

## Item 5.

### Grants and Sponsorship - Accommodation Grant Program - Beehive Industries and 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 of our diverse communities as identified in Sustainable Sydney 2030-2050: Continuing the Vision and the City's strategic plans and policies.

Currently, there are 73 leases held by 66 organisations located across 51 City properties managed under the Program. These tenancies are approved by Council as Accommodation Grants. Recipients of the Accommodation Grants enter into leases or licenses with the City for a fixed term, usually five years, and are subject to an annual performance review.

Beehive Industries is a registered charity with an Accommodation Grant for the property at 137 Palmer Street, Darlinghurst. The City currently provides Beehive Industries with an 83 per cent rental subsidy under its lease, with the current five-year lease due to end on 30 June 2026.

Beehive Industries have advised that they have experienced a significant decline in income due to the reduced usage of their services. To address these financial challenges, Beehive Industries are seeking an increased rental subsidy of 100 per cent for the property at 137 Palmer Street, Darlinghurst, for the period 1 December 2023 to 30 June 2026.

In addition, Larissa Minnecon, representing Scarred Tree Ministries, holds a licence to occupy Office 1 (including adjoining reception area), Ground Floor, Glebe Town Hall, 160 St Johns Road, Glebe until 30 June 2024. The organisation has requested the use of Meeting Room 1 and Meeting Room 2 in Glebe Town Hall for the purpose of conducting confidential meetings with clients, as they did through the previous University of Sydney Accommodation Grant for the spaces. These meeting rooms are not currently in use due to the departure of University of Sydney.

This report includes a recommendation to approve:

- a new rental subsidy of 100 per cent for Beehive Industries for 137 Palmer Street Darlinghurst for the remainder of their current five-year lease, which is due to end 30 June 2026.
- an ad-hoc grant to Larissa Minnecon representing Scarred Tree Ministries to licence Meeting Room 1 and Meeting Room 2, Ground Floor, Glebe Town Hall, 160 St John's Road, Glebe from 1 December 2023 to 30 June 2024 in accordance with section 356 of the Local Government Act 1993.

All figures in this report are exclusive of GST.

## Recommendation

It is resolved that:

- (A) Council approve an increased rental subsidy for Beehive Industries for 137 Palmer Street Darlinghurst for its current lease for the period of 1 December 2023 to 30 June 2026 on the following rental subsidy:

|   | Market Rental Value | Grant Subsidy | Grant Amount | Rent to be paid |
|---|---------------------|---------------|--------------|-----------------|
| Year 3 (pro rata)<br>01/12/2023 -<br>30/06/2024<br>(213 days) | \$198,112.18        | \$198,112.18  | 100%         | \$0.00          |
| Year 4<br>01/07/2024 -<br>30/06/2025                          | \$349,672.64        | \$349,672.64  | 100%         | \$0.00          |
| Year 5<br>01/07/2025 -<br>30/06/2026                          | \$360,162.82        | \$360,162.82  | 100%         | \$0.00          |

- (B) Council approve an ad-hoc grant to Larissa Minecon representing Scarred Trees Ministries to licence Meeting Room 1 and Meeting Room 2, Ground Floor, Glebe Town Hall, 160 St John's Road, Glebe from 1 December 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 (pro rata)<br>01/12/2023 -<br>30/06/2024<br>(213 days) | \$9,915.88                        | 100%                    | \$9,915.88   | \$0.00          |

- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer any amendments to the lease to Beehive Industries required to incorporate the terms of this approval;

- (D) authority be delegated to the Chief Executive officer to negotiate, execute and administer the licence agreement to Larissa Minnecon representing Scarred Trees Ministries for Meeting Room 1 and Meeting Room 2, Ground Floor, Glebe Town Hall, 160 St John's Road, Glebe on the terms consistent with this report and in accordance with the Grants and Sponsorship Policy; and
- (E) 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**

Nil.

## Background

1. There are currently 73 leases held by 66 organisations located across 51 City properties managed under the Accommodation grant program. These tenancies are approved by Council and recipients of the Accommodation Grants enter into leases or licenses with the City for a fixed term, usually five years, and are subject to an annual performance review.

## Beehive Industries

2. Beehive Industries is a registered charity which aims to break the cycle of social isolation experienced by older people and people with disability by encouraging physical health and wellbeing, fostering community, providing a sense of purpose and building self-confidence.
3. Beehive Industries also provides business services that offer isolated older people, long-term unemployed people, and people with disability an opportunity to gain improved mental health and wellbeing through undertaking meaningful and fulfilling work. Business services offered by Beehive include commercial printing and mail house, online fulfilment and distribution and sample packing and distribution.
4. Beehive Industries currently have an Accommodation Grant for the property at 137 Palmer Street, Darlinghurst,. In March 2021, Council approved a lease renewal for Beehive Industries with an 83 per cent rental subsidy for a five-year lease until 30 June 2026. Beehive Industries are currently in year three of this lease.
5. Beehive Industries also hold a commercial lease with the City for the Corner Shop at 137-155 Palmer Street, Darlinghurst, for which they currently pay \$19,000 per annum. They currently use this space for storage.
6. Beehive Industries have advised they have experienced a significant decline in income due to the reduced usage of their services. As a result, they are implementing a range of strategies to improve their financial sustainability. This includes a request sent to the City on 13 October 2023 to surrender their commercial lease for the Corner Shop at 137-155 Palmer Street, Darlinghurst, effective 13 November, 2023.
7. Additionally, Beehive Industries have requested an increased rental subsidy of 100 per cent for the lease at 137 Palmer Street, Darlinghurst, for the period 1 December 2023 to 30 June 2024. This will provide them with an opportunity to implement further strategies to reduce their financial outgoings and source alternative revenue streams through federal and state grants.
8. Beehive Industries' request for an increased rental subsidy was assessed by a suitably qualified panel on the 14 September 2023. The assessment panel included City staff from the City Spaces Team and the Property Team.
9. The assessment panel assessed the organisation's financials and ascertained the need for an increase in subsidy to meet their need for rental support.

10. The below table shows the current and recommended subsidy across 2023/24, 2024/25 and 2025/26.

|  | <b>Year 3 (pro rata)<br/>01/12/2023 -<br/>30/06/2024<br/>(213 days)</b> | <b>Year 4<br/>01/07/2024 -<br/>30/06/2025</b> | <b>Year 5<br/>01/07/2025 -<br/>30/06/2026</b> |
|--|---|---|---|
| Market Rental Value  | \$198,112.18  | \$349,672.64                                  | \$360,162.82                                  |
| <b>Beehive Industries – Current subsidy</b>                            |   |   |   |
| Grant subsidy  | 83%   | 83%   | 83%   |
| Grant amount   | \$164,433.11  | \$291,427.01                                  | \$300,169.82                                  |
| Rent to be paid  | \$33,679.07   | \$58,245.63                                   | \$59,993.00                                   |
| <b>Beehive Industries - Recommended Subsidy (effective 01/11/2023)</b> |   |   |   |
| Grant Subsidy  | 100%  | 100%  | 100%  |
| Grants Amount  | \$198,112.18  | \$349,672.64                                  | \$360,162.82                                  |
| Rent to be paid  | \$0.00  | \$0.00  | \$0.00  |
| Difference between current subsidy and recommended subsidy             | \$33,679.07   | \$58,245.63                                   | \$59,993.00                                   |

**Larissa Minnecon, representing Scarred Trees Ministries - New Licence**

11. 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 Islander and South Sea Islander communities.
12. In 2016, Sydney University applied for a lease through the Program for all spaces located on the Ground Floor, Glebe Town Hall, 160 St Johns Road, Glebe. This included Office 1 (including adjoining reception area), Meeting Room 1 and Meeting Room 2. Scarred Trees Ministries have been operating programs from these spaces within Glebe Town Hall for five years, under an arrangement with Sydney University. The City's lease with Sydney University ended on 30 June 2023.
13. Scarred Trees Ministries are an unincorporated non-profit community group providing free and essential services to local priority communities. At the June 2023 Council meeting, Council approved an ad-hoc grant to Larissa Minnecon representing Scarred Tree Ministries to enable their continued use of space within Glebe Town Hall. During this time, City staff worked with Scarred Trees Ministries, its associated church at St John's Glebe and other suitable local organisations to finalise an auspicing arrangement to make the licence possible.
14. Scarred Trees Ministries' current licence permits the use of Office 1 (including adjoining reception area). This licence has been in place since 1 July 2023 and is due to expire on 30 June 2024.
15. Scarred Trees Ministries have advised they require continued use of Meeting Room 1 and Meeting Room 2 in Glebe Town Hall for the purpose of conducting confidential meetings with community. It is therefore recommended that Council provide an ad-hoc grant to Larissa Minnecon representing Scarred Trees Ministries to enable their continued use of Meeting Room 1 and Meeting Room 2. 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 the licences as soon as possible.
16. 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 Trees Ministries and support for local communities from this space.

17. The below table shows the current and recommended subsidy which incorporates outgoings and utilities from 1 December 2023 to 30 June 2024:

| Year   | Market Rental Value (approximate) | Grant Subsidy (Rounded) | Grant Amount | Rent to be paid |
|--|-----------------------------------|-------------------------|--------------|-----------------|
| Year 1 (pro rata)<br>01/12/2023-30/06/2024<br>(213 days) | \$9,915.88                        | 100%                    | \$9,915.88   | \$0             |

## Key Implications

### Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

18. 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 program is aligned with the following strategic directions and objectives:
- (a) Direction 6 - An equitable and inclusive city - the provision of accommodation to community groups 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 9 - A transformed and innovative economy - the recommended rental subsidy plays a crucial role in sustaining valuable support and social services offered to the community.

### Social / Cultural / Community

19. 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.
20. 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**

21. 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.
22. There are sufficient funds allocated in the 2023/24 grants and sponsorship budget included in the City's operating budget for 2023/24 to support the revenue foregone in the Accommodation Grant program.

**Relevant Legislation**

23. 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**

24. The recommended new rental subsidy for Beehive Industries for 137 Palmer Street Darlinghurst is for the period 1 December 2023 to 30 June 2026.
25. The ad-hoc grant for Larissa Minnecon representing Scarred Trees Ministries for Meeting Room 1 and Meeting Room 2, Ground Floor, Glebe Town Hall, 160 St John's Road, Glebe is for the period 1 December 2023 to 30 June 2024.

**EMMA RIGNEY**

Director City Life

Irene Fakas, Manager Education and Care Services