H) Council approve an ad-hoc grant to Larissa Minnecon representing Scarred Tree Ministries to licence Office 1 (including adjoining reception area), Ground Floor, Glebe Town Hall, 160 St John's Road, Glebe NSW 2037 from 1 July 2023 to 30 June 2024 in accordance with section 356 of the Local Government Act 1993 on the following rental subsidy which incorporates outgoings and utilities:

Year	Market Rental Value (approximate)	Grant Subsidy (Rounded)	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$56,232	100%	\$56,232	\$0

- (I) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the lease agreements with the Junction Neighbourhood Centre Incorporated for suites 1,2 and 3 at St Helens Community Centre, 184 Glebe Point Road, Glebe, Goodstart Early Learning Limited at 277-279 Bourke Street Darlinghurst, 7 Chapman Road Annandale and 4 Huntley Street Alexandria and Milk Crate Theatre at Alexandria Town Hall, 73 Garden Street, Alexandria and the licence agreement to Larissa Minnecon representing Scarred Trees Ministries for Office 1 (including adjoining reception area), Ground Floor, Glebe Town Hall, 160 St John's Road, Glebe NSW 2037 on terms consistent with this resolution and in accordance with the Grants and Sponsorship Policy; and
- (J) 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 recipients will not change, and a CEO Update will be provided to Council advising of any changes made in accordance with this resolution.

Attachments

Attachment A. Annual Performance Review Ratings

Background

1. The City currently leases 73 Accommodation Grants Program tenancies and seven Live / Work spaces.
2. For the 2022 calendar year annual review, there were 73 leases held by 66 organisations located across 51 City properties managed under the Program. Of these, 68 lease holders were requested to complete an annual performance review.
3. Darlinghurst Theatre Company, Digital Storytellers Limited and We Are Warriors were not required to complete a review as they had not been in the program for a full 12 months and will submit a review next year.
4. The Gay and Lesbian Rights Lobby and The Bower Re-Use & Repair Centre Co vacated the Program prior to 30 June 2023 and the outcome of their performance review has not been included in this report.
5. As of 30 June 2023, the Accommodation Grant Program will make available 73 spaces across 51 properties for 66 organisations. The total cost of the Program in revenue forgone for the 2023/24 financial year is estimated at \$9.65 million.
6. The terms and conditions of the agreement between each lease holder and the City are detailed in a lease or licence, which also sets out specific key performance criteria and performance measures.
7. Lease holders are reviewed every 12 months against these criteria and measures. Based on these reviews, the following options exist: continuation; improvement; termination; or a variation to the terms of the existing lease or licence.

Outcomes of 2022 Annual Performance Review

8. The annual performance review of Accommodation Grant recipients was undertaken between January 2023 and March 2023 and is based on the 2022 calendar year.
9. Lease holders submitted their annual performance reviews online. City staff members evaluated the submissions provided and the lease holders' overall performance in 2022 against the criteria contained in the respective lease or license. Final evaluations were agreed upon during assessment meetings using the following ratings:
 - A - meeting or exceeding performance criteria;
 - A/B - meeting the majority of performance criteria;
 - B - not meeting performance criteria, on notice (one year to improve performance); or
 - C - not meeting expectations after one year, leases to be terminated.
10. The assessment meetings were held on 15 March and 16 March 2023 to ensure lease holders were assessed against the relevant performance criteria. The assessment panels consisted of City staff from the Creative City and Social City Teams.
11. The 68 lease holders who participated in the annual review process have been rated 'A' or 'A/B' against their performance criteria and all will be continuing in the Program (see Attachment A).

12. It is noted that City staff will work closely with five lease holders who were rated A/B over the next 12 months; Australian Design Centre, Screen Culture Association Incorporated, The Bower Re-use & Repair Centre Co, The Roman Catholic Church for The Archdiocese of Sydney and Tribal Warrior Association Incorporated. Several areas for improvement have been identified with these lease holders, such as proactive and regular communication and establishing expectations around reporting.

Properties Vacated

13. The tenancy at Banga Community Shed, 3 Joynton Avenue, Zetland was vacated by The Bower Re-use & Repair Centre Co. in December 2022 due to changes in their operations and resources. They continue in their tenancy at 107 Redfern Street, Redfern.
14. The tenancy at Benledi House, 186-194 Glebe Point Road, Glebe for the Gay and Lesbian Rights Lobby was terminated in March 2023 as the organisation is no longer operating. Repeated attempts to contact the organisation have been unsuccessful.

Junction Neighbourhood Centre Incorporated

15. Junction Neighbourhood Centre continue to provide a range of social support services, primarily for older people in the inner City and particularly in the Glebe community, including health and wellbeing classes, hobby groups, social outings and information and referral.
16. Junction Neighbourhood Centre currently occupy tenancies through the Accommodation Grants Program for Suites 1, 2, 3 and 4 at St Helens Community Centre, Glebe through which they deliver their services. Junction Neighbourhood Centre have continued to achieve an A rating in their annual performance reviews.
17. Junction Neighbourhood Centre currently holds two separate leases for the four suites within the St Helens Community Centre, Glebe. It is recommended to issue a new lease for Suites 1, 2 and 3 at St Helens Community Centre, Glebe for a period of three years to align with the lease end date for Suite 4 at St Helens Community Centre, Glebe..
18. The below table shows the current subsidy across 2023/24, 2024/25 and 2025/26.

Year	Market Rental Value	Grant Subsidy	Grant Value	Rent Payable
Year 1 1 July 2023 - 30 June 2024	\$40,685	65%	\$26,304	\$14,381
Year 2 1 July 2024 - 30 June 2025	\$41,906	65%	\$27,094	\$14,812

Year	Market Rental Value	Grant Subsidy	Grant Value	Rent Payable
Year 3 1 July 2025 – 30 June 2026	\$43,163	65%	\$27,906	\$15,256

Goodstart Early Learning Limited

19. Goodstart Early Learning Limited continue to offer quality early education and care to children under school age from the City's purpose built child care facilities located in Darlinghurst, Annandale and Alexandria.
20. Goodstart Early Learning currently occupy tenancies through the Accommodation Grants Program for 277 – 279 Bourke Street, Darlinghurst, 7 Chapman Road, Annandale and 4 Huntley Street, Alexandria.
21. Goodstart Early Learning have participated in the annual review process and received an A rating through each performance review.
22. Goodstart Early Learning Limited holds a separate lease for each site and it is recommended to issue a new lease for each site for a five year period.
23. The below table shows the current subsidy across 2023/24, 2024/25, 2025/26, 2026/27 and 2027/28 for 277-279 Bourke Street Darlinghurst.

Year	Market Rental Value	Grant Subsidy (Rounded)	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$298,673	0%	\$0.00	\$298,673
Year 2 1 July 2024 - 30 June 2025	\$307,633.19	0%	\$0.00	\$307,633.19
Year 3 1 July 2025 – 30 June 2026	316,862.19	0%	\$0.00	316,862.19

Year	Market Rental Value	Grant Subsidy (Rounded)	Grant Amount	Rent to be paid
Year 4 1 July 2026 – 30 June 2027	\$326,368.05	0%	\$0.00	\$326,368.05
Year 5 1 July 2027 – 30 June 2028	\$336,159.09	0%	\$0.00	\$336,159.09

24. The below table shows the current subsidy across 2023/24, 2024/25, 2025/26, 2026/27 and 2027/28 for 7 Chapman Road, Annandale.

Year	Market Rental Value	Grant Subsidy (Rounded)	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$336,724	0%	\$0.00	\$336,724
Year 2 1 July 2024 - 30 June 2025	\$346,825.72	0%	\$0.00	\$346,825.72
Year 3 1 July 2025 – 30 June 2026	\$357,230.49	0%	\$0.00	\$357,230.49
Year 4 1 July 2026 – 30 June 2027	\$367,947.41	0%	\$0.00	\$367,947.41
Year 5 1 July 2027 – 30 June 2028	\$378,985.83	0%	\$0.00	\$378,985.83

25. The below table shows the current subsidy across 2023/24, 2024/25, 2025/26, 2026/27 and 2027/28 for 4 Huntley Street, Alexandria.

Year	Market Rental Value	Grant Subsidy (Rounded)	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$332,304	0%	\$0.00	\$332,304
Year 2 1 July 2024 - 30 June 2025	\$342,273.12	0%	\$0.00	\$342,273.12
Year 3 1 July 2025 – 30 June 2026	\$352,541.31	0%	\$0.00	\$352,541.31
Year 4 1 July 2026 – 30 June 2027	\$363,117.55	0%	\$0.00	\$363,117.55
Year 5 1 July 2027 – 30 June 2028	\$374,011.08	0%	\$0.00	\$374,011.08

Milk Crate Theatre

26. Milk Crate Theatre is a not-for-profit organisation that continues to work with an ensemble of people experiencing or at risk of homelessness, living with mental health, living with a disability, experienced domestic violence or from First Nations and/or Culturally and Linguistically Diverse Communities to create performance works. Milk Crate Theatre will use the space to administer their programs and conduct meetings. Their outcomes strongly support the City's strategic priorities.
27. Milk Crate Theatre have occupied their tenancy through the Accommodation Grant Program for Office 3 at Alexandria Town Hall, 73 Garden Street, Alexandria successfully for seven years since 28 April 2015.
28. Milk Crate Theatre does not currently have significant organisational funding and relies on project funding from other government and philanthropic organisations. An increased rental subsidy will allow them to reinvest savings into programming.
29. Milk Crate Theatre have continued to achieve an A rating through their annual performance reviews and it is recommended to issue a new lease for a five-year period, with an increase from 70 per cent to 79 per cent rental subsidy.

30. The below table shows the current and recommended subsidy across 2023/24, 2024/25, 2025/26, 2026/27 and 2027/28.

	Year 1 1 July 2023 - 30 June 2024	Year 2 1 July 2024 - 30 June 2025	Year 3 1 July 2025 - 30 June 2026	Year 4 1 July 2026 - 30 June 2027	Year 5 1 July 2027 - 30 June 2028
Market Rental Value	\$24,950	\$25,699	\$26,469	\$27,264	\$28,081
Milk Crate - Current Subsidy					
Grant Subsidy	70%	70%	70%	70%	70%
Grant Amount	\$17,465	\$17,989	\$18,528	\$19,085	\$19,657
Rent to be paid	\$7,485	\$7,710	\$7,941	\$8,179	\$8,424
Milk Crate - Recommended Subsidy (effective 1 July 2023)					
Grant Subsidy	79%	79%	79%	79%	79%
Grant Amount	\$19,711	\$20,302	\$20,911	\$21,538	\$5,897
Rent to be paid	\$5,240	\$5,397	\$5,559	\$5,725	\$5,897
Difference between current subsidy and recommended new subsidy	\$2,245	\$2,313	\$2,382	\$2,454	\$2,527

Larissa Minnecon representing Scarred Trees Ministries – New Licence

31. Scarred Trees Ministries provides important services for communities in Glebe including the provision of a culturally safe drop in space for community, counselling, community and justice support, youth programs, NAIDOC event planning and other community activities for local Aboriginal, Torres Strait and South Sea Islander communities.
32. Scarred Trees Ministries have been operating programs from the proposed licensed area (Office 1, including adjoining reception area) for five years, under an arrangement with Sydney University who had applied for a lease of this space through the City's Accommodation Grant Program in 2016. The lease has been ongoing on a hold-over basis since 30 June 2021.
33. Sydney University has advised the City that it no longer wishes to retain the lease, which means that their arrangement with Scarred Trees Ministries will also end, effective 30 June 2023. Without a further licence from the City, Scarred Trees Ministries would therefore have no right to remain in the licensed area following this date.
34. Scarred Trees Ministries are an unincorporated non-profit community group providing free and essential services to local priority communities. It is not currently eligible to receive a grant under the Accommodation Grant Program. It is therefore recommended that Council provide an ad-hoc grant to Larissa Minnecon representing Scarred Tree Ministries to enable their continued use of this space. City staff will continue to work with Scarred Tree Ministries, its associated church at St John's Glebe and other suitable local organisations to find an appropriate auspicing arrangement for this licence as soon as possible.
35. The standard performance criteria for the Accommodation Grant Program for this licence will apply, including the annual review requirements, so that the City can ensure ongoing collaboration with Scarred Tree Ministries and support for local communities from this space.
36. The below table shows the current and recommended subsidy which incorporates outgoings and utilities across 2023/24:

Year	Market Rental Value (approximate)	Grant Subsidy (Rounded)	Grant Amount	Rent to be paid
Year 1 1 July 2023 - 30 June 2024	\$56,232	100%	\$56,232	\$0

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

37. 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 5 Cultural and Creative Committee 14 November 2022 to guide the future of the city, as well as 10 targets against which to measure progress. This program is aligned with the following strategic directions and objectives:
- (a) Direction 6 - An equitable and inclusive city - the provision of accommodation to a varied group of community and cultural organisations contributes to the diverse range of services and support 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 8 - A thriving cultural and creative life - approximately one third of the Accommodation Grant lease holders are cultural or arts organisations. These organisations support cultural development through the support of artists, and the delivery of culturally stimulating activities that engage our communities.
 - (c) Direction 9 - A transformed and innovative economy - the recommended grant projects in this report contribute to helping stimulate business and promote economic activity. They encourage partnerships with other organisations on business development and assist groups of businesses to work together for the collective benefit.

Social / Cultural

38. The City's Grants and Sponsorship Program provides the City with a platform to support cultural and social initiatives from the communities and business within the local area.
39. The organisations within the Accommodation Grants Program make an invaluable contribution to our communities through the development and management of services, activities and programs.

Financial Implications

40. Based on the current list of Accommodation Grant recipients the total value of the Accommodation Grant Program in the 2023/24 financial year is estimated at \$9.65 million in revenue foregone, compared to market value rent.
41. There are sufficient funds allocated in the 2023/24 grants and sponsorship budget included in the City's draft operating budget for 2023/24 which is seeking approval as part of a separate council report in the current reporting cycle, to support the revenue foregone in the Accommodation Grant program.

Relevant Legislation

42. 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.

43. Section 356(3)(a) to (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 draft operational plan for financial year 2023/24;
 - (c) the program's proposed budget does not exceed five per cent of Council's proposed income from ordinary rates for financial year 2023/24; and
 - (d) this program applies to a significant group of persons within the local government area.

Critical Dates / Time Frames

44. Expiry dates for the leases recommended for renewal in this report are from 1 July 2023 to 30 June 2026 or from 1 July 2023 to June 2028.

EMMA RIGNEY

Director City Life

Cathy Brown, Grants Officer