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Community Tenancy Policy

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1.Introduction

COMMUNITY TENANCIES

Waverley Council has a number of facilities which are used for community, commercial, operational and other purposes. Some Council properties are leased to a range of community organizations, sporting clubs, and not for profit organizations.

Council has developed a policy framework to ensure equitable, fair, transparent and accountable management of rental properties. This framework will guide decisions on the selection of tenants, determination of rents and level of subsidies based on organisational priorities and linked to Council's corporate planning documents. This policy on community tenancies will also provide streamlined and consistent processes across the organisation for selecting, reviewing and reporting on community tenancies.

BACKGROUND

Why support community tenancies?

Waverley Council has been supporting community tenancies through subsidies and grant funding for many years and this is currently reported in Council's Delivery Program and Operational Plan.

Council's priorities in terms of social outcomes are documented in corporate and social planning documents, including Waverley Together (WT), WT2 and WT3, Recreational Needs Study, and Delivery Program. The rationale for providing subsidised leases and community management support for certain services stems from Council's commitment to community capacity building, volunteer support, ensuring targeted service delivery and assisting Waverley's vulnerable organizations and individuals.

This assistance in the provision of important services is a sensible strategy to keep local residents happy, safe and well. The work carried out in Waverley, for example, around the issue of community safety is built on a platform of good local



community service provision. Safety, cohesion and connection are improved because of this good balance of service provision. As Council cannot and should not deliver all services its residents might need, it makes sense to support other organisations to provide these services where this is desirable. The attached outline broadly documents the history of the development of these services (see Appendix 1).

Provision of subsidised rent is similar to grant funding in that it helps to support a local group to deliver services which Council might otherwise need to provide or which it understands is important and unlikely to be delivered by others.

Support for the community sector also builds local community capacity and cohesion, attracting volunteers to serve on committees and in administrative and care functions within these services. This allows volunteers to 'put back' into their own community.

Why develop a new policy?

A property management review suggested a number of changes to improve Council's process, documentation and reporting of subsidies for community tenants. The review suggested a documented policy framework to improve transparency and accountability, as well as continued annual reporting to the community.

Waverley Council supports community based organizations in order to meet the needs of its diverse community. The policy proposes a system for allocating properties and determining rental assessment and subsidy with priorities linked to Council's corporate plans. The level of subsidy is assessed against the market rent and this provides a 'community rent' for Council's community tenancies.

The determination of the proportion of subsidy has been benchmarked across Sydney councils. Capacity to pay and community benefit are two key criteria for Council in determining the level of subsidy.



What other plans and policies are important.?

Legislative and planning requirements may require other plans which impact on Council buildings which are available for community use or possibly for mixed community and commercial use. A Plan of Management, for example, will authorise usage of certain buildings or facilities for particular purposes when it is on Crown Land or if it is classified as 'community land'. However, not all assets are covered by Plans of Management. This policy should be read in conjunction with these plans attached (see Appendix 2).



2. Policy Purpose and Objectives

In summary this policy aims to:

- Maximize community benefit arising from the use of its assets,
- ensure they are responsibly managed in a transparent manner,
- establish who may be eligible to use those assets, and
- establish an equitable method of calculating rent.

This policy will:

- Support Council's vision and further the directions contained in its Strategic Plan,
- encourage and support a wide spread of community organizations to sustain a healthy, diverse, cohesive and resilient community,
- recognise the value of community based services and activities and support these activities by providing a rental subsidy to identified organizations,
- determine the most appropriate use of facilities by linking community rental agreements with social and strategic priorities and in line with changing community needs,
- ensure the services and activities provided in Council's facilities are accessible to the community and reflect need,
- assist in ensuring the facilities are protected for future use,
- appropriately identify and report the rent level and subsequent subsidy provided in public documents such as Council's Delivery Program/Operational Plan and Annual Report, and
- determine the appropriate level of user group contribution to help with asset management and maintenance costs.



3. Policy Principles

This policy is based on the following principles:

- Equitable access to facilities including possible multipurpose / shared use;
- recognition of important partnerships and shared responsibilities to deliver community outcomes
 - Contribution to the management and improvement costs of the facility by users
 - Contributions to be used for the improvement or development of the facility;
- determination of users and the assessment of costs to be managed in a fair and reasonable way;
- management, usage and costs of the facility will be open transparent and accountable.



4. Policy application

GENERAL

This policy may relate to facilities on Crown land, on land classified as operational or community land, on recreation reserves or in open space.

The policy applies to not for profit organizations who meet the essential criteria identified in the criteria table:

Exclusions are:

- Organizations, clubs or services located in buildings which Council does not fully own or manage. These are normally subject to a separate Management Agreement;
- sporting organizations/clubs which will be subject to separate Expression of Interest (EOI) arrangements;
- commercial or for profit organizations where commercial leases apply;
- any group subject to an existing agreement developed as a result of an EOI or tender process.

The policy allows a subsidized community rental for identified community tenants. This is based on an estimated market rental with reference to permitted use of the building. The subsidy which applies to tenants varies according to a formula (see Sections 5 Eligibility and 6 Formula used in Community Subsidy Model).

LEASING

This policy will come into effect as tenancies expire or are developed following adoption by Council. Existing arrangements including current leases will continue until expiry. Where leases have expired or occupation of Council facilities has been established in a way which does not demonstrate the principles of this policy then Council will proceed to ensure that the policy is implemented.

Vacancies in community tenancies occur rarely and will follow an open advertising process which may include local publications but should include established networks and peak bodies. Community organizations are expected to meet criteria identified in Council's Strategic Plan and other community



planning documents and eligibility assessments will occur on the basis of their contribution to social and strategic outcomes.

Exceptions may occur where Council requires the property to fulfill other agreements.

Where possible shared and multi-use arrangements will be encouraged and Council may decide to negotiate a discounted community rental where the tenancy agreement is for non-exclusive use of the property.

Leases will be developed after consultation with potential tenants and affected parties following assessment of essential criteria detailed below. This will occur in accordance with applicable legislation and policy. Business, Services and Property (BSP) will carry out this process with Recreation and Community Planning (RCP) providing assessment information. Draft leases are submitted to Council for approval by BSP.

RCP will include a social impact statement to document and verify the community benefit received from the subsidy at the end of the lease term and to indicate the need to continue the lease arrangement.

Lease terms will generally be up to five years. CPI is applied according to the formula attached at Appendix 3 and occurs on an annual basis. Market rentals are reviewed at the expiration of the lease where the lease is for a five year term.

Each of Council's current tenants described in the Operational Plan are delivering services to priority groups eg older frail people, people with disabilities, young families and so on and these are listed at Appendix 4.

TRANSITION PERIOD

Where application of this policy leads to an increase in rent for any organization the application of that new rent may be negotiated with Council to be staged over a three year period.

REPORTING OBLIGATIONS OF COMMUNITY TENANTS

Community organizations holding a lease will provide a short annual report outlining outcomes to confirm adherence to the essential criteria. They will need to provide a copy of the financial statements (audited where required) and a copy of the annual report where applicable. An annual review of compliance will occur.



DISPUTE RESOLUTION

Where a dispute occurs over the issue of rent the community organisation may document this in writing to the General Manager and the issue will be resolved according to Council's dispute resolution procedures.

UTILITIES & MAINTENANCE

Responsibility for maintenance will be detailed in leases and generally Council will be responsible for reactive and planned maintenance and any improvements. For community tenants classified under categories A and B, a cost contribution of 10% of their subsidised rental applies for planned maintenance and capital improvements

Information on funds collected for capital improvements and funds expended over a 5 year lease will be documented and can be made available by Council if required by tenants.

Generally tenants will be responsible for utilities and consumables. Where shared arrangements are in place Council may pay part costs.

Where an organization with Council consent wishes to undertake improvements to the exterior of the building such as pergolas and sunshades or other structures they will be responsible for maintenance of those improvements.

Any structural modifications, additions and improvements undertaken with Council's consent remain the property of Council.

IMPLEMENTATION OF THE POLICY

Where a business case indicates that a community organisation is suffering hardship and is unable to deliver a priority service, Council may use its discretion to obviate the impact of the formula by providing an additional grant which will be documented in the Operational Plan.



5. Eligibility

Organisations must meet the following essential criteria in order to be eligible for a community tenancy. Some criteria included are used to determine rent to be paid.

GOVERNANCE

Non profit organisation under ATO definition	Essential
Has an ABN	Essential
Financially viable with financial statements audited where required and provided to Council annually	Essential
Incorporated	Essential
Holds relevant licenses and is compliant with legislation and able to demonstrate as required	Essential
Managed by a group of volunteers with appropriate governance arrangements with adequate reporting to the community	Essential

COMMUNITY BENEFIT

Aligned to Council's social and strategic planning priorities	Essential
Meets community need and does not duplicate other services	Essential
Non discriminatory services, open to all residents within certain criteria	Essential
Access to people or organizations that are experiencing disadvantage is mandatory and able to be demonstrated.	Essential
Addresses identified needs of priority groups eg frail aged, children/families, young people, those with disabilities and their carers	Essential
Delivers services which extend or support council provided services for priority organizations	Essential
Provides service predominantly for local people or organizations and run by local people	Determines subsidy
Location of service users (Waverley, Eastern suburbs, Sydney	Determines subsidy



FINANCIAL CRITERIA

Able to raise market based fees and able to operate in a fee for service environment	Determines subsidy
Receives Federal and/or state funding for core service	Determines subsidy
Volunteer self-help group with little or no staffing and highly subsidised fees for part service	Determines subsidy
Organizations that operate primarily on a voluntary basis and charge no fees.	Determines subsidy
Organizations who receive no ongoing State or Federal funding but charge a highly subsidised fee and are dependent on volunteers	Determines subsidy
Core activities have no commercial basis	Determines subsidy
Limited capacity to generate revenue	Determines payment

FACILITY CRITERIA

Proposed usage is suitable for the site and facility	Essential
Shared use is maximised	Essential



6. Formula used in Community Subsidy Model

CATEGORY	SUBSIDY
CATEGORY A	40%
Organizations who may be locally based but service an area beyond Waverley, receive funding and are also able to charge a market based fee for service	
CATEGORY B	60%
Organizations who receive State and/or Federal funding covering at least 50% of costs, primarily servicing the local area	
CATEGORY C	80%
Organizations that receive no ongoing State or Federal funding, predominantly service the local community, charge a subsidised fee and are dependent on volunteers.	
CATEGORY D	Nominal fee recommended
Organisations that receive no ongoing State or Federal funding, essentially function as volunteer agencies or self-help groups and operate within the local community. Usually small donations or low fees cover essential equipment/costs.	



7. Setting the rental value

Council seeks to recover either all or a proportion of operating costs with a community subsidy being applied for its facilities.

The following steps apply:

- a) Determine the **market value**.
Market rental value is the estimated amount of annual rent which could be achieved if the facility is let on the open market between a willing lessor and lessee in an arm's length transaction. Permissible use and the nature of service provided in the building (eg child care or community centre) is taken into account. This figure is to be published and serves to demonstrate to the community the monetary value of the community benefit delivered by the organization.
- b) If organisations share use of a property, square metre usage rate is applied. A discounted community rental may be negotiated for non-exclusive use.
- c) Determine the **subsidy** according to the formula and after applying the criteria outlined in **Eligibility** above.
- d) Apply the 10% for capital/asset improvements and calculate the rental where indicated.

Note that Council may use its discretion to obviate the impact of the formula on priority services experiencing financial hardship by providing an additional grant or subsidy (see page 10 Implementation of the Policy).



Appendix 1

HISTORY

Waverley was at the forefront of the development of community services which are now very much taken for granted in the local area. Social policy research completely supports the view that a healthy resilient society like Waverley which has a low score on the SEIFA index of disadvantage is partly healthy and resilient because its population is well resourced by services. In other words playgroup and toy library, afterschool care and youth group, art classes and school holiday programs, library and seniors activities, community gardens and so on are part and parcel of the mix which keeps crime rates low and people of all ages well and happy.

Waverley residents benefit by the presence of these services and Council assures their presence by supporting them with small grants and subsidies. Community tenancies have been supported by Council to deliver essential services to the community in the majority since early to mid-1990's. Some arrangements date from an earlier period and others have been entered into more recently. Some organizations therefore have a strong affiliation with particular Council facilities.

Council's original method to determine rent was on a cost recovery basis. This entailed an assessment of maintenance and repairs, rates/taxes and water with a CPI allowance each year and applied on a square metre basis where tenancies were shared. This was difficult to assess and over time has become impossible to apply equitably.

Appendix 2

RELATED PLANS

Any Plan of Management which specifies usage of a building may be relevant. See particularly:

- Thomas Hogan Reserve Plan of Management, 2011
- Bondi Beach Park and Pavilion Plan of Management
- Waverley Council Plan of Management Bondi Waverley School of Arts, 2004 (updated 2010)



Appendix 3

Calculation of Annual Rental Adjustment – Consumer Price Index (CPI) FORMULA

On each anniversary of the Due Date the Rent will be adjusted in accordance with the following formula: $R = B \times C/D$

where:

- R represents the Base Annual Rent following the adjustment under this clause;
 - B represents the Base Annual Rent before adjustment under this clause;
 - C represents the Consumer Price Index Number for the last quarter for which such a number was published before the Due Date; and
 - D represents the Consumer Price Index Number for the last quarter of the last adjustment of Rent for which such a number was published.
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Appendix 4

Current listing of priority groups receiving Council subsidy for accommodation:

- Bondi Beach Cottage
- Grace Child Care Centre
- Bondi Toy Library
- Playgroups (Wairoa Avenue, Francis Street and Vaucluse Playgroups)
- ECHO Neighbourhood Centre
- EATS (Eastern Area Tenants Services),
- Computer Pals for Seniors
- Waverley Drug & Alcohol
- Randwick/Waverley Community Transport
- WAYS Youth Service (Bondi Beach and Bondi Junction)
- Junction House
- Waverley - Woollahra Arts Centre Cooperative Ltd.
- Bondi Beach Early Childhood Health Centre (NSW Health)
- Bondi Junction Early Childhood Health Centre (NSW Health)
- Bronte Beach Community Centre
- Girl Guides
- Kindamindi (Note that this groups operates under a long term agreement)

