

Grants and Sponsorship - Accommodation Grants Program - 4A Centre for Contemporary Asian Art

File No: X086353.004

Summary

The Accommodation Grants 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.

Currently, there are 73 leases or licences held by 66 organisations located across 51 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 of Accommodation Grants are subject to an annual performance review of their performance against the criteria in their lease or licence agreements.

An expression of interest process commenced on 9 June 2023 for an organisation servicing the cultural and creative sectors to tenant the property located at Shop 2, Ground Floor, The Corporation Building 181-187 Hay Street, Haymarket. Due to the significant limitations on this property, expressions of interest were only sought from suitable cultural and creative sector organisations currently located in the Corporation Building.

This report seeks Council approval to enter into a lease with Asian Australian Artists Association Incorporated (4A Centre for Contemporary Asian Art) who are the preferred applicant for Shop 2, Ground Floor, The Corporation Building 181-187 Hay Street, Haymarket.

Recommendation

It is resolved that:

- (A) Council approve the provision of an Accommodation Grant to Asian Australian Artists Association Incorporated for Shop 2, Ground Floor, The Corporation Building, 181-187 Hay Street, Haymarket to lease the property for a five-year period from 1 September 2023 to 31 August 2028, with the option to renew, on the following rental subsidy:

	Market Rental Value	Rental Subsidy	Rental Subsidy Value	Rent Payable
Year 1 2023-24	\$64,600	100%	\$64,600	\$0
Year 2 2024-25	\$66,538	97%	\$64,542	\$1,996
Year 3 2025-26	\$68,534	97%	\$66,478	\$2,056
Year 4 2026-27	\$70,590	97%	\$68,472	\$2,118
Year 5 2027-28	\$72,708	97%	\$70,527	\$2,181

- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the lease agreement with the Asian Australian Artists Association Incorporated for Shop 2, Ground Floor, The Corporation Building, 181-187 Hay Street, Haymarket; and
- (C) 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.

Background

1. The Accommodation Grants 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.
2. The Accommodation Grants Program currently makes 73 spaces available for 66 organisations in 51 City properties. As 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. Located at 181-187 Hay Street, in the heart of Haymarket, The Corporation Building is a state heritage listed building built in 1893 by Sydney Municipal Council, at the time among the most important and highly decorated municipal buildings in Sydney.
4. The building was acquired by the City in 1999 and has a Deed of Agreement with State Government.
5. The City undertook significant heritage restoration works during 2021/22, including major re-roofing and façade repair.
6. The building currently includes a mix of cultural and commercial tenants across two levels, with four shop frontages at street level, and first floor gallery and office. Shops 1 and 4 are currently occupied by commercial tenants. Since 2000, Asian Australian Artists Association Incorporated (4A Centre for Contemporary Asian Art) have leased Level 1 and Shop 3 through the City's Accommodation Grants Program.
7. Shop 2 is currently vacant and is a 38 square metre street level shop front space. The space was previously leased through the City's commercial portfolio.
8. The City has undertaken extensive engagement with the community as outlined in a community vision for Haymarket (November 2022) to inform the Draft Haymarket and Chinatown Revitalisation Strategy (August 2023).
9. When Shop 2 became vacant, City staff identified an opportunity to further progress the City's strategic priorities for the Haymarket area by bringing this property into the Accommodation Grants Program and providing it to an organisation from the creative or cultural sectors.
10. Use of Shop 2 is restricted as there are no on-site sanitary facilities and it is not viable to install them given the size of the premises. There are also no sanitary facilities located in the common areas of the building. This means the most practical solution is to provide Shop 2 to an existing tenant within the building with on-site sanitary facilities as part of their tenancy.
11. On 9 June 2023, the City commenced an expression of interest process inviting the only cultural and creative sector organisation within the building, 4A Centre for Contemporary Asian Art, to apply for an Accommodation Grant for the premises.
12. A site visit was conducted with the applicant on 15 June 2023.
13. Applications closed at midnight on 3 July 2023, and one eligible application was received from Asian Australian Artists Association Incorporated (trading as 4A Centre for Contemporary Asian Art).

14. The assessment panel consisted of City staff from Strategy and Urban Analytics and Creative City, with specialist advice from Property Strategy and Property Services.
15. The application was assessed against the following assessment 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.
16. All grants are recommended on the condition that any required approvals, permits and development consents are obtained by the applicant.
17. This report recommends that Council approve the subsidy level and grant value of the tenant listed, with annual increases of three per cent in grant value and rent to be paid for the financial years 2023/24, 2024/25, 2025/26, 2026/27 and 2027/28 in accordance with the City's minimal fixed increase percentage.
18. This report also recommends that Council approve a three per cent fixed rent increase in alignment with the three per cent market value increase on commencement of any holdover and any anniversary of the commencement of the holdover period.
19. 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.
20. The offer is made on the basis that the City will remove redundant shelving and cabinetry in the premises.
21. The following organisation is the recommended applicant for this property:

Asian Australian Artists Association Incorporated (T/A 4A Centre for Contemporary Asian Art)

22. Asian Australian Artists Association Incorporated is an independent not-for-profit organisation that champions the practices of Asian artists and elevates cross-cultural dialogues between Australia and Asia. Since 1996, Asian Australian Artists Association, trading as 4A Centre for Contemporary Asian Art, has fostered excellence and innovation in contemporary culture through the commissioning, presentation, documentation and research of contemporary art.
23. Since 2000, 4A Centre for Contemporary Asian Art have occupied Level 1 and Shop 3 of The Corporation Building, 181-187 Hay Street, Haymarket as an Accommodation Grant Program tenant and use these premises as an art gallery and office space.

24. 4A Centre for Contemporary Asian Art were rated A - meeting or exceeding performance criteria in the latest annual performance review of Accommodation Grant recipients based on the 2022 calendar year, which was reported to Council on 26 June 2023.
25. 4A Centre for Contemporary Asian Art proposes to use Shop 2 as a multi-purpose and multi-function space that is dedicated to showcasing the work of Asian creatives, Asian produced content, and local designers. It will include a contemporary arts and culture retail shop, exhibition space and small scale event space.
26. Shop 2 will allow 4A Centre for Contemporary Asian Art to expand their artistic and cultural footprint and will serve as an extension of the existing gallery to showcase and curate Asian culture creators. Their plan is to generate an expanded creative hub for diverse community engagement, to assist them to reach new audiences and to support the growing creative precinct within Haymarket.
27. 4A Centre for Contemporary Asian Art proposes to present targeted artistic programming into Shop 2 to encourage foot traffic along the route between Hay Street and the Powerhouse Museum activating Haymarket as a vibrant precinct that embraces the multiplicities of Asian art and artists, fostering cultural exchange, community engagement, and artistic innovation.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

28. 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

29. The City's Grants and Sponsorship Program provides the City with a platform to support cultural and social initiatives from the communities and businesses within the local area.
30. 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

31. The potential commercial gross revenue to be forgone is \$64,600 per annum or \$334,619 over the proposed five-year lease. Revenue from this site was not anticipated in the 2023/24 Operating Budget. The subsidy will be forecast against the Accommodation Grants Program for 2023/24 financial year. Subsidy rates relating to future financial years will be incorporated in future Accommodation Grants Program budgets.

Relevant Legislation

32. 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.
33. 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.

Critical Dates / Time Frames

34. Establishing the new lease is required as soon as possible to minimise vacancy.

EMMA RIGNEY

Director City Life

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