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## **1. PREAMBLE**

This policy provides a framework for the leasing of Council owned community centres within the City of Holdfast Bay.

### **1.1 Background**

The City of Holdfast Bay owns four community centres and as the owner of these centres, Council plays an important role in the provision of a diverse range of community services, in collaboration with the lessee associations, to meet the changing needs of our community.

Council also has a responsibility to ensure that it balances the costs of maintaining and improving its facilities, in collaboration with lessees, to sustain and grow participation, offer affordable spaces for community groups, and provide services as identified in Councils' Social Development Policy.

### **1.2 Purpose**

The purpose of this policy is to provide a consistent and transparent process for the granting and renewal of leases to suitably qualified and experienced associations and / or incorporated bodies. The policy provides guiding principles for the negotiation of leases whilst further taking into account both the financial and community objectives of Council as outlined in "Our Place 2030 Strategic Plan", and achieving the principles of the Social Development Policy. The Policy is also in accordance with the Memorandum of Understanding signed between the City of Holdfast Bay and each Community Centre.

### **1.3 Scope**

This policy extends to the leasing of community centres within the City of Holdfast Bay.

### **1.4 Definitions**

**1.4.1** Assets means and includes:

- (a) the Building;
- (b) any improvements (other than buildings) constructed or installed on the Land including but without limitation all driveways, roads, car parks, walkways,

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- pavements, playgrounds, drinking fountains, seats, tables, benches, entrances, courts, vestibules, stairways, lifts, washrooms, toilets, loading bays, service areas, drinking fountains, fences and gates; and
- (c) infrastructure located on or under the Land including but not limited to electricity, gas, water and drainage infrastructure.

**1.4.2 Building:** means the building(s) erected upon the Land including all fixtures, fittings, fire protection, air conditioning and other plant and equipment in the building(s) together with any extensions, alterations, modifications, additions or improvements subsequently made to the building(s).

**1.4.3 Capital Asset Value:** is the replacement value of the Assets located on the Land as set by an independent valuer and held by Council on its Asset Register in accordance with Council's statutory obligations.

**1.4.4 Community centres:** means the community centres described in Annexure A as amended by Council from time to time.

**1.4.5 Community Land:** means all local government land (excluding roads) owned or managed by Council as classified under Chapter 11 of the Local Government Act 1999.

**1.4.6 Council:** means The City of Holdfast Bay, a council within the meaning of the Local Government Act 1999.

**1.4.7 Land** means and refers to the land the subject of the relevant Lease but excludes the Assets.

**1.4.8 Land Value:** means the replacement value of the Land as set by an independent valuer and held by Council on its Asset Register in accordance with Council's statutory obligations.

**1.4.9 Lessor:** means lessor within the meaning of Retail and Commercial Lease Act 1995, but in the context of this policy additionally means Council.

**1.4.10 Lessee:** means lessee within the meaning of Retail and Commercial Lease Act 1995.

**1.4.11 Lease:** refers to a contract by which Council (as landlord) grants exclusive rights to occupy land and/or premises to a tenant for a specified time and under certain terms and conditions.

**1.4.12 Outgoings:** means all reimbursable tax charges, insurance premiums, utility, minor maintenance and repair costs that are associated with the operation of the premises.

**1.4.13 Memorandum of Understanding: (MOU)** means the agreement signed by Council and the Community Centres within the City of Holdfast Bay.

**1.4.14 Tenant:** means Lessee within the meaning of Retail and Commercial Lease Act 1995.

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## 1.5 Strategic Reference

Placemaking: Creating lively and safe places  
Community: Building a healthy, active and resilient community  
Community: Celebrating culture and diversity  
Community: Providing welcoming and accessible facilities  
Community: Fostering an engaged and contributing community

## 2. PRINCIPLES

### 2.1. Viability of Lessee Organisations

**2.1.1** Council will consult, collaborate and negotiate with Community Centre management to encourage broad community access to the leased Council owned facilities through appropriate and relevant programming and 'after hours' hire.

**2.1.2** Council recognises that a number of factors impact the viability of Community programs and services, including but not restricted to: participation numbers/membership; population changes; a shift to participation in unstructured recreation; and leisure.

**2.1.3** Community centres will continue to play a vital role in the health, connectedness, resilience and well-being of our community. Council recognises that changes in population, residential density and demographics will influence community programs and service needs, and that community facilities will need to be agile in adapting their provision of services to meet the changing needs of current and future users.

### 2.2 Public Use

**2.2.1** Council will consult, collaborate and negotiate with Community Centre management to encourage broad community access to the leased Council owned facilities through appropriate and relevant programming and 'after hours' hire.

### 2.3 Maximising Facility Usage

**2.3.1** The monetary value of Council's community assets is considerable. Council supports the view that best community value of these assets is achieved where the facility or building use is maximised through appropriate and diverse programme offerings.

**2.3.2** As joint use will be encouraged wherever practicable, to further support this principle, Council will continue to review its assets with an aim to ensure they are strategically located and provide for maximum community access and usage.

**2.3.3** Council may at times, and by negotiation with the lessee, identify a programme need and subsequently provide sufficient funding and support to facilitate that programme's successful delivery. This may be delivered through a third party provider.

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## 2.4 Inclusion

**2.4.1** Council encourages and supports all people in our community to participate in the wide range of programs and activities on offer at the Community Centres. Council actively promotes such activities and programs and identifies new programming opportunities for the community centres to host.

**2.4.2** For the purpose of section 2.4.1 of the policy, each centre will have an inclusion policy, which aligns with those contained in Council's Social Development Policy and State Government principles of inclusion.

## 3. LEASE TERM, RENTAL, MAINTENANCE, ACCOUNTABILITY

**3.1** Pursuant to section 202 of the Local Government Act 1999 a maximum term of five (5) years will be applied to all future lease and licence agreements.

**3.2** Except when doing so is deemed to be inconsistent with a Council decision, all five (5) year leases will include a subsequent five (5) year option to renew subject in all respects to community consultation being undertaken in accordance with Section 202 of the Local Government Act 1999 (SA).

**3.3** Rental will be based on the Capital Asset Value and Land Value and will be equal to the Building Rent plus the Land Rent (if applicable) less the relevant rent discounts detailed in section 3.10.1 of this policy.

Building Rent will be based on the equity that Council and/or the Club has in the Building. Where an association or incorporated body is deemed to have 100% equity in a Building, maintains the Building in line with relevant legislation and successfully complies with building audits, a minimum consideration of \$10 will be applied. Where clubs only have a percentage of equity in the Building or have no equity in the Building, Building Rent will be an amount equal to 2.5% of the Capital Asset Value of the land minus any equity in the Building (expressed as a percentage) (if applicable) as follows:

**Building Rent** = Capital Asset Value x 2.5%

Land Rent will be charged, where, with Council's approval, a community centre chooses to enclose the land on which the Building is situated and restrict community access for the purpose of exclusive use. Land rent will be equal to 2.5% of the Land Value as follows:

**Land Rent** = Land Value x 2.5%

Where the land on which the Building is situated is available to the community outside of scheduled activities (i.e. the land is not enclosed and locked to prevent access after-hours), then no Land Rent shall be charged.

In addition and in recognition of the service delivery nature of community centres, lessees can apply for a discretionary rate rebate under section 166 of the Local Government Act.

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**3.4** The lessee will pay for or provide utilities, cleaning and minor maintenance for the buildings and grounds, in line with an agreed maintenance schedule prepared by Council in consultation with lessee.

**3.5** When negotiating the terms and conditions of each respective community lease agreement, Council, at their discretion, **may** incrementally reduce any applicable annual rental fee when a Lessee provides evidence of such services and/or initiatives outlined in **section 2 of this policy**.

**3.6** Council will negotiate with centre management a long term maintenance plan and provide an annual maintenance schedule for community centres for the structure and fixtures. Timing of maintenance work will be arranged with centre to minimise disruption to programmes and user group.

**3.7** Leased premises shall be inspected by Council staff annually, or at such other times as considered appropriate. Any works identified in these inspections that is agreed to be the responsibility of the lessee must be completed within an agreed timeframe by an appropriately accredited trades or service person.

**3.8** At the conclusion of a lease, and immediately prior to vacating the premises, the tenant must restore the property to the reasonable satisfaction of Council in line with the agreed maintenance schedule.

**3.9** Community Centres will be accountable to Council as per the terms of the Memorandum of Understanding.

**3.10.** In order to support community centres to further achieve growth and remain sustainable for community benefit, Council will offer a **Community Organisation Discount** of up to and including 90% of the recommended 'Market Rent'.

To be eligible for some or all of this discount, the centre management must provide evidence that their occupancy and any activities conducted onsite during their tenancy will not be deemed as being commercial in nature, for instance a commercial sub-tenancy.

**3.11** In addition to the Community Organisation Discount, Council offers **Lease Incentive Discounts** that can lead to further rental reductions for the community centres that incorporate one or more of the following initiatives into their operations:

INCENTIVE	REDUCTION	CRITERIA
Public Access up to 10%	10%	Facilities that are made available to the public via hire agreements (after hours hire)
Inclusion up to 25%	25%	5% Diversity of age membership initiatives 5% Inter/Multicultural initiatives

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		5% Diversity of gender (in participation, membership and Committee / Board representation) initiatives  5% Accessibility (physical, mental, psychological)  5% Alignment with State and Federal inclusion initiatives
Good Governance up to 30%	30%	10% Demonstrated evidence/accreditation of sustainable strategic planning and ongoing volunteer training and management (e.g Peak bodes such as Community Centres SA membership etc); like-minded community organisation representation, use of committee skills matrix & position development  10% Regular attendance at development initiatives, conferences and workshops  10% Annual Submission of relevant governance, strategic planning, KPI's and financial reporting and evidencing financial sustainability
Youth/Age Focused Programs up to 10%	10%	5% Permanent Programs and Facilities  5% Occasional Programs (e.g. events, short term programming)
Multi-Community Organisation or Groups up to 20%	20%	10% Evidence of continual multi-facility user  10% Evidence of inter-community relationships (centre connects to the community beyond the facility by way of board/association representation, attendance to community issues, externally located programs)

### 4 ASSETS FOR THE FUTURE

**4.1** Priority for any major facility upgrades will be given to centres that have a clear strategic alignment to an endorsed master plans and or strategic plan of Council.

**4.2** Where a building facility upgrade is requested by the lessee or required due to non-compliance with the current legislation, the centre management may jointly fund or apply for third party grant funding, upgrades or Council may consider fully funding building upgrades that result in:

- consolidation of assets;
- current legislation compliance;
- higher usage levels of fewer assets;
- multiple-use of facilities;

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- increase range of activities, services and programs being offered; and
- increased participation particularly by target groups e.g. children and teenagers, aged, disabled, women, people from culturally diverse backgrounds

**4.3** Where a substantial upgrade or new facility is to be developed, the lessee must demonstrate participation, membership (if applicable), good governance and financial sustainability. Factors for consideration regarding potential facility upgrades include;

**4.3.1** a statement of community benefit;

**4.3.2** analysis of relevant trends in population and demographics;

**4.3.3** assessment of the financial capacity of the lessee involved (including audited financial statements for the preceding three years of operation);

**4.3.4** Project alignment to Council's strategic property review outcomes

**4.3.5** a five year forward Business Plan, including financial projections and projected growth in participation, membership to be achieved with the proposed redevelopment;

**4.4** Capital works undertaken and funded by Council on a building will be reflected in an increase in the percentage of equity Council holds in the building. All capital works undertaken on Council buildings will be approved and project managed by Council.

## 5 NAMING RIGHTS

**5.1** It is acknowledged that Council holds the naming rights to all community facilities on Council-owned land;

**5.2** When the lessee wishes to encourage sponsorship through fixed signage, building approval and council consent must first be obtained.

## 6 SUB-LEASING

It is not anticipated or desirable that lessees will enter into sub-lease arrangements with a third party. If a sub-lease arrangement is sought by the lessee, full details of the proposed agreement must be provided to Council, and formal Council endorsement obtained.

## 7. REFERENCES

### 7.1 Legislation

- *Associations Incorporations Act 1985*
- *Child Safety (Prohibited Persons) Act 2016*
- *Fair Work (Commonwealth Powers) Act 2009*
- *Liquor Licensing Act 1997*

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- *Local Government Act 1999.*
- *Retail and Commercial Leases Act 1995*
- *The Building Code of Australia*
- *Work Health and Safety Act 2012*

### **7.2 Other References**

- *Associated procedures, guidelines and policies*
- *LGA Guide for Leasing and Licensing Sporting and Community Facilities 2020*