Item 4.

Accommodation Grants Program - Annual Performance Review and Lease Applications 2026

File No: S117676

Summary

The Accommodation Grants Program (AGP) supports community, cultural, economic and sustainability focused organisations by providing accommodation in City-owned buildings within the property portfolio at below market or nil 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 is strong, with more than 796 subscribers expressing interest in availability of future properties.

Annual Performance Review for Accommodation Grant recipients

Currently there are a number of AGP leases and licences held by organisations located across 48 City properties managed under this 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 5 years, and are subject to an annual performance review. There are a number of organisations that hold multiple leases and licences through this grant program.

For the 2025 assessment period, 74 grant recipients were in the Accommodation grants program:

(a) 65 were requested to complete an annual performance review

(b) 6 were not required to complete a review as they have not occupied their premises for a full 12 months

(c) 3 organisations - Australian Design Centre, KU Children's Services - Lance Preschool and The Northcott Society have left - or provided notice that they will vacate their premises by 30 June 2026

This report is recommending Council note the continuation of the grant recipients who were reviewed, have met their performance criteria and recommend they continue in the program.

Lease application for Accommodation Grant recipients

There are 41 grant recipients in the program whose leases/licences with the City will expire on 30 June 2026. All have applied to continue to occupy the space awarded them from the City for a period of up to 5 years which includes requests for varying rates of rental subsidy provided by the City through the Accommodation grants program.

The Accommodation grants program is in high demand. Applicants were invited to apply for occupancy for up to 5 years, although grants are assessed every year. To enable the City to be able to be responsive to future needs of the community, the occupancy agreement allows for flexibility.

This report is recommending Council approve the City's recommendations of new leases and licenses and the respective level of rental subsidy in each case.

Recommendation

It is resolved that:

(A) Council note the continuation of the current Accommodation grant leases and licences for the 65 grant recipients that have satisfactorily completed their annual performance review for the 2025 calendar year and are continuing in the program;

(B) Council note that Artist Studio Collective, Ashleigh Louise Garwood trading as Artist Led Photographic Collective, Erin Kathleen Keys trading as The Bench, Garuwa Creative PTY LTD trading as WUNAN, Season Arts Incorporated and Soul Reign Pty Ltd were not required to complete an annual performance review as they have not occupied their premises for a full 12 months and are continuing in the program;

(C) Council approve the grant of 41 new leases or licences for grant applicants who currently hold tenancies through the Accommodation grant program and which will expire on 30 June 2026, as shown at Attachment B to the subject report; and

(D) 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 grant 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. Accommodation Grants Program Annual Performance Review Ratings

Attachment B. 2026 Accommodation Grants Program Lease/Licence Application Recommendations

Background

2025 Annual Performance Review

1. For the 2025 calendar year annual review, 65 Accommodation grants program recipients were requested to complete an annual performance review.

2. The following grant recipients were not required to complete a review as they had not occupied their premises for a full 12 months and will submit a review next year:

   (a) Artist Studio Collective at Tenancy 2, Joynton Avenue Creative Centre, 3A Joynton Avenue, Zetland

   (b) Ashleigh Louise Garwood trading as Artist Led Photographic Collective at Tenancy 5, Joynton Avenue Creative Centre, 3A Joynton Avenue, Zetland

   (c) Erin Kathleen Keys trading as The Bench at Tenancy 3, Joynton Avenue Creative Centre, 3A Joynton Avenue, Zetland

   (d) Garuwa Creative PTY LTD trading as WUNAN at Tenancy 4, Joynton Avenue Creative Centre, 3A Joynton Avenue, Zetland

   (e) Season Arts Incorporated at Tenancy 1, Joynton Avenue Creative Centre, 3A Joynton Avenue, Zetland

   (f) Soul Reign Pty Ltd at Banga Community Shed, 3B Joynton Avenue, Zetland

3. As of 30 June 2026, the total cost of the program in revenue forgone for the 2026/27 financial year is estimated at over $10.03 million.

4. The terms and conditions of the agreement between each grant recipient and the City are detailed in a lease or licence, which also sets out specific key performance criteria and performance measures.

5. Grant recipients 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 2025 Annual Performance Review

6. The annual performance review of Accommodation grant recipients was undertaken between January 2026 and February 2026 and is based on performance across the 2025 calendar year.

7. Each year, the City coordinates the annual performance review with the grant recipients 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 2025 calendar year.

8. Grant recipients submitted their annual performance reviews online. City staff members evaluated the submissions and the grant recipients' overall performance in 2025 against the criteria. 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)
   - C - not meeting expectations after one year, leases to be terminated

9. The 65 grant recipients 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 (refer Attachment A). A total of 61 have been rated 'A' and 4 rated as 'A/B'.

10. It is noted that over the next 12 months City staff will work closely with the 4 grant recipients who were rated A/B:

    (a) Digital Storytellers Limited at Creative Spaces – Suite 3.01, Level 3,101-115 William St, Darlinghurst

    (b) Goodstart Early Learning Ltd at Huntley Street Early Learning Centre, 4 Huntley St, Alexandria

    (c) KU Children’s Services at Ultimo Child Care Centre, 247-257 Bulwara Road, Ultimo

    (d) Trustees of the Roman Catholic Church for The Archdiocese of Sydney at 1b Cathedral Street, Woolloomooloo

11. Several areas for improvement have been identified with these grant recipients, including (and noting that these are not relevant to all) organisational and financial sustainability and the grant recipients failing to fulfill certain specific performance criteria, non-regulatory, set by the City.

2026 Lease Applications

12. The grant recipients whose leases expire on 30 June 2026 have applied for a new lease to continue utilising the space they currently occupy in the program.

13. City staff assessed each application against the publicised assessment criteria to determine if they are suitable for the venue. An additional stage of assessment is the rate of subsidy the applicant will receive. This is assessed based on the case the applicant makes for their proposed rate of rent and the organisations' current financial and organisational capacity.

14. Prior to the application process commencing, the annual market rental value of all properties in consideration were re-evaluated by the City. A number of the properties in question saw either an increase or a decrease in their annual market rental value. This means that in a number of cases, the percentage of grant subsidy recommended by the City is different than that previously provided to certain tenants. All recommendations have been based on the rental sum, rather than the percentage subsidy, each applicant stated they could afford.

15. Each organisation provides services to the communities they connect with.

16. All grant applicants who applied to continue in the space they currently occupy are recommended for a new lease or licence for a period of up to 5 years (refer Attachment B).

17. This report recommends that Council approve the subsidy level and grant value of the grant applicants listed at Attachment B, with annual CPI increases in grant value year-on-year over the course of the occupancy agreement.

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 a varied group of community, cultural and environmental 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 life - approximately one third of the grant recipients 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.

Organisational Impact

19. The grants and sponsorships contract management process will involve key staff across the City of Sydney. Identified staff set lease or licence conditions and appropriate performance measures for each approved organisation, and review annual reviews, which include both narrative and financial reports.

20. Staff will work with grant recipients to ensure the facilities meet intended use and closely monitor how recommended applicants meet performance measures.

Risks

21. The proposal is considered to be within the City's Risk Appetite as set out below.

    (a) We make decisions that align with our corporate objectives, policies and strategies and are committed to conducting our activities in full compliance with applicable laws, regulations and relevant industry standards.

    (b) We foster a culture of ethics, integrity and responsible behaviour across our organisation. By creating a strong ethical foundation, we aim to minimise the likelihood of reputation-damaging incidents and enhance our ability to respond effectively when challenges arise.

    (c) The City has a responsibility to ensure that it has sufficient resources in the short, medium and long term to provide the levels of service that are both affordable and considered appropriate by the community.

Cultural / Community / Economic

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

23. 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

24. Based on the current list of Accommodation Grant recipients the total value of the Accommodation grant program in the 2026/27 financial year is estimated at $10.03 million in revenue foregone.

25. With respect to the 41 applicants up for renewal recommended in this report, the proposed amount of rental revenue foregone and rent payable to the City for the next 5 years is detailed below:

Year	**Market Rental Value**	**Rental revenue foregone**	**Rent Payable to City**
2026/27	$4,635,060	$4,199,477	$435,671
2027/28	$4,774,112	$4,321,909	$452,204
2028/29	$4,917,338	$4,440,438	$476,899
2029/30	$5,064,854	$4,573,641	$491,213
2030/31	$5,216,802	$4,710,850	$505,951
TOTAL	**$24,608,166**	**$22,246,315**	**$2,361,938**

26. There are sufficient funds allocated in the proposed 2026/27 grants budget to support the revenue foregone in the Accommodation grants program.

Relevant Legislation

27. 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.

28. 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 Grants Program

    (b) the details of these programs have been included in Council's draft operational plan for financial year 2026/27

    (c) the program's proposed budget does not exceed 5% of Council's proposed income from ordinary rates for financial year 2026/27

    (d) this program applies to a significant group of persons within the local government area.

29. There are 7 for-profit organisations (those not registered with the Australian Charities and Not-for-profits Commission) recommended for new Accommodation grants program lease or licences within this report:

- Australian Guild of Screen Composers Limited (ABN: 96 116 469 713)
- Australian Screen Editors Inc. (ABN: 69 377 951 319)
- Bad Press Incorporated (ABN: 66 224 598 962)
- Glebe District Hockey Club Inc (ABN: 61 498 918 082)
- Glebe Junior Australian Football Club Inc (ABN: 84 859 025 609)
- Glebe Music Project Incorporated (ABN: 67 725 936 544)
- Pride History Group Incorporated (ABN: 38 139 191 788).

EMMA RIGNEY

Executive Director City Life

Cathy Brown, Grants Officer